# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About the Report

This is the 5th Environmental, Social and Governance (ESG) Report (the "Report") published by Xiaomi Corporation ("Xiaomi", the "Group", the "Company", or "we"), with the aim to present, on an objective and fair basis, the ESG policies, management, and implementation progress of Xiaomi Corporation and its subsidiaries in 2022.

The Report was prepared in accordance with the requirement of the Environmental, Social, and Governance Reporting Guideline under Appendix 27 to 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 "HKEx"); and with reference to the latest Global Reporting Initiative's (GRI) Sustainability Reporting Standard, the Hardware — Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB), the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (SDGs).

In preparation for the Report, we adhered to the four reporting principles of materiality, balance, quantitative, and consistency, while taking into account comparability, accuracy, verifiability, timeliness, clarity, and sustainability context, to define our reporting boundary and ensuring proper presentation of our reported information.

**Materiality:** We report and manage material ESG topics which have been identified through stakeholder engagement and materiality assessment exercises. More information can be found in the Stakeholder Engagement and Materiality Assessment sections of this Report.

**Balance:** This Report discloses both positive and negative aspects of our progress to offer an unbiased presentation of Xiaomi's ESG performance within the reporting period.

**Quantitative:** The methodologies and standards used for the calculation of Key Performance Indicators (KPIs), including assumptions, tools, and conversion factors, are described in the corresponding section (if applicable) in this Report.

**Consistency:** This Report was prepared in a manner consistent with previous years to allow for meaningful comparisons over time. Any adjustments are stated in the relevant section of the Report.

This Report covers the period from January 1, 2022 to December 31, 2022 ("in 2022", "this year" or "this reporting period"), and where specified, presents information over a wider time frame spanning before or after 2022, to enhance data comparability and continuity.

The source of information and cases within this Report was mainly derived from the Group's statistical reports, official documents, and financial statements in 2022. The Group 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.

It is recommended to read this Report in conjunction with the section titled Corporate Governance Report as contained in the Group's Annual Report, as well as the Sustainability page (https://www.mi.com/global/about/sustainability) on Xiaomi's website.

This Report is published in both Chinese and English. In the event of discrepancies between the Chinese and English version, the Chinese version shall prevail.

# Governance and Compliance

## Board Statement

The Board of Directors of Xiaomi (the "Board") believes that continuous advancement of ESG management framework is beneficial to the sustainable development of the Company, and has appointed the Corporate Governance Committee (the "CGC"), on behalf of the Board, to oversee ESG issues at Xiaomi, with the assistance of the Group's Sustainability Committee (the "SC"). The Board partakes in the formulation and development of the Company's ESG strategy, reviews key ESG-related risks on a regular basis, and advises on risk management approaches.

Xiaomi has formulated our Group-level ESG strategy and put in place effective policies to balance our environmental and social impacts with business goals, and promote sustainable development of the Group. On a bi-annual basis, the Board receives updates of ESG-related data and reviews our strategy and programs to assess the potential impact on our financial performance, and ensure alignment with the Group's strategy. The Board participates in the identification and assessment of key ESG risks and opportunities, which include supply chain risks, product and service quality risks, data security and privacy risks, and others. The Audit Committee assists the Board and top management in overseeing the Group's risk management practice, as well as the design, implementation, and management of our internal control system. The detail can be found in the Corporate Governance Report section of the Group's Annual Report which was approved by the Board.

In 2022, the Board looked into ESG issues that may have substantial impacts on business, including climate change and supply chain issues, and the risk assessment process and results of which are detailed in the Stakeholder Engagement and Materiality Assessment sections of this Report.

This year, the Board reviewed and endorsed the Greenhouse Gas (GHG) emission reduction target of Xiaomi Corporation. Please refer to the Technology for Carbon Reduction section of this Report for details. The Board also reviewed and evaluated Xiaomi's operational environmental targets for our delivery progress and the latest adjustment of these targets, and provided recommendations for changes accordingly. Details can be found in the Environmental Target and Review section of this Report.

This Report was reviewed and approved by the Board on March 24, 2023.

## ESG Management and Governance Structure

ESG has been an integral part of our corporate development strategy, and we have fully integrated ESG into our business operations and management. This year, we optimized our ESG governance structure that includes the board, management, and implementation levels. We identify material ESG risks through risk assessment and establish risk management measures to enable the sustainable development of our business. We are also committed to advocating our ESG beliefs across the value chain to foster the long-term sustainable transformation of the industry.

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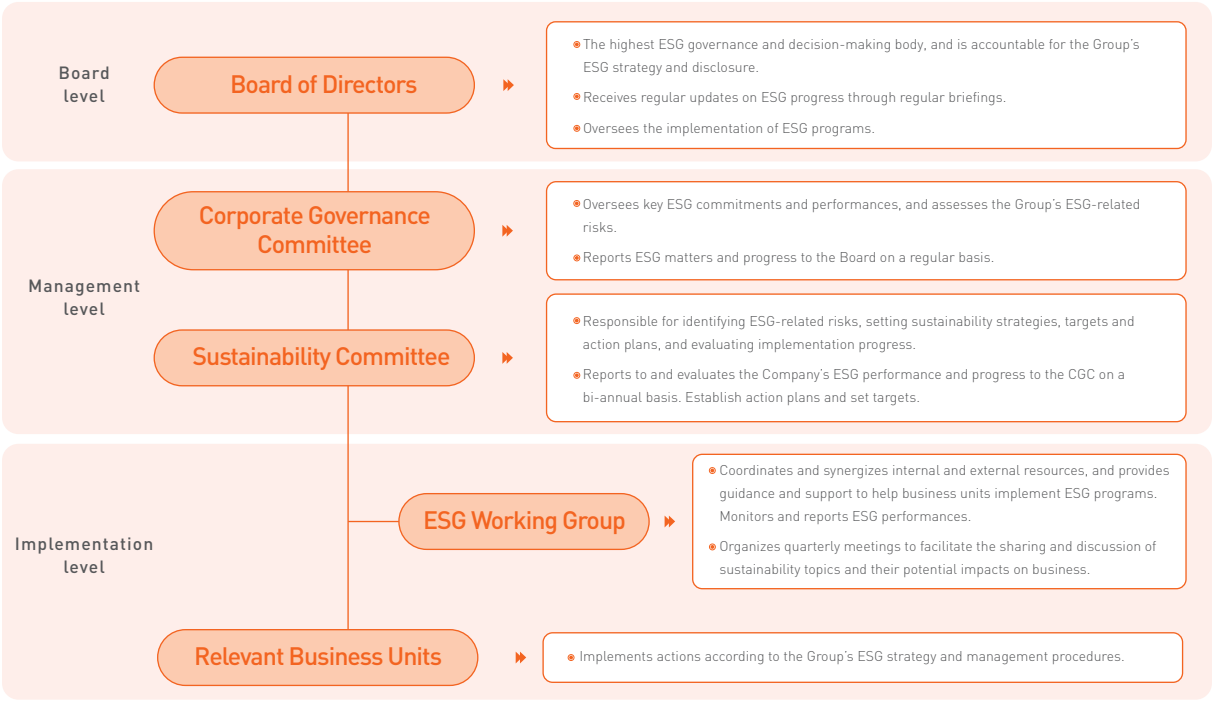
The Board receives regular updates on the Company's ESG progress and oversees the implementation of ESG programs. The top management is responsible for ensuring our ESG strategy and investment progress toward achieving our long-term ESG goals and targets. The Group's SC, led by the President and other top management and consisting of ESG management personnel, is in charge of identifying ESG-related risks and setting sustainability strategy, targets, and action plans, and is responsible for evaluating implementation progress. The SC reports and evaluates the Company's ESG performance and progress to the CGC on a bi-annual basis, and proposes interim targets and action plans for the next phase of implementation. At the implementation level, the ESG Working Group coordinates and synergizes both internal and external resources to guide the landing of strategy into actions at business units, and enables performance monitoring. The ESG Working Group also organizes quarterly meetings to share and discuss sustainability topics and their potential impacts on business.

**Xiaomi Corporation Sustainability Governance Structure**




We actively engage and interact with our stakeholders to articulate and communicate Xiaomi's sustainability vision. We attach great importance to issues that may have significant impacts on our business, including product and service quality, exploration and accessibility of technology, data security and privacy protection, sustainable supply chain, climate action, employees, and extending our social responsibility, as well as how we contribute to addressing these issues as a company.

## Stakeholder Engagement

Xiaomi actively listens to and responds to the expectations of our stakeholders. Based on our actual business and operation attributes, we identified our key stakeholder groups as listed in the following table, and established effective and multiple communication channels to ensure that their voices and opinions are being integrated into our decision-making process.

| Key Stakeholders | Main Communication Channels |
|---|---|
| Users | Company website and APPs, instant messaging software, customer service, user satisfaction surveys, product launch events, social media, and Xiaomi Fan activities |
| Shareholders and Investors | Annual general meetings, annual report/interim report, earnings announcements, investor meetings and investor day, press releases/ announcements and product launches, surveys, and questionnaires |
| Employees | Employee exchange meetings, employee feedback channels, internal communication software, labor union, employee surveys, trainings, and internal announcements |
| Suppliers | Supplier meetings, business negotiations, supplier audits, trainings, researches, and technological collaborations |
| Operators | Executive dialogues, business and technology conferences, corporate social responsibility seminars, business negotiations, researches, and questionnaires |
| Regulators | Regular inquiries, policy consultations, senior meetings, information disclosure, site visits, government conferences, and exchanges |
| Media and NGOs | Social media, corporate announcements/product launch events, press releases, media interviews, media cooperation/brand endorsement, surveys, and questionnaires |
| Community | Community activities, corporate announcements/product launch events, charity works, and social media |

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## Materiality Assessment

To gain a thorough understanding of our stakeholders' needs and better respond to their expectations on Xiaomi, we took a four-step approach to identify, analyze, and prioritize ESG issues.

| | |
|---|---|
| **Step 1: Background Analysis** | We performed an in-depth analysis of our business operations and future development directions, including industry trends, and policy shifts in our operating markets, to identify key trends within and beyond Xiaomi that could affect the sustainable development of our business. |
| **Step 2: Identification of relevant issues** | From the results of the background analysis, we identified a total of 16 material issues that are highly relevant to our business. These include four environmental issues, eight social issues, one governance issue, and three issues under the blanket of Inclusive Innovation. |
| **Step 3: Analysis of material issues** | We engaged with a wide range of stakeholders in the materiality assessment, through surveys and questionnaires, to help us analyze and prioritize ESG issues material to Xiaomi. This year, we received 5,069 completed questionnaires from respondents of all stakeholder groups who provided their views and ranked the relevant importance of ESG issues. Together with issue experts, we conducted in-depth evaluation and discussion to analyze the stakeholder feedback in a balanced and impartial manner for the "impact on the economy, environment, and society from Xiaomi's operation", and the "influence on stakeholders' decision-making related to Xiaomi" of each issue. The assessment result was eventually plotted in Xiaomi's refreshed materiality matrix. |
| **Step 4: Validation of assessment results with experts, the Board and management** | The Board and management representatives reviewed and approved the result of the materiality assessment, and provided recommendations for the Group's direction on sustainability and long-term development based on our operation status. Insights from industry experts on the assessment result were also taken into account to inform our ESG priorities. |

This year, we introduced several new ESG issues including "Low carbon impact", "Exploration and accessibility of technology", "Inclusive technology", and "Shared success for partners", to better reflect our business and operation features and respond to stakeholders' concern.


Xiaomi Corporation Materiality Matrix and Ranking of Material Issues

## Business Ethics

### Management of Business Ethics

Xiaomi is committed to conducting business ethically and in full compliance with applicable laws and regulations. In 2022, we set up the Group Ethics Committee which reports regularly to the Company's top management on affairs of business practices, and assists in the planning, supervision, and training of business ethical requirements. This committee is also responsible for and authorized to investigate any violation of business conduct, including corruption and bribery, and report to the Board on the management of these issues. The Safety Investigation Department is responsible for supervising the business ethics of the Group, as well as strengthening our management system, protocols, and awareness of ethical business conduct. Xiaomi Corporation Employee Handbook contains relevant principles and requirements to guide our employees in lawful and ethical business practices. The Business Conduct Committee, together with Human Resources Department and other relevant departments, supervises the implementation of our ethical standards stipulated in the Employee Handbook, Employee Code of Conduct of Xiaomi Corporation, and Code of Integrity of Xiaomi Corporation. For details of Xiaomi's practice on business ethics, please visit our Sustainability page (https://www.mi.com/global/about/sustainability).

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### Anti-bribery and Corruption

At Xiaomi, we uphold the principles of openness, fairness, transparency, and integrity, with a zero tolerance policy against bribery and corruption in order to achieve "full coverage and no restricted area" in anti-corruption management. This year, we continued to optimize our governance structure and management policy, as well as scaling up anti-corruption training in order to create a positive, healthy and fair working environment. This also included constant updates to our anti-bribery and corruption policies for employees, suppliers, and other business partners. For instance, we revised the Approach to Manage Violation of Business Conduct of Xiaomi Employee to provide a clearer classification of acts that violates business conduct, and specify the procedures to ensure accountability. In addition, we released a renewed version of the Business Integrity Agreement this year, which has been appended to our service agreements with suppliers and business partners as part of their contractual obligations.

In 2022, the case involving a former employee of the Company was concluded with the disposition of the offender being convicted for bribing of non-state functionaries, as stipulated in Article 163 of the Criminal Law of the PRC, and was sentenced to 6-month imprisonment and a fine of RMB10,000.

### Fostering Business Integrity

This year, we organized a series of employee training that covered the topics of anti-bribery and corruption news, legal requirements and standards, case studies, whistleblowing, and conflict of interest. In March, the entire Board of Directors was updated on the progress of integrity management and the outcome of anti-corruption training. We rolled out extensive online and offline training sessions to all levels of our employees (management, frontline staff, fresh graduates, interns, and part-time employees), and achieved 100% employee coverage. We also provided training on the aforementioned topics to our suppliers. In 2022, we delivered more than 55,000 hours of training related to anti-bribery and corruption, with over 50,000 participants in total.

### Whistleblowing System

Xiaomi has established and implemented a whistleblowing mechanism to ensure that the reports of misconduct are being handled in a secure, unimpeded, reliable, and effective manner. This year, we released the Whistleblower Protection and Reward Policy of Xiaomi Corporation, which was upgraded based on the previous version of Whistleblower Reward Policy of Xiaomi Corporation, to stipulate the protection measures, reward application procedures and channels for whistleblowers, as well as the requirement to manage whistleblowing by an independent panel to ensure confidentiality of the reporting channel and location. Employees and other relevant parties can raise their concerns through the following public channels:

Email: tousu@xiaomi.com
Website: https://mi.com/integrity

### Anti-money Laundering

We strictly comply with the Anti-money Laundering Law of the PRC and the requirements set out in 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, and other applicable laws and regulations in regions where we do business, to fulfill our obligation as a responsible business in preventing money laundering across boarders and countering terrorist financing. And in this regard, we took specific measures in accordance with our Detailed Implementation Rules of Self-Assessment of Money Laundering and Terrorist Financing Risks, to monitor and assess suspicious transactions, users, and financing activities through a digitized monitoring system. A joint task force comprising our anti-money laundering (AML) and countering terrorist financing (CTF) team leads the work to prevent, supervise and manage money laundering and related risks at Xiaomi.

### Anti-monopoly and Anti-unfair Competition

Xiaomi puts a 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 definition of monopoly agreements, abuse of dominant market position, compliance with the concentration of undertakings, and anti-monopoly investigation procedures, to guide the proper development of the business. This year, over 900 employees participated in 17 anti-monopoly trainings organized for our China and international businesses. In 2022, there was no legal proceeding against Xiaomi in relation to monopoly or unfair competition behavior.

### Protection of Intellectual Property (IP)

Innovation is core to everything we design and make at Xiaomi, therefore we established robust intellectual property (IP) management system to protect the fruits of intellectual endeavor and respect those from the partners in our ecosystem. Managed by our legal team, our IP management system entails a multi-disciplinary IP management framework that covers patent planning, trademark and brand identity, copyright, open-source, data security and privacy protection. Each business unit designates an IP specialist to take responsibility for implementation and actions.

