Xiaomi Corporation

2023 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 2023

Market Leadership	Massive User Base	Large Scale	Strong Profitability
RMB157.5BN	**641.2MM**	**RMB271.0BN**	**21.2%**
Smartphones Revenue	Global MAU[2]	Total Revenue	Gross Profit Margin
12.8%	**155.6MM**	**145.6MN**	**RMB19.3BN**
Global Smartphone Shipments Market Share[1]	Mainland China MAU[2]	Global Smartphone Shipments	Adjusted Net Income[3]

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

Total Revenue[1]
RMB Billions

Year	Revenue
2010	0.1
2011	0.5
2012	10.8
2013	27.1
2014	63.6
2015	66.8
2016	68.4
2017	114.6
2018	174.9
2019	205.8
2020	245.9
2021	328.3
2022	280.0
2023	271.0

Launched MIUI — Launched Xiaomi smartphone — Launched Redmi series — Broadened IoT business — Expanded overseas markets — Smartphone × AIoT — Entered smart EV business — Human x Car x Home
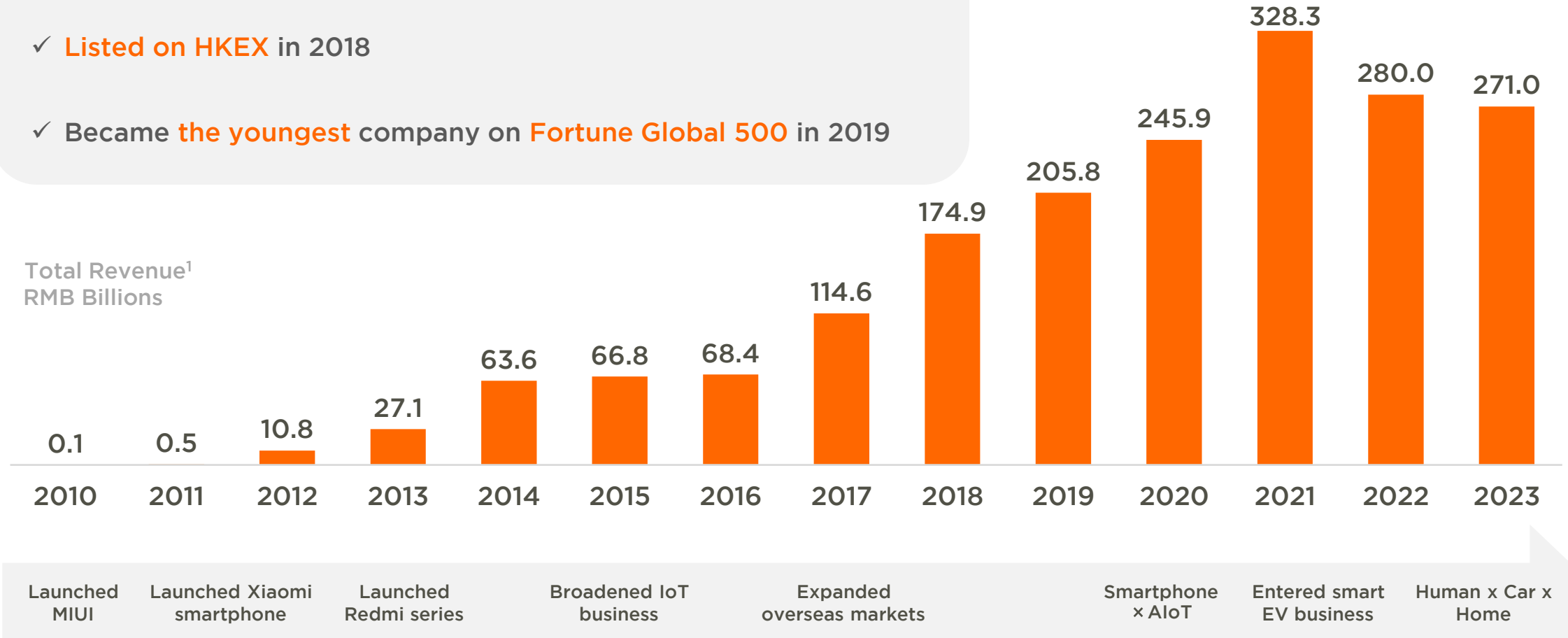
Global Smartphone Footprint

