ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

This is the 4th Environmental, Social and Governance (ESG) Report published by Xiaomi Corporation (“Xiaomi,” the “Group,” the “Company,” or “we”). This Report sets out to present, on an objective and fair basis, the ESG performance of Xiaomi Corporation and its subsidiaries in 2021. The Report was prepared in compliance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Guide” or “the Guide”) as depicted in Appendix 27 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, published by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), and in reference with the Core Option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards, the Hardware — Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB), and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It is recommended that this Report is read in conjunction with the section titled “Corporate Governance Report” as contained in the Group’s Annual Report.

In preparation for the Report, we strove to ensure that the information disclosed herein follow the four reporting principles, namely, materiality, quantitative, balance and consistency.

The reporting period of this Report is from January 1, 2021 to December 31, 2021 (“this year”). To enhance the comparability and completeness of the Report, the reporting period for part of the content is appropriately extended forward or backward.

The source of information and cases within this Report were mainly derived from the Company’s statistical reports, relevant documents and internal communication documents in 2021. The Company undertakes that there are no false records or misleading statements in this Report, and takes responsibility for the authenticity, accuracy and completeness of the information in this Report.

This Report is published and available in both traditional Chinese and English. If there is any discrepancy between the texts, the Chinese version shall prevail for all purposes.
1. Governance

1.1 Board Statement

The Board of Directors of Xiaomi (the “Board”) believes that the establishment and improvement of ESG management framework is beneficial to the sustainability of the Company, and appoints that the Corporate Governance Committee (the “CGC”), on behalf of the Board and assisted by the Group’s Sustainability Committee (the “SC”), to oversee ESG issues at Xiaomi.

Xiaomi has formulated effective strategies and policies to balance our environmental and social impact and business sustainability of the Company. These strategies and policies are subject to the Board’s periodic review to examine and ensure their consistency with the Group’s business strategy.

We conduct materiality assessments on ESG topics on a regular basis. The process and results of the assessment are detailed in the “Stakeholder Engagement” and “Materiality Assessment” sections of the Group’s annual ESG reports and reviewed by the Board. The Audit Committee assists the Board by leading the management team in overseeing the Company’s risk management as well as the design, implementation and supervision of our internal control system, to manage major ESG risks, including compliance risks, supply chain risks, product and service quality risks, and information security and privacy risks, all of which are detailed in the Corporate Governance Report of the Group’s Annual Report under the review by the Board.

This year as reported, we have set environmental targets for our business operations, aiming to reduce pollutants and consumption generated from operations at our office parks, which have been reviewed and discussed by the Board.

This Report provides a detailed disclosure of the ESG issues hereinbefore and was reviewed and approved by the Board on March 22, 2022.

1.2 ESG Management

1.2.1 ESG Strategy

We view ESG management as part of our corporate strategy, and has fully integrated it into our business operations and management. We identify material ESG risks through risk assessment and control practices and proactively manage them, to guide the sustainable development of our business operations. Additionally, we strive to promote our ESG framework among our upstream and downstream stakeholders, to foster long-term sustainability across the value chain. We are also committed to communicating with a broad range of stakeholders our sustainability philosophy via our products and services. We attach great importance to the impact of climate change on our business, and how we mitigate such impact, by taking actions to reduce greenhouse gas (GHG) emissions generated from our products and operations. We also start to set targets to reduce GHG emissions. During the year, we executed our ESG strategy across a wide range of areas, including environmental issues, supply chain, employees, quality, business ethics and social responsibility.
1.2.2 ESG Management Framework

Xiaomi continues to optimize our ESG governance at all levels of the Company, including the Board, management and working level. The Board has appointed the CGC, on behalf of the Board, to oversee ESG issues at Xiaomi. In 2021, we established the Sustainability Committee comprising more than 10 general managers across products, sales and general functions, and chaired by our President, to make decisions on key sustainability action plans. The SC is responsible for formulating ESG action plans and objectives, communicating to relevant divisions regarding plans and objectives, and tracking execution progress. The ESG working group is responsible for coordinating internal and external resources to ensure effective implementation of the action plans, and holding quarterly meetings to share and discuss sustainability issues and relevant business impact. The SC reports the Group’s ESG performance to the CGC on a semi-annual basis, including an overview of progress and accomplishments, and proposed action plans and targets for the next period.
1.3 Stakeholder Engagement
Xiaomi actively listens and responds to the expectations of our stakeholders. To that end, we recognize and engage with a number of key stakeholders who are materially relevant to our business, including governments and regulators, shareholders and investors, consumers/users, employees, suppliers/partners, media and non-governmental organizations (NGOs), and communities. We have established diversified communication channels and mechanisms with our stakeholders in order to ensure timely and effective stakeholder engagement.

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Major Communication Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governments and regulators</td>
<td>Regular inquiries, policy consultation, high-level meetings, event reporting, on-site inspection, information disclosure, government conferences</td>
</tr>
<tr>
<td>Shareholders and investors</td>
<td>Annual general meetings, annual reports/interim reports, earnings announcements, investor meetings, Investor Day, news releases/announcements, surveys and questionnaires</td>
</tr>
<tr>
<td>Consumers/users</td>
<td>Official website, social networking platforms such as MIUI forum, instant messaging software, customer service hotlines, press conferences, social media, activities and programs</td>
</tr>
<tr>
<td>Employees</td>
<td>Employee communication meetings, employee feedback channels, internal communication software, internal surveys</td>
</tr>
<tr>
<td>Suppliers/partners</td>
<td>Supplier conferences, distributor conferences, meetings with partners, business negotiations, on-site research, project cooperation</td>
</tr>
<tr>
<td>Media and NGOs</td>
<td>Social media, press conferences and news releases, media interviews, surveys and questionnaires</td>
</tr>
<tr>
<td>Communities</td>
<td>Community activities, press conferences, charitable activities, social media</td>
</tr>
</tbody>
</table>
1.4 Materiality Assessment

In 2021, through continued effective engagement with our key stakeholders, we conducted a materiality assessment, along with the findings from our surveys, in accordance with the 12 ESG aspects outlined in the ESG Guide, as well as leading ESG rating system such as MSCI ESG Ratings, S&P Global Corporate Sustainability Assessment (CSA), Carbon Disclosure Project (CDP), Sustainalytics, and EcoVadis. We further broke down these aspects into 18 sub-topics, for a better and more comprehensive understanding of various stakeholders’ expectations and feedback on our ESG activities. The assessment serves as an important reference for our ESG activities and helps us to better respond to our stakeholders’ requests.

We identified the following issues as “highly material”: information security and privacy, product and service quality, responsible sourcing, customer relationship management, product environmental impacts, intellectual property protection. “Material” issues include employee health and safety, energy management, employee rights, anti-corruption, climate change, innovation, waste management, employee welfare, diversity and equality, employee development and training, community investment, and water stewardship. We will discuss each of these issues in the following chapters of this Report.

2. Environmental

Healthy environment is fundamentally essential for humanity to survive and thrive, also vital to sustainable economic and social development. We firmly believe that environmental protection is an integral part of our corporate responsibility. As a global company, Xiaomi is committed to mitigating the environmental impacts caused by our products and operations.

Since 2020, we started to manage our environmental impacts in accordance with ISO14001 Environmental Management System. We have been carrying out regular identification, evaluation and review on significant environmental aspects throughout product life cycle and operation process, and addressing these impacts through management measures and technology advancement.
In 2021, we aim to mitigate our environmental impacts from two areas as set out in the followings:

<table>
<thead>
<tr>
<th>Area</th>
<th>Key Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Life Cycle</td>
<td>Product materials</td>
</tr>
<tr>
<td></td>
<td>Manufacturing engineering</td>
</tr>
<tr>
<td></td>
<td>Product packaging</td>
</tr>
<tr>
<td></td>
<td>Warehousing and logistics</td>
</tr>
<tr>
<td></td>
<td>Product energy use</td>
</tr>
<tr>
<td></td>
<td>Product end-of-life management</td>
</tr>
<tr>
<td>Business Operation</td>
<td>Energy</td>
</tr>
<tr>
<td></td>
<td>Water</td>
</tr>
<tr>
<td></td>
<td>Waste</td>
</tr>
</tbody>
</table>

In 2021, we have set the following environmental targets for our operations:

<table>
<thead>
<tr>
<th>Area</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>The energy consumption per capita of self-operated office parks will be reduced by 5% in 2026, against the 2020 level.</td>
</tr>
<tr>
<td>GHG</td>
<td>The GHG emissions per capita of our self-operated office parks will be reduced by 4.5% in 2026, against the 2020 level.</td>
</tr>
<tr>
<td>Water</td>
<td>Water consumption per capita of self-operated office parks will be no higher than that of 2020 level.</td>
</tr>
<tr>
<td>Waste</td>
<td>Non-hazardous wastes from self-operated office parks are separately managed by categorization.</td>
</tr>
<tr>
<td></td>
<td>All hazardous wastes are handled by qualified third-party organizations.</td>
</tr>
</tbody>
</table>
We believe in leading by example. To support Xiaomi’s green and sustainability vision, as well as our business strategy, we develop the Green Finance Framework, which follows the Green Bond Principles 2021 by the International Capital Market Association (ICMA GBP) and Green Loan Principles 2021 (GLP) by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association. In 2021, we issued US$400 million senior green bonds for eligible projects under our Green Finance Framework that fall within the categories stated below:

<table>
<thead>
<tr>
<th>Eligible Project Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco-efficient and Circular Economy Adapted Products, Production Technologies and Process</td>
</tr>
<tr>
<td>Energy Efficiency</td>
</tr>
<tr>
<td>Green Buildings</td>
</tr>
<tr>
<td>Clean Transportation</td>
</tr>
<tr>
<td>Pollution Prevention and Control</td>
</tr>
<tr>
<td>Renewable Energy</td>
</tr>
</tbody>
</table>

We will report our funds allocation and environmental impacts of eligible projects on an annual basis.

2.1 Climate Change Response

Climate change not only threatens the global ecosystem and natural environment, but also impacts companies and their operations worldwide. In our view, a corporate citizen shall take relentless efforts to address this environmental challenge. To this end, we actively identify and manage climate change risks while seizing opportunities. This year we have responded to the CDP Climate Change Questionnaire for two consecutive years. In 2021, in accordance with the Recommendations of the TCFD, we proactively identified, evaluated and addressed the financial impact of climate change on our business, and officially launched our carbon neutral planning.

2.1.1 Climate Change Management

The Board has appointed the CGC to oversee ESG issues at Xiaomi, including monitoring the implementation of action plans in response to climate change and evaluating the progress of the action plans. The SC established this year is responsible for providing guidance and assistance to execute these projects across various business units and functions, and reporting the progress to the CGC.

(Please refer to Section “1.2 ESG Management” for details on our ESG Management Framework)
### 2.1.2 Risk Identification and Responses

In 2021, based on our business nature, we have identified the climate change-related risks that could possibly exert economic impact on our Company and outlined measures accordingly:

#### Transition Risks

<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Description</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and Legal</td>
<td>Markets where Xiaomi operates our business have passed or have been revising the laws, regulations and policies regarding climate change. For example, China has released a policy framework for its path towards peak carbon emissions and carbon neutral targets, and the EU has adopted the European Climate Law. In the future, more markets will introduce laws, regulations and policies to mitigate climate change, which may increase our compliance costs.</td>
<td>• Closely monitor climate-related laws, regulations and policies enforcement in the markets where Xiaomi operates; • Timely communicate with relevant business lines on the impact of local climate-related laws, regulations and policies and discuss measures in response to the regulatory requirements, to ensure the compliance of our products and services.</td>
</tr>
<tr>
<td>Market</td>
<td>In some overseas markets, environmental standards pertaining to products and concerns over climate change are rising, which may increase our costs related to product design and R&amp;D.</td>
<td>• Reduce the use of packaging materials; • Increase the use of eco-friendly materials in our products.</td>
</tr>
<tr>
<td></td>
<td>Rising costs in our production process including electricity price, energy price and labor cost.</td>
<td>• Streamline production process and optimize manufacturing engineering so as to reduce production costs.</td>
</tr>
<tr>
<td>Reputation</td>
<td>Lack of or delayed actions for tackling climate change might damage our brand reputation, which may lead to decline in sales or disinvestments.</td>
<td>• Provide suppliers with training and education on climate change and sustainability; • Require suppliers to report energy and carbon emission data.</td>
</tr>
</tbody>
</table>
Physical Risks

<table>
<thead>
<tr>
<th>Risk Type</th>
<th>Description</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acute</td>
<td>Extreme natural hazards, such as hurricanes and floods, may result in production or operation interruption due to water and electricity outage, or damage of manufacturing facilities.</td>
<td>- Develop natural disaster early warning system and corresponding emergency plans for high-risk areas; - Set up early warning systems and emergency plans for force majeure events; - Diversify our global supply chain capabilities to avoid production concentration.</td>
</tr>
<tr>
<td>Chronic</td>
<td>Rising sea levels by climate change threaten the production facilities and infrastructures in coastal areas.</td>
<td></td>
</tr>
</tbody>
</table>

Addressing Climate Change
Everyone has a responsibility to stop climate change. We have taken a number of actions for our employees to better understand the impact of this global issue, including:

- Organized a company-wide survey to assess the level of understanding of our employees on climate change;
- Collaborated with Green Monday to introduce sustainable dining concept to our employees;
- Participated in Eco Rating and helped our R&D technicians obtain an understanding of the impacts certain smartphone components have on environment and climate change, and seek measures to reduce the impacts on environment and climate change in future designs (e.g. change of materials and manufacturing engineering).