Meanwhile, Xiaomi advocates and explores diverse and sustainable collaboration in IP with our industry peers and business partners to create shared values. We believe that our own experiences pertaining to the safeguarding of IP from infringement can contribute to the equitable and just development of our industry. This year, we officially released our inaugural Xiaomi Intellectual Property White Paper that sums up our years of practices in IP protection.

### Trademark and Brand Equity

Xiaomi ensures compliance with the Trademark Law of the PRC as well as other applicable laws and regulations in the regions we operate. We released the Brand Usage and Management System of Xiaomi Corporation (Trial) to define the requirements of the compliant use of our trademarks, trademark rights confirmation and trademark rights protection.

To protect the Xiaomi brand and our trademarks from infringement, we are unreserved to withhold our rights against counterfeits and abuse of our trademarks. This year, thanks to the governance projects across our China and overseas online platforms, we removed over 1.11 million infringing links and social media accounts, and terminated over 220,000 malicious links, 25 infringing accounts domain names and applications. We also assisted the Customs in preventing the import and export of counterfeits, confiscating over 150,000 counterfeit products throughout the year; and supporting relevant agencies on criminal and counterfeit cases to crack down on over 890,000 counterfeit products.

### Compliance on Advertising

At Xiaomi, we abide by the Advertising Law of the People's Republic of China, the Interim Measures for the Administration of Internet, and other applicable laws and regulations where we advertise in a responsible fashion. Relevant departments in Xiaomi co-manage the compliance of our products and services advertisements with respect to the content, quality, and qualification of our advertising partners. We strictly conform to the requirements of each advertising platform to prepare our advertisement content, and the corresponding materials such as legal qualifications, for audit and verification by the platforms before it can go live and reach the audience. We have also set up a complaint mechanism to investigate feedback and improve our advertisement management.

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## Technology Created to Better Lives

Xiaomi is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core. Embracing our vision of making friends with users and be the coolest company in the users' hearts, we strive to pursue innovation, high-quality user experience and operational efficiency. We are committed to building amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. It is our firm belief that the development of technology has the power to positively reshape the way we lives and how our society operates, and good technology plays a defining role in this transformation.

We stay vigilant for the impacts of climate change, and are progressive in doing our part of work to fight against climate change. Our fundamental approach to creating positive climate impact is unambiguous — a top-down climate strategy to guide direction, a rigorous system for Greenhouse Gas (GHG) data collection and accounting to set valid GHG emission reduction targets, and the adoption of technology-enabled solutions which turn our principles into actions.

### Our Climate Strategy

With each year, the consequences of climate change are increasingly evident and detrimental in many parts of the world. To uphold our mission of letting everyone in the world enjoy a better life through innovative technology, we believe it is our responsibility as a global tech innovator to help avert the rapidly changing climate with solutions built upon our strength in technological innovations and operational efficiency. We have infused climate-conscious elements into the design-to-delivery process of our coolest product, exploring every possible integration of low-carbon with Xiaomi's business strategy and brand features, and translating these principles into environmentally-friendly technologies and products that help accelerate the global transition to a net zero emission economy.

#### Low-carbon Satisfaction

Based on our understanding of the global pathway towards net zero emission, we have introduced the concept of Low-carbon Satisfaction as a novel indicator that encompasses three dimensions — product efficacy, price, and environmental footprint, to measure our products and services from a whole new perspective. The concept has eventually evolved into Xiaomi's Zero-carbon Philosophy. With the goal to raise the Low-carbon Satisfaction Score among our users, we work to improve both our product efficacy and affordability, whilst making strides to reduce the environmental footprints of our products and services. In doing so, we believe we can make clean technology accessible to everyone. The essence of this concept is already rooted throughout the lifecycles of our products and services, and has been an integral part of Xiaomi's Smartphone × AIoT[1] core strategy for the new decade. For instance, we have been building a smart and interconnected ecosphere around smartphones, covering multiple scenarios including home, office, outdoor, and travel. Now that the groundwork has been paved, we will continue to explore the use of low-carbon technology across more devices and in more scenarios, for our aspiration is to create positive climate impacts, and foster transformation towards a greener lifestyle and low-carbon society.

1 AIoT: Artificial Intelligence of Things

# Xiaomi's Zero-carbon Philosophy

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Technology for Carbon Reduction

### Measuring our Carbon Footprint

*Greenhouse Gas Emissions Calculation*

The journey to achieving our long-term GHG emission reduction targets begins with accurate data collection, assessment, and tracking of Scope 1, 2, and 3 GHG emissions. At present, Xiaomi's entire value chain primarily relies on the power grid to supply electricity for operation. In light of the varying energy mix in different regions of the world, our GHG data standard and accounting models are established in accordance with international protocols including the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, ISO 14064-1:2018 — Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals, as well as other applicable national, local, and industry standards. The GHG emissions from our operations for the past three years are listed below[2]:

| Year | Scope 1 Emissions (Metric Tons $CO_2e$) | Scope 2 Emissions (Metric Tons $CO_2e$) | Scope 3 Emissions (Metric Tons $CO_2e$) |
|---|---|---|---|
| 2020 | 8,402.12 | 58,079.17 | — |
| 2021 | 9,096,95 | 73,723.21 | 12,368,223.29 |
| **2022** | **7,122.60** | **78,620.01** | **We were in the process of verifying our Scope 3 GHG emissions at the time of this Report's release. The data is expected to be disclosed in July 2023 on our website.** |

*Our GHG Emission Reduction Targets*

Xiaomi adheres to the principles of prompt action, practicability, steady progress, and continuous improvement, and takes a phased approach to develop and implement our GHG emission reduction action plans and deliver our reduction targets in our operations and value chain. We prioritize autonomous emission reduction measures, such as retrofitting existing buildings for energy efficiency, low-carbon building planning and design, operational efficiency improvement, and renewable energy use to minimize our operational carbon emissions. We are committed to promoting low-carbon transformation of our products and fostering value chain decarbonization by providing supplier low-carbon capacity training, carbon data, and target management, and implementing carbon reduction projects. Our goal is to accelerate the construction of zero-carbon products and zero-carbon value chains through technological innovation and transformation while working with our upstream and downstream partners to build a green ecosystem.

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2 Xiaomi's GHG emissions mainly include carbon dioxide ($CO_2$), methane ($CH_4$), nitrous oxide ($N_2O$), and hydrofluorocarbons (HFCs). The total GHG emission is reported in terms of carbon dioxide equivalent. We calculated the GHG emissions from facilities and operations owned by Xiaomi, as well as those from the upstream and downstream of Xiaomi's value chain. Details of our GHG emission scope include:

1) Direct GHG emissions (Scope 1): GHG directly generated from the use of natural gas and gasoline for operations and fugitive emissions from refrigeration, fire suppression equipment, and fugitive emission of GHG from the wastewater treatment process.

2) Indirect GHG emissions (Scope 2): GHG emissions generated from consumed electricity and consumed heat for operations.

3) Other indirect GHG emissions (Scope 3) from our value chain: All of Xiaomi's products are sold directly to customers without further downstream processing activities. We take the operational control approach to consolidate our GHG emission data, therefore, our GHG emissions from the value chain include those from the purchased goods and services, capital goods, fuel and energy-related activities (which are not included in Scope and Scope 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, downstream leased assets and franchises.

## Reviewing our GHG Emission Reduction Targets

In 2021, Xiaomi sets our first-ever GHG emission reduction target, which aims to reduce per capita GHG emissions from its self-operated campus by 4.5% by 2026 compared to the 2020 baseline. As of the end of this reporting period, we have achieved a 21.12% reduction in per capita GHG emissions against our baseline year[3].

Through more implementations and practices, we clearly understand that our progress in reducing greenhouse gas emissions depends on a variety of complex factors, including the size of our business scale, energy mix, supplier selection, and the evolution of verification standards and models, all of which may directly lead to fluctuations in our absolute greenhouse gas emissions. That being said, it is our unwavering commitment to using better and cleaner technology in the way we design, make, and deliver our products and services to users. We will remain observant of the relationship between our business scale and GHG emission metrics, and maintain transparency in disclosing and reporting our emission reduction progress. This year, we updated our GHG emission targets and reaffirmed our commitment to better support the Paris Agreement in keeping global temperature rise.

## Setting GHG Emission Targets

To support the global aspiration of reaching net zero by 2050[4], we are committed to reducing our Scope 1 and Scope 2 GHG emissions:

- By no later than 2030, reduce GHG emissions[5] from our main operating segments[6] by at least 70% from the base year[7] level;
- By no later than 2040, reduce GHG emissions from our main operating segments by at least 98% from the base year level, with pre-conditions in place to achieve net zero emission[8];
- Prioritize the use of low-carbon technologies, long-term green power purchase agreement, and on-site renewable energy generation to reduce GHG emissions throughout our target period;
- Encourage key suppliers to establish renewable energy usage and GHG emission reduction targets that are comparable to or more ambitious than those of Xiaomi to deliver continuous reduction in our Scope 3 emissions.

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3 This year, we implemented a flexible work policy to enhance employee wellbeing during the pandemic outbreaks. This has resulted in a reduced occupancy rate on our campus, and was one of the reasons which led to the significant reduction in the GHG emissions per capita of self-operated campus.

4 Long-term goal of the Paris Agreement.

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

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

7 Base year: 2021.

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

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### Measuring our Product Carbon Footprint

This year, we initiated and completed product lifecycle carbon footprint assessments for three of our representative products[9] (including two models of smartphone products and one air-conditioner product). We worked with an independent organization, who is specialized in carbon accounting and certification, to develop a smartphone-oriented carbon footprint assessment framework and methodology with reference to the PAS 2050 standard for quantifying product carbon footprints. In the next phase, we will replicate this approach to assess and manage the product carbon footprint of a broader range of our products, including more smartphone models, air-conditioners, smart TVs, and other ecosystem products of Xiaomi.

## Research and Development of Clean Technology and Product Application

Product energy use is one of the main contributions to Xiaomi's gross carbon footprint, and will inevitably impact the user experience of our products. This is why we have proactively set product-level energy efficiency targets, at the onset of designing every Xiaomi product, so that our engineers can instill carbon-conscious concepts into both the hardware and software engineering of each product to improve energy efficiency. Meanwhile, we continue our decarbonization efforts for all our products and packaging materials across the product lifecycle including the materials, production, transportation, product usage, and end-of-life management to reduce our product's lifecycle carbon footprint. This year, Xiaomi invested more than 50% of our total R&D expenses in clean technology research and development, and 59.7% of our total revenue was generated from the application of clean technology-related patents and products. If Xiaomi continues to maintain a strong investment in clean technology, it may gain us a competitive advantage in the transition towards a low-carbon economy and the opportunities to generate approximately 0-1% of additional revenue every year. This financial impact could vary widely from this estimate, therefore we included a range of financial return from 0 to this estimate.

### R&D on Energy-efficient Technology

For Xiaomi, product energy efficiency is a delicate balance of high efficiency, high speed, and lossless transmission, and these are the focal points of our research and development. This year, we have made notable progress in the following areas:

*5G and Energy-saving Signal Transmission Technology*

- By introducing multiple 5G energy-saving technologies into our smartphones, such as self-adaptive broadband and energy optimization technology, we are able to optimize the adaptive selection and search strategies for 5G network in multiple scenarios such as weak-signal environment, no-service night mode, and invalid card registration, to enable higher power saving efficiency of our smartphones.

- With the use of a more advanced WLAN chips, in combination with the WLAN power monitoring and dynamic transmission technology, the power consumption of the product's WLAN module is reduced by approximately 30% compared to the previous generation.

*Energy-efficient Display Technology*

- By switching to Dark Mode, which turns the smartphone background into black, the energy consumption of the display can be reduced by as much as 70% when using specific applications.

- The use of energy-saving display in combination with a highly-efficient screen processor can make our display approximately 7% more efficient in screen power energy.

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9 For details of our product lifecycle carbon footprint assessment, please visit our Sustainability page (https://www.mi.com/global/about/sustainability).

*Intelligent Energy-saving Technology*

- The function of auto-adjust display refresh rate, once enabled, will automatically tune down the display refresh rate when the screenplay is idle to save energy consumption.

- The intelligent audio energy-saving technology will automatically select the most fitting audio volume by taking into account the acoustic level of the ambient environment, thereby reducing energy consumption from excessive sound volume.

*Low-energy AI Assistant*

- We have optimized the self-developed algorithms of our AI Assistant, so that it can be activated by voice command now with 37% lower energy consumption.

**Application of Clean Technology**

*New Energy Products*

This year, we took a step forward in our New Energy product offerings by launching the portable Mijia Solar Panel, which has a high energy conversion rate thanks to the innovative Meta Wrap Through (MWT) technology. It is designed to use with the Mijia Outdoor Power Supply 1000 Pro, the combined use of which will make outdoor power supply and storage possible.

*Charging Technology*

At Xiaomi, we always push the limits of R&D and the application of hyper-efficient charging chips. This year, we introduced our self-developed dual-charge pump battery management system to our smartphones, which marked the milestone for the full application of self-developed technologies along the entire technology chain of battery, and enabled us to offer a triplex fast-charging solution — wired fast charging, wireless fast charging, and wireless reverse charging — to our users. In 2022, more than 100 million smart devices and terminals used Xiaomi's fast-charging technologies, saving nearly 57 million kWh of energy consumption and 24,852 tons of $CO_2e$ emissions in comparison with conventional fast-charging technology[10].

**Environmentally-friendly Design**

*Driving a Circular Business Transformation*

The end-of-life disposal of electronic devices has a significant impact on the environment, and together with resource scarcity and other challenges, there is no shortage of reasons for Xiaomi to accelerate our transition from the conventional linear growth model of take-make-waste, to a circular business model which prioritizes material recycling, reuse and regeneration. To this end, driving the recovery of electronic products has always been one of our core directions in the circular economy, and we have rolled out global product take-back programs to forge ahead the systemic changes needed to enable a circular economy. Details of this initiative can be found in the Circular Economy and Electronic Waste section.

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10 Energy consumption = Charging efficiency x battery capacity x battery voltage x smartphone quantity. The battery capacity is 4,500mAh, and the battery voltage is an average of 3.87V. Assuming that each device is charged once a day on average, the high-efficiency charging scheme has a charging efficiency of 97%, whereas the traditional scheme has 88%.

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*Eco-friendly Packaging*

The push for environmentally conscious practices in packaging is increasing globally. Xiaomi has long been working on innovations to make our packaging more eco-friendly and lightweight. This year:

- For our Bluetooth earphone "Necklace" series, we switched from using plastics to paper-based materials for the outer packaging, including the use of pulp-based wrapping paper, making the entire packaging 100% biodegradable;

- We refurbished the packaging for our ecosystem products from buckling box to flattened carton box, and removed the plastic handle in the new design. Through this upgrade, we are able to reduce the use of paper packaging by an average of 0.3$m^2$ per product, and remove approximately 80g of plastic used in every packaging.

*Manufacturing with Beauty and Optimal Efficiency in Mind*

With a focus on product structure and material selection, we work closely with our manufacturing suppliers to optimize the production process and simplify production procedures, to help them improve production efficiency while delivering product carbon emission reduction. Xiaomi's air conditioner product serves as an excellent example here — we design the casing to be sleek, minimalistic, and uniform, so that we can reuse the molds for producing multiple models while maintaining consistent aesthetics across more products. This has enabled us to avoid approximately 48,500 kWh of energy per set of mold if a new one is needed. Besides, this year we have implemented a shift in packaging for some of our indoor and outdoor air conditioning units, transitioning from separate packaging to integrated packaging. This not only leads to a reduction in packaging materials and production steps but also improved our resource and manufacturing efficiency.

## Green Operation

Xiaomi has taken strides to implement measures that improve our resource efficiency of energy and water consumption, reduce the discharge of wastes and other pollutants, and enhance our environmental management systems to better support our operations while meeting the tightening legal and regulatory requirements.

### Energy Management

*Strengthening Operational Energy Management*

This year, we established an Energy Management System in accordance with ISO 50001 Standard to advance our overall energy management capability. Through more extensive application of solar energy facilities, energy grading management, use of sensory lighting, smarter management of air-conditioning systems, optimizing heat exchange station for chillers, and elevator plant room temperature control measures, we have made notable progress in reducing energy consumption and GHG emissions from our operations. Together with our other energy-saving measures such as the use of variable frequency control and waste heat recovery technology, we delivered approximately 2,630,000 kWh in energy savings and 3,086 GJ in heating savings in 2022, which amounted to 1,839 tons of $CO_2e$ emission reduction[11].