2023 Smartphone Shipments Ranking and Market Share

No.3
12.8%
Global

No.3
20.7%
Europe

No.2
17.1%
Middle East

No.5
13.1%
Mainland China

No.3
16.0%
Latin America

No.3
8.9%
Africa

No.3
16.9%
India

No.3
14.1%
Southeast Asia
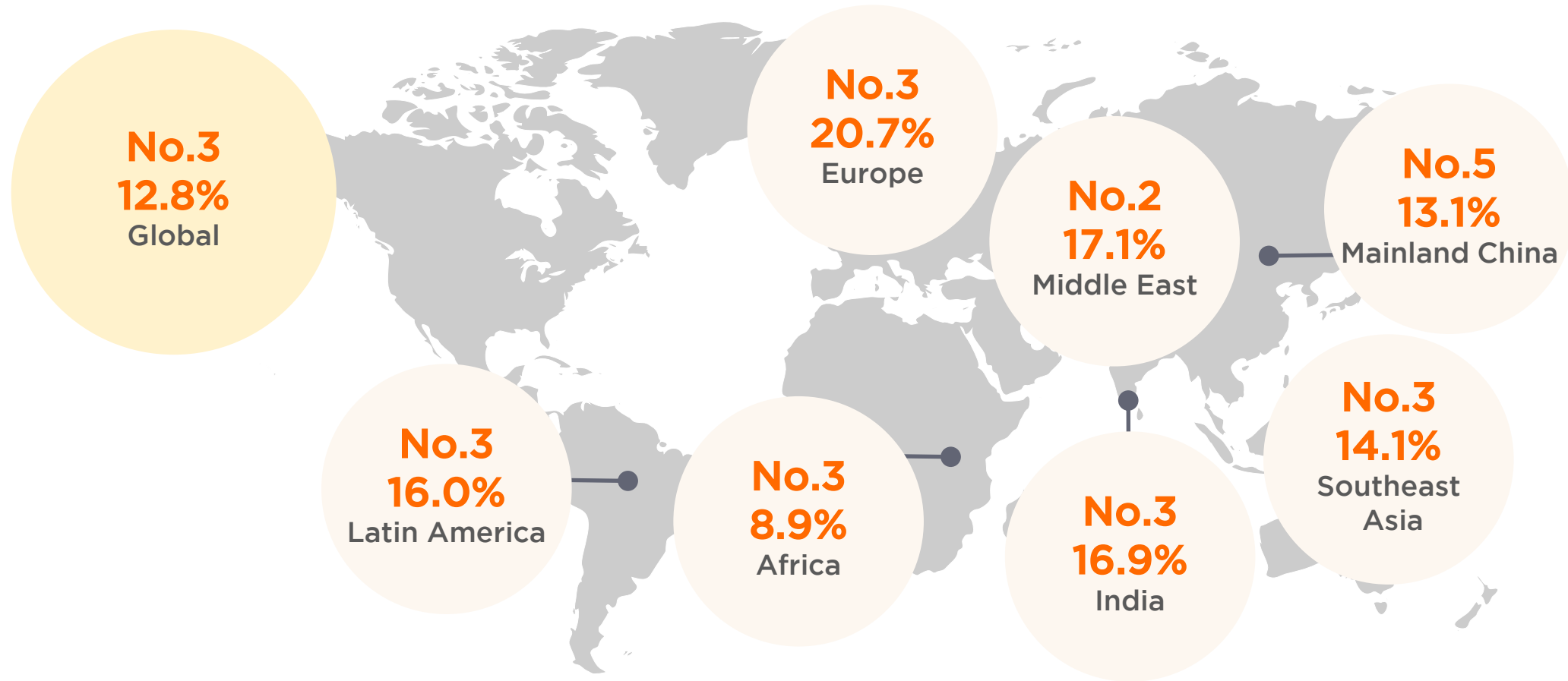
Smartphone Market Share Ranked Top 3 in 51 Markets and Top 5 in 65 Markets