2.1.3 Seizing and Realizing Opportunities
Xiaomi firmly believes that eco-friendly products driven by technology advancement not only make contributions to the environment and society, but also bring us business opportunities. We will continue to invest in low-carbon technologies and develop more energy-saving products to fulfill market demands and create financial returns for us.

New Energy Vehicle
At present, fossil fuels for Internal Combustion Engine Vehicle (ICEV) is one of the major sources of GHG emissions. Increasing electric vehicles (EV) penetration is critical to mitigate climate change. In 2021, Xiaomi officially launched our Smart EV initiative, with an initial investment of RMB10 billion (around US$1.57 billion), and total investment of US$10 billion over the course of the next 10 years in research and development and manufacturing of smart EV.
2.1.4 Carbon Neutral Planning

Considering our diversified product portfolio, various business segments, and a wide range of value chain, we enacted a two-phase carbon neutral program that targets at operations and value chain, respectively.

In 2021, we carried out a series of groundwork in our carbon neutral process across the Group and our value chain, including enhancing our climate change management framework, identifying our GHG emission sources across our business operations (Scope 1 and 2), and calculating the emission data for our baseline year of 2021. We have also conducted training courses for our senior management, employees and suppliers on climate change.

<table>
<thead>
<tr>
<th>Year</th>
<th>Scope 1 Emissions (metric tons CO₂e)</th>
<th>Scope 2 Emissions (metric tons CO₂e)</th>
<th>Total GHG Emissions (metric tons CO₂e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>9,096.95</td>
<td>73,723.21</td>
<td>82,820.16</td>
</tr>
<tr>
<td>2020</td>
<td>8,402.12</td>
<td>58,079.17</td>
<td>66,481.29</td>
</tr>
</tbody>
</table>

(Please refer to Section “2.2 Environmental Impacts of Our Products”, “2.3 Green Operations” and “3.1.4 Supplier Capability Enhancement” for details on the measures we have taken to address climate change)

2.2 Environmental Impacts of Our Products

In 2021, we continued to reduce resource consumption and minimize the environmental impacts of our products, across their life cycle, by leveraging technology advancement and optimizing production processes.
Our measures throughout the entire product life cycle included:

- Add e-waste recovery and disposal measures
- Adopt energy-saving hardware
- Optimize software performance for energy saving
- Reuse of packaging in logistics
- Increase full load rate of trucks
- Optimize distribution routes
- Reduce material use
- Utilize eco-friendly materials
- Optimize manufacturing engineering
- Streamline manufacturing process
- Plastic-free packaging for new products
- No or less plastics/lighter weight packaging for existing products

2.2.1 Green design to optimize material selection

We strive to increase material efficiency by optimizing the product structure and maximizing the use of recycled or energy-saving materials, while maintaining product quality.

- In Xiaomi flagship smartphones models, we adopted bio-based polyamide resin, a plant-derived material, in the brackets. It was used in our Xiaomi 11 and Xiaomi 11i series, accounting for approximately 40% and 21% of total weight of the plastic parts, respectively; in our metallic device antenna (MDA) devices, recycled metal accounted for approximately 30% to 45% of the total weight of the metal parts;

- Xiaomi 12 series featured a rear cover made of BASF Haptex®, a low-carbon non-solvent polyurethane (PU) material. This material, by life-cycle analysis (cradle-to-gate), consumes 20% less energy, emits 20% less GHG, and uses 15% less water, as compared to synthetic leather;

- The stand base of our smart TV products utilized recycled aluminum alloy that accounted for about 30% of the overall weight of the base material. The annual production of this part consumed about 50 metric tons of recycled aluminum alloy. This material was used for EA/ES model 2022, Master Series OLED models and 86 inches/98 inches products;

- The newly launched water purifier integrated four filters into two, reducing the annual consumption of plastics packing filter elements by around 98 metric tons.
2.2.2 Low-carbon production processes to reduce carbon footprint

We worked with our suppliers to optimize and simplify manufacturing process to improve production efficiency. Beyond that, we encouraged our partners to maximize energy efficiency by taking energy-saving measures and optimizing energy management.

- By streamlining the production process for the base of ES/RX TV series, we reduced metal usage by approximately 25% and lowered production costs by approximately 20% on average.

2.2.3 Reduce plastics to promote green packaging

We are looking for more environmentally friendly designs to create plastics-free packaging for new products and no or less plastics and lighter packaging for existing products, minimizing the use of packaging materials while ensuring packaging quality.

- Removed the middle frame from the packaging of the Redmi Note series smartphone, reducing single packaging weight by 5% to 8%;

- Cut down the corrugated fiber paper used in the packaging for smart TV products under 43 inches to three layers from five layers, reducing annual packaging paper consumption by approximately 130 metric tons;

- Applied plastic-free packaging to 90% of new small-sized and lightweight IoT products across all categories;

- Adopted paper card and paper holder, instead of EPS (expanded polystyrene), for water purifier, air purifier, and electric kettle products, reducing plastic by 450g, 180g and 60g per single unit for the three products, respectively.

2.2.4 Manage transportation to increase logistics efficiency

We substantially improved freight efficiency by reusing logistics packaging, increasing full load rate, and optimizing distribution routes.

- Qualified post-consumed cartons were reused with a recycling label. In 2021, we reused about 6 million post-consumed packing cartons;

- In 2021, we required service providers to increase their full load rate from 60% to 70%, and added eight direct routes based on traffic analysis. This reduced annual transportation fuel consumption by approximately 20% and driving distance of approximately 290 thousand kilometers, or 220 metric tons of CO₂e;
• We used lightweight pallets for shipping smartphones abroad. Each new pallet was 7kg lighter, annually saving up to 280 metric tons of wood, and aviation fuel by 460 metric tons, or 1,423 metric tons of CO₂e.

Streamlined Product Packaging and Improved Transport Efficiency
We re-designed the structure of several routers such as Mi Router AX1800 for smaller size, resulting in reduced packaging materials, saving approximately 76 metric tons of packaging materials in 2021. The new design also increased stacking, reducing the number of shipments by approximately 30% to 50% for same shipment volume.

2.2.5 Pursue energy efficiency to extend product life cycle
We use energy-efficient hardware and develop software with energy-saving features, to relentlessly pursue better energy efficiency and extend product life cycle.

• The System on Chip (SoC) installed on our flagship smartphone models was upgraded from 7 nanometers to 5 nanometers, increasing the component’s energy efficiency by approximately 30%. The display was made of Low Temperature Polycrystalline Oxide (LTPO), reducing energy consumption by approximately 25%;

• Our MIUI 12 Operating System (OS) was upgraded with “Balanced” mode, under which battery can last for an additional 47 minutes per charging. It also enables adaptive screen refresh rate in various scenarios, extending use time by up to 21 minutes.

2.2.6 Recycle and recover to support circular economy
We are committed to product recycling and resource recovery initiatives. We launch our global recycling and trade-in programs to reduce electronic waste. We also formulated a strict product protocol to ensure that wastes are handled properly.

• In 2021, we recycled over 650 thousand smartphones worldwide, roughly 197 metric tons, 80% to 90% of which were resold;

• In 2021, we launched three employee purchase schemes in China under which 1,681 product units with damaged packaging but intact product performance were sold at a discount;

• We set forth product disposal policies for products damaged during transportation, and assigned dedicated personnel to supervise the entire disposal process. In 2021, a total of 7,172 product units were scrapped, with 39 on-site supervisions.

1 All results are based on internal laboratory test results. Actual performance may vary.
Overseas Product Recovery Program
We ran product recycling programs in five countries and regions, namely Italy, France, Spain, Indonesia and Hong Kong, and partnered with qualified agencies for repair. We strictly verified the certifications of our partners, including Quality Management System (ISO9001), Environmental Management System (ISO14001), Information Security Management System (ISO/IEC27001) and International Responsible Recycling (R2) Certification, to ensure that the refurbishing, resale or scrapping are compliant with local regulations. In 2021, we sold about 0.3 metric tons of trade-in smartphone products overseas, and recycled about 20 metric tons of smartphone motherboards, of which about 22% were reused, reducing approximately 4.5 metric tons of electronic waste.

2.3 Green Operations

Xiaomi strictly abides by the Environmental Protection Law of the People’s Republic of China, Energy Conservation Law of the People’s Republic of China, Law of the People’s Republic of China on the Prevention and Control of Environment Pollution by Solid Wastes, Water Pollution Prevention and Control Law of the People’s Republic of China and other laws and regulations, and makes continuous efforts to save energy and water, as well as reduce waste across our entire operation area, including self-operated office parks (such as our Beijing Xiaomi Science and Technology Park, Beijing Yizhuang Park, and Wuhan office park), laboratories, self-operated data centers, self-operated warehouses and our direct-operated Mi Homes, in order to maximize energy efficiency and reduce pollutant emissions. Every year, we actively identify and evaluate local laws and regulations on environmental protection, energy conservation and waste prevention and control, and continuously refine our internal policies and protocols on environmental management, such as the Environmental Protection Management Procedure, to guide our operations.

In 2021, we had dedicated staff members to manage environmental affairs in each of our office parks. At the same time, our Beijing Xiaomi Science and Technology Park was certified Leadership in Energy and Environmental Design (LEED) Platinum®.

2.3.1 Energy Management
Energy used in our office parks primarily consists of purchased electricity and heat. By regularly analyzing our energy consumption pattern, we timely switched to energy-saving equipment and optimized our smart energy management system to maximize resource efficiency, and minimize energy consumption in the workplace.
In 2021, we have taken various measures across our office parks, including:

<table>
<thead>
<tr>
<th>Major Areas for Energy-saving</th>
<th>Our Measures and Results in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Temperature Control System</strong></td>
<td>• Our Beijing Xiaomi Science and Technology Park was equipped with natural cooling tower to shorten cooling time, saving approximately 400 thousand kWh of electricity power per year.</td>
</tr>
</tbody>
</table>
| **Lighting System**           | • Our Beijing Xiaomi Science and Technology Park and Wuhan office park adopted an outdoor floodlight system, saving approximately 65 thousand kWh of electricity last year;  
  • The “Black Light Factory” (Yizhuang Smart Factory) in our Beijing Yizhuang Park is capable of lights-out production, saving approximately 310 thousand kWh of electricity per year. |
| **Office Building**           | • The large screen in the lobby of our Beijing Xiaomi Science and Technology Park was scheduled off regularly, saving approximately 140 thousand kWh of electricity per year. |
| **Essential Facilities**      | • The bathrooms in our Beijing Xiaomi Science and Technology Park were equipped with infrared sensors for lighting and fan control, saving approximately 380 thousand kWh of electricity per year. |
| **Renewable Energy**          | • The solar boiler systems in our Beijing Yizhuang Park and Wuhan office park generated about 6,100 metric tons and 600 metric tons of hot water, accounting for 60% and 30% of the annual hot water consumption on site, respectively. |

**Energy-saving Measures in Data Centers**

Our self-operated data center uses water-cooling system and natural-cooling system to lower energy consumption. In 2021, the water-cooling system was used without power consumption for 90 days, reducing energy consumption by approximately 270 thousand kWh of electricity in total.

We also take energy efficiency as one of the key criteria when choosing cloud service providers and data centers.

By adopting the above measures, we reduced approximately 1,084 metric tons of CO\textsubscript{2}e in total at our office parks in 2021.
2.3.2 Water Stewardship

Across our operations, all domestic water and reclaimed water (if any) are provided by third parties. So far, we face no shortage of water resources. Our key water-saving efforts in 2021 included the installation of a rainwater harvesting system, the control of water pressure, and the optimization of water consumption in sanitary wares. In 2021, we saved approximately 2,000 metric tons of water across our office parks.