11 The GHG emission factor for electricity is calculated with reference to the national average emission factor of China's power grid for 2022 published by the Ministry of Ecology and Environment of the People's Republic of China. The GHG emission factor for heat is calculated with reference to the <Guidelines for Greenhouse Gas Emission Accounting and Reporting for Other Industrial Enterprises (Trial)>.

*Improving Building Energy Efficiency*

Building energy management is a key priority for Xiaomi to ensure green operation. We explore and evaluate every opportunity for energy saving across our existing buildings and office campuses, and incorporate energy efficiency principles early in the design process of new buildings and to adopt a green construction approach that takes into account local conditions and building functions.

We benchmark against leading international green building certification schemes to raise our buildings' overall environmental performance and to guide our energy efficiency programs. An exemplar is the Beijing Xiaomi Science and Technology Campus, being the centerpiece among Xiaomi's global office campuses, has attained the Leadership in Energy and Environmental Design (LEED) Platinum® Certificate, as well as the 2-star Certificate of the China Green Building Design Label (CGBL).

The Group's Jiangsu Nanjing office campus, where construction is well underway, reflects Xiaomi's approach to blend in with the urban fabric and enhance social value through sustainable building design. Low-energy equipment and energy-efficient measures have been extensively incorporated in this office campus. For instance, the installation of adjustable ventilation and air-conditioning systems will boost our operational energy performance by a significant margin. Moreover, we selected a double-glazed Low-e facade — an eco-friendly glass material with outstanding performance in both heat insulation and light penetration — to form our building exterior, showcasing the green and ecological virtue of this new office campus.

**Water Stewardship**

Water is an elemental resource that flows through various aspects of sustainable development, and a thriving society and natural environment depend vitally on a well-functioning water system. For this reason, Xiaomi is committed to furthering our water stewardship practice to safeguard water security and conserve aquatic ecosystems in the watersheds where we operate, and use innovative technology as a force to enhance access to clean and affordable water resources. As for the wastewater generated from our operations, we have policies in place to ensure that its discharge and quality are compliant with local requirements. We have also established a water management system with reference to the Alliance for Water Stewardship (AWS) standard to conduct water risk assessment, set water management targets and action plans, and evaluate our progress on an annual basis. Please see the Environmental Target Review section for more details.

As one of Xiaomi's principal workplaces, Beijing Xiaomi Science and Technology Campus was designed, built and operated in accordance with top-tier green building standards. Our approach to water efficiency builds upon the principles of using less water and maximizing the circular use of water resources. This year, we stepped up the sustainable water stewardship management at Beijing Xiaomi Science and Technology Campus to deliver on the five outcomes under the AWS standard (good water governance, sustainable water balance, good water quality status, healthy status of important water-related areas, and access to water, sanitation and hygiene (WASH) for all), and shared our management experiences with other Xiaomi campuses to initiate changes. In 2022, we reduced freshwater withdrawals at Beijing Xiaomi Science and Technology Campus by 10.60% versus the previous year, which well exceeded our annual water-saving target. Further to this, we have set a more comprehensive set of water management targets for this campus, please visit our Sustainability page (https://www.mi.com/global/about/sustainability) for more detail.

**Waste Management**

We maintain our commitment to the safe and responsible management of waste. Our process of waste collection, sorting, segregation, and reuse is long established and mature, and we commence qualified third-party organizations to treat and dispose of wastes compliantly. We also put up signs and circulate educational videos on environmental protection topics to our employees to raise awareness. Each of them is a champion who can contribute to reducing waste from our daily operations.

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***Non-hazardous Waste Management***

Non-hazardous waste generated from our operations mainly includes domestic waste from offices and food waste from our canteens, and we seek opportunities to convert them into resources. Take food waste as an example, we instituted professional waste treatment equipment to process food residuals from canteens into animal feeds or organic fertilizers, the quality of which is fully compliant with respective national standards. In 2022, at Beijing Xiaomi Science and Technology Campus, we processed about 3,281 metric tons of food waste, converting it into approximately 334 metric tons of animal feeds and organic fertilizers.

***Hazardous Waste Management***

Our major sources of hazardous waste are the toners and cartridges from our workspace, and the scrap materials such as metals, wastewater, solvents and scraps generated from R&D activities. We collect and return all the waste toner and ink cartridges to our suppliers for recycling or proper treatment. Other scrap materials from our laboratories and Yizhuang Smart Factory are temporarily stored in designated hazardous waste storage area, before being collected by licensed third-party organizations for downstream processing and disposal.

## Green Logistics

Forging a green and efficient logistics system is not only critical to ensure seamless connection and flow of products across our value chain, but is also one of the key levers to reduce operational energy consumption and product lifecycle footprint. This year, our efforts centered around environmental friendliness and resource efficiency of our logistics operation. We have improved the full-load rate of distribution vehicles and optimized logistics route planning through smarter management and the use of intelligent management systems. The benefits are evident — higher logistics efficiency, on-time delivery, and reduced carbon emissions. Some of our key progresses in 2022 include:

- Added eight direct distribution routes from our warehouse to retail stores to minimize interchange and thereby avoid $CO_2$ emissions;
- Utilized smart logistics management system to monitor truckload rates in real-time and make instant optimization. This technology has enabled us to maintain a 75% load rate or above in the distribution of small and medium-sized products. We also switched to using carton-based slide pallets instead of wooden pallets for the packaging of smart TV products, and this change alone has led to a 20% increase in our vehicle's full-load capacity;
- Based on our research, the proportion of new energy vehicle fleets deployed by carriers in mainland China reached 8% in 2022. We aim to be ahead of the tide and thus encouraged and supported our carrier partners to develop transition plans for new energy vehicle fleets;
- We have adjusted the transportation mode for overseas deliveries, shifting from the high carbon-emission air transportation to railway or sea transportation for some of our products. This adjustment involved a total of approximately 2.32 million products delivered overseas;
- We reduced the use of wooden pallets by 13,700 pieces in 2022, which is equivalent to saving approximately 200 tons of wood resources.

## Technology for Low-carbon Impact

At Xiaomi, we believe our model of optimal efficiency is enabling our partners and more scenarios to achieve faster delivery, shortened response cycle, and improved efficiency. Xiaomi is a symbol of an innovative and highly efficient business model. Under various scenarios — whether it is at home, office, outdoors, and during travels, Xiaomi's value proposition entails wellness, environmental friendliness, and inclusion. From the macro socio-economical perspective, Xiaomi offers resource-oriented and efficient solutions to address business and societal problems. Through our persistent actions, investment, engagement, and advocacy, we aspire to create a more substantial and long-lasting impact with our efficiency-driven model.

### From Smart Factory to Smart Manufacturing

We see this as our mission, as a global tech leader, to contribute to industry upgrades and transformation. We approach this through pioneering, investment, and collaboration, for example, to drive innovation around the technological ecosystem of smart factory, including smart production processes and smart factory operation systems. In 2020, Xiaomi's first smart factory commenced operation in Beijing Yizhuang, and has since then become a testing ground, with an advanced level of automation and remarkable production agility, for Xiaomi's most cutting-edge innovations and processes. A year later, Phase II of Xiaomi Smart Factory broke ground and commenced construction. This year, we have been exporting our smart manufacturing solutions to empower our partners in the manufacturing sector. Some of our supply chain partners have already taken on the full set of Xiaomi's smart production process and operation system to help them migrate towards a highly efficient, low-energy, and intelligent manufacturing hub.

### AIoT for Energy-efficient Dwellings

AIoT platform — the combination of the IoT which provides digitalization and connectivity across systems, and the artificial intelligence to optimize system management — is our core lever to enhance system stability while improving energy efficiency. As early as 2013, we have been building and shaping the Xiaomi ecosystem spanning various scenarios such as home, office, outdoor, and travel. Take the home scenario as an example, we have developed over 1,000 Xiaomi and Mijia smart home products, which can be controlled and managed via the Mi Home App to optimize energy efficiency.

**Partnering with high school for the "Integrated Smart Management of Thousand Devices Program"**
**This year, Xiaomi partnered with a high school in Beijing to initiate a program on integrated smart management of multiple devices, which aims to improve the workplace and learning environment for teachers and students. We have placed over few thousands of smart appliances, in the school library, offices, and teacher's apartments, including smart desk lamps, water purifiers, smart TVs, refrigerators, washing machines, routers, microwaves, electric fans, and many other smart devices, all of which can be controlled via an integrated system to enable central management and digitalized decision-making. This is a live example of how our AIoT platform enables automated and smart management of numerous devices to achieve energy, resource, as well as operational efficiencies.**

### Smartphone Natural Disaster Warning System

Xiaomi holds the belief that establishing a comprehensive natural disaster monitoring network and a connected warning information-sharing system is a crucial step in climate adaptation and building a natural disaster prevention mechanism. To this end, Xiaomi has developed the Natural Disaster Warning system on its MIUI operating system of smartphone, which receives warning information from the China National Warning Center on five types of disasters,

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including meteorological, geological, oceanic, forest, and biological disasters. Disaster prevention guidelines are also disseminated to provide holistic information technology support on disaster emergency response measures. Through this system, we have issued over 119,000 red/orange[12] natural disaster warnings and delivered more than 66 million warning messages to our users in 2022.

**Sustainable Finance**

We support Xiaomi's vision for sustainable development and our business strategy by leveraging sustainable financing and investing. We adhere to the Xiaomi Green Finance Framework[13] to utilize capital, which we raised through Green Bonds to fund high-quality and green projects such as eco-efficient and circular economy-adapted products, production technologies and processes, energy efficiency, green buildings, clean transportation, pollution prevention and control, and renewable energy. We also encourage others who share our values to join us through conscious investment and leverage our resources and influence to support the global sustainable development goals.

We took a collaborative approach to work with global financial institutions. This year, we offered an RMB30 million fund to the Green Deposit Program originated by a financial institution, which will be exclusively used for the issuance of green loans to support projects on delivering energy efficiency, clean production, clean energy, environmental and ecological conservation, infrastructure development, green upgrade, and other green services that generate environmental benefits. We believe that using financial instruments to support green projects will benefit both Xiaomi and our stakeholders. This is an indispensable part of Xiaomi's vision and long-term value creation.

***Sustainable and Impact Investing***

One of our investment priorities are disruptive technologies, such as those that improve production efficiency, reduce energy consumption, minimize resource consumption, and technology or industrial process that are clean and hazardous-free to the environment. We also place particular emphasis on companies and projects that enhance accessibility to information and communication technology, provide services to vulnerable or minority group, and those with a focus on building inclusive technology. By using investment as our lynchpin, we aim to advocate Xiaomi's sustainable development philosophy more efficiently, and deepen collaboration with partners to work together towards shared growth and sustainable development goals.

**Investing into low-carbon technology**

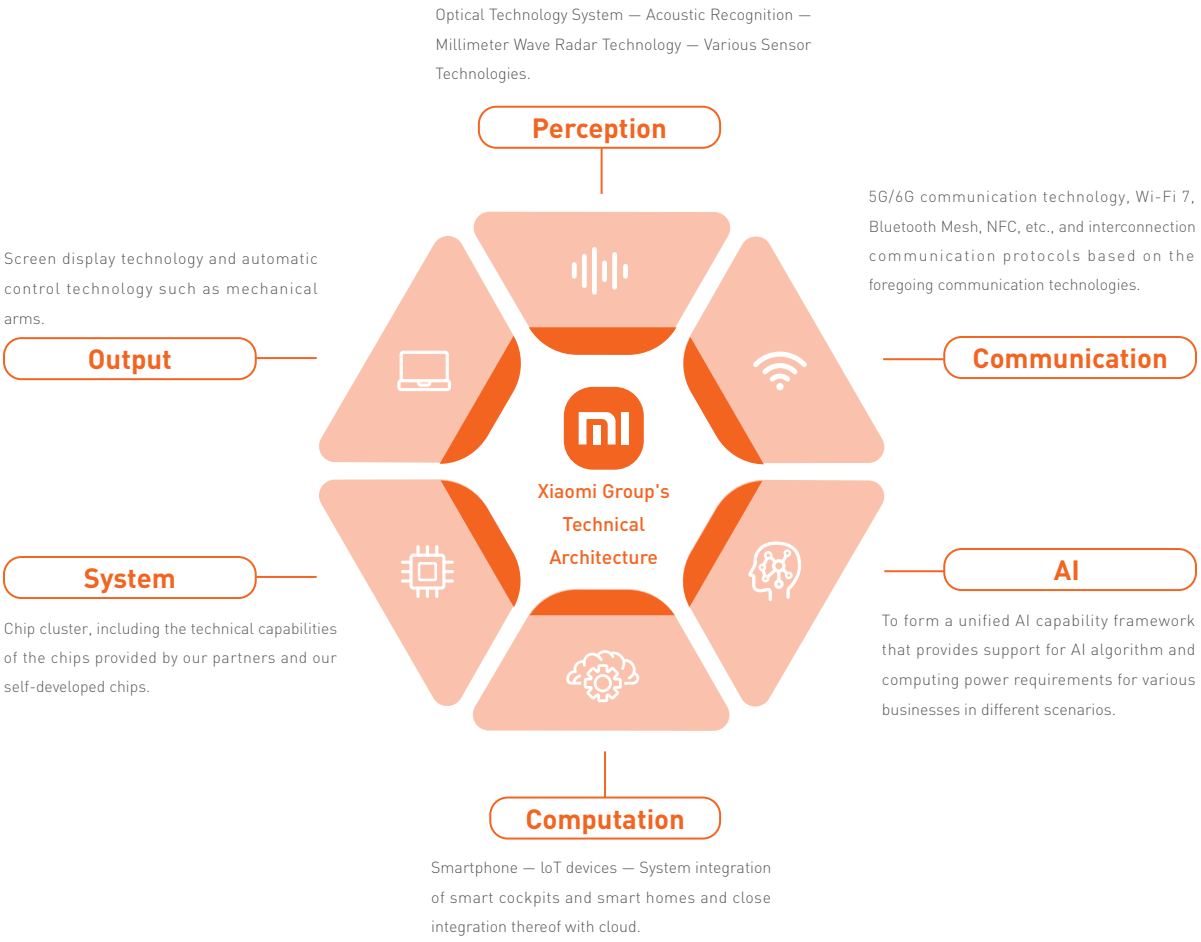
**Xiaomi has invested in a company that focuses on the R&D of Gallium Nitride (GaN) chips. Compared with conventional Silica chips, a GaN chip's carbon footprint from production to delivery is less than one-tenth of that of a Silica chip, and can reduce as much as 30% $CO_2e$ emissions during the use phase. The combined result is a reduction of 4kg $CO_2e$ emission per GaN chip versus the conventional Silica version. With a wider application of GaN, this innovation is expected to help avoid 2.6 billion tons of $CO_2e$ emissions into the atmosphere by 2050. In August 2022, the company already announced its first milestone of reducing 100,000 tons of $CO_2$ emissions.**

12 Natural disaster red/orange warnings: According to the Emergency Response Law of the People's Republic of China, the warning levels for natural disasters, accidents, and public health emergencies can be classified into four levels: Level 1, 2, 3, and 4, based on the urgency, development trend, and potential harm caused by the emergency, with Level 1 being the highest level. The red/orange warnings correspond to Level 1/Level 2 respectively.

13 To learn more about Xiaomi's Green Finance Framework, please visit: https://ir.mi.com/static-files/9ac81f60-9d7e-4971-a017-7a2189b59f3e

## Exploration and Accessibility of Technology

Xiaomi considers the innovative technological core of its products and services as an important element in the sustainable business operations of the company. The development of Xiaomi's technology system began with an integrated technological innovation, soon entered into autonomous technological innovation, and continued delving into disruptive technological innovation to achieve mastery and domination of key technological links. We explored the limits of technology, pursued the optimal solution of technology and interaction, and establish an overall technical architecture with wide coverage, great span, and depth around six levels: Perception, Communication, AI, System, Computation, and Output.