Our First EV

Xiaomi SU7　　　　:　**RMB 215,900**

Xiaomi SU7 Pro　　:　**RMB 245,900**

Xiaomi SU7 Max　　:　**RMB 299,900**

0-100 km/h Acceleration	Recharge Range	Top Speed
2.78s	**800km**	**265km/h**

Max Horsepower	Max Torque	100-0 km/h Braking Distance
673ps	**838N·m**	**33.3m**

Xiaomi SU7 Series
Full-size High-performance Eco-technology Sedan

Note: Specifications based on *Xiaomi SU7 Max*

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

ESG Overview

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

Environmental

- Climate Strategy
- Reviews and Targets
- Product Carbon Footprint
- Clean Technology
- Waste Management and Circular Economy
- Natural Resources and Biodiversity

Social

- People management
- Sustainable Supply Chain
- Data Security and Privacy Protection
- Inclusive Technology
- Community Engagement
- Public Welfare and Donation

Governance

- Corporate Governance Structure
- Board Diversity
- Business Ethics

Sustainability Governance Structure

Board Level

Board of Directors

» • **The highest ESG governance and decision-making body**
  • Receives regular updates on ESG progress and oversees the implementation

Management Level

Corporate Governance Committee ("CGC")

» • **Oversees key ESG commitments and performances**
  • Reports ESG matters and progress to the Board on a regular basis
  • Reviews the company's compliance and work performance of the ESG team

Sustainability Committee ("SC")

» • **Responsible for identifying ESG-related risks, setting sustainability strategies, targets and action plans, and evaluating implementation progress**
  • Reports to the CGC on a bi-annual basis

Implementation Level

ESG Working Group

» • Coordinates and synergizes internal and external resources
  • Provides guidance and support for implementation
  • Organizes quarterly meetings and reports progress

Relevant Business Units

» • **Implements actions** according to the Group's ESG strategy and management procedures

Environmental

Environmental – Climate Strategy

We reviewed industry practices and climate publications and engaged with internal stakeholders to assess climate-related risks and opportunities within the Group's business and existing facilities

We promote low-carbon transformation throughout our product and value chain

We collaborate with our upstream and downstream partners to cultivate a green ecosystem

# Environmental - Our Operation Targets Review

| Greenhouse Gas ("GHG") Emissions			
(Metric Tons CO_2e)	2021	2022	2023
Scope 1 Emissions	9,096.95	7,122.60	12,252.52
Scope 2 Emissions	73,723.21	78,620.01	104,470.04
Scope 3 Emissions	12,368,223.29	10,075,225.54	The data is expected to be disclosed in September 2024

Environmental - Our GHG Reduction Targets
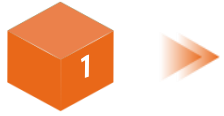
1 → By no later than 2030, reduce GHG emissions from our main operating segments to **30%** of the base year level
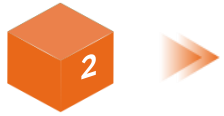
2 → By 2035, use **100%** renewable electricity in our own operations
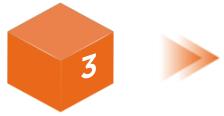
3 → By 2040, achieve carbon neutrality in our own operations of existing business segments, use 100% clean heat in our own operations, and use **100%** renewable energy

4 → Prioritize the use of **low-carbon technologies** and **self-built renewable energy power generation facilities** to reduce GHG emissions and increase the share of renewable energy in electricity consumption through **long-term green power purchase agreements** to reduce GHG emissions throughout our target period
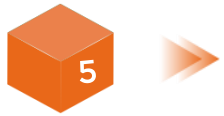
5 → Encourage **key suppliers** to establish renewable energy usage and GHG emission reduction targets that are comparable to or more ambitious than those of Xiaomi to deliver continuous reduction in our **Scope 3 emissions**