We endeavor to discharge wastewater at office parks and production responsibly. Wastewater from our Yizhuang Smart Factory is discharged and stored separately before recycling by qualified third-party organizations. Domestic sewage from offices and canteens in each office park is strictly treated with sedimentation and separation before properly discharged.

2.3.3 Waste Management

Our waste is sorted and collected by qualified third-party organizations for proper disposal. We also put up signs and distribute videos on environmental protection topics to our employees to raise awareness and further reduce waste produced from our daily operations.

Non-hazardous Waste

Non-hazardous waste generated from our operations mainly includes domestic waste at office and kitchen waste. For domestic non-hazardous waste, we provide labeled bins in our offices to facilitate waste sorting. Sorted waste is classified by our cleaners for accuracy, before taking away.

The canteen at the Beijing Xiaomi Science and Technology Park serves over 20 thousand meals per day. As such we instituted professional waste treatment equipment to process kitchen wastes into animal feeds or organic fertilizers in accordance with national standards. In 2021, we processed about 3,386 metric tons of kitchen wastes, converting it into approximately 328 metric tons of animal feeds and organic fertilizers.

Meanwhile, we actively launch various waste reduction initiatives, and conduct waste sorting training and campaigns to our employees to promote awareness. We encourage double-sided printing at workplace. At our direct-operated Mi Homes, we adopt digitalized staffing system to manage shifts and avoid paper consumption. In the canteen of our Beijing Yizhuang Park, food is charged by weight, which further minimizes kitchen waste.

Hazardous Waste

Hazardous waste generated at workplace primarily includes toner and ink cartridges, and scrap metal from R&D activities. The toner and ink cartridges are processed and recycled via our printing suppliers. Metal scraps are collected at separate bins in the laboratories and further processed by qualified third-party organizations.

Hazardous waste in the Yizhuang Smart Factory, such as scrap materials and laboratory wastes, are temporarily stored in a dedicated area, and disposed by certified third-party organizations.

(Please refer to Section “4. Key Performance Indicators” for more details on environmental KPIs)
3. Social

As a responsible corporate citizen, Xiaomi is committed to growing together with all stakeholders, including our suppliers, employees and users.

3.1 Our Supply Chain

As a global technology company, we manage a dynamic multi-tiered supply chain across raw materials mining, processing, assembly, logistics, sales and services, product recovery and recycling. To maintain supply chain stability and business continuity, we have embedded ESG risk management in our supplier life-cycle management and have also partnered with suppliers to improve their ESG performance.

Our suppliers are primarily classified into two categories, namely production suppliers that directly and indirectly provide products and services, such as product components and final products assembly, and non-production suppliers that support our business operations. Considering ESG risks and impacts, we prioritize production suppliers in our protocols.

3.1.1 Geographic Distribution of Suppliers

In 2021, we worked with a total of 1,221 production suppliers, among which 89% were located in mainland China and 11% were located in other countries and regions.

<table>
<thead>
<tr>
<th>Locations</th>
<th>Number of Production Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>1,092</td>
</tr>
<tr>
<td>Overseas</td>
<td>129</td>
</tr>
</tbody>
</table>
3.1.2 Supplier Management System

The Company published *Xiaomi Supplier Code of Conduct* ("Code of Conduct") in 2020. Our suppliers are required to comply with our requirements on environment, health and safety, labor rights, business ethics, and management system, in line with the international standards, such as *Responsible Business Alliance Code of Conduct*. Under the Code of Conduct, dedicated ESG personnel in relevant business units have integrated ESG protocols into supplier life-cycle management, including onboarding, routine management and exit, as appropriate.

Supply Chain ESG Management Framework

<table>
<thead>
<tr>
<th>Policy and Management</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policies</strong></td>
<td><strong>Management</strong></td>
</tr>
<tr>
<td>Xiaomi Supplier Code of Conduct</td>
<td>Supply chain ESG management</td>
</tr>
<tr>
<td>Supplier Social Responsibility Agreement</td>
<td>Supplier ESG performance management</td>
</tr>
<tr>
<td>Xiaomi Supplier Social Responsibility Audit Procedures</td>
<td></td>
</tr>
<tr>
<td>Xiaomi Corporation Conflict Minerals Policy</td>
<td></td>
</tr>
</tbody>
</table>

**Supply Chain ESG Management Framework**

- **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

In 2021, we incorporated supplier ESG management module digitally into our Supplier Relationship Management (SRM) system. The new module was applied to collect and analyze ESG data related to our products, including green energy use, GHG emissions and reduction targets, pollutants discharge (wastewater, exhaust gas and solid waste) and sourcing of conflict minerals.

Furthermore, starting with our smartphone business unit, we extended our supply chain ESG management from direct suppliers to key second-tier suppliers (indirect suppliers). We perform ESG risk assessment and due diligence on all the suppliers under management and categorize them into low/medium/high risk levels. We conduct third-party onsite audits on the suppliers labeled as high- or medium-risk, and closely track the issues until they are resolved.
3.1.3 Supplier Life-cycle Management

Onboarding of New Suppliers
Since 2020, ESG compliance has become one of the important supplier onboarding criteria at Xiaomi. We require each supplier candidate to submit RBA VAP\(^2\) report, to validate its ESG performance, or we will arrange an on-site audit conducted by our assigned third-party agencies. In the event of any red-line issues\(^3\), suppliers will not be admitted until those issues are rectified. Suppliers are also required to sign before formal engagement and adhere to our Supplier Social Responsibility Agreement (CSR Agreement) and comply with our Code of Conduct. In 2021, six suppliers were not admitted due to red-line issues.

Supplier Assessment
We collaborate with third-party agencies to conduct annual review on our suppliers, to evaluate the ESG performances and identify any ESG risk of our suppliers according to Xiaomi Supplier Social Responsibility Audit Procedure. We require our suppliers to complete all rectifications of any identified nonconformities within four months.

In 2021, we further refined our working procedure:

- Supplier selection was based on risk levels and historical audit performances;
- Supplier audit requirements were amended with more details in terms of environmental and fire management, and site selection conformity;
- A mechanism on collaboration for rectification was established to include a weekly progress meeting, between ESG team and business units, for more efficient rectification process.

Following supplier selection criteria, in 2021, we completed third-party audits on 320 suppliers, an increase of 71 suppliers compared with last year.

ESG performance of smartphone suppliers over the past two years:

<table>
<thead>
<tr>
<th></th>
<th>High-performer</th>
<th>Medium-performer</th>
<th>Low-performer</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>29.7%</td>
<td>25.9%</td>
<td>44.4%</td>
</tr>
<tr>
<td>2020</td>
<td>22.5%</td>
<td>22.5%</td>
<td>55.0%</td>
</tr>
</tbody>
</table>

\(^2\) Responsible Business Alliance Validated Assessment Program

\(^3\) Xiaomi red-line issues include: prohibition of child labor and effective protection of underage workers; no forced labor or violence; prohibition of illegal employment discrimination; true and reliable working hour record; employee salary no less than the minimum wage level as stipulated by local law; safeguard of employees’ health and safety; effective management of fire hazards; prohibition of illegal discharges of toxic and hazardous waste; prohibition of commercial bribery in any form.
The status of rectification taken by smartphone suppliers is as follows:

![Rectification Status of Smartphone Suppliers](image)

- **30%** Completion Rate above or at 80%
- **22%** Completion Rate between 60% and 80%
- **48%** Completion Rate below or at 60%

**Conflict Minerals Management**

We adhere to the following initiatives on responsible sourcing of minerals:

- Organization for Economic Cooperation and Development (OECD) Due Diligence Guidelines for Responsible Supply Chains of Minerals in Conflict Affected and High-Risk Areas; and
- RBA Responsible Minerals Initiative (RMI)

The Xiaomi Corporation Conflict Minerals Policy was formulated based on the above. We pledge that we will not source conflict minerals that directly or indirectly finance local armed groups, and we require our suppliers to trace the sources of conflict minerals in their products in accordance with the above international standards, to ultimately achieve conflict-free supply chains.

In 2021, we thoroughly traced the sources of tin, tantalum, tungsten, gold ("3TG") and cobalt used across our smartphone supply chain. We identified a total of 431 upstream smelters/refiners from 59 countries and regions, 94% of which were accredited by the Responsible Mine Assurance Program (RMAP). We required the suppliers to conduct third-party due diligence on the unaccredited smelters/refiners under the RMAP requirements, or replace with accredited smelters/refiners, to ensure supply chain compliance and transparency.
3.1.4 Supplier Capability Enhancement

In 2021, we continued to enhance supplier competence in ESG management. To this end, we cooperated with external ESG institutions to organize and arrange a broad array of subject-specific trainings for our suppliers with topics including but not limited to environmental protection, chemicals management, energy management, health and safety management. Additionally, we invited experts to provide on-site coaching sessions to guide our suppliers in identifying potential risks, strengthening management skills and improving internal management.

GHG Management Capability: Survey and Enhancement

In 2021, we strengthened our efforts to measure carbon footprints across our supply chain. Among our smartphone suppliers, we identified 103 suppliers with carbon emission reduction targets, 41 suppliers with GHG emission data verified by third parties, and nine suppliers in the process of independent verification on GHG emission data. We also organized a supplier training session on Xiaomi’s criteria and requirements for GHG accounting. More than 700 participants from 200 suppliers joined this training session.

“SatisFactory” Project

In 2021, multiple departments in Xiaomi jointly launched a “SatisFactory” Project in an effort to assist suppliers to set ESG goals, develop ESG methodologies and implement ESG measures in daily operations.

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Proportion of certified smelters/refiners</th>
<th>Number of smelters/refiners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobalt (Co)</td>
<td>70%</td>
<td>90</td>
</tr>
<tr>
<td>Gold (Au)</td>
<td>100%</td>
<td>173</td>
</tr>
<tr>
<td>Tantalum (Ta)</td>
<td>100%</td>
<td>36</td>
</tr>
<tr>
<td>Tin (Sn)</td>
<td>99%</td>
<td>81</td>
</tr>
<tr>
<td>Tungsten (W)</td>
<td>100%</td>
<td>51</td>
</tr>
</tbody>
</table>
Main achievements by one of our smartphone assembly suppliers in the "SatisFactory“ Project:

<table>
<thead>
<tr>
<th>Area</th>
<th>Methodology</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy-saving technical improvement</td>
<td>Projects on waste heat recovery, online monitoring of energy consumption, and chiller optimization</td>
<td>Reduction of carbon emissions by 14.92%</td>
</tr>
<tr>
<td>Waste recycling</td>
<td>10 projects including recycling of used labor suits and workshop anti-static trays, cost reduction of silicone adhesive protective films, and improvement of OQC (Output Quality Control) online inspection on coating process</td>
<td>Cost reduction of RMB1.165 million</td>
</tr>
<tr>
<td>Identification of ESG regulations and monitoring ESG performance</td>
<td>ESG regulation identification on a monthly basis, from quarterly, to elevate awareness of regulation compliance</td>
<td>Stronger compliance with related ESG regulations</td>
</tr>
<tr>
<td>Employee satisfaction enhancement</td>
<td>Diversified staff activities such as group/team leader trainings, employee seminars and employee care programs</td>
<td>Employee satisfaction enhanced by 14%</td>
</tr>
</tbody>
</table>

We also guided this supplier on key work plans for 2022, including the introduction of ISO50001 Energy Management System, carbon neutralization capacity building, and ESG awareness enhancement of management and staff.
Green Supply Chain Training
We recognize good training makes a difference, and continue to offer external professional training opportunities to our suppliers. In 2020, our selected suppliers participated in the “Green Supply Chain Innovation Pioneer Project” in the Electronic Industry of the Pearl River initiated by the Committee on Social Responsibility of the Chinese Electronics Standardization Association (CSR-CESA) of the Ministry of Industry and Information Technology of the People’s Republic of China (MIIT). In 2021, one of our suppliers was recognized as an excellent case in “Identification and Assessment of Environmental Risk Factors and Chemical Management.”

3.2 Our People
At Xiaomi, we believe talent is one of the most valuable assets for us to achieve technological innovation and maintain our leadership in a fiercely competitive market.

We attract, train, motivate and retain talents, with competitive remuneration and benefits, a safe and healthy working environment with diversity and inclusion, and customized training and development.