**Xiaomi Group's Technical Architecture**

With the support of an improved technological framework, Xiaomi is committed to integrating multiple technological capabilities, increasing research and development investment, and providing users with more convenient, affordable, and widely applicable products and technologies. As of the end of 2022, Xiaomi has established 10 R&D centers and over 400 labs worldwide, and employed a total of 16,171 R&D personnel — an increase of 10.8% from the previous year. Meanwhile, our R&D expenses reached RMB16 billion in 2022. In the past five years (2017–2021), Xiaomi's R&D investment has grown at an annual compound rate of over 40%, and we plan to invest more than RMB100 billion in R&D over the next five years (2022–2026), including promoting interconnectivity, facilitating inclusive technology, narrowing the digital divide, strengthening the protection of minors, and continuing to focus on STEM (Science, Technology, Engineering, Mathematics) education and inclusive development.

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At the same time, in the rapid development and transformation of social digitization, we are committed to collaborating with partners to provide technology education for a wider audience to promote digital inclusion, in additional to technological equality through extensive technological research and development as well as application. Over the past decade, Xiaomi has continuously delivered leading technology products to a broader user base with deep underlying technological innovation and optimal efficiency throughout the entire chain. Xiaomi has also made unique contributions to global digital inclusion and technological equality development by using the Xiaomi Ecosystem product portfolio to create the world's leading consumer AIoT platform. Based on this, we will promote the upgrade and evolution of the Xiaomi technology ecosystem, no longer just realizing everything interconnected, but further promoting human-centric technology with an aim of offering interconnectivity between people and our world.

## Technology Exploration

Adhering to our technology-orientation principle, Xiaomi continues to strengthen its R&D system and conducts research on various application scenarios in the field of technology. This year, our breakthrough technological R&D achievements related to sustainable development include:

### Human-centric Technology

- Xiaomi has created a new architecture with industry-leading software and hardware integrated image computing technology, including fused optics, color engine, biometric perception, acceleration engine, ecological engine, and image signal processing (ISP), creatively presenting mobile imaging with a rich human touch;

- Xiaomi's AI Assistant has been enhanced with human empathy and emotional support functions. We have collaborated with authoritative universities' psychology departments to develop a new emotional classification system using Cognitive Behavioral Therapy (CBT), covering a total of 88 subcategories of emotions across three major emotion types. This enables Xiaomi's AI Assistant to provide more emotional experiences in its conversation responses with users.

### Artificial Intelligence

- Xiaomi's artificial intelligence (AI) research and development covers the entire system of technology including visual, acoustic, speech, natural language processing (NLP), knowledge graph, and machine learning. This year, we have made significant breakthroughs in array microphones, voice wake-up, automatic speech recognition (ASR), speech synthesis, and voiceprint recognition. In the ICASSP[14] 2022 Multi-modal Information based Speech Processing (MISP) Challenge, we won the championship in multi-modal voice wake-up technology and second place in multi-modal speech recognition technology.

### Future Solutions

- This year, Xiaomi has collaborated with upstream and downstream enterprises, as well as universities and research institutions in the field of intelligent manufacturing, and we were the first enterprise in China to take the lead in establishing a high-level innovation consortium — the 3C Intelligent Manufacturing Innovation Consortium. The aim is to build five research centers and one achievement transformation center covering intelligent equipment, intelligent robots, intelligent processes, intelligent manufacturing systems, and system standards, to meet the needs of the industry.

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14 ICASSP (International Conference on Acoustics, Speech and Signal Processing) is the largest and most comprehensive international conference in the field of signal processing and its applications. It is the flagship conference of IEEE (Institute of Electrical and Electronics Engineers).

- Xiaomi's autonomous driving technology utilizes a full-stack self-developed algorithm layout strategy that covers core autonomous driving technology fields such as perception prediction, high-precision positioning, decision-making planning, and more. It has also built a self-developed closed-loop data system that efficiently drives core algorithms and product function iterations. During Xiaomi's autonomous driving tests, the test vehicles have achieved unprotected automatic U-turns, avoidance of accident vehicles, and automatic parking with mechanical automatic charging, among other parking scenarios.

## Enhancing Accessibility of Technology

Xiaomi has committed to keeping its hardware net profit margin below 5%, reducing the price threshold for many of its technological products, including smartphones. At the same time, Xiaomi has expanded its retail stores to over 70 markets worldwide, breaking economic and geographic disparities in the technology hardware sector. Xiaomi acknowledges the value of inclusivity, diversity, and equality, and upholds its mission to let everyone in the world enjoy a better life through innovative technology. Xiaomi respects personalized need and strives to make its products as equal, inclusive, friendly, and accessible as possible so that everyone can benefit from the support of Xiaomi's technology and enjoy a better life. In 2022, Xiaomi collaborated with Microsoft China and the Shanghai Youren Foundation to release the Inclusive Design Principles Handbook[15] to promote the concept of inclusive design in technology and promote the development of accessible technology.

### Interconnected, Open and Shared Technology Ecosystem

With deep underlying technological innovation and optimal end-to-end efficiency, we continue to deliver leading and unique technology products to a wider user base. The number of Xiaomi's AIoT-connected devices reached 589 million, with 11.6[16] million users having five or more devices connected to Xiaomi's AIoT platform.

Xiaomi has established an open and shared IoT ecosystem and a full-scenario voice control ecosystem in rich interconnection and open-sharing scenarios. In December 2022, the monthly active user (MAU) of Xiaomi's AI Assistant reached 115 million, with cumulative interaction times reaching 215.8 billion, and is lodged in 5,312 Xiaomi products. In multi-device scenarios, Xiaomi's AI Assistant saves redundant computing, perception, and hardware devices through functions such as cooperative wake-up, unique response, and centralized control.

### Inclusive Technology

Xiaomi has always been committed to promoting the concept of inclusive technology through technological development and application. We strive not only to enable people with disabilities to enjoy the benefits of technology, but also to provide technology experiences and tools that are more in line with the needs of users who face difficulties in life due to cognitive limitations, social exclusion, and situational disabilities[17]. We insist on building a Human-centric technology and seek to understand the inconveniences caused by various disabilities in life from a more diverse perspective, and constantly deepen our understanding of the needs of people with disabilities and their situational contexts.

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15 Please visit our Sustainability page to read the Inclusive Design Principles Handbook: (https://www.mi.com/global/about/sustainability)

16 Data as of December 31, 2022, excluding smartphones, laptops, and pads.

17 Situational disabilities: refers to disabilities that arise from specific situations or environments that affect people's ability to interact with technology.

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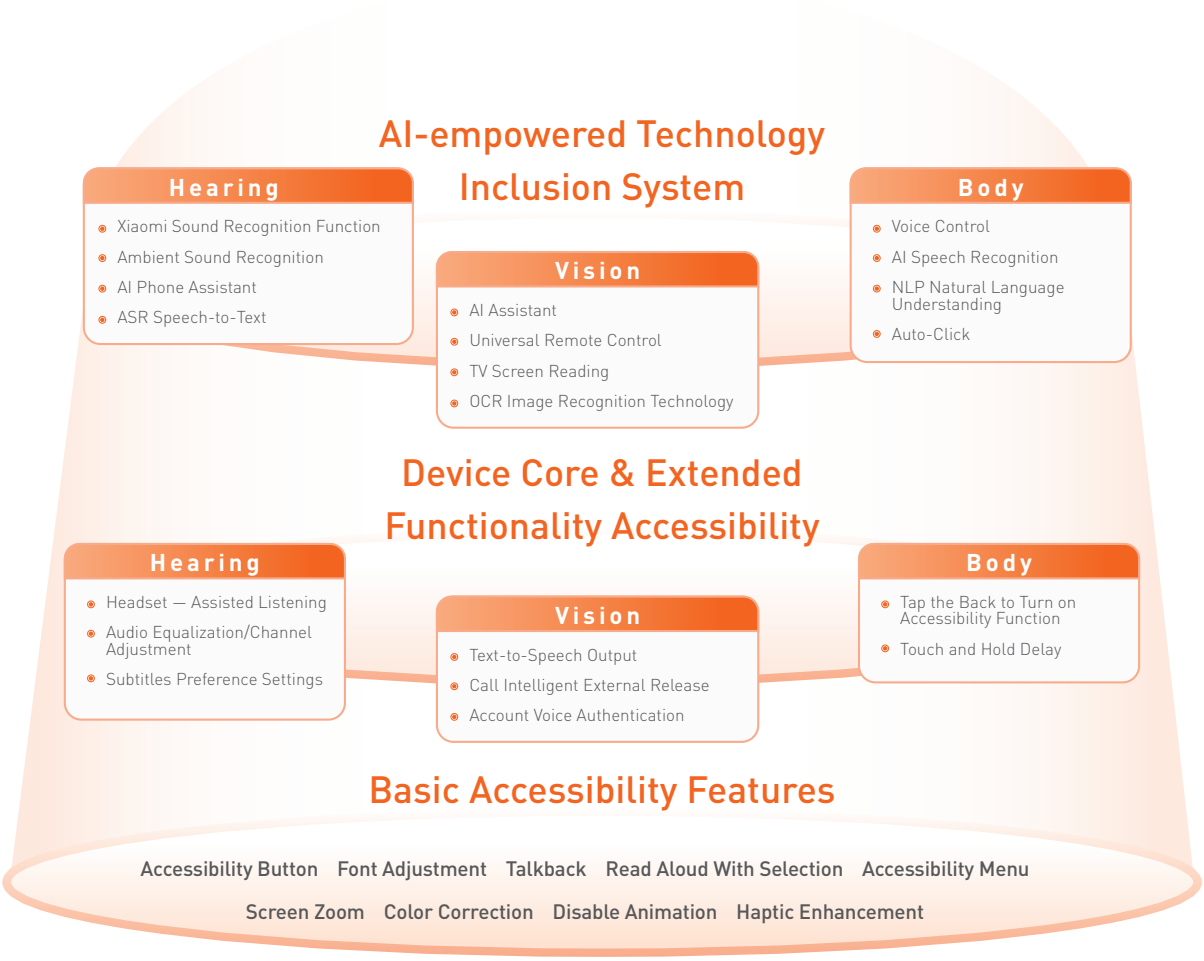
In recent years, we have started developing basic accessibility features for our products and gradually extended them to cover more advanced features. We are committed to creating smartphones that are easy for everyone to use, access information, and meet their interconnected needs, as well as convenient and interconnected smart homes, providing users with a fully accessible interactive experience from basic to advanced AI features. This year, Xiaomi's Human-centric Accessibility Support System project won the Top 10 Annual Business for Good Award in 2022, reflecting Xiaomi's innovation in social value and active practice of the concept of business for good.




**Inclusive Technology Concept Architecture and Main Functions of Xiaomi Group**

*Create Your Own Voice for Users with Speech Impairments*

In 2022, we applied our self-developed voice adaptation algorithm and super-realistic voice synthesis technology to the field of accessibility. We developed a unique customized voice for the vocally disabled user A Juan that matches his voice characteristics, enabling A Juan to communicate and express himself with his own voice. With the promotion of this project, more than 200 Xiaomi employees donated to the Xiaomi Voice Typing Donation Project and participated in the technology accessibility innovation activities. This project was selected in the 2022 CCF Technical Public Welfare Case Studies Collection of the China Computer Conference (CNCC) in 2022.

Furthermore, to provide a better understanding of the needs of speech-impaired individuals to the general public, we produced a documentary called OWN MY VOICE. Additionally, with volunteers' consent, we motivated over 6,000 volunteers to donate their voices, creating a diverse and rich voice donation library. This has increased the likelihood of speech-impaired individuals obtaining voices that are more closely matched to their physiological conditions.

**Protection of Minors**

Xiaomi attaches great importance to the protection of minors when using our products. We have developed the Xiaomi Children's Information Protection Rules[18], which clearly state that when collecting, using, transferring, or disclosing the personal information of minors, we must inform and obtain the consent of their guardians. These rules also specify the information collected and its usage on smartphones, smart TVs, and audio devices.

At the same time, we continue to develop systems and product features to protect the privacy of minors.

- Privacy protection function of Mi Bunny children's watch — Mi Bunny children's watch protects children's information security through system management and data encryption. Through system authorization management, we deny unauthorized third-party development system permissions to prevent the risk of user information leakage from the source. We also protect children's information security through local data encryption, data transmission encryption and Xiaomi cloud data encryption technology.

**Digital Inclusion**

Xiaomi Group values the importance of gender, religion, ethnics, and moral equality in the application of AI technology and strives to eliminate discrimination arising from the use of technology. We have established an AI Ethics Committee to ensure that the Xiaomi Group complies with relevant ethical guidelines and regulatory norms in the application of AI technology.

**Increase the proportion of inclusive words used in Xiaomi's AI Assistant's Chinese-to-English translation function**

**In recent years, the concept of inclusive language[19] based on the pursuit of appearance, professional equality and gender has been gradually extended and applied to the field of machine translation. In 2022, we will adjust the translation logic and targeted AI training to make Xiaomi's AI Assistant's Chinese-to-English translation function more inclusive of the translation context needs of diverse users.**

18 Xiaomi Children's Information Protection Rules: https://cdn.cnbj1.fds.api.mi-img.com/mi-mall/f516fe9e2c01.html

19 Regarding Gender-Inclusive Language, please refer to the United Nations Gender-Inclusive Language Guidelines: https://www.un.org/en/gender-inclusive-language/guidelines.shtml.

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## Responsible Product and User Experience

Guided by the principle of Implementation Based on User Feedback, Xiaomi continues the path to pursue Better User Experience. We are committed to combining quality and efficiency to deliver a more efficient, better and more accessible consumer and product experience for users. We also protect the privacy of our users throughout the lifecycle of our products and services, and we continue to create a safer and more secure environment for our users by formulating stricter regulations and adopting more advanced technologies. At the same time, we believe that the reuse of resources and effective recycling are the keys to responsible manufacturing, and will continue to strive to build a diversified service network and improved recycling mechanism to reduce the generation of e-waste and actively transform to a circular economy.

### Product and Service Quality

We advocate the Big Quality Concept of User-centric, Integrating Product Quality, User Experience and Service Quality, with Full Participation and Closed-loop Management Across the Lifecycle, and always implement the management concept of Quality Is The Lifeline of Xiaomi. We constantly persist to provide users with the ultimate product and service experience. The Xiaomi Group Quality Committee (hereinafter referred to as "Quality Committee") coordinates the quality management of the whole Xiaomi Group, formulates the Xiaomi Group's quality policy, objectives, quality management mechanism and requirements; On this basis, each business line continuously improves the quality management methods and measures based on the ISO 9001 quality management system standards. We have disseminated the Xiaomi Group Quality Manual and require all employees to participate in, comply with and continuously improve the quality management process of the whole life cycle of products and services.

During the year, our smartphones, laptops, smart TVs, home appliances, smart hardware, Xiaomi Youpin, and China service business unit obtained or maintained ISO 9001 management system certification.

**Product Quality Management**

Xiaomi always insists on providing amazing products with honest prices. We continue to improve product quality and user experience by refining the management systems, improving the management process, and promoting the quality of the supply chain.

**Optimization of quality management system for smartphone products**

**This year, we have established a cross-departmental quality management committee, with a comprehensive focus on managing product audit, standards, reliability, supply chain and other related aspects. This initiative aims to increase management efficiency and enhance the quality of our products.**

In 2020, Xiaomi introduced the Xiaomi Group Product Recall Management System and has continued to use it. This year, the company did not experience any significant product recall events due to health and safety or other issues.

During the year, three projects that we co-evaluated with our partners were awarded one Platinum Award and two Gold Awards at the 47th International Convention on Quality Control Circles (ICQCC).

*Quality Improvement Measures*

**User Experience Enhancement**

This year, the Xiaomi smartphone department has completed 9 major projects and 118 minor projects related to improving user experience, covering three major areas of performance, power consumption, stability and signal communication, as well as multimedia experience. Among them, in order to address the issue of users having difficulty viewing the screen clearly under sunlight, we have solved the pain point by lowering the maximum brightness threshold, evaluating the maximum brightness retention time, and raising the upper limit of screen brightness.

We conducted a comprehensive analysis and improvement on the issue of wearable products causing allergies to users. This year, we collaborated with experts from fields such as medicine, environmental science, and biology to conduct material research and development for allergy prevention in wearable devices. We identified substances that cause allergies in the products and fully disassembled the products to understand the components and structures containing allergenic substances. Based on this, we reduced the number of allergenic substances through material replacement and structural adjustments. The amount of UV glue used in wearable devices was reduced by approximately 88%. We also established a list of substances that cause allergies and toxicity in products based on the research results, which will feedback to our R&D process for product enhancement.