Environmental – Product Carbon Footprint

Product	Product's Carbon Footprint (KGCO2e）
Xiaomi 14 Pro (12GB+256GB)	60.47
Xiaomi 14 (12GB+256GB)	53.00
Xiaomi 13 Pro (12GB+256GB)	62.81
Xiaomi 13 Pro (12GB+512GB)	65.68

1   The environmental reports of the Xiaomi 14 Pro and Xiaomi 14 were first released on April 26, 2024 on Xiaomi's sustainability website

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Environment - Waste Management and Circular Economy

Target: 2022-2026: 38,000 tons of e-waste recycled accumulatively;

5,000 tons of recycled materials used in our products

	2023	2022
tons of electronic waste recycled globally	12,260	4,500
% of waste recycling target accomplished	44%	12%

Recycling and Reuse

Trade-In:

- Expanded the categories of recyclable products
- Provide trade-in coupons
- Adopted an "online + offline" combination (in store recycling, door-to-door recycling, and mail-in recycling)
- 22 trade-in subsidy events overseas

Used Device Refurbishment:

- Refurbished **126,567** smartphones, smart TVs, smartwatches, electric scooters, air purifiers, and robot vacuums
- Opened a refurbishment factory for ecological chain products in Hong Kong, China

Expanding Product Lifespan

- Used new materials such as titanium alloy and Dragon Scale Fiber
- Xiaomi 14 & Xiaomi 14 Pro: Improved endurance (DOU) by 7-8% compared to their predecessors

Product Design and Recycling

- Adoption of a low-carbon leather material solution
- Reuse of marine debris
- Extensive use of recycled metals
- Optimization of battery materials
- Promotion of green & lightweight packaging

Restricted Substance Management

- Obtained RoHS certification and REACH certification
- Classified different materials according to their environmental risk
- Established pre-inspection and tracking management system for parts and raw materials

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1 Trade-in coupons: Xiaomi users can participate in our Trade-In Program by returning their used products to us in exchange for coupons. We will then assess the residual value of the products, conduct a quality inspection, and issue a "trade-in coupon" to the user's Mi account upon successful completion of the transaction

2 Dragon Scale Fiber: This material has the advantages of high toughness, high strength, impact resistance, and puncture resistance. A hair-thin ceramic fiber can stretch 1.15 kg without breaking. Its impact strength is 36 times higher than that of glass

3 DOU：Days of Use

Environment - Natural Resources and Biodiversity

Water Stewardship Practice

- Set targets and action plans for total water consumption and water efficiency

- Gold certification from the Alliance for Water Stewardship (AWS)_x0002_

- Xiaomi Science and Technology Campus is the only office campus in the world to apply for AWS certification

Biodiversity

We commit to:

- Ensuring that our business activities are compliant with applicable local biodiversity laws and regulations in all the markets we operate

- Ensuring that our site selection and construction activities avoid and do not invade or cause negative impacts on the habitats of endangered and protected species listed on the International Union for Conservation of Nature (IUCN) Red List, and the natural and cultural heritage sites listed in the World Heritage List of the United Nations Educational, Scientific and Cultural Organization (UNESCO)

- Encouraging suppliers to conduct biodiversity risk assessments associated with their operating sites, and to take necessary measures (such as avoidance, reduction, restoration, and offsetting) in the event that their production or operating boundaries are in the vicinity of key biodiversity ecosystems and habitats of threatened and protected species, in order to minimize negative impacts and enhance ecological well-being

- Collaborating with partners to explore possible ways to alleviate biodiversity degradation

In China

"Three Rivers Water Conservation and Species Preservation" program Qiyue Farm charity project

Sustainable Xiaomi EV Factory

The Entire Rooftop of the Production Workshop is Covered with Photovoltaic Panels

Annual Electricity Generation

16.4 million kWh

Annual Carbon Emissions Reduction

9,905 tons

Annual Carbon Absorption Capacity

540,000 trees

Exhaust Gas Treatment Rate

99%

VOCs Emissions Lower than Beijing Municipal Standards

-50%

Heavy Metals in Wastewater

"0"