We strictly abide by the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China, the Social Insurance Law of the People’s Republic of China, Work Safety Law of the People’s Republic of China, the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases, Regulation on Work-Related Injury Insurance, Employment Ordinance (Hong Kong), Estatuto de los Trabajadores (Workers’ Statute in Spain), and other domestic and foreign laws and regulations related to employees’ basic rights and obligations, health and safety, and closely follow latest requirements.
3.2.1 Employee Rights

Recruitment, Employment and Diversity

Xiaomi upholds the principles of "fair, just, and open" and develops internal policies on recruitment, employment, and benefits, such as the Employee Handbook and Special Provisions on the Protection for Female Employees, to manage our employees globally.

In 2021, in accordance with Provisions on the Prohibition of Using Child Labor in China and other similar regulations in our overseas operations, we amended our Employee Handbook to add that we do not permit the use of child labor in any operation. Provisions on anti-discrimination and prohibition of forced labor were also included as part of the amendments, and we ensure that employees are fully aware of their rights upon signing contracts with us. Furthermore, regular trainings for interviewers were conducted to highlight fair hiring practices. In 2021, we didn’t record any incident of child labor, forced labor, employment discrimination, or gender discrimination. Any offence in the aforementioned will be strictly penalized in accordance with relevant laws and regulations as well as our internal requirements.

Our strategic talent team and Human Resources Business Partners ("HRBPs") in all business units work closely to conduct research on best practices of talent management and recruit talents for our core technical and strategic roles. In 2021, we hired 17,116 full-time employees, of whom over 3,437 were fresh graduates, and 42% of whom were technical positions.

We value the skills and resources of local talents and their contribution to our business development. We also hope to promote local employment by recruiting local talents. As of December 31, 2021, we had 2,484 full-time employees overseas, of whom 2,269 were local employees.

Employee Engagement and Communication

We treat employees equally and are open to their advice on operations and management. We encourage employees to speak up by establishing diversified communication channels including online platforms, and dedicated hotline and email, and by soliciting employees’ opinions through public notices during regulations amendment period.

In 2021, our labor union launched a new digital platform as an additional channel to collect both anonymous and identified feedback from employees, and regularly provide solutions and track progress. All issues received on this platform in 2021 have been addressed.

Through our semi-annual employee surveys, we collect feedbacks on company management and employee satisfaction, and conduct a comprehensive assessment on employee engagement, devotion, loyalty and recognition. A recent survey in which approximately 80% of employees participated, showed that over 90% of the participants have high interest and expectations for their jobs at Xiaomi. Compared with the result at the beginning of 2021, employee satisfaction rates increased by approximately 4%, and the proportion of employees who plan to stay with the Company for more than three years increased by approximately 5%.
Our key awards for talent management in 2021:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Award/Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forbes</td>
<td>World’s Best Employers 2021</td>
</tr>
<tr>
<td>Universum</td>
<td>No. 4 on the list of “China’s Most Attractive Employers” voted by engineering students</td>
</tr>
</tbody>
</table>

3.2.2 Employee Benefits and Welfare

Compensation, Welfare and Incentives
Xiaomi exercises equal pay for equal work by offering our employees sound remuneration and benefit packages under a performance-based structure and incentive program.

Performance Evaluation
We have established a comprehensive performance evaluation mechanism through multi-dimensional assessment for each employee. An appeal mechanism is in place that enables employees to file complaints to ensure fair and objective evaluation, thus to provide justifiable compensation.

Long-term Incentive
We value long-term talent motivation and actively promote equity incentive programs. In 2021, the Board awarded a total of 266.5 million shares to 8,455 selected participants. We enacted two major equity incentive plans for specific talents:

- A total of 70.23 million shares were awarded to 3,904 employees, including outstanding young engineers, fresh graduate employees, employees in core positions, and engineers winning Annual Excellent Technology Award.
- A total of 119.7 million shares were awarded to 122 employees including technical experts, mid-level and senior management, as well as recipients of the New 10-Year Entrepreneurship Program.

Employee Benefits
We care about the physical and mental health of our employees, and on top of social insurance and welfare in compliance with national laws, we as well provide them with:

- annual physical examinations;
- commercial health insurance, including discounts for family members;
- free online and offline psychological counseling services and monthly activities launched through Employee Assistance Programs (EAP);

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.
• Recreational facilities including gyms, book corners and cafes; and,

• Infirmaries and baby care rooms.

To achieve work-life balance for our employees, this year we organized a variety of employee activities in our office areas across the country, delivering human care, showcasing personal talent, and promoting traditional culture. According to our survey, over 95% of employees were very satisfied with these activities.

Our activities in 2021 included:

• 2021 Xiaomi Family Day: The event was organized for families of employees and Mi Fans, in five main office areas in mainland China, with over 2,500 participants;

• Midsummer FUN Night: The event was hosted to celebrate Xiaomi’s 3rd anniversary as a public company and 2nd anniversary of our Beijing Xiaomi Science and Technology Park opening, with approximately 1,000 participants, including our business partners;

We encourage our employees to develop personal interests and hobbies. We have established 67 clubs of all kinds in mainland China, and organized activities every April and September to attract new joiners and help them connect with fellow employees.

3.2.3 Employee Health and Safety

Management System

We established our health and safety management system in accordance with ISO45001 Occupational Health and Safety Management System Standard. Our Beijing Xiaomi Science and Technology Park and Hong Kong office have been certified by ISO45001 standard.

We continue to enhance our environment, health and safety (EHS) management capability by acquiring more EHS experts. This year, a team of seven professional staff were appointed to manage EHS affairs at the Beijing Xiaomi Science and Technology Park.
Safeguard Measures
Every year, we regularly discuss and update important health and safety aspects, impact and measures. We carry out safety inspection on our own office space and rectify possible hazards at regular intervals. For laboratories involving potential hazard sources, we provide necessary personal protective equipment (PPE) for relevant R&D personnel.

We have also defined work injury, the application and certification of work injury leave, as well as compensation during work injury leave in the Employee Handbook, so as to ensure the rights and interests of employees.

We established the Emergency Response Mechanism in 2021, with corresponding solutions for unexpected visitors, user complaints, water leakage, power failure, fire, contingency handling and cooperation with public security agencies. After the system came into effect, 132 emergencies were handled throughout this year without significant impact.

Xiaomi engaged third-party organizations to regularly test air quality in all office areas, and the testing items include formaldehyde, benzene, total volatile organic compounds, particulate matter, and carbon dioxide. In 2021, the air quality of Xiaomi’s office areas met national requirements.

Health and Safety Training
The Company organizes regular safety trainings and awareness campaigns on specific subjects, to ensure the health and safety of all employees. For operators handling hazardous waste disposal in the Yizhuang Smart Factory, we offer training every three months on occupational health and the use of PPE.

Food Safety
Our canteen has compiled the Food Safety Management Manual of Xiaomi Canteen, with reference to food safety laws and regulations and ISO22000:2018 Food Safety Management System, which details the provisions on sanitation, warehouse management, prevention of food poisoning, etc. Furthermore, the canteen management and staff have participated in food safety trainings organized by external professional agencies, and all obtained internal auditor qualifications.
3.2.4 Employee Development

Promotion
The Company provides employees with fair, open and structured promotion opportunities. By setting reasonable assessment standards, we are impartial to the regular promotion of employees, and also provide incentive mechanisms and promotion path for those who make substantial contributions.

Training
Xiaomi offers comprehensive trainings to employees globally, covering general education, corporate culture, cutting-edge science and technology, management skills, logical thinking, etc., to improve their overall capabilities, technical competency and leadership.

Our Group Learning Development Department (formerly known as Qinghe University) is responsible for organizing Group-level training. In 2021, we continued to provide online and offline trainings for employees across all business units and levels, as well as tailored or upgraded training plans. We also optimized our learning system and enriched course offerings to nurture proactive learning habits. In 2021, our online Learning Platform launched 715 online courses and 219 learning projects, covering more than 32 thousand online users.

Talent Development for New 10-Year Strategy
In line with the Group’s new 10-year strategy, the Group Learning Development Department focuses on our talent pool and talent structure. We offered more trainings and courses to fresh graduates and experienced hires, and added dedicated trainings for TOP High-potential graduates5 and interns. For example, we have launched “Fanxing Plan” for fresh graduates to maximize learning in a systematic approach, covering Group-level, business units and on-the-job training.

<table>
<thead>
<tr>
<th>Training Programs for New Hires</th>
<th>Total Participants in 2021</th>
<th>Total Training Hours in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fanxing Plan (for fresh graduates)</td>
<td>3,571</td>
<td>305 courses with cumulatively 359,802 hours</td>
</tr>
<tr>
<td>TOP High-potential graduates</td>
<td>85</td>
<td>4 courses with cumulatively 6,375 hours</td>
</tr>
<tr>
<td>Interns</td>
<td>339</td>
<td>8 courses with cumulatively 3,729 hours</td>
</tr>
<tr>
<td>Experienced hires</td>
<td>7,000</td>
<td>5 courses with cumulatively 9,000 hours</td>
</tr>
</tbody>
</table>

5 Among fresh graduates, based on performance and capability evaluation, 5%–20% of them are selected to enter the TOP High-potential program for junior management development.
Talent Development
In addition to existing development programs for junior, mid-level and senior management (including “Spark Camp,” “Torch Camp” and “Ignite Camp”), we extend the coverage of the programs to more employees to strengthen overall management capability. Furthermore, we launched the “Flame Camp” for senior management, in partnership with China’s top business schools to hone their management skills in corporate strategy, marketing, business operation, etc.

<table>
<thead>
<tr>
<th>Program</th>
<th>Total Participants in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spark Camp</td>
<td>1,070</td>
</tr>
<tr>
<td>Torch Camp</td>
<td>389</td>
</tr>
<tr>
<td>Ignite Camp</td>
<td>84</td>
</tr>
<tr>
<td>Flame Camp</td>
<td>44</td>
</tr>
</tbody>
</table>

(Please refer to Section “4. Key Performance Indicators” for more details on employee KPIs)
3.3 Our Quality

Our philosophy of quality is to put users at the very center, and improve product quality, user experience and service quality as a whole, with full employee participation and closed-loop management. In 2021, we further optimized the quality management throughout the product life cycle and service process to improve user experience.

3.3.1 Quality Management System

We relentlessly pursue the principle "Quality is the lifeline of Xiaomi”. In 2021, we officially published Xiaomi Quality Handbook, and required all employees to participate in, abide by and continuously improve the quality management across the life cycle of our products and services.

The Group Quality Committee of Xiaomi Corporation (the “Group Quality Committee”) is responsible for coordinating the overall quality management at the Group, and setting the quality policies, objectives and mechanisms. In addition, each business unit also refers to ISO9001 Quality Management Standard to improve its own quality management framework, and deliver quality products and services in a closed-loop process.

In 2021, our business units further refined the Group’s quality management mechanism. The amendments included systematic risk-based quality review of all products and services prior to launch, and full mechanism of accountability for quality management throughout a product’s life cycle. To further improve product quality and user experience, the Group Quality Committee formulated Measures for the Administration on Quality Projects, and coordinates with business units to implement quality improvement projects.

In 2021, Xiaomi maintained ISO9001 certification for our business units including smartphones, smart TVs, laptops, smart hardware, and our e-commerce platform Xiaomi Youpin.

Professional Quality Training

In 2021, we offered 30 training courses including general courses such as quality culture, quality system and quality management, as well as professional courses such as quality tools, safety compliance and case studies. Over 17 thousand employees participated with a total of approximately 200 thousand hours.

In September 2021, the Group Quality Committee, along with our business units, launched our second “Xiaomi Quality Month”. This year, we held 51 quality-related activities, including sharing knowledge on quality practices, hearing the voices of our users, and many other activities focused on quality.
3.3.2 Product Quality Management

Our mission is to relentlessly build amazing products with honest prices. To improve quality and user experience, we refined our quality management at each stage of the manufacturing process, and incorporated the concept of superior user experience in the design stage to make better products for our users.

Quality Management on Smart TV Products

Xiaomi has implemented an integrated management system for our smart TV products. Through digital monitoring, we ensure the performance of our products maintain the best quality throughout the entire process, from the selection of materials and components to product design, manufacturing and testing.

We have also built a digital system for production yields, enabling real-time component performance analysis from different suppliers. Guided by industry standards, user feedback, and best practices of our suppliers, we continually improve our quality standards and encourage our suppliers to follow, thereby, improving the industry standards.