**Understanding User Needs**

Xiaomi actively listens to user feedback and continuously improves its product quality from the perspective of user needs. This year, relevant departments of Xiaomi jointly organized a series of activities such as the Listening Program, which involved software and hardware engineers visiting stores for face-to-face user communication and to understand their actual needs. These user needs were then incorporated into the design of new products. Over 400 engineers from various product lines participated in the Listening Program.

**Supplier Quality Management Control**

To further articulate Xiaomi's quality management philosophy to suppliers, Xiaomi's various product lines and related departments collaborated with suppliers from different regions in this year's Quality Month campaign to organize a series of Quality Enhancement Theme Factory Visits activities. These activities aimed to have in-depth discussions with suppliers on quality-related issues encountered by users, and to promote improvements in the suppliers' production quality. Xiaomi has integrated product quality into supplier performance management and conducts monthly quality evaluations of suppliers.

This year, Xiaomi has strengthened its management of critical information changes among suppliers information management and updated the supplier quality agreement. If suppliers make any changes to the six production factors — personnel, equipment, materials, methods, environment, and measurement — they must submit them through the information system to Xiaomi for review, verification, and approval. This is to monitor, manage, and promote suppliers' compliance with supply quality. In 2022, we reviewed over 4,000 change items through this channel.

*Improve Quality Awareness*

We attach great importance to the cultivation of employee quality awareness. This year, we have conducted online and offline quality training courses, The curriculum covers the Xiaomi Group's quality system, product safety compliance requirements, quality management system, quality management tools, etc., to help employees understand Xiaomi's core values in quality and improve their quality awareness and professional ability. The Group Learning and Development Department and the Quality Committee have jointly created the Quality Online Course, providing more than 20 professional quality courses for all Xiaomi employees, with over 20,000 people participating in the learning. At the same time, we have conducted 25 offline training sessions on product safety compliance, with about 6,000 people participating in the learning.

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In 2022, Quality Committee, in conjunction with more than 20 business departments, held the third Xiaomi Quality Month. We planned a total of 52 Quality Month activities under the theme of Improving User Experience and Fulfilling Quality Responsibility, including quality knowledge sharing, listening to user feedback, quality-themed factory visits, quality star selection, etc.

**Service Quality Management**

We continuously optimize our service quality management system to improve users' interactive and service experiences across various scenarios such as retail, customer service, and after-sales. This year, we launched a service business transformation project to achieve comprehensive improvement in the user service experience through four dimensions: on-site service network management, self-built customer service team, sales and service integration project, and digital capability building. Based on the service business transformation plan, we have adjusted the service organizational structure and functions according to the five target dimensions: Responsible for User Experience, Responsible for Service Delivery Quality, Responsible for Service Store/Personnel Technical Capabilities, Responsible for Service Store Spare Parts Supply, Responsible for Product Lifecycle Service Policies and Costs. We have established key execution modules including stores, on-site, logistics, customer service technology, spare parts, service operation, and implemented a first-responder system for user service[20] to ensure the high-quality delivery of Xiaomi services.

We have achieved a comprehensive improvement in the user service experience by building digital capabilities throughout the entire user service process, from user demand initiation to service completion. On the user side, we have achieved full transparency and visibility of service process pricing, timeliness, progress, and service personnel information. As a result, customer net satisfaction has increased by 9.5% compared to 2021[21]. On the engineer's end, the use of a brand new digital tool platform has significantly improved the efficiency and experience of the entire service order process. Work order operation efficiency has increased by 50%, and work order fulfillment time has been accelerated by 44%.

***Key Achievements in Service Quality Management***

**Retail Services**

We have continuously strengthened the service capabilities of our offline stores, expanded the coverage of our service network, and improved the convenience of our user services. As of the end of this reporting period, we have:

- 1,937 sales and service integrated stores in mainland China that have full-service capabilities such as sales, returns and exchanges maintenance, and recycling, a year-on-year increase of 43.1% compared to 2021. There are nearly 5,000 engineers holding Xiaomi's professional technical qualification certificates stationed in offline stores;

- The customer satisfaction survey on service convenience showed an improvement of 8.3% by the end of 2022 compared to the beginning of the year.

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20 First-response accountability system for user service: We require that the first person who receives a user service request should assist the user in completing all subsequent service processes based on the service policy and handling procedures until the issue is resolved or a clear response is provided. They should not stall, defer, or provide superficial responses.

21 Data of mainland China market.

**On-site (door-to-door) Services**

We have expanded our on-site services coverage area by increasing the number of on-site service points (infrastructure for product installation, maintenance, and recycling services). As of the end of this reporting period, we have achieved the following:

- We have built a total of 2,628 on-site service points in mainland China, representing a 40.4% increase compared to 2021. Nearly 16,000 engineers holding Xiaomi professional technical qualifications are employed at these on-site (door-to-door) service points;

- The on-site service capability has covered all urban and rural areas in mainland China.

**Delivery Services**

We have enhanced the efficiency and quality of our delivery services by optimizing product storage planning, reducing product delivery turnover times, and increasing direct delivery. During the current year, we have achieved the following:

- In mainland China, our same-day order fulfillment rate has reached 99.99%, resulting in 85% of orders being delivered within 1 day.

**Complaint Management**

We aim to swiftly and effectively handle user complaints promptly and efficiently mobilizing internal resources to respond to user complaints. We actively transform every communication with users into positive value and ensure that all types of user issues are accurately, promptly, and reasonably resolved, while continuously improving the user experience process. At the same time, we use multi-channel and multi-dimensional user complaint analysis management to conduct reverse effect verification through mechanisms such as improvement program and follow-up mechanisms, forming a closed-loop management of user complaints, and promoting the continuous improvement of the user experience.

***Overseas Service Management***

Xiaomi conducts business activities in over 100 markets. We continue to implement a strategy of headquarters requirements + localized execution, taking into account Xiaomi's service quality requirements and local user cultural habits, and assign responsible personnel with engineering expertise for each regional network. This year, we will continue to promote the development and application of digital service systems, expand the coverage of after-sales services, and improve our overseas service quality by building after-sales service capabilities.

**Information Technology System Update**

This year, our integrated overseas service system (Issue to Solution Platform, ISP) has achieved 100% coverage in all global operating regions. By restructuring the management processes of the customer service, after-sales, and spare parts business modules within the system, we have refined management processes and responsibilities down to the individual level, effectively improving the accuracy of service management.

**Product Delivery**

This year, we have established Overseas Warehouse Hubs in some overseas regions to store products. By adopting a mode of transporting goods to the warehouse location first and then shipping them to customers, we have shortened the delivery time of overseas products. Taking the Spain Hub as an example, the new model has reduced the overall delivery time by approximately 71% compared to the previous method of shipping directly from mainland China to overseas locations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### After-sales Service

We are continuously improving our after-sales service coverage and capabilities. This year, we have expanded our overseas after-sales service network to 11 new markets, providing services in four new languages and operating three new contact centers. We have established 2,738 stores with after-sales service overseas, an increase of 343 from 2021. Additionally, we have increased our number of repair sites by 24.8% compared to 2021.

We have also made efforts to improve the efficiency of our overseas customer service by using the "answer rate"[22] of live customer service representatives as an employee performance metric to improve response times. We also review this metric weekly to discuss ways to improve it and track progress. This year, we monitored customer service levels in real-time to adjust staffing levels during peak periods of high demand, and implemented a language-specific service support system to provide cross-regional support during service backlogs.

## Data Security and Privacy Protection

Transparent data management is the foundation for building users' trust, and protecting user data privacy has always been one of Xiaomi's core values. We develop and update our Xiaomi privacy policy based on core principles contained in global privacy frameworks (such as those published by the OECD and APEC) and privacy laws (such as the Personal Information Protection Law of the People's Republic of China, GDPR, LGPD, CCPA/CPRA)[23]. We build a trustworthy privacy management system for users and create more transparent artificial intelligence.

### Our Principles of Privacy Protection

***User Data is Controlled by User***

At Xiaomi, we firmly believe that users have the right to know and control their privacy. Users always have the right to independent control over their data, including the right to access, correct, or delete personal data shared with us. We only collect user data with their authorized consent. Users can request access, correction, or deletion of the information we collect at any time and from anywhere through Privacy Support.

***Security Protection with Full Coverage***

We adhere to an open and transparent policy that enables users to fully understand the types of information we collect and how we use it. The Xiaomi Privacy Policy applies to all Xiaomi devices, websites, or applications, covering Xiaomi Group and all of its subsidiaries. We have also developed independent data security and privacy protection policies for specific Xiaomi products or services.

***Open and Transparent Data Management***

At Xiaomi, we hold ourselves to the highest standards to minimize the collection and retention of data, and only collect the necessary information for specific, clear, legitimate, and legal purposes. We ensure that this information will not be processed further beyond the aforementioned purposes. Our AI algorithms will not upload any user data without obtaining their permission.

***Conforming to Global Privacy Law***

Privacy and security protection have always been the key concepts of our product design. We devote ourselves to establishing a standardized, and progressive privacy impact assessment procedure to ensure that our products and services are compliant with data protection laws and regulations.

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22 Answer rate refers to the percentage of successful connections made when customers call our customer service hotline.

23 GDPR, LGPD, CCPA/CPRA refer to the General Data Protection Regulation, the Brazilian General Data Protection Law, the California Consumer Privacy Act, and the California Privacy Rights Act respectively.

We do not sell any personal information to third parties. We ensure that personal information is shared only for legitimate, lawful, necessary, specific, and clear purposes required to provide services to users. Xiaomi will conduct due diligence on third-party service providers when necessary and sign contracts to ensure compliance with data security and privacy protection laws applicable to users' jurisdictions.

This year, in order to further promote transparency and openness, we have released or updated the MIUI 13 Security White Paper, MIUI 13 Privacy White Paper, Xiaomi IoT Privacy White Paper, and Transparency Report (2021). For more information on Xiaomi's data security and privacy management practices, please refer to:

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

This year, we have continued to improve our management structure, product testing processes, product features, and privacy awareness training.

**Security Governance Structure**

Xiaomi Group has established the Information Security and Privacy Committee (hereinafter referred to as the "Security Privacy Committee") to take responsibility for the overall management of information security and privacy protection. The Security Privacy Committee discusses and approves policies and norms related to data security and privacy, evaluates and provides guidance on data security and privacy risks in business operations in accordance with relevant regulations. The Board regularly reviews data security and privacy-related risks, response measures, and their effectiveness, and proposes corresponding management recommendations. The Security Privacy Committee reports on the operation of the Group's privacy system to the Board regularly, assisting the Board in managing the security and privacy risks faced by the group. In 2022, we achieved 100% coverage of technical activity sites through ISO 27001 Information Security Management System (ISMS) certification.

**Security Control Measures**

***Security Incident Response Mechanism***

We have established a sound mechanism for responding to data security and privacy incidents, clarifying the event response team, reporting, and notification processes for data security and privacy incidents. We have also developed data security and privacy incident scenario plans and regularly conduct drills to enhance our emergency response capabilities.

In addition, we have set up a public privacy issue feedback channel (https://privacy.mi.com/support/?locale=en-us) for users, employees, partners, and the public to report privacy concerns.

***Supplier and Partner Due Diligence***

We attach great importance to the management of data security and privacy protection of our suppliers and partners. For partners with whom we share personal information, we conduct reasonable inspections of their data security environment and sign strict data processing agreements with them. We also require third parties to take sufficient protective measures for user information to ensure compliance with Xiaomi's data security and privacy protection principles.

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During the supplier on-boarding phase, suppliers must follow Xiaomi's data security and privacy protection review process for declaration and evaluation. If they fail to pass, we will require the supplier to make improvements until they meet our standards before entering into cooperation with Xiaomi. During the cooperation period, we conduct regular audits of supplier data security and privacy protection practices. If issues are discovered, we require the supplier to suspend cooperation and make corrections before resuming business cooperation.

**Product Security Development Lifecycle Process**

We adhere to the principles of Privacy by Design and Security by Default in the product design and development phase. This year, we have continued to upgrade the Security Development Lifecycle (SDL) process, and have clarified the review process for key points in product design, including:

- Concept phase — including security development processes and security requirement training;
- Planning phase — determining the security level of the product based on the impact on users if privacy and security are compromised, and evaluating the product security technical requirements according to the level. If the product solution does not meet the evaluation requirements, adjustments must be made until it is qualified for approval;
- Design phase — including security design baseline and threat modeling settings;
- Development phase — generating security coding specifications and performing code security scanning;
- Verification phase — Security testing based on vulnerability severity level is embedded in each product testing stage. Only products that pass the testing can proceed to the device firmware and software development stage. Before the product is completed and launched, it must pass security testing again to ensure it meets the security requirements;
- Release phase — conducting the Security Blue Army plan and completing security incident response testing;
- Lifecycle phase — continuously improving and maintaining product privacy and security.

**Product Privacy Feature Upgrade**

In 2022, MIUI14 launched several features that adopt on-device privacy technologies to maximize the local processing of sensitive data and enhance product privacy security. These features include:

- On-device Text Recognition supports offline text recognition, which means that the entire process of recognizing and extracting text is done locally without uploading any data to the cloud, thus providing maximum protection for user-sensitive data;
- In video conferences, the process of real-time conversion of English speech to Chinese subtitles is done locally without uploading any data, achieving zero data transfer;
- Maximum respect for user autonomy, where all system apps except for 8 basic applications such as telephone, SMS, and contacts, can be freely uninstalled.

### IoT Device Security and Privacy Assessment

Xiaomi has released the Consumer-grade IoT Security Baseline[24], which includes security requirements that different security-level AIoT devices must meet. The security requirements cover six security domains: Device Hardware, Software, System, Communication, Data, and Business Logic. The purpose is to ensure that Xiaomi's ecosystem manufacturers provide secure products and services, comply with our commitment to user privacy, and protect devices from threats of malicious software. In 2022, we completed 334 rounds of security testing before new product launches, block-intercepting and mitigating 625 security issues; we also completed security testing for 109 product firmware iterations and intercepted 67 security issues.

### Training and Communication

We place great emphasis on data security and privacy protection culture, and organize compliance awareness enhancement activities every year, including security and privacy awareness month, phishing drills, training courses, online assessments, and more. This year, our data security and privacy protection training activities covered 100% of employees, interns, as well as some outsourced employees, suppliers, and partners.

This year, we provided customized training materials and activities based on the attributes of employees, including:

- Conducting four phishing email drills, covering all employees and interns
- Providing a 2.5-hour online course on security awareness, with a 92% pass rate for all employees
- Conducting 10 security technology and privacy training camps, with a total attendance of over 1,500.

In addition, we conducted specialized data security and privacy protection training for suppliers and partners, covering 56 companies and a total of 467 participants.

### Certification and Awards

We continuously undergo industry-leading privacy protection certification and testing to ensure the effectiveness of our privacy protection capabilities and measures. This year, we have obtained SOC 2 Type I certification (Third-party Independent Audit) and maintained the validity of the following third-party audit certifications that we have previously received[25]:

| | |
|---|---|
| **ISO/IEC 27001** | Information Security Management Standard (ISMS) |
| **ISO/IEC 27018** | Protection of personally identifiable information (PII). |
| **ISO/IEC 27701** | Privacy Information Management System (PIMS) |
| **TrustArc GDPR Validation Report** | Including MIUI and IoT platform |
| **TÜV Rheinland Enhanced Privacy Protection Testing** | MIUI Operating System |

In addition, our Electric Scooter 4 Pro has obtained UL IoT Security Gold Certification, our Robot Vacuum-Mop 2 Overseas Version has obtained TÜV Rheinland Product Network Security and Privacy Protection Standard Certification, and our Television TV Stick 4K SE has obtained ND ETSI EN 303 645 V2.1.1:2020 Compliance Test.

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24 Please visit our Sustainability page to read Xiaomi Consumer-grade IoT Security Baseline: https://www.mi.com/global/about/sustainability

25 For more information on all of Xiaomi's privacy certifications, please visit: https://trust.mi.com/en/compliance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Circular Economy and Electronic-waste

At Xiaomi, responsible product end-of-life management plays a vital role in advancing our transition toward a circular economy and minimizing electronic waste, and it requires intervention and innovation up and down our value chain — from product design and manufacturing, to enhancing product longevity, reuse, recycling, and dismantling. We strictly comply with applicable laws and regulations on electronic waste in all the markets we operate, and take a practical approach to learn, understand and dive deep into local electronic waste recycling ecosystems, so that we can implement tech-empowered solutions to enable more effective and efficient management of e-waste to deliver our commitments and targets on product end-of-life management. Xiaomi abides by the Basel Convention and pledges not to export electronic waste to non-OECD countries.