Social

Social - People management

Incentives for Outstanding Talents

8,361
selected participants

3.894
million award shares

Training and Ability Development

- **77** self-developed courses with an average employee satisfaction of 9.64/10
- **41** courses in four categories (data, products, sales, and localized operations and management), with an average course satisfaction rating of 9.7/10
- More than **6,000** courses, more than **2,000** livestreaming classes, and two certification center programs used by over **37,000** employees

Social - Sustainable Supply Chain

Supplier Onboarding

Evaluation Mechanism

Operational quality

Environmental responsibility

Social responsibility and compliance

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

987 supplier admission evaluation

✓ **952**

✗ **35**

we conducted a specialized review of key suppliers and reviewed

805 manufacturing suppliers. Among the issues identified in the reviews

92.5% have been resolved

As of the end of the reporting period

42 suppliers' cooperation with Xiaomi had been suspended/terminated in Xiaomi's regular supply chain audits due to various factors include environmental issues / fire prevention / labor management / business ethics etc.

Social - Responsible Mining

Responsible Mining

Tin
82
smelters/refiners
100.00% certified

Tantalum
36
smelters/refiners
100.00% certified

Mica
4
smelters/refiners
100.00% certified

Tungsten
50
smelters/refiners
100.00% certified

Cobalt
69
smelters/refiners
97.10% certified

Gold
179
smelters/refiners
100.00% certified

Social - Data Security and Privacy Protection

Our Privacy Protection Standards

- Open and Transparent Data Processing
- Effective Information Security and Privacy Management System
- User-controllable Personal Information
- Comprehensive Security Guards
- Strict Compliance with Laws and Regulations

Security Governance Structure

Security Privacy Committee periodically reports to the Board

100% ISO 27001 Global Coverage

Certification and Awards

- EAL5+certificate
- ISO/IEC 27001
- ISO/IEC 27018
- ISO/IEC 27701
- SOC 2 Type II Certification
- TÜV Rheinland Enhanced Privacy Protection Testing
- UL IoT Security Gold Certification
- TÜV Rheinland Product Network Security and Privacy Protection Standard Certification IoT Kitemark

Privacy Protection Technology

- Differential Privacy Technology
- Edge Computing Technology
- MACE Mobile AI Computing Engine Open Source
- Deep Learning Inference Framework

Social - Accessibility of Technology

Inclusive Technology

Hearing Inclusion: speech-to-text technology

Vision Inclusion: OCR image and text-reading technology

Body Inclusion: voice control

Accessibility Application in Smart Homes: Xiaomi HyperMind technology

Continued Innovation in Inclusive Technology: AI Identification Glasses that feature multi-modal recognition / ambient sound detection technology / gesture interaction intelligent control technology

Technology Ethics and Digital Inclusion

Technology Ethics

Elderly Friendly Retrofits

Protection of Minors

Social - Community Engagement

Disaster Relief and Early Warning

- Natural Disaster Early Warning System: The system accesses real-time data streams from the National Early Warning Information Dissemination Center and monitors a wide range of natural disasters such as heavy rain, typhoons, and blizzards in real time

- Earthquake Early Warning: We had successfully pushed nearly 92 million warnings on earthquakes at a magnitude of 4 or above worldwide

- Emergency Disaster Relief: donated RMB25 million to against floods in the Beijing-Tianjin-Hebei region; donated RMB5 million to help recovery from earthquake in Gansu Province

Rural Revitalization through "Visual Nanping"

- We worked with local residents to create a visual enhancement Program for Nanping and attracted professionals from different fields to rural areas through design and cultural activities

- The project aimed at exploring the unique rural culture of Nanping and supporting its upgrading, developing tourism and special industries based on agricultural products, and supporting young people in returning home to start a business and rural revitalization

Poverty and Disaster Relief

Cumulative Donations of **RMB162 million**[1]

Talent Development

Xiaomi Scholarships Program Covered **60** Colleges and Universities[1]
Xiaomi Young Talents Program Covered **30** Colleges and Universities[1]