Product Safety Assurance

Xiaomi is committed to providing users with healthy and safe products. We regularly scrutinize and strictly follow the Product Quality Law of the People’s Republic of China, Law of the People’s Republic of China on the Protection of Consumer Rights and Interests, and other relevant laws and regulations. We also align with local product safety standards in overseas markets (including safety codes, electromagnetic compatibility, wireless certification, environmental protection, energy efficiency, patent certification, etc.). We ensure product quality from the source by setting strict standards, developing technology applications and communicating with suppliers as well as R&D department for product compliance.

Strict Enterprise Standards

Our business units have developed quality standards that are higher than local legal requirements.

We have established a series of internal standards on temperature rise during use that are stricter than national standards, such as Xiaomi Mobile Phone Structure Testing Specification_Thermal Test, Xiaomi Mobile Phone Structure Testing Specification_Thermal User Experience Model Test, and Router Thermal Testing Specification.

Hazardous Substance Management

We abide by domestic, international, and other local rules and standards on hazardous substances and chemicals in products and packaging, including but not limited to:

- Restriction of Hazardous Substances (RoHS)
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)
- Directive 94/62/EC on Packaging and Packaging Waste
We continually revise our environmentally hazardous substance management based on regulatory compliance and feedback from suppliers. We also set stricter restrictions on hazardous substances per product characteristics and mandate suppliers to follow.

Our smart TV business unit inspects the usage of hazardous substances by regular sampling test (at least once per month) and by unscheduled sampling test. In addition, suppliers are required to provide periodic self-check reports.

**Pursuit for Quality**

**Hardware R&D and Application**
For the Xiaomi 12 series smartphone released in 2021, we adopted new technology for heat dissipation, including a 0.3 mm vapor chamber of white graphene high thermal conductivity material in the antenna area, as well as our proprietary technology — Loop LiquidCool Technology.

**System Upgrade**
In 2021, Xiaomi included Unavailable Time (UAT) and User Freeze Time (UFT) as fundamental measures to deliver a more stable and extra smooth user experience. Based on various user scenarios, the number of daily active users and average active duration, we identified 198 frequently used applications, and optimized them to reduce their UAT and UFT.

Our Xiaomi 11 Pro received the highest certification of *User-controlled Scenario Function Performance* for processing speed released by TL Certification Center (TLC) of China Academy of Information and Communications Technology (CAICT) in 2021.

**Product Recall System**
Xiaomi published the *Management System for Product Recall of Xiaomi Corporation* in 2020. If a product incident poses threats to consumers' safety, we will convene a recall response team for risk assessment and determine the scope of recall for any and all batches that may contain such risks. After the recall process is initiated, we will continue to monitor, analyze and review the incidents and conduct quality risk analysis on other products. These rules were in place and strictly followed in 2021.

In 2021, there was no product recall for health and safety reasons.

**Industry Mutual Development**
Xiaomi strives to lead the industry in innovation and promotes industry development. Xiaomi Group Technology Committee actively participated in setting standards and discussions related to product quality and technology both domestically and overseas.
"The Forerunner — Reverse Osmosis Water Purifier" was awarded the title of "2021 Enterprise Standard Forerunner".

In 2021 the "Smart Home Quality Protocol and Application" was awarded 2021 Quality Technical First Prize by the China Association for Quality.
3.3.3 Sales Quality Management

Xiaomi sells our products through online\(^6\) and offline\(^7\) channels. In 2021, together with rapid business growth, we strove to elevate our service quality in all sales channels. Furthermore, we organized training programs to develop service awareness of all sales associates for higher efficiency and better quality. We enhanced users’ shopping experience by observing and understanding changes in consumer behavior, and applying our new retail strategy. In addition, we provided online product manual, including instructions, safety guidelines, green labels, Compliance Certification Application (CCA), product disposal directions and other information (e.g. Mi 11 Ultra User Guide) to ensure users fully understand the product information prior to purchase.

Mi Homes Quality Management

Quality assurance of service is the foundation of our rapid expansion. In 2021, we opened more than 7,000 Mi Homes in mainland China. To ensure the service quality and operating efficiency of each store, we streamlined quality management for Mi Homes. Specifically, we adopted a grid management system to divide stores by regions, and assigned a leader in each grid area to manage stores, suppliers and inventories. We also established a “HOME Service Model” as the standard to serve shoppers in the entire process.

Meanwhile, we published the first edition of Mi Home Quality Management Handbook, specified the code of conduct, responsibility, level of authority and communication channels of each employee, as well as the scope, definition, level, solutions and handling process of each service incident.

Staff Training

We maintain high service quality of our sales team by conducting appropriate training. For new sales recruits in Mi Home, we provide training on corporate culture, rules and regulations, and general skills according to the characteristics of each position. The Company requires new store managers to take on-the-job training for a minimum of two weeks and up to three months, to ensure they have a comprehensive understanding of customer needs, and issues that may arise on the job and appropriate solutions. Following the examples of direct-operated stores, we further refined our training management system for exclusive agency stores and franchised stores as well.

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\(^6\) Xiaomi online sales platforms include self-owned channels such as Mi Store and third-party platforms.

\(^7\) Xiaomi offline sales platforms “Mi Home” includes direct-operated stores, exclusive stores and authorized stores.
Sales Quality Management of mi.com

mi.com is Xiaomi’s online sales platform and our first sales channel. In 2021, we published Quality Management Manual for mi.com in accordance with the requirements of the Group Quality Committee. For better user experience, we integrated compliance management into user complaints handling process. In addition, we also refined staff management system, which specified each leader’s duties in project audits, and updated the training assessment for new recruits.

For online promotion campaigns such as “Double 11,” “618”, we formulated the Xiaomi Promotion Escort Plan for mi.com, which articulated the process for handling unusual activities during the peak sales periods.

3.3.4 Service Quality Management

Xiaomi has adopted diversified management and experience-oriented approach, and offer high quality service to our users globally. In 2021, we improved our efficiency in service management through a refined management process, streamlined service standards and employing information management system to integrate our sales and service capabilities, bringing consumers a more fulfilling service experience.

After-sales Quality Management

Xiaomi is committed to offering diversified and high-quality after-sales services to meet the different needs of users. We offer our users greater convenience by expanding geographic coverage and standardizing after-sales services. Meanwhile, we actively arrange after-sales trainings and quality improvement projects to ensure both service quality and efficiency.

Maintenance Service Extension

Since 2020, we have expanded our geographic coverage for our in-store service, mail-in repair service and to-home service. By the end of 2021:

- In-store service: we had 1,234 repair centers in mainland China, covering 22 provinces, five autonomous prefectures and four municipalities, representing an increase of 578 stores, and 14% increase in coverage rate year-over-year;
- Mail-in repair service: we established a cumulative 21 mail-in repair centers. In case of product failure, users can mail the product to a Xiaomi Service Center, and the center will send it back after repair or replacement;
- To-home service: we had a total of 1,891 stores in mainland China to provide to-home service, representing an increase of 338 stores and 80% growth in coverage rate year-over-year.

In 2021, we developed standardized tools for maintenance and installation of smartphones, air conditioners, washing machines and other products to improve the maintenance efficiency.

We also carried out specific quality enhancement initiatives, including:

- We adopted different color labels to differentiate repair turnaround time, reducing the duration of maintenance by approximately 20%;
- We introduced a decision-making mechanism for escalating crisis events related to product quality, reducing the processing handling time by 21 days on average and improving overall efficiency by approximately 53%;
• After-sales managers devised a more concise management process upon understanding the scope of work of engineers, and improved the efficiency of front-line work by approximately 50%.

This year, our overall number of effective service order increased approximately 30%, and after-sales service complaints decreased by 4.3%. In addition, the 24-hour installation and 12-hour mail in repair increased by 1.6% and 3.7%, respectively.

Training System
We carry out technical training for after-sales personnel, including product introduction, installation, maintenance and testing, as well as non-technical training of service processes, business communications and etiquette. In 2021, we conducted a total of 2,732 offline after-sales service training sessions, covering over 35 thousand attendees, with a qualification rate of over 93%.

Customer Service Quality Management
It is our duty to fulfill user needs with efficiency and accuracy. To improve user experience, we focus on customer experience throughout the entire feedback process. When handling complaint, we conduct closed-loop management including receiving, handling and collecting user feedback to ensure the problem is properly solved.

Customer Service Management System
We elevate customer services from “problem solving” to “enhancing experience” to better fulfill customer needs.

In 2021, we introduced an information management system to boost service quality and efficiency. Our major achievements include:

• Established an information management system, which could detect 120 thousand online and hotline service requests a day, with an accuracy rate of 87%;

• Introduced AI algorithm to our customer service hotline to identify user intention, and further improved the accuracy of the first transfer by 14%;

• Introduced a voice recognition algorithm and speech synthesis and built an intelligent outbound call system, with recognition accuracy of user intention up to 96%.

In the meantime, we worked with the Group Learning Development Department and built a full customer service training program including training plan, material preparation, performance assessment, data analysis, plan implementation, etc.

Solutions for Complaints
Relying on our problem-solving capacity and department accountability, we assign complaints to responsible departments, and ensure problems could be accurately and promptly handled with enhanced efficiency.

In 2021, to ensure user complaints were properly addressed, we added a follow-up service to track the effectiveness of problem solving. In addition, we introduced a closed-loop mechanism to respond to different scenarios.
Overseas Service
Xiaomi has presence in more than 100 countries and regions. We conduct overseas business by building direct-operated stores and cooperating with local business partners. To ensure consistent service quality in each region, we adopt the strategy of “Follow HQ + Act Locally,” and assign professional personnel under grid management system. Our goal is to fulfill the general requirements of the Corporation and the demands of local users.

Overseas Service System
To offer consistent service globally, in 2021, we consolidated customer services, after-sales services and parts supply, and established an Issue to Solution Platform (ISP) for a closed-loop service management. The platform is featured with:

- Service processing: By using system to process key steps including visits, after-sales services, repairs and returns, we strive to satisfy user requirements;

- Data monitoring: It conducts real-time service quality monitoring on service personnel, processes, and materials;

- Service quality improvement: It identifies abnormalities or room for improvement by analyzing service data, and supervises the implementation of actions through the project management tools.

Service Training System
We provide trainings on customer service and after-sales service for our employees and partners, respectively. We also initiate training programs on corporate culture, user experience, and peer visits for new recruits, to raise their service awareness. In 2021, our after-sales and customer service teams set up a dedicated training team to compile training materials, and offered our partners various courses by professional training institutions.

We require all after-sales specialists to take a qualification examination after training, and only those who pass and obtain certification can officially serve.

3.3.5 User Engagement
We facilitate communication with our users, and engage with our customers through various local activities around the world. We also expand channels for communication with users to collect their feedback and preferences. Based on the information we receive, we continually upgrade our products and services to better serve our customers.

Interaction with Mi Fans
We continue to promote channels of communication with Mi Fans, such as Mi Community, and keep close contact with users. Beyond that, we make the entire process open to the public, from product manufacturing, service, and branding to marketing, aiming to build a brand that grows along with our users.

We formulate a centralized strategy with localization by different regions. Through Mi Fan interactive activities featuring local culture and traditions, we strive to engage users more frequently and further improve our products and services based on their feedback.
In 2021, we continued to launch our previous highly acclaimed campaigns as well as new ones.

Xiaomi POP Run

“Xiaomi POP Run,” an online running campaign, was held in 12 regions globally. Contestants were ranked by their steps counted on Mi Bands and Mi Watches.

“Special Communication for MIUI”

By collecting feedback frequently raised by Mi Fans, we refine and improve our after-sales service quality. In 2021, we received more than 200 suggestions and provided timely responses. We posted MIUI issues bi-weekly announcement, and the satisfaction rate of Mi Fans exceeded 90%.

3.4 Business Ethics

Xiaomi has a profound understanding of our responsibilities in business ethics. In accordance with Code of Conduct of Xiaomi Corporation, we encourage all employees to conduct business in a lawful and ethical manner, and pursue the three major principles of “Integrity, Honesty and Compliance” for the protection of user rights, and fair and healthy competition.

We strictly obey domestic relevant laws and regulations on information security and privacy protection, anti-corruption, anti-money laundering, anti-monopoly and anti-unfair competition, intellectual property protection, and advertising, including but not limited to Personal Information Protection Law of the People’s Republic of China, Anti-monopoly Law of the People’s Republic of China, Anti-Unfair Competition Law of the People’s Republic of China, Patent Law of the People’s Republic of China, Advertising Law of the People’s Republic of China as well as regional regulations and policies such as the EU Competition Law. In addition, we closely follow up with all regulatory updates and amend our policies accordingly.
3.4.1 Information Security and Privacy Protection

Information security and privacy protection are of primary concerns to Xiaomi. In 2021, we continued to improve our management system, workflow, technology and capability enhancement to fulfill Xiaomi’s “Five Privacy Protection Principles”:

- Transparency: Users have full control over their personal information;
- Data minimization: We only collect what we must collect;
- Clear purpose: Users will always know why exactly we collect and use their personal information;
- Guaranteed security: Users’ personal information will always be secured;
- Compliance assessment: Rigorous privacy compliance assessment mechanisms keep our practices at check.