This year, Xiaomi directed approximately 4,500 tons of electronic waste such as smartphones to recycling globally. Over the next five years (from 2022 to 2026), we are committed to achieving an accumulative recycling volume of 38,000 tons of e-waste, and using 5,000 tons of recycled materials in our products.

**Managing electronic waste at Xiaomi India**
**Xiaomi India manages the recycling of e-waste from smartphones, smart TVs, and laptops in adherence to the Extended Producer Responsibility (EPR) requirements of India. In 2022, we exceeded the target for recycling smartphone and smart TV products set under our EPR obligations. Additionally, Xiaomi India actively collaborates with schools, charitable organizations, and distribution/retail networks in its operational areas to carry out various activities aimed at raising awareness about the environmental hazards of electronic waste and the importance of managing it.**

### Product Design and Production

We are incorporating renewable materials into our products during the design phase to promote the development of a circular economy. To improve the recyclability of our products, we are constantly exploring opportunities to replace product components with biobased or recycled materials. This year, we have:

- Used bio-based high polymer materials in certain components and accessories of our smartphones, with a biocarbon content of over 30%
- Increased the use of recycled metals, including aluminum, gold, and copper, in the components of our smartphones
- All of our smartphones contain components made from recycled plastic produced from discarded ocean fishing nets.

We have also reduced the usage of materials in our products without compromising on their quality to improve their disposal efficiency in the disposal stage. This year, we have:

- Reduced the thickness of the back cover structure of some smartphones, reducing the plastic usage in the back cover assembly by about 40%;
- Through integrated design, reducing the number and weight of screws, sponges, and metal components in our air conditioning products, with an average reduction of approximately 620 grams of related raw materials used per unit compared to the previous generation;
- Tested and evaluated our Mi Smart Electric Toothbrush product in terms of recycling, recycled material verification, high energy efficiency verification, durability, sustainability, and toxic and hazardous substances management of the products and packaging materials. We have obtained the SGS Green Product Certification.

### Refurbishment and Reuse

We are committed to promoting the development of a circular economy by continuously carrying out used product refurbishment projects. This year, our renovation factory has refurbished approximately 94,000 smartphone products, 5,600 electric scooter products, and 6,200 smart television products, all of which were sold as certified refurbished products.

### Extending Product longevity

*Enhancing Durability*

We consider material durability when selecting materials for our products. For example, we have developed robust and wear-resistant ceramic materials, as well as synthetic silicone leather materials that are organic, wear-resistant, anti-fouling, anti-mildew, and resistant to acid and alkali. These materials are used in many of our smartphone products. We have established testing standards for dust-proofing, waterproofing, and drop resistance that exceeds international standards. This year, Xiaomi has released a long-lasting battery with full charging and discharging capabilities, utilizing battery health technology to extend the battery's lifespan by approximately 25% compared to previous versions.

*Warranty Services*

Xiaomi provides our users with convenient repair services (please refer to the Key Service Achievements section for more details). We offer repair parts and materials at reasonable prices to improve the maintainability of our products. In addition, we reserve spare parts for products that are no longer sold to better meet the repair needs of our users.

### Recycling and Disposal

We take responsibility for the collection and recycling of electronic waste in all operational regions, ensuring that electronic and other waste is properly treated through our own facilities and third-party collaborations. We strictly assess the certification qualifications of our partners, including Quality Management System (ISO 9001), Environmental Management System (ISO 14001), Information Security Management System (ISO/IEC 27001), and Certifications for Zero Landfill and Responsible Recycling (R2)[26] of international electronic waste. During the collaboration process, we make specific agreements with our partners regarding labor rights, a safe and healthy work environment, and the prohibition of illegal waste exports, ensuring that our partners handle waste refurbishment or disposal in a reasonable and legal manner.

We continue to expand our Trade-In program by increasing the types of recyclable products and coverage of recycling services, establishing three collection methods including in-store, door-to-door, and mail-in services to encourage users to recycle their products. This year, we launched the Trade-In program on our official website in part of our European markets. We also work with qualified third parties to dispose of waste generated during the repair process, such as discarded electronic components. In 2022, 100% of these wastes were properly treated.

### Reducing Hazardous Substances

Xiaomi strictly manages the hazardous substances that may be present in our products and production processes, providing consumers with safe, secure, and environmentally-friendly products while improving the efficiency of product recycling. We strictly comply with domestic and foreign laws and regulations, such as the Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS), the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), and the Directive on Packaging and Packaging Waste (94/62/EC), which restrict hazardous substances and chemicals in products and their packaging.

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26 R2: the Responsible Recycling of electronic products.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We strictly control the use of hazardous substances in our product manufacturing process in accordance with international standards[27]. We have established a process for pre-screening and tracking hazardous substances, and voluntarily developed plans to reduce the use of potentially hazardous substances, including PVC, brominated flame retardants (BFRs), beryllium, antimony, and other substances as required by law. We collaborate with our supply chain to achieve this goal.

We continue to develop corporate standards that are more stringent than regulatory requirements and require suppliers to strictly adhere to them. This year, we updated the Product Environmental Hazardous Substance Management Guidelines and revised the standards for volatile organic compounds (VOCs) produced by suppliers during production processes such as product coating and packaging printing, based on the requirements of the On-site Inspection Guidelines for Volatile Organic Compounds in Key Industries (Trial). We also developed corresponding operating specifications to assist suppliers in meeting these standards. At the same time, we have proposed reduction plans for the use of three types of substances by suppliers and continue to monitor the use of hazardous substances.

This year, we have implemented measures to reduce harmful substances in product materials, production processes, and packaging materials, including:

- The synthetic silicone leather material used in our smartphone products is produced without the use of DMF industrial organic solvents, effectively reducing the risk of skin sensitization for users while ensuring environmental and worker health and safety

- We have adjusted the structure of our product packaging film to eliminate the use of adhesives, reducing the emission of harmful substances in the adhesive

- In some regions, we have replaced mineral oil ink with soy ink for printing on packaging materials, completely eliminating the use of mineral oil-saturated hydrocarbons (MOSH) and mineral oil aromatic hydrocarbons (MOAH) in the packaging. We will gradually expand this measure.

27 Relevant standards include the prohibition of using substances that deplete the ozone layer in all applicable products; restrictions on the use of persistent organic pollutants (POPs) in accordance with the Stockholm Convention on Persistent Organic Pollutants; gradual phase-out of relevant materials in accordance with RoHS and REACH regulation.

## Creating Shared Success

At Xiaomi, we believe that growth is only meaningful when it is shared with our stakeholders, and we cultivate partnerships that foster mutual success. As a global technology company, our sophisticated supply chain encompasses everything from raw material extraction and processing to assembly, logistics, sales, distribution, recycling, and disposal. We work closely with our business partners, providing joint governance and tech empowerment, to ensure stability and continuity throughout the entire system while improving ESG performance. As we continue to make technological breakthroughs, we remain dedicated to ensuring the wellbeing and success of our people — by creating a fair, safe, and inclusive work environment, providing competitive remuneration and benefits, and supporting their holistic development. And by staying true to our core values of Sincerity and Passion, we channel efforts to promote social development in the fields of technology education and R&D, and to give back to our communities through philanthropic endeavors.

### Sustainable Supply Chain

#### Commitment and Governance

Our pursuit of optimal efficiency can only be realized through the collective efforts of our global supply chain. At Xiaomi, we recognize the importance of building strong and responsible partnerships with our suppliers across the globe, regardless of where they operate, to achieve shared success. And to do this, we are resolute in providing the needed support, through our business and technological partnerships, to help them deliver both business outcomes and corporate sustainability targets. We identify and manage the social and environmental impacts of our supply chain, and respect local communities and ecosystems where Xiaomi products are made. We work to establish a shared understanding and vision with our suppliers in the areas of environmental protection, labor rights, employee health and wellbeing, production quality, ethical business practices, and socio-environmental impacts associated with raw material extraction and processing.

Xiaomi strives to build a good and stable partnership with suppliers that are founded on trust and commitment to excellence. By the end of 2022, Xiaomi had a total of 1,025 hardware manufacturers, working together to ensure the production of over 2,000 smartphones and AIoT products for Xiaomi. We always seek opportunities to optimize our supply chain strategies and practices, and work with our suppliers to enhance their governance and risk management capabilities through better support, closer supervision, and more transparent conversation to achieve our shared sustainable supply chain commitments. Our efforts ensure that the products and services we deliver are creating positive impacts that align with our ESG strategy.

#### Enhancing ESG Risk Management

*Management System*

Xiaomi Group's Purchasing Committee is responsible for managing the Group's purchasing and supply chain practices, and regularly reports to the Corporate Governance Committee. To ensure our suppliers share our commitment to ethical and sustainable business practices, we have established a wealth of supply chain policies, including the Xiaomi Supplier Social Responsibility Code of Conduct[28], Supplier Social Responsibility Agreement, and Xiaomi Supplier Social Responsibility Audit Procedures. These policies outline our standards and expectations for environmental protection, wellbeing, labor rights, and ethical management system requirements. In 2022, all of our direct suppliers have signed the Xiaomi Supplier Social Responsibility Code of Conduct or equivalent documents regarding social responsibility. Additionally, we require our procurement teams to strictly comply with our Procurement Code of Conduct, which is supervised by the Group Ethics Committee.

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28 Please visit our Sustainability page to read Xiaomi Supplier Social Responsibility Code of Conduct: (https://www.mi.com/global/about/sustainability)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Digital Supply Chain Management System**

In 2022, we upgraded our supply chain digital management system, which integrates demand planning, procurement, inventory management, production on-site management, partner management, business management, and research and development life cycle management. It includes supplier evaluation, risk response mechanisms, compliance, and work environment management. The system enables cross-sea full-chain data visualization (covering all production elements) and timely warning (emergency response time of less than 1 minute). This successfully leads the integration of supply chain data and improves manufacturing efficiency, effectively reducing Xiaomi's supply chain risks and maximizing resource value efficiency. As of the end of this reporting period, we have used this system to manage the production-oriented suppliers of smartphones, covering 100% of the primary suppliers and some secondary suppliers. In the future, the system will be applied to the supply chain management of wearable devices, smart TVs, laptops, major appliances, and smart hardware.

**Digital solutions boosting more efficient management of labor rights and other social responsibility risks**

**Xiaomi's goal of fully digitizing the supply chain lifecycle management will be gradually realized through the implementation of a digital management system for the supply chain. Using big data risk control, Xiaomi gains better insight into the operational status of the supply chain, which enables systematic control of various risks in the supply chain. For instance, in labor management, the system is equipped with an efficient warning mechanism. Once a warning is issued, the relevant responsible parties are required to complete the necessary actions within a specified time frame. The results are then approved and confirmed by both the supplier and Xiaomi. If the warning is not addressed within the allotted time, the warning level will be elevated to higher-level management until the warning is reasonably closed. This feature provides a more efficient solution for preventing issues like child labor use, overtime work, and occupational health and safety risks. In 2022, the system triggered including 684 general risk alerts, and 59 important alerts. All the warnings were properly resolved.**

*Risk Management Process*

We evaluated the ESG impacts at each stage of the supplier engagement process based on the analysis of the product and service lifecycle, upgraded the supply chain risk management system, and actively improved towards supply chain value management to create a more resilient, stable, trustworthy, and sustainable supply chain. Our risk management process can be summarized in the following steps:

1. We optimize Xiaomi's supply chain management approach, through business and partnership models, to foster suppliers' understanding of ESG and their actions to incorporate ESG values into business strategies and vision.

2. We identify and evaluate risk factors in the supply chain (such as conflict minerals, labor management, environmental impact, physical impacts of climate change, emergency response, political, legal, credit, and business continuity risks) on an annual basis, and establish procedures to prevent each risk.

3. Assess suppliers' compliance with the Xiaomi Group Supplier Code of Conduct and other relevant policies and standards. Based on their ESG risk assessment and performance evaluation results, we rank suppliers and manage them differentially and dynamically, helping them improve until they meet our targets and requirements, or they may face contract suspension or termination. Identify issues through digital means and audits, evaluate the root causes and impacts of the problems, and ultimately promote suppliers' ability to strengthen self-management and continuous improvement. This will effectively reduce the risks in the Xiaomi supply chain.

4. To enhance supply chain risk governance, we introduce more comprehensive ESG indicators and ambitious performance targets to strengthen our suppliers' management capability. We also provide capacity building programs and technical support to better equip our suppliers to operate in a more socially and environmentally responsible manner.

**Target Management**

Precision, agility, ecosystem, and efficiency are the guiding principles of Xiaomi's supply chain strategy, driving us to deliver on our ESG targets across all stages of our supply chain. Recognizing the urgent need for global orchestration and joint efforts to tackle climate change, this year Xiaomi has prioritized setting targets and action plans for our climate actions. Meanwhile, we are closely monitoring the implementation of our supply chain targets and programs to ensure alignment with Xiaomi's ESG strategy.

Take our smartphone supply chain's climate-related target management process as an example — just this year, we have seen a 9.4% increase in the proportion of suppliers who have set carbon reduction targets, versus the 2021 level, and a 7.9% increase in the proportion of suppliers who have undergone or are in the process of undergoing third-party carbon verification.

**Onboarding of New Suppliers**

Throughout our supplier selection process, Xiaomi has placed sustainability on par with key business criteria such as cost, quality, and service, so that our decision-making is more comprehensive, balanced, and aligned with our values. During the supplier nomination phase, we take the following three dimensions of standards into consideration:

1. Business Indicators: including capacity, commitments, cost, efficiency, quality, technology, corporate governance etc.

2. Environmental Indicators: including environmental impacts associated with operation, raw materials extraction and processing, components and manufacturing etc.

3. Social Indicators: Including labor rights, health and safety, business ethics, conflict minerals etc.

ESG compliance has long become one of the top criteria at Xiaomi when we select and evaluate our new suppliers. If any red-line issues[29] are identified in the course of due diligence, the concerned supplier will not be admitted to our supplier pool until such issues are rectified. We also require all new suppliers to sign the Xiaomi Supplier Social Responsibility Code of Conduct or our Supplier Social Responsibility Agreement, prior to formal engagement and cooperation, for they should comprehend and conform to internationally recognized labor rights protection standards and practices, as well as workplace safety standards and codes of conduct.

This year, Xiaomi completed 830 supplier admission evaluations, of which 770 passed and 60 suppliers were eliminated either due to their inability to complete rectification on time, or non-compliance with our requirements. Among them:

- One non-compliance was related to business ethics, in which we rejected the concerned supplier's admission to Xiaomi's supplier pool in accordance with Xiaomi Supplier Social Responsibility Code of Conduct.

- One non-compliance was due to the lack of fire safety registration and environmental impact assessment report. The concerned supplier was required to re-plan their warehouse and production workshop and put in place all the legally-required registrations, before they can file for a re-assessment with Xiaomi.

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29 Xiaomi's red-line issues include: use of child labor and failure to protect underage workers; use of forced labor, violent behaviors, discrimination in recruitment and employment, dishonesty in work record, failure to provide minimum wage, failure to safeguard workplace safety and control fire safety risk, illegal discharge of hazardous wastes, any form of bribery.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Supplier Assessment and Performance**

To verify and manage ESG risks across our supply chain, we employ an approach that combines Xiaomi-led audits, third-party independent audits, and supplier self-assessment. We have also developed customized audit programs for our different product lines to accommodate sector-specific ESG risks in our assessment. If non-compliances are identified during any of these audits, we will work with suppliers to implement corrective actions within the set timeframe. If a supplier is unable to complete the rectification on time, and with due consideration of other factors, they may risk suspension or even termination of business with Xiaomi.

The following table sums up our key progress made in 2022 on supplier assessment.

| Indicator | Manufacturing Supplier | | | Non-manufacturing supplier | 2022 Target completion status |
|---|---|---|---|---|---|
| | Tier-1 (Assembly supplier) | Tier-2 (Parts supplier) | Tier-3 (Mainly Tin, Tantalum, Tungsten, Gold, Cobalt , and Mica supplier) | | |
| ESG audit coverage | 100% completion of annual Xiaomi audits and third-party audits recognized by Xiaomi | 100% completion of annual Xiaomi audits, third-party audits recognized by Xiaomi and supplier self-assessment | 95% of smelters and refiners passed the Responsible Minerals Assurance Process (RMAP) certification | 100% completion of supplier due diligence | Completion |

**Conflict Minerals**

Xiaomi takes a firm stance to avoid the use of conflict minerals in our products. We strictly adhere to the principles stipulated in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the RBA Responsible Minerals Initiative (RMI) on responsible sourcing of minerals, and pledge not to source conflict minerals that directly or indirectly finance local armed groups.