Technology Innovation

Donated **RMB100 million**[2] to National Natural Science Foundation of China on March 1, 2024

1   By Beijing Xiaomi Foundation, as of December 2023
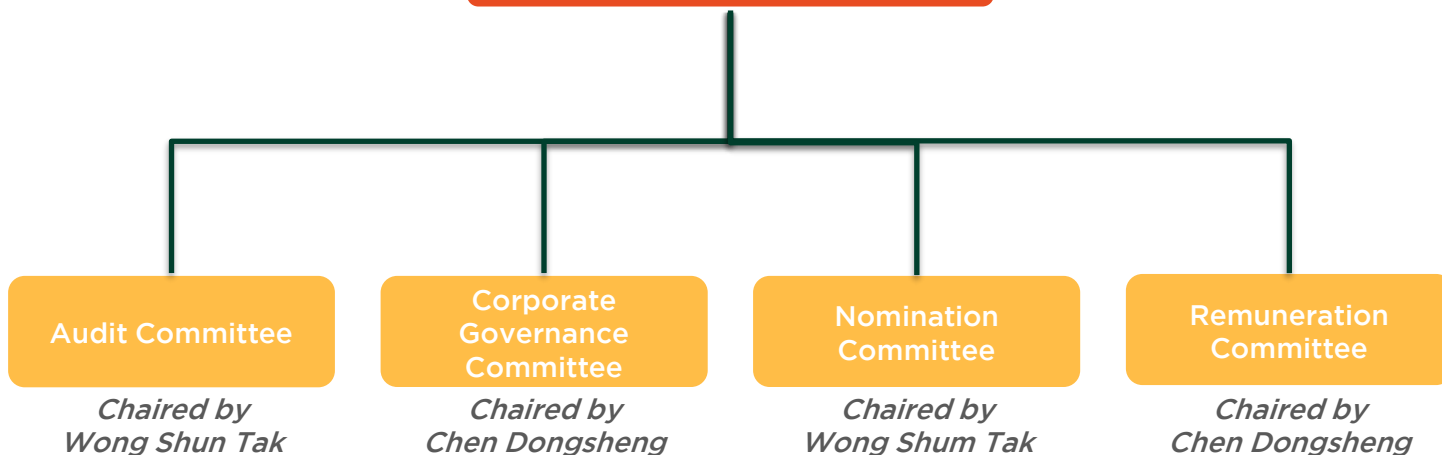2   By Beijing Xiaomi Foundation

Governance

Governance - Corporate Governance Structure and Board Diversity

Board of Directors

Audit Committee	Corporate Governance Committee	Nomination Committee	Remuneration Committee
Chaired by Wong Shun Tak	*Chaired by Chen Dongsheng*	*Chaired by Wong Shum Tak*	*Chaired by Chen Dongsheng*

Executive Directors

Lei Jun   Lin Bin   Liu De

Non-Executive Directors

Liu Qin

Independent Non-executive Directors

Chen Dongsheng   Wong Shun Tak   Cai Jinqing

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

Executive Directors
- Lei Jun
- Lin Bin
- Liu De

Non-executive Director
- Liu Qin

Independent Non-executive Directors
- Chen Dongsheng
- Wong Shun Tak
- Cai Jinqing

43% of board members are independent

Board Diversity

Appointed Female Independent Non-Executive Director

CAI Jinqing

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Governance - Business Ethics

Anti-corruption and Anti-bribery

Whistleblowing System

Anti-money Laundering

Anti-monopoly and Anti-unfair Competition

Protection of Intellectual Property

Compliance in Advertising

External Recognition to Our ESG Efforts

ESG Ratings

Our CDP Climate Change Score: **B**

Gold Medal from EcoVadis

MSCI Score Improved from B to **BB**

Best ESG

Best ESG
in technology hardware sector
by Institutional Investor

World's Best Employer

Recognized on the

**2023 WORLD'S
BEST EMPLOYERS**

List by Forbes

On the list for
3 consecutive years