Management System

Under the leadership of the Group Vice President, Xiaomi Information Security and Privacy Committee is responsible for coordinating and managing Group-wide security and privacy activities, as well as optimizing the measurement mechanism of security and privacy indicators. With hundreds of security and privacy specialists and over ten professional attorneys, the Committee provides professional assistance to business teams on information security and privacy.

We closely track the development of latest relevant local laws and regulations, which assists us in timely updating the compliance policy database and data center, as well as further update our privacy policy and internal system documents, and carry out relevant compliance requirements in the product and business processes.

In 2021, our operation sites where IT activities are performed were 100% ISO27001 certified.

Workflow

Guided by the principles of Privacy by Design and Security by Default, we improved the product Security Development Lifecycle (SDL) and the process of security vulnerability disclosure in 2021.

SDL Optimization

Based on characteristics of the product development lifecycle, we built upon our existing SDL model and established a security development process that conforms with the actual conditions, and integrated security activities into the entire development cycle of products and services, to build robust security for our products.

- Before launch: We compiled the Cybersecurity Baseline for Consumer IoT, to guide the R&D team in security-specific requirement analysis and product development;
- Testing: With in-house-developed testing tools, our security team conducted source code security testing and penetration testing, to ensure each product in the pipeline passed the security test;
Post launch: Aided by a vulnerability response mechanism, we monitored and checked product security on a regular basis through both internal examinations and external feedback.

To respond to the fast development cycle of our Apps and services, Xiaomi integrated security specifications and testing tools into our business processes and embedded security management into our Continuous Integration and Continuous Deployment (CI\CD) pipeline by consolidating processes and building information database, achieving continuous automation and continuous security monitoring.

Xiaomi App Store “Privacy Statement List”
In December 2021, Xiaomi App Store first launched the “Privacy Statement List,” a feature extracting private information on APP and classifying them into five categories of “Details and Purposes of Data Collection,” “Access Permission,” “Data Sharing,” “User Rights” and “Safeguard Measures of Personal Information Security.” The five items are separately displayed on the App Detail Page for users to browse and read.

Improvement of Vulnerability Disclosure
In accordance with the standards of ISO/IEC29174:2018 and ISO/IEC30111:2019, we established a complete closed-loop process for vulnerability response and disclosure, and built a team of specialists to resolve and disclose all vulnerabilities in time for better security of our products and services. Meanwhile, we provided domestic and overseas security researchers with an exclusive platform for vulnerability reporting [Xiaomi Security Center — Incident Response] to facilitate active feedback of underlying product security problems.

Vulnerability response and disclosure:

- Recipient: Monitor and assign received vulnerabilities in a timely manner;
- Verification: Verify the vulnerability and confirm the exploitability and impact;
- Solution development: Provide effective fix solutions or risk remediation measures;
- Affected scope confirmation: Investigate and confirm the complete scope of affected products;
- Release: Review and publish the security advisory for the security vulnerability.

On November 4, 2021, The Internet of Things Security Foundation (IoTSF) released the 2021 assessment report on The Contemporary Use of Vulnerability Disclosure in IoT, listing Xiaomi as one of the 21 IoT device suppliers that met the extended threshold test.

Innovative technology
We relentlessly explore the scope of applications in information security and privacy protection technologies. In 2021, we once again improved the information security and privacy protection functions of our MIUI system.
MIUI System Defense Enhancement
In 2021, Xiaomi released MIUI12.5 OS, which added four new privacy protection functions through smart clipboard, document sandbox, web browsing and hidden location data. These strictly safeguarded user data while granting users more access to understand and control personal information. Based on this, MIUI 13 added functions such as a facial recognition protection in camera and privacy watermark to further prevent privacy abuse and augment user control over personal information.

Training and Communication
We put great emphasis on training our employees on information security and privacy awareness and skills. In 2021, we carried out the following trainings:

- 33 training sessions on information security and privacy protection awareness, covering over 11 thousand attendees;
- Seven training sessions on security technologies, covering over 350 attendees;
- 10 training sessions on IoT security (internally and for ecosystem partners), covering 331 attendees;
- One training camp for specialist in information security and privacy, covering over 120 attendees.

Security and Privacy Awareness Month
In 2021, Xiaomi held the 2nd Security and Privacy Awareness Month, which included activities on Security & Privacy Class, Open Classes on Security & Privacy Technologies and MIUI Privacy Function Sharing. The Information Security and Privacy Committee provided dozens of hours of online lessons and benefited more than 20 thousand employees in awareness on security and privacy protection.
We also participated in a number of industry activities on information security and privacy protection, and shared best practices and experience. In 2021, we delivered speeches in a total of 12 events, such as:

<table>
<thead>
<tr>
<th>Conference</th>
<th>Speech Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Platform Business Seminar</td>
<td>IoT Security and Privacy Framework</td>
</tr>
<tr>
<td>ECV</td>
<td>MIUI Privacy Gatekeeper of Mobile Apps</td>
</tr>
<tr>
<td>Internet Security Conference (ISC)</td>
<td>New Infrastructure Era — Quest for Cybersecurity in EV Charging</td>
</tr>
</tbody>
</table>

**Information Transparency**
Xiaomi communicates with relevant parties and discloses information in an open and transparent manner, showcasing our effort and progress in information security and privacy protection.

**Xiaomi Privacy**  https://privacy.miui.com/en/
**Xiaomi Security Center**  https://trust.mi.com/misrc
**Xiaomi Trust Center**  https://trust.mi.com/


Meanwhile, we have established a product support policy to continuously provide security updates (such as security patches, security issue fixes and other security improvements) for Xiaomi smartphones and hardware products to ensure that product security protection mechanisms are always up to date. Users could also check regular updates on Xiaomi Security Center to learn about the current security support status and privacy-related information by product.

We have established a transparent communication mechanism and offered users an online interaction platform to engage with Xiaomi’s privacy team.

**Awards and Recognition**
Our privacy protection capacities and measures passed the well-recognized privacy protection certifications and tests, including ISO/IEC27001, ISO/IEC27018, ISO/IEC27701, TRUSTe Enterprise Privacy Certification, TrustArc GDPR Privacy Management Certification, ioXt SmartCert Security Certification, TUV Enhanced Privacy Protection Test, BSI IoT Kitemark, as well as classified protection of cybersecurity and personal information protection capacity of operating system of smart mobile terminal. (For details, please go to Xiaomi Security Center).

In 2021, Xiaomi’s Mi 360° Home Security Camera 2K and Xiaomi Mesh System AX3000 Router obtained the BSI Kitemark™ Certification for Consumer IoT Devices, and the Xiaomi App Store obtained the BSI Kitemark™ Certification for Secure Digital Applications, indicating that Xiaomi products were following *ETSI EN 303 645 Cyber Security for Consumer Internet of Things* and other relevant best security practices.

In addition, our privacy security team was awarded with “G-Outstanding Winner” in GeekPwn 2021 International Security Geek Competition.
3.4.2 Anti-Corruption

We uphold the principle of “Zero Tolerance” against bribery and corruption, and require all employees to strictly adhere to the guidelines of compliance, transparency as well as integrity when interacting with relevant parties.

Regulatory Practices

We have developed a comprehensive anti-corruption compliance system to effectively prevent and tackle corruption. The Group has set up a dedicated team responsible for coordinating and managing anti-corruption, with the direct oversight by the Group President. We also formulated the Code of Integrity of Xiaomi Corporation for our employees and the Code of Conduct for Business Partners of Xiaomi Corporation for our partners, as well as Whistle-blowing Regulation of Xiaomi Corporation. Based on such, we set up the implementation rules and process for preventing, whistleblowing and investigating into wrongdoings, and build a digital platform to prevent fraud behaviors during business processes.

In 2021, in order to strengthen work ethics framework, we optimized the management system in the following three aspects:

• We established a Safety Investigation Department, under which we set up an education center to fulfill the responsibility for promoting anti-corruption ethics among employees;

• With reference to ISO37001 Anti-bribery Management System, we optimized our existing policies and procedures for a robust internal anti-corruption control mechanism. We formulated the Anti-Bribery Management Guidelines to identify and assess bribery risks, and adopt corresponding control measures against medium-to-high-risk incidents;

• We conducted an extensive classification and analysis on common fraud scenarios that were detected from anti-corruption investigations and subsequently provided our business and internal control teams with feedback to add control points in business process to prevent reoccurrence of similar incidents.

In 2021, Xiaomi obtained the certification of ISO37001 on R&D and sales of smartphones, basic software services, application software services, intelligent hardware/software and auxiliary equipment.

Whistleblowing

We have formulated the Whistleblower Reward Policy of Xiaomi Corporation, encouraging Xiaomi’s employees as well as external parties to report any violation behavior. For the information received, we follow the Whistleblower Reward Regulation of Xiaomi Corporation to form a closed-loop management from acceptance through investigation and tackling. For suspected corruption, we fully respond by having specialists to investigate and follow up in accordance with the Group’s regulations and policies. If it constitutes a criminal act, the investigators will transfer it to the judicial authority for handling and prosecution. In the meantime, our policies ensure that whistleblowers are properly protected and keep all information confidential, except for investigation purposes.
We established public channels for reporting corruption-related behaviors. Main channels are as follows:

Email: tousu@xiaomi.com
Reporting platform: https://integrity.mi.com/global

In 2021, there was one corruption case, which involved one former employee and it has been closed. The former employee involved was found to be in violation of Article 271 of the Criminal Law of the People’s Republic of China on “duty embezzlement”, with the criminal punishment of three years’ imprisonment.

Raising Awareness
We endorse International Anti-Corruption Day. All of our employees are required to participate in two-week Sunshine Workplace program, with online learning and examination. The employee coverage rate of this training reached 100% in 2021.

In 2021, we launched special training sessions for employees in key positions such as procurement and designed a brand-new Xiaomi Employee Integrity Education, a comprehensive training program of anti-corruption for fresh graduates enrolled in our “Fanxing Plan”. We also arranged awareness campaigns and activities to promote an ethical workplace, such as poster design, Xiaomi Integrity T-shirt Design Competition and a “Be an Honest Employee” campaign, to enhance employee’s integrity awareness and creating a positive, fair, transparent and integral workplace culture.

In 2021, we held 32 training sessions in which more than 45 thousand attendees were engaged, covering all board members, senior and mid-level management and employees.

3.4.3 Anti-money Laundering
As our fintech platform “Airstar Digital Technology” develops, along with our expanding business, we established the anti-money laundering (AML) and countering terrorist financing (CFT) team responsible for formulating anti-money laundering policies, setting work objectives, and supervising implementation of relevant regulatory requirements. Our AML specialists are in charge of daily execution of anti-money laundering measures. In our daily work, we adopt a closed-loop approach to prevent, monitor, and handle AML incidents, backed by a comprehensive contingency plan.

According to the Guidelines for the Self-assessment on Risks of Money Laundering and Terrorist Financing of Corporate Financial Institutions issued by the People’s Bank of China, this year we revised our Detailed Implementation Rules of Self-Assessment of Money Laundering and Terrorist Financing Risks, and improved our assessment approaches and control actions. We also built a digital system for AML control, to monitor bulk and suspected transactions, evaluate user risk ratings, monitor AML and CTF lists, and report suspicious or terrorist financing transactions. Once a risk incident occurs, the Risk Management Department responds promptly in accordance with the risk ratings and types, and propose suggestions to prevent and mitigate the risk going forward.

To improve employees’ knowledge and awareness on anti-money laundering, we organized 10 internal and external training sessions in 2021, to promote laws and regulations, share case studies and exchange experiences.
3.4.4 Anti-monopoly and Anti-unfair Competition

Xiaomi puts high emphasis on anti-monopoly and anti-unfair competition compliance. We have established anti-monopoly and anti-unfair competition compliance systems at the Group level and incorporated the requirements into the Code of Conduct of Xiaomi Corporation.

We have published the Anti-monopoly Compliance Handbook, which specifies the information about monopoly agreements, abuse of dominant market position, compliance with concentration of undertakings, and anti-monopoly investigation procedures, to guide proper development of the business.