This year, we made additional progress to identify the risks of conflict minerals in our supply chain and updated the Xiaomi Corporation Conflict Minerals Policy[30] to specify the respective risk prevention procedures. These include:

*Due Diligence Procedure*

1. Establish and develop a Conflict Minerals policy, due diligence procedure and safeguard measures, and define the roles and responsibilities of internal personnel.

2. Assess and identify the risk hotspots in the supply chain, and develop risk response and control procedures.

3. Require suppliers to conduct due diligence on smelters and refiners, and disclose the information of smelters and refiners in accordance with the Xiaomi Conflict Minerals management template or the Responsible Minerals Initiative (RMI) Conflict Minerals Reporting Template (CMRT/EMRT) on an annual basis. Request smelters and refiners to undertake relevant certifications if necessary.

4. Analyze and verify the due diligence results reported by the suppliers to ensure that the minerals are not sourced from conflict-affected areas.

5. Disclose the list of smelters and refiners who have passed our due diligence and verification. Disclose our smelters and refiners list on an annual basis.

6. Engage with suppliers continuously to improve response rate and enhance data credibility of the smelters.

7. Establish communication channels for stakeholders on Conflicted Minerals management.

8. Provide trainings on Conflict Minerals Policy and the due diligence procedures to our employees and suppliers.

*Code of Conduct*

1. Endorse the initiatives, processes, standards, and achievements of the Responsible Business Alliance (RBA).

2. Support the work and achievements of the RBA Responsible Minerals Initiative (RMI).

3. Follow the RBA Conflict Minerals Reporting Template/Extended Minerals Reporting Template (CMRT/EMRT) and Responsible Minerals Assurance Process to develop Xiaomi's Conflict Minerals management procedure and template.

4. Oblige to support Xiaomi in direct or indirect communication with smelters and refiners who are involved in Conflict Minerals.

5. Refer to the RBA Code of Conduct to conduct Conflict Minerals due diligence, or engage RBA-endorsed third-party audit agencies to conduct independent audits. Report the audit result and corrective actions to ensure conformance.

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30 Please visit our Sustainability page to read the Xiaomi Group Conflict Minerals Policy: (https://www.mi.com/global/about/sustainability)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. Require upstream suppliers to manage minerals responsibly with reference to the RBA Code of Conduct.

7. Establish policies to ensure that there is no direct or indirect contribution to financing crimes and human rights violations.

***Conflict Minerals Certification***

Building on our efforts on managing conflict minerals, we embarked on a more extensive supply chain traceability program to trace the sources of tin, tantalum, tungsten, gold (3TG), cobalt and mica in our products to ensure that none of these come from conflict-affected zones. This year, we have mapped out a total of 436 upstream smelters and refiners across 58 countries and regions, 95% of which have obtained the RMI's Responsible Minerals Assurance Process (RMAP) certifications. For those who were yet to be certified by RMAP, Xiaomi requires suppliers to carry out third-party due diligence in accordance with RMAP requirements, or to replace them with certified smelters and refiners. Moving forward, we will establish a robust disclosure mechanism for our smelters/refiners, and work to strengthen our supply chain capabilities in governance, compliance, and transparency to ensure responsible management of conflict minerals.

**The proportion and number of Xiaomi smelters/refiners with RMAP certifications in 2022**

| Minerals | Proportion of RMAP-certified smelters and refiners | Number of smelters/refiners |
|---|---|---|
| Tin | 100% | 80 |
| Tantalum | 100% | 38 |
| Tungsten | 100% | 53 |
| Gold | 100% | 173 |
| Cobalt | 76% | 90 |
| Mica | 100% | 2 |

**Supplier Empowerment**

***Supply Chain Finance***

Xiaomi's Supply Chain Finance serves the manufacturing economy. We aim to use our digital and technology solutions as a driving force to lead the digital transformation of Small and Medium-sized Enterprises (SMEs), aided by our strong position in the manufacturing economy. Changes will abide by two principles: first, to aid growth with technology; second, that changes must be incremental to ensure stability. Digitalization of the supply chain process, in cooperation with financial institutions, allows our timely response to needs within the supply chain. As of the end of this reporting period, Xiaomi's supply chain finance has helped more than 14,000 companies to source over RMB250 billion in funds accumulatively.

*Supplier Training*

Xiaomi remains committed to enhancing the ESG governance and management competency of our suppliers. We provide on-site trainings to suppliers in English, Chinese and local languages, exchange with industry peers, subject consultations, best practice sharing, and benchmarking to help suppliers improve their ESG performance. This year, we covered a broad array of training topics that included labor rights, occupational health, production safety, product quality, environmental protection, business ethics, and climate change. These sessions have reached 100% of our manufacturing suppliers.

*Supplier Carbon Verification*

At Xiaomi, we recognize that every step counts as we aspire to achieve carbon neutrality across our value chain. This year, we launched a carbon verification program to identify opportunities for reducing carbon emissions in our value chain, starting from upstream supplier emissions. As a result of this program, we established the Xiaomi Supplier Carbon Emission Verification Standard, which is based on ISO 14064 and the Greenhouse Gas Protocol (GHG Protocol).

Taking our smartphone supply chain as an example — a total of 118 suppliers have set carbon reduction targets, including nine new suppliers who have joined the Science-based Targets initiative (SBTi). 64 suppliers have already undergone or are in the process of going through third-party verification of their greenhouse gas emissions data, and 50 suppliers have begun using renewable energy sources such as solar, wind, and hydropower in their operation.

## People Development

At Xiaomi, talents are the bedrock of every technological breakthrough we drive and keep Xiaomi ahead of the fierce market competition. We aim to be the preferred choice of employer to attract and retain talents around the world, and this has galvanized us to create a motivating work environment for our employees which are green, safe, open, and inclusive, with competitive remuneration and benefits, and equal opportunities for all to grow and prosper in their career and personal life. This year, Xiaomi received a number of awards that recognize our employment practice, including being named one of the World's Best Employers 2022 and China's Best Employers in 2022 by Forbes, as well as receiving the award for China's Most Sustainable Employer 2022, among others.

### Labor Rights and Diversity

*Recruitment and Employment*

Our values of fairness, impartiality, and openness define our approach to managing recruitment, employment, and employee dismissal across our global operation. We uphold and adhere to the guiding principles established by the International Labor Union (ILO), the Organization for Economic Cooperation and Development (OECD), and local workplace regulations to develop our internal policies, including our Employee Handbook, which sets standards for Xiaomi's workplace practices. We strictly forbid child labor and forced labor anywhere in our operations, and prohibit harassment, abuse, violence, and any form of discrimination in our workplace — including language, behaviors, and decision-making in the recruitment process. We also provide relevant training to help employees better understand these issues. In 2022, there have been no reported incidents related to child and forced labor, employment and gender discrimination, and violent behaviors in our workplace. Anyone found to be in violation of these conducts will be subject to disciplinary action in accordance with our internal policies and regulatory requirements.

Top-notch talents are valuable assets to any company, and even more so in our industry, that's why we have set up a dedicated Talent Strategy Team to join hands with our Human Resources Business Partners (HRBP) across business divisions to attract these talents to fill the core technical and strategic roles of our company. We also place great appreciation on local talents, as we value their skill sets, wisdom, and resources that they can bring to Xiaomi. By actively recruiting and developing local talents, we promote local employment. As of the end of this reporting period, Xiaomi had 2,477 employees in our overseas workforce, among which 2,229 are recruited locally.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Employee Compensation and Incentives

Xiaomi is committed to offering competitive remuneration and benefits to our employees. We hold on to the principles of Total Compensation and Performance-Oriented to develop our comprehensive compensation system and incentive mechanism, which is clearly outlined in Xiaomi's Employee Handbook, making it easy for employees to understand how their remuneration is structured.

### Performance Evaluation

We have formulated a robust performance management mechanism to guarantee the integrity and plausibility of our performance evaluation process. Every quarter or six months, employees are engaged to participate in self-evaluation as well as feedback from peers and line managers. Meanwhile, employees can make appeals and seek further justification with regard to their evaluation results and their pay packages, while the whole appeal process and the personal information of the applicants are strictly protected by our confidentiality policies and system.

### Employee Share Award Scheme

We value long-term talent motivation and actively promote our employee Share Award Scheme. In 2022, the Board awarded a total of 366.3 million shares to 9,457 selected participants[31].

*Employee Engagement and Care*

### Employee Engagement and Communication

At Xiaomi, we aim to create an equal and supportive work environment that values employees' voices and feedback on our operations. We have established diverse channels, including online platforms, dedicated hotlines, and email contacts for employees to speak up and raise their opinions, and convened employee meetings to communicate our progress in response to the many suggestions we heard from our teams. During this year's Labor Union Congress Meeting, we passed the Disciplinary Action Policy of Xiaomi Corporation through a combination of online and offline voting, ensuring we hold ourselves to a high ethical standard in our workplace practices.

Meanwhile, our Labor Union continued to encourage the use of our digital platform as an effective communication channel, in which employees can provide registered or anonymous feedback, and the platform is able to track progress and disclose our actions more transparently to employees. In 2022, all issues received on this platform have been addressed.

### Employee Survey

We conduct semi-annual employee surveys to keep track of employee satisfaction and their levels of engagement, devotion, loyalty, and recognition, and the survey insights will help us formulate improvement actions to better support our people where they need it. For our most recent employee survey, in which we achieved a record 100% participation rate and with over 87% valid responses, showed that our overall employee satisfaction rate has increased by approximately 2.5% as compared to the beginning of 2022. Furthermore, the proportion of employees who plan to stay with the Company for over three years has increased by approximately 3.5%.

### Parental Benefits

We provide all employees with parental leave, covering both primary and non-primary caregivers. This year, a total of 2,426 employees exercised parental leave, and the return-to-work rate after parental leave reached 100%.

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

*Diversity and Equal Opportunities*

Xiaomi remains committed to building a more equitable and diverse workplace where employees receive fair treatment at all times. We firmly believe that diversity and inclusion are powerful drivers of innovation, and it has guided us in creating a diverse, inclusive, and culturally rich workplace that embraces different voices and perspectives.

**Respect and Equal Opportunities**

We provide and safeguard inclusive and equal opportunities for all employees in recruitment, training, career development, and promotion without regard to their national origin, race, age, gender, religion, and cultural background. We have also set up a Women's Rights Committee that is dedicated to supporting and protecting the rights and wellbeing of our female employees both at work and at home. Every year, we organize commendation activities for our female employees to foster an equitable mindset for all, and prevent any unconscious biases that may undermine our culture of equality and inclusivity.

**Promoting diversity and equality in Xiaomi's India operation**

**Xiaomi India has developed a Diversity-Equality-Inclusion policy that outlines the vision and approach to building a more inclusive and diverse workplace. This year, the proportion of female employees in Xiaomi India's workforce increased by 4%.**

**Meanwhile, Xiaomi India has put in place the Prevention of Sexual Harassment policy, which is gender-neutral in nature, to provide a safe workplace for employees of all gender that is free from any form of harassment. An Internal Complaints Committee was also set up to ensure the effective implementation of this policy.**

**Engineer Culture**

At Xiaomi, we are relentless to forge an Engineer Culture that focuses on innovation and optimal efficiency. We embrace differences, encourage free-minded creativity and expression, and harness the power of our diverse people to drive innovation at scale. Through events such as the Million Dollar Technology Award, Xiaomi Technology Carnival, Xiaomi Hackathon, and Data Mining Competition, we provide a platform for great ideas to clash and sprout — and in one of those events, a total of 16 patent applications were submitted for the competition. In addition, we have introduced interactive content such as the Tech Circle and I Work on Technology in Xiaomi series to enhance our engineer culture and inclusive mindset among our workforce.

**2022 Xiaomi Technology Carnival**

**The 2022 Xiaomi Technology Carnival, centered around the theme of Future Exploration, achieved a resounding success with more than 44,000 participants attending the event. Participants shared the excitement of showcasing, exchanging, debating, and testing new ideas and concepts alongside like-minded fellows. The Carnival also featured cutting-edge technologies, such as cloud-based gaming and web 3.0, to exhibit Xiaomi's core technological achievements, pioneering innovations, and thought leadership in hardware and software development, as well as the application of AI and IoT in unexplored fields.**

**Talent Growth and Development**

*Employee Promotion*

At Xiaomi, we take strong steps to provide equal and open promotion opportunities for all employees. We have established a rigorous performance evaluation process that ensures every employee is treated fairly and equally when it comes to regular promotions. We also offer unique incentives and promotion paths for employees who make exceptional contributions to the company.

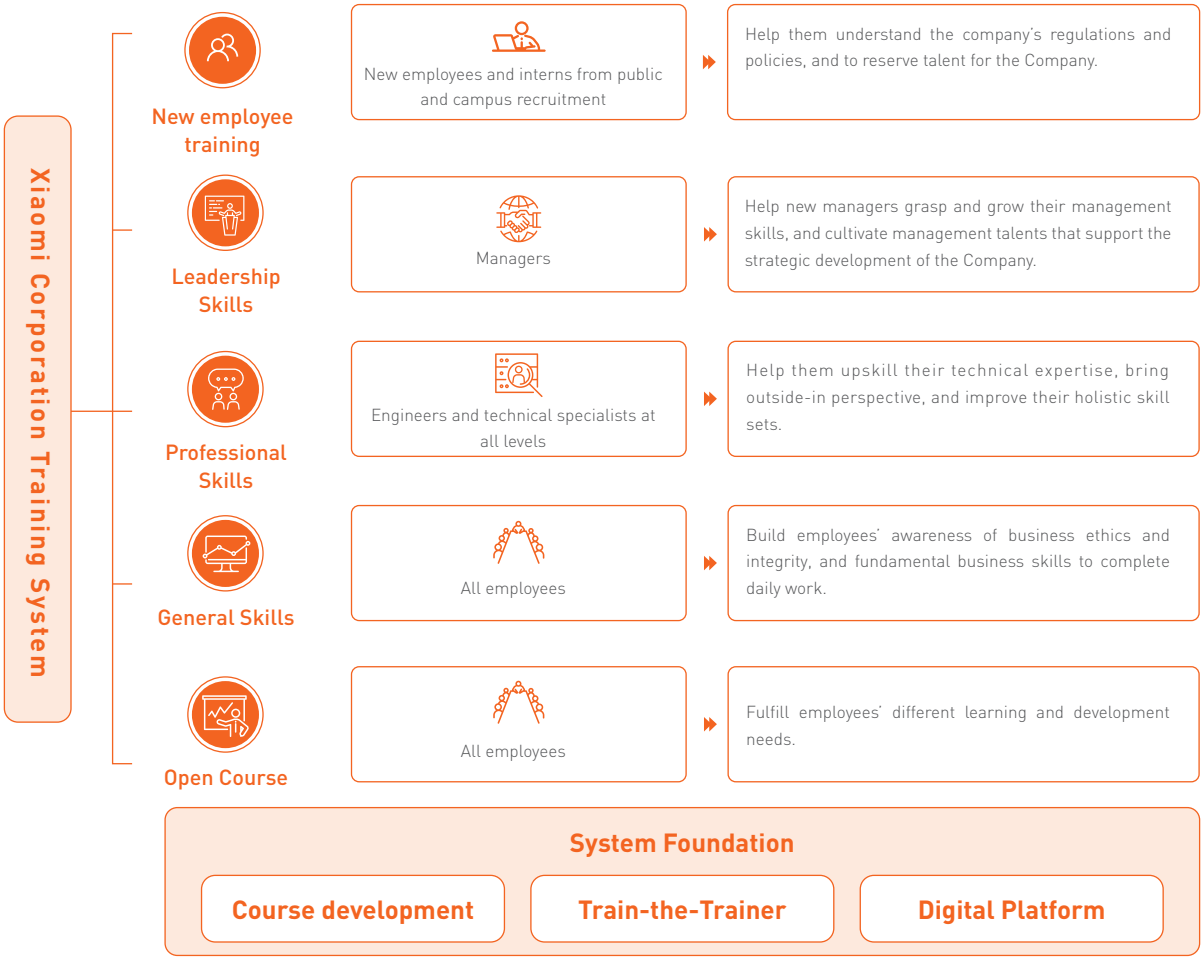
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*Training and Development*

Employee development is essential for the long-term success of Xiaomi, and we are driven to provide comprehensive for our global workforce. To achieve this, we have set up the Xiaomi Group Learning Development Department with the mission to nurture Xiaomi talents comprehensively, and improve institutional capability efficiently. Our goal is to provide comprehensive, systematic, and efficient training for our employees at all cohorts, covering a wide range of topics including general education, corporate culture, cutting-edge technology, and management skills, among others, equipping our employees with the knowledge, expertise, and leadership skills they need to tackle everyday challenges at work and excel in their roles, and to drive the delivery of Xiaomi's strategic goals.

**Training System**

In order to provide training programs that best support the development needs of our employees, we have enhanced our talent development system to be more all-rounded this year. We rolled out open courses for all employees and new employee training courses specifically for new hires, on the one hand, and designed a full spectrum of curriculum covering general skills, leadership skills, and professional skills, on the other hand, to accommodate the training needs for employees across different cohort levels and job natures to further their professionalism and expertise. At the same time, we focus on improving the quality of our training by investing in course research and development, upskilling our training instructors, and taking vantage of digital platforms to improve our training efficiency. In 2022, we certified 308 Group-level instructors and developed over 100 new courses.




**Xiaomi Corporation Training System**

We place a strong emphasis on helping new employees integrate into our company and ramp up their professional skills rapidly through training. This year, we remain committed to delivering training for all new employees and interns, completing approximately 600,000 hours of new employee training and adding 141 new courses to our offerings. To help new employees better understand our company culture and policies, and nurture a strong sense of team belonging, we offered both online and offline training courses that cover all aspects of our organization. In 2022, we delivered a total of 10,000 hours of online and offline training courses.

As a technology company, outstanding technical talents are our most valuable assets. This is why we attach great importance to cultivating leadership abilities among them. We continuously develop management and technical succession planning courses for our mid- to high-level managers and technical specialists, and organize internal and external knowledge-sharing events to broaden their technical perspectives. This year, we offered a total of 20 courses, covering approximately 280 employees, with a total training time of 87 hours.

We also actively collaborated with top universities and research institutes this year to invite industry experts to provide courses on AI, robotics, new materials, 5G telecommunication technology, and other related fields. With regard to building a prosperous talent pipeline for the company, we launched the Bingling Plan to provide mid- to high-level technical managers with training on strategy planning, technical leadership, and business analytical skills. A total of 63 employees were enrolled in this program in 2022.

To uplift fundamental business skills for all our formal employees, including interns and part-time workers, we offered certified professional skill training such as the Project Management Professional (PMP) international certification, and relevant national professional and technical title assessment. This year, a total of 458 Xiaomi employees acquired professional affiliations from the Chinese Academy of Sciences.

The same training courses are provided to newly onboarded contractors as we do for regular employees, covering company culture, policies, and the use of office tools. We have formed online learning groups to provide instant assistance to our contractors and outsourced partners whenever necessary.

### Employee Wellbeing

***A Safe Working Environment***

Xiaomi always harbors the belief that people are our most valuable assets, and that Environment, Health and Safety (EHS) is core and foundational to how we grow and thrive as a business. We abide by EHS regulations in every region we operate, and are dedicated to cultivating a strong EHS management culture to ensure a safe and healthy workplace for all. We establish and implement our EHS management system in accordance with ISO 14001:2015 and ISO 45001:2018.

### Health and Safety Governance

We have established a dedicated EHS governance structure which is led by our newly-formed Safety Committee to spearhead EHS management at the Group-level. Comprised of Xiaomi's top management, this committee is responsible for overseeing the implementation and continuous improvement of EHS policies and management measures across the Group. To ensure effective EHS management in day-to-day operation, senior managers from each business unit take the lead in managing EHS and conducting workplace risk assessments, implementing control measures to eliminate any identified risks, and is responsible for conducting EHS training and campaigns for their team members to build awareness and drive behavior change.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Health and Safety Risk Assessment and Control

We adopt a risk-based approach to manage any issues related to health and safety. Our EHS personnel identifies potential EHS risks and assesses the risk level by likelihood and severity with reference to the LEC[32] method, and the results will guide the design and implementation of risk control measures. Through regular inspection, monitoring, and assessment, we make sure the EHS risks are effectively controlled to ensure a safe and healthy working environment for our employees.

**Annual risk identification and inspection at Xiaomi laboratories**

**Each year, we will select representative laboratories to conduct in-depth inspections to identify Class I and Class II hazardous sources[33] and develop control measures. This year, our laboratory inspections focused on electrical and fire safety, and we have taken immediate rectifications to mitigate the identified risks and closed the issue.**

To improve our internal EHS management quality and capability, we organized EHS training programs for our internal specialists. This year, a total of 22 internal EHS auditors successfully obtained the professional qualification certified by third-party organizations.

### Health and Safety Measures

To enhance the physical and mental wellness of our employees, we continued to invest in personal protective equipment, enhance safety management of hazardous areas, and deploy more professional personnel in health and safety management:

- We set up clinics and deploy medical personnel to provide medical consultations, physiotherapy, and handle safety emergencies when necessary;
- We placed professional Automatic External Defibrillators (AEDs) in the common areas of our facilities, such as the office lobby, employee service center, and main conference rooms. We also organized AED emergency response training for our employees;
- We erected warning signs in areas with potential health and safety hazards (e.g. laboratories), and set access restrictions in these areas.

We continued to engage third-party to conduct on-site audits on our canteens to ensure the food safety and hygiene standards of our canteen environment. Additionally, we formulated the Xiaomi Canteen Employee Code of Conduct to guide and regulate the safety behavior of canteen staff.

We provide non-prescriptive medicines and medical supplies to our employees in times of need. This year, we have distributed more than 24,000 pieces of medical supplies, including medicines, medical kits, and reagents to our employees. In addition, we organized over 20 health campaigns to enhance awareness of pandemic prevention, and set up a 24-hour hotline to address health-related concerns and questions from our employees.

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32 LEC: Likelihood, Exposure and Consequence

33 The classification of hazardous sources is based on the group standard Guidelines for hazard identification, risk assessment and the planning of control measures released by the China Occupational Health and Safety Association in 2021.

**Raising Health and Safety Awareness**

This year, our efforts to strengthen employees' awareness of preventing health and safety hazards involved conducting fire drills and emergency response for our laboratory operation. These included:

- Providing fire safety training that covered fire extinguishing, fire safety emergency response techniques, and fire drills;

- Delivering three laboratory safety trainings, covering topics such as safety operation procedures, emergency response, and the handling of dangerous and hazardous materials. A total of 145 participants from all relevant laboratory departments attended the trainings.

Our Employee Assistance Program (EAP) continued to provide support to enhance employee wellness. We hosted a number of offline psychological counseling activities this year, which attracted 625 employees to attend. We also rolled out a 12-session online training course on mental wellness, which was live-streamed to allow direct interaction between the instructor and the audience.

***Physical and Mental wellbeing***

In addition to our stringent health and safety measures, we aim to nurture a caring environment for the physical and mental wellbeing of our employees, and promote a work-life balance through our flexible work policy[34]. We offer a host of health-related benefits to all our employees including health checks, additional insurance coverage, wellness events, holiday gifts, and more. All our regular employees, part-time employees, and interns are entitled to these benefits. We also renovated the library and fitness center on our campus this year to improve employees' user experience.

Xiaomi understands that our employees have different health needs, and provides customizable health check packages to better support the needs of our female employees. We also extend our health check benefits to the spouse and family members of our employees, providing discounted health examinations based on their age and gender. All employees are entitled to paid sick leave of one day per month.

We offer additional insurance coverage for our employees and families to cater to their needs. These include:

- Providing supplementary medical insurance and accident insurance coverage for regular employees in mainland China;

- Providing accident insurance coverage for other groups of employees (interns, outsourced employees, part-time employees);

- Providing supplementary medical insurance for the children of regular employees in mainland China.

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34 Flexible Work Policy: Employees are allowed to work on flexible hours as long as they fulfill the required working hours or that their assigned tasks are completed.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Extending Our Social Responsibility

Adhering to the mission of empowering public welfare development with technology and promoting technological innovation with public welfare, Xiaomi firmly believes in the power of technology to make the world a better place. As a starting point, we proactively engage users, communities, governments, and research institutes to understand the needs of various stakeholders across our social hierarchies, and work to use technology as a force good to support education, volunteer service, aiding the distressed and alleviating poverty, emergency disaster relief as our way to give back to society.

### Supporting Education

The advancement of our society fundamentally hinges on education and technological transformation. At Xiaomi, we take pride in being a tech-based innovator and remain committed to using our knowledge and resources to support the growth of talents beyond our own ecosystem, and help them build up skills in the space of STEM, smart manufacturing, AI, and others. This year, we continued to channel our efforts, through Xiaomi Foundation, into the Xiaomi Scholarship and the new Xiaomi Young Scholar programs to support the growth and development of young talents in the tech space.

- Through the Xiaomi Scholarship program, we have provided financial assistance totaling RMB15 million to 2,120 students who have achieved outstanding academic results or come from a financially disadvantaged background. As of the end of 2022, the program has been successfully rolled out in 20 universities across China;

- We initiated the Xiaomi Young Scholar program to sponsor young teachers and researchers in universities, with the purpose to encourage young talents to devote themselves to research and education on tech-related subjects. Our plan is to donate RMB500 million and cover 100 universities, and the program has already reached 30 universities as of the end of this reporting period.

We launched the Xiaomi Education program to incentivize and empower global young talents to create value for our world through technology. Through this program, we collaborated with charity organizations in the Philippines, Vietnam, Thailand, and Malaysia this year and donated Xiaomi LCD tablets to over 1,000 students and underprivileged children in these regions.

### Disaster Warning

This year, we continued introducing upgrades to our smartphone earthquake monitoring system. For the first time, we partnered with China and Indonesia Natural Disaster Management organizations and enabled our smartphone earthquake warning function in oversea markets. Meanwhile, the National Intellectual Property Administration of PRC officially admitted and publicized our patent application for the earthquake monitoring warning system, which we co-developed with Chengdu High-tech Disaster Relief Institute. As of the end of this reporting period, over 180,000 users have voluntarily participated to monitor earthquake with their devices through Xiaomi's platform. In 2022, we pushed approximately 40 million warnings to our users worldwide for earthquakes with a magnitude of four or above.

### Emergency Disaster Relief

This year, we support disaster relief through Xiaomi Foundation in our country as well as overseas, for instance, sending emergency materials and survival necessities during the earthquake in Sichuan and the forest fire in Chongqing. In India, our teams there gathered and donated 4 tons of food and hygiene supplies to over 1,000 families who were the victims of flooding in Assam.

**Contributing to Rural Revitalization**

Talent revitalization is the first step toward rural revitalization, and Xiaomi is always committed to using technology as a force to support the growth of technical talents. In 2022, Xiaomi Foundation expended RMB5.94 million to support rural revitalization.

Since 2018, Xiaomi has been collaborating with local colleges and universities to cultivate management and technical talent through scholarship and course development revitalization. As of the end of this reporting period, this program has benefited nearly 600 students.

**Protecting Environment and Ecosystem**

This year, we launched a charity program on Xiaomi Fundraising Platform for Charities with a focus on ecological conservation, covering topics on wildlife protection, stray animal rescue, and environmental protection. We hope to mobilize collective actions to preserve biodiversity, water resources, forests, and natural ecosystems. One of the projects, Protecting Habitat of Migratory Birds, aims to foster the protection of local migratory birds and their habitats through education, scientific research, and policy advocacy. Another highlight is the Three Rivers Water Conservation and Species Preservation project — through which we wish to preserve the most pristine and authentic nature of the Three River Sources (or Sanjiangyuan) ecosystems, and to demonstrate the harmony of people co-existing with nature.

**Volunteer Programs**

At Xiaomi, we foster a volunteering culture and encourage our employees to partake in volunteer services, donations, and sharing the time and skills to help others, as part of our social responsibility efforts. This year:

- We organized 21 volunteer service projects, including the Beijing Winter Olympics City Volunteer Project, the Barrier-Free Volunteer Project, and technology education service in primary and secondary schools. Altogether, we performed approximately 5,652 hours of volunteer service in total;

- One of the winning teams in Xiaomi Hackathon — the "Let's travel if we win team", which was formed by outstanding five engineers, decided to donate all their prizes to the Sunshine Ward school project, which supported the school's daily operations and covered the expenses of nearly 500 regular courses;

- We continued our efforts to support employment for people with disabilities, by donating our products to social organizations that provide employment services to people with varying abilities and helping them create job opportunities. As of the end of this reporting period, we have donated a total of 9,742 items including electronic products, garments, backpacks, household appliances, and other goods, with a total value of approximately RMB1.42 million.

Last but not the least, we appreciate every opportunity to do volunteer works with Mi fans. In 2022, we organized the 2022 Xiaomi Philanthropic Partnership campaign through Xiaomi Foundation. Together with 16 charity organizations and partners, we hosted nine offline charity activities in nine cities across China, attracting over 300 Mi fans volunteers to participate in volunteer work with us, and contributed to more than 600 hours of volunteer service.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Task Force For Climate-related Financial Disclosures

### Governance

The Board provides comprehensive oversight for the management of climate-related issues with the support of the Corporate Governance Committee. The Sustainability Committee is the highest governing committee responsible for managing climate-related issues at Xiaomi, and an ESG Working Group is established under the SC to coordinate and synergize internal and external resources to guide the landing of strategy into actions across business departments. Please refer to the ESG Management Approach and Governance Structure section for more details.

### Strategy

With reference to the TCFD recommendations, in 2022, Xiaomi reviewed industry practices and climate publications and engaged with internal stakeholders to assess climate-related risks and opportunities for our three main operating segments (smartphones, IoT and lifestyle products, internet services) and our existing facilities in mainland China.

Following the TCFD recommendations, we conducted an analysis of the climate-related risks and opportunities for the short-term (within two years), medium-term (before 2030), and long-term (before 2040) under two climate scenarios. These scenarios are:

(1) Above 4°C scenario: Based on RCP 8.5 and IEA STEPs, which represent a Business-as-usual scenario with the current policy settings, the temperature rise by 2100 will reach above 4°C compared to the pre-industrial level.

(2) Below 2°C scenario: Based on RCP 2.6 and IEA NZE 2050, which represents a net-zero transformation scenario by 2050, the temperature rise by 2100 can be limited to within 2°C compared to the pre-industrial level.

Results of the scenario analysis are described in Table 1 and Table 2.

Our analysis showed that Xiaomi will be impacted by both the physical and transition climate risks if no action is taken. In particular, our main challenge by 2040 will be the climate-related transition risks, which are significantly dependent on the level of government actions. Meanwhile, the impact of physical risks will become more severe after 2040 as the planet continues to warm.

Table 1. Climate-related transition and physical risk analysis

| Transition Risk | Above 4°C scenario | Below 2°C scenario |
|---|---|---|
| **Policy and legal risk**<br>*Policy actions that attempt to constrain actions that contribute to the adverse effects of climate change or policy actions that seek to promote adaptation to climate change.* | **Low impact**<br>• Lagging policy on the control and phase-out of refrigerants<br>• Less stringent product energy efficiency standard<br>• Lack of mandatory energy efficiency requirements for the manufacturing industry<br>• Low coverage of the carbon trading market. The carbon price is relatively low<br>• Limited coverage of the Extended Producer Responsibility system | **High impact**<br>• Our facilities such as the production plant and data center are included in the carbon trading market. The carbon price is relatively higher.<br>• Stringent and mandatory energy efficiency requirements in place for the manufacturing industry<br>• Stringent product energy efficiency standards for a broader product categories<br>• A more stringent control and phase-out policy for the refrigerant. Companies are bounded by tight production and consumption quota.<br>• Clear taxonomy on environmental labels issued by the government<br>• Broad coverage of the Extended Producer Responsibility system |
| **Technology risk**<br>*Technological improvements or innovations that support the transition to a lower-carbon, energy efficient economic system* | **Low impact**<br>• Minimal application of low-carbon