Meanwhile, to improve employees’ awareness and self-assessment skills in relation to anti-monopoly and anti-unfair competition, during 2021, we organized 15 special training sessions domestically and eight training sessions overseas, with about 800 participants in total.

There was no lawsuit against Xiaomi in relation to monopoly or unfair competition in 2021.

3.4.5 Intellectual Property Protection

Xiaomi advocates technology innovation and continues to develop and cooperate with our partners to acquire and co-develop proprietary new technologies. Therefore, we attach great importance to our own intellectual property (IP) protection, and also value and respect the IPs of our partners.

Our legal team is responsible for managing IP issues across the Group, and assigns IP specialists in each business unit to ensure proper implementation. We also place a mechanism across product life cycle, to avoid infringement and the compliance of our products.

In 2021, we refined the compliance management of our open-source applications. We optimized the management and control procedures and standardized open-source applications to build a long-term safeguard mechanism for the compliance of open-source applications. With such, we ensure the compliance across the entire process of introduction, application, update, and exit for our open-source applications.

Patent Protection

We respect intellectual properties. In 2021, we signed a licensing agreement with InterDigital to jointly promote industry development. We encourage our employees to apply for patents and provide considerable rewards per the Measures for the Administration of Patent Reward and Remuneration of Xiaomi Corporation. An early warning mechanism has been set up to track and analyze the trends in technology and product development, and to enhance our ability to respond to patent disputes. In addition, we have follow-up procedures in place for copyright and patent infringement, and will use legal means to defend our intellectual property rights.

By the end of 2021, we held over 25 thousand patents globally. In 2021, four of our patents received 22nd China Patent Award issued by the China National Intellectual Property Administration (CNIPA), including one China Design Silver Award and three China Patent Excellence Awards (invention patent). We were listed among the Top100 Global Innovators by Clarivate for three consecutive years between 2019 and 2021.
Trademark and Brand Equity

In 2021, we released the Brand Usage and Management System of Xiaomi Corporation (Trial), which defined the requirements of the compliant use of our trademarks, trademark rights confirmation and trademark rights protection, to prevent the infringement of Xiaomi's brand and trademark.

- Compliant use of Xiaomi trademark: We have established a global trademark name screening mechanism to avoid potential infringement, and carried out specific training for overseas employees on trademark screening going abroad;

- Trademark rights confirmation: We have established a trademark application system to conduct forward-looking and hierarchical applications around the world. We also had a trademark monitoring system and devised a dispute resolution strategy to monitor and take necessary actions for preemptive trademark registration by third-parties;

- Trademark rights protection: We have established a full anti-counterfeiting rights protection system to monitor third-party products sold online and offline. In case of any trademark infringement, we strive to stop the counterfeiting of registered trademarks, corporate names and domain names. This includes online and offline complaints, investigations from Civil Service, legal proceedings, filings of intellectual property rights of customs at home and abroad, training and investigation, global collaboration, etc.

In addition, we carried out rights protections against the fraudulent use, abuse and embezzlement of our brand rights this year:

- Through the governance projects of overseas platforms, we removed over 120 thousand infringing links, closed 516 fake accounts on overseas social medias, 18 infringing domain names and eight apps in 2021;

- We assisted the customs in preventing the import and export of counterfeits, confiscated over 290 thousand counterfeit products during 2021;

- We assisted government agencies in legal cases of counterfeiting, and investigated and dealt with over 3,000 counterfeit products.

3.4.6 Compliance on Advertising

Xiaomi complies with applicable laws, regulations and practices, including the Advertising Law of the People’s Republic of China, Regulations on Control of Advertisement, Interim Measures for the Administration of Internet, Personal Information Protection Law of the People’s Republic of China, etc. The responsible departments in Xiaomi jointly manage compliance of advertisements and strictly control the qualification of advertising providers, advertising content and quality of our products and services. Abiding by the source material specifications and audit requirements of each publishing platform, we provide compliant advertising content and corresponding legal qualification and relevant verification materials, and release the advertisement after reviewed by the platform.

To ensure advertising compliance, we conduct multi-dimensional scrutiny covering organizational structure, capability enhancement, partnership management and detailed project execution, to investigate and avoid relevant risks. We also have a complaint mechanism to investigate any feedback, to improve our advertisement management.
Xiaomi is committed to its corporate mission of “let everyone in the world enjoy a better life through innovative technology.” At the same time, our core value “sincerity and passion” inspires us to give back to society through donations that support education, poverty alleviation, emergency disaster relief, and other causes.

3.5.1 Technology for a Better Future
Xiaomi cares about people, and endeavors to fulfill their diverse needs through technology innovation. In the fields of accessibility for the disabled and disaster warning systems, we have been exploring new technology applications and optimizing management models in a bid to better serve society.

Accessibility
Xiaomi began exploring the adoption of accessibility function into its products in 2013. In 2020, we officially entered the era of “Accessibility 2.0” where our efforts in the field were significantly upgraded to offer better business and services, wider ecosystem, and greater accountability. In 2021, we have furthered upgraded the accessibility features of our products by improving quality control and optimizing user experience.

Quality Improvement
We officially published the Measures for the Administration on Accessibility Adaptation in Software of Xiaomi Corporation, which incorporated accessibility quality control procedures into our business management standard, covering all smartphone software applications that Xiaomi independently or jointly developed.

User Experience Optimization
We continue to optimize the accessibility features of our products, to improve user experience according to the special needs for different groups of people:

- Physically disabled users: We optimized voice control in MIUI to provide more accurate voice recognition and more precise control of products;
- Hearing impaired users: We developed an ambient sound recognition feature in MIUI, which recognizes specific sounds (such as fire alarms, sirens, and knocking on doors). A notification alerts the user to the detected sound via vibration and on the display screen.
Features for the Elderly
Xiaomi understands the daily needs of the elderly. In 2021, we conducted a survey on the needs of senior citizens, and we upgraded special features for the elderly in our AI Assistant "小爱同学," including:

- Voice control: Uses voice command to make calls and display health QR codes and digital QR code for payment;
- Smart reminder: Closely tends to the daily needs of the elderly, by reminding them of tasks such as taking medication, drinking water, and measuring vital signs including blood pressure.

This year, our Redmi 9A series smartphones obtained “Elderly Care” certification from Tell Certification Center (TLC).

Emotional Care
User companionship and emotional care are two of our priorities. Through cooperation with teams of university psychology scholars, we combined theoretical knowledge and specialized technology, to make our AI Assistant smarter in identifying and understanding user emotions and responding appropriately. In 2021, our major upgrades included:

- Emotional understanding: Six categories and 45 subcategories of emotions have been identified, with 92% accuracy in emotions recognition;
- Emotional response: For the 45 identified emotion subcategories, verbal responses have been optimized to capture users emotions. Virtual image interaction was also added and combined with other formats such as texts, tags, audios and multimedia, increasing users’ willingness to interact by 70%.

Standard Setting

Accessibility Activities
In May 2021, we held the first "Xiaomi Accessibility Week" and a technology innovation competition to deepen our employees’ understanding of the needs of people with disabilities and encourage employees to incorporate the concept of accessibility into their daily work.

“Accessibility for Users”
In our inaugural "Xiaomi Accessibility Week", we invited the AI voice label team to work at the Beijing Xiaomi Science and Technology Park. The event included accessibility training sessions to promote communications between employees and people with disabilities, helping our employees to understand the needs of the latter, and increasing employees’ awareness to incorporate accessibility concepts into products and services. More than 6 thousand employees joined the event.
“Endless and Boundless Innovation”

In October 2021, Xiaomi hosted its second Hackathon technology competition to unlock employees’ creativity and encourage them to apply technology for the betterment of society. Among the 55 ideas produced, nine of them addressed social issues such as mental health, accessibility, elderly-friendly designs, etc. 

(For more information, please visit the accessibility website https://accessibility.miui.com/)

Disaster Warning

In 2021, we upgraded our natural disaster warning system and earthquake early warning system, and expanded their coverage:

- The earthquake early warning system covers more than 90% of the densely populated seismic regions across China. In 2021, the system successfully generated 50 warnings of earthquakes above 4.0 magnitudes through smartphones and TVs and sent more than 10 million alerts to users;

- In cooperation with the National Early Warning Center and National Emergency Broadcasting, our smartphones and smart TVs are capable of pushing 13 types of disaster warnings across China. In 2021, we generated over 60 thousand red and orange warnings, issuing more than 220 thousand alerts to users.

Smartphone Earthquake Monitoring Network

In 2021, in cooperation with the Institute of Care-Life, we launched China’s first smartphone earthquake monitoring system, making every smartphone user a “mobile earthquake detector”. When a Xiaomi smartphone user activates the monitoring function, the system promptly processes earthquake data through AI algorithms using low-power seismic wave sensors. The system sends alerts to users in affected areas immediately, saving every minute for their personal safety. As of December 31, 2021, over 87 thousand smartphone users have voluntarily activated this function.
3.5.2 Social Responsibility
Our growth would not be possible without the support we receive from society, and we give back to society by donation through Beijing Xiaomi Foundation and Xiaomi Foundation Limited. In 2021, the Group donated approximately RMB100 million to charitable activities.

Talent Development
Xiaomi attaches great importance to the growth and development of our future talents. In 2021, for the second consecutive year, we sponsored outstanding college students and those in need through our Xiaomi Scholarships program established by the Beijing Xiaomi Foundation. We also initiated a special research fund in an effort to encourage talents in science and technology space to pursue innovative projects.

"Xiaomi Scholarships" Program
Since 2020, Beijing Xiaomi Foundation has established Xiaomi Scholarships at numerous universities. By the end of 2021, Xiaomi Scholarship program has covered 30 universities in China and aided more than 1,500 students.

"Xiaomi Special Fund for Innovative Future" jointly set up with Tsinghua University
In 2021, Xiaomi Foundation Limited established the "Xiaomi Special Fund for Innovative Future" at Tsinghua University, to support cutting-edge research and course development in fields such as AI, robotics, medical health.
“Mi Fan” Volunteers
In April 2021, Beijing Xiaomi Foundation, along with Mi Community and 12 non-profit organizations, donated more than RMB210 thousand and launched 14 charitable activities sponsored and organized by Mi Fans in 12 cities across China. A total of 422 Mi Fan volunteers signed up for a variety of charitable events, such as caring for exceptional children, planting trees, visiting the elderly, organizing hiking trips for the visually impaired, and sponsoring job-search training for college students. The volunteer services exceeded 1,000 hours.

Xiaomi Fundraising Platform for Charities
Launched officially in November 2021, Xiaomi Fundraising Platform for Charities is committed to providing Mi Fans and users with services that allow more direct participation in charitable initiatives. The platform’s charitable donations cover educational assistance, emergency disaster relief, rural revitalization, medical assistance, and more.

Helping Those in Need
Emergency Disaster Relief
In 2021, Beijing Xiaomi Foundation made several donations for emergency disaster relief. We donated a total of more than RMB70 million in funds and supplies to help with disaster relief as well as post-disaster reconstruction in mainland China.
Furthermore, Xiaomi Foundation Limited donated a total of EUR1.3 million for emergency relief and post-disaster reconstruction in response to overseas natural disasters, including the floods in Germany, Belgium and the Netherlands, volcanic eruptions in Spain and typhoons in the Philippines and Malaysia.

Helping Those in Distress
In 2021, we donated approximately RMB700 thousand of supplies and funds through Beijing Xiaomi Foundation to school-age children and children in poverty-stricken areas.

Supporting Children from Impoverished Households
Though Beijing Xiaomi Foundation, we donated RMB250 thousand to the Red Cross Society of Luotian County in Hubei Province, to help children from impoverished families in mountainous regions to realize their dreams of attending schools. So far, the program has sponsored 245 children.

Employment for People with Disabilities
We support employment programs for people with disabilities in various ways. In 2021, the proportion of disabled employees in our overseas customer service center in Guangzhou reached 15%. In the same year, the center was awarded the “Outstanding Contributor to the Promotion of Employment of Disabled Persons,” jointly issued by the Guangdong Accessibility Promotion Association and the Guangdong Foundation for Disabled Persons.
4. **Key Performance Indicators**

4.1 **Key Performance Indicators — Environmental**

Based on our current operations, our resource and energy consumption and pollutant discharge mainly take place in the areas as follows: office parks, direct-operated Mi Homes in mainland China, the Yizhuang Smart Factory, self-operated warehouses, and self-operated data center. Our environmental performance in 2021 is summarized as follows.

<table>
<thead>
<tr>
<th>Consumption</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Comprehensive Energy Consumption (MWh)</td>
<td>144,626.56</td>
<td>118,397.58</td>
</tr>
<tr>
<td>Direct Energy Consumption (MWh)</td>
<td>8,691.42</td>
<td>5,586.69</td>
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<tr>
<td>Indirect Energy Consumption (MWh)</td>
<td>135,935.14</td>
<td>112,810.89</td>
</tr>
<tr>
<td>Total GHG Emissions (Scope 1 and Scope 2) (metric tons)</td>
<td>82,820.16</td>
<td>66,481.29</td>
</tr>
<tr>
<td>Direct GHG Emissions (Scope 1) (metric tons)</td>
<td>9,096.95</td>
<td>8,402.12</td>
</tr>
<tr>
<td>Indirect GHG Emissions (Scope 2) (metric tons)</td>
<td>73,723.21</td>
<td>58,079.17</td>
</tr>
<tr>
<td>Total Water Consumption (metric tons)</td>
<td>463,663.00</td>
<td>303,132.92</td>
</tr>
<tr>
<td>Running Water Consumption (metric tons)</td>
<td>329,572.00</td>
<td>187,339.02</td>
</tr>
<tr>
<td>Reclaimed Water Consumption (metric tons)</td>
<td>134,091.00</td>
<td>115,793.90</td>
</tr>
<tr>
<td>Non-hazardous Waste (metric tons)</td>
<td>6,328.88</td>
<td>4,661.07</td>
</tr>
<tr>
<td>Hazardous Waste (metric tons)</td>
<td>2.50</td>
<td>0.37</td>
</tr>
<tr>
<td>Total Packaging Materials used for Finished Products (metric tons)</td>
<td>51,172.55</td>
<td>46,808.15</td>
</tr>
</tbody>
</table>

---

8 Numbers and percentage figures have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

9 We work relentlessly to improve the data quality in completeness, consistency and accuracy. In accordance with the requirements of ISO14044-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals, we made revisions on our 2020 environmental data (energy and GHG). The revisions include additions of data from the Yizhuang Smart Factory, self-operated warehouse, satellite offices in mainland China, and offices in India, as well as operation-related fugitive emissions. Where applicable, we also selected emission factors from local sources over international references for GHG emission calculation for the purpose of higher precision.

10 The total comprehensive energy consumption was calculated based on the consumption of purchased electricity, purchased heat, natural gas and diesel, and the conversion factors from General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020), a national standard in the People’s Republic of China. Direct energy consumption includes those from natural gas and diesel for corporate operation. Indirect energy consumption includes those from purchased electricity and purchased heat for corporate operation.

11 The Group’s GHG emissions include direct emissions (Scope 1) and indirect emissions (Scope 2), covering all offices, Yizhuang Smart Factory, self-operated warehouses, self-operated data center, and direct-operated Mi Homes in mainland China, and overseas offices. Direct GHG emissions (Scope 1) include GHG emissions generated from natural gas and diesel for operations and fugitive emissions from refrigeration, fire suppression equipment and wastewater treatment system. Indirect GHG emissions (Scope 2) include GHG emissions generated from purchased electricity and purchased heat for operations. The preparation and quality control of activity data and selection of emission factors are in accordance with The GHG Protocol: Corporate Accounting and Reporting Standard, ISO14064-1:2018 Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals, and applicable national, local and industry standards. Where applicable, direct measurement is preferred source for data activity, and local emission factor is preferred, over the order of regional, industrial, national, and international. The Group’s GHG inventory includes carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). The GHG emissions data for the year ended December 31, 2021 is presented in carbon dioxide equivalent.

12 The water used by the Group includes running water and reclaimed water from the city water supply.

13 The total amount of packaging materials used for finished products includes those used by Xiaomi’s smartphones, smart TVs, and smart hardware products.
### Intensity

#### Office Areas in Mainland China

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumption per Floor Area (MWh/m²)</td>
<td>0.21</td>
<td>0.20</td>
</tr>
<tr>
<td>Total Energy Consumption per Capita (MWh/person)</td>
<td>3.04</td>
<td>4.51</td>
</tr>
<tr>
<td>Total GHG Emissions per Floor Area (metric tons/m²)</td>
<td>0.09</td>
<td>0.11</td>
</tr>
<tr>
<td>Total GHG Emissions per Capita (metric tons/person)</td>
<td>1.74</td>
<td>2.53</td>
</tr>
<tr>
<td>Running Water Consumption per Capita (metric tons/person)</td>
<td>9.26</td>
<td>9.77</td>
</tr>
<tr>
<td>Non-hazardous Waste per Capita (metric tons/person)</td>
<td>0.20</td>
<td>0.24</td>
</tr>
<tr>
<td>Hazardous Waste per Capita (metric tons/person)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Yizhuang Smart Factory

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy Consumption per Floor Area (MWh/m²)</td>
<td>0.19</td>
<td>0.11</td>
</tr>
<tr>
<td>Total Energy Consumption per Capita (MWh/person)</td>
<td>22.73</td>
<td>19.06</td>
</tr>
<tr>
<td>Total GHG Emissions per Floor Area (metric tons/m²)</td>
<td>0.10</td>
<td>0.07</td>
</tr>
<tr>
<td>Total GHG Emissions per Capita (metric tons/person)</td>
<td>12.40</td>
<td>11.48</td>
</tr>
<tr>
<td>Running Water Consumption per Capita (metric tons/person)</td>
<td>35.74</td>
<td>51.92</td>
</tr>
<tr>
<td>Non-hazardous Waste per Capita (metric tons/person)</td>
<td>0.26</td>
<td>0.19</td>
</tr>
<tr>
<td>Hazardous Waste per Capita (metric tons/person)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

#### Direct-operated Mi Homes in Mainland China

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Energy per Floor Area (MWh/m²)</td>
<td>0.20</td>
<td>0.21</td>
</tr>
<tr>
<td>Total GHG Emissions per Floor Area (metric tons/m²)</td>
<td>0.13</td>
<td>0.12</td>
</tr>
</tbody>
</table>

#### Others

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Package Materials used for Finished Products Intensity (metric tons/RMB million)</td>
<td>0.16</td>
<td>0.19</td>
</tr>
</tbody>
</table>

### 4.2 Key Performance Indicators — Social

#### 4.2.1 Employees

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employee Headcount</td>
<td>35,415</td>
<td>24,810</td>
</tr>
</tbody>
</table>

By Employment Type

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>33,427 (94.39%)</td>
<td>22,074 (88.97%)</td>
</tr>
<tr>
<td>Other Types</td>
<td>1,988 (5.61%)</td>
<td>2,736 (11.03%)</td>
</tr>
</tbody>
</table>

---

4. Total employee headcount includes the headcounts of full-time employees and employees who are engaged in a direct employment relationship with the Company, including part-time and intern.
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

<table>
<thead>
<tr>
<th>Total Full-time Employee Headcount</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>22,222 (66.48%)</td>
<td>14,539 (65.86%)</td>
</tr>
<tr>
<td>Female</td>
<td>11,205 (33.52%)</td>
<td>7,535 (34.14%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Gender</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>22,222 (66.48%)</td>
<td>14,539 (65.86%)</td>
</tr>
<tr>
<td>Female</td>
<td>11,205 (33.52%)</td>
<td>7,535 (34.14%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Age Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>14,605 (43.69%)</td>
<td>10,446 (47.32%)</td>
</tr>
<tr>
<td>30–50</td>
<td>18,556 (55.51%)</td>
<td>11,510 (52.14%)</td>
</tr>
<tr>
<td>Above 50</td>
<td>266 (0.80%)</td>
<td>118 (0.53%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Professional Category</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical</td>
<td>14,592 (43.65%)</td>
<td>10,484 (47.49%)</td>
</tr>
<tr>
<td>Non-technical</td>
<td>18,835 (56.35%)</td>
<td>11,590 (52.51%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Job Level</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior</td>
<td>306 (0.92%)</td>
<td>250 (1.13%)</td>
</tr>
<tr>
<td>Mid-level</td>
<td>12,183 (36.45%)</td>
<td>7,385 (33.46%)</td>
</tr>
<tr>
<td>Junior</td>
<td>20,938 (62.64%)</td>
<td>14,439 (65.41%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Geographic Region</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>30,943 (92.57%)</td>
<td>20,409 (92.46%)</td>
</tr>
<tr>
<td>Hong Kong, Macau, and Taiwan, China</td>
<td>172 (0.51%)</td>
<td>177 (0.80%)</td>
</tr>
<tr>
<td>Other Asian Countries and Regions</td>
<td>1,683 (5.03%)</td>
<td>1,203 (5.45%)</td>
</tr>
<tr>
<td>European Countries and Regions</td>
<td>613 (1.83%)</td>
<td>278 (1.26%)</td>
</tr>
<tr>
<td>North American Countries and Regions</td>
<td>16 (0.05%)</td>
<td>6 (0.03%)</td>
</tr>
<tr>
<td>Oceania Countries and Regions</td>
<td>0 (0.00%)</td>
<td>1 (0.00%)</td>
</tr>
</tbody>
</table>

## 4.2.2 Employee Turnover

<table>
<thead>
<tr>
<th>Total Turnover Rate</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>12.07%</td>
<td>11.97%</td>
</tr>
<tr>
<td>Female</td>
<td>14.30%</td>
<td>13.11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Gender</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>12.07%</td>
<td>11.97%</td>
</tr>
<tr>
<td>Female</td>
<td>14.30%</td>
<td>13.11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Age Group</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td>15.11%</td>
<td>13.33%</td>
</tr>
<tr>
<td>30–50</td>
<td>11.06%</td>
<td>11.21%</td>
</tr>
<tr>
<td>Above 50</td>
<td>9.40%</td>
<td>39.83%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>By Geographic Region</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainland China</td>
<td>12.81%</td>
<td>12.27%</td>
</tr>
<tr>
<td>Overseas</td>
<td>12.92%</td>
<td>13.51%</td>
</tr>
</tbody>
</table>

---

*Employee turnover rate = the number of employees who leave employment in the reporting year / the total number of employees at year end * 100%.*
### 4.2.3 Incidence of Work Injuries

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Work-related Fatality</th>
<th>Work-related Fatality Rate</th>
<th>Working days lost due to work-related injury (days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>0</td>
<td>0.00%</td>
<td>500</td>
</tr>
<tr>
<td>2020</td>
<td>118</td>
<td>0.0045%</td>
<td>469</td>
</tr>
<tr>
<td>2019</td>
<td>0</td>
<td>0.00%</td>
<td>422</td>
</tr>
</tbody>
</table>

16 Work-related fatality rate = total number of work-related fatalities / total number of employees at year end x 100%.

17 Work-related injury data refer to the work-related death and injury accidents determined by local bureaus of Human Resources and Social Security.

18 Caused by a traffic accident

### 4.2.4 Training and Development

<table>
<thead>
<tr>
<th>Percentage of Employee Trained</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>By Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>97.29%</td>
</tr>
<tr>
<td>Female</td>
<td>97.68%</td>
</tr>
<tr>
<td>By Job Level</td>
<td></td>
</tr>
<tr>
<td>Senior</td>
<td>87.84%</td>
</tr>
<tr>
<td>Mid-level</td>
<td>96.82%</td>
</tr>
<tr>
<td>Junior</td>
<td>97.91%</td>
</tr>
<tr>
<td>Average Training Hours</td>
<td></td>
</tr>
<tr>
<td>By Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>25.94</td>
</tr>
<tr>
<td>Female</td>
<td>25.39</td>
</tr>
<tr>
<td>By Job Level</td>
<td></td>
</tr>
<tr>
<td>Senior</td>
<td>15.31</td>
</tr>
<tr>
<td>Mid-level</td>
<td>18.85</td>
</tr>
<tr>
<td>Junior</td>
<td>29.94</td>
</tr>
</tbody>
</table>

16 Work-related fatality rate = total number of work-related fatalities / total number of employees at year end x 100%.
### 4.2.5 Number of Complaints on Products and Services

<table>
<thead>
<tr>
<th></th>
<th>Number of Responsible Customer Complaints</th>
<th>Resolution Rate of Responsible Customer Complaints Within 72 Hours</th>
<th>Resolution Rate of Responsible Customer Complaints Without a Time Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mainland China</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>80,119</td>
<td>89.92%</td>
<td>99.93%</td>
</tr>
<tr>
<td>2020</td>
<td>106,280</td>
<td>85.60%</td>
<td>99.72%</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>8,217</td>
<td>80.45%</td>
<td>100.00%</td>
</tr>
<tr>
<td>2020</td>
<td>8,245</td>
<td>65.38%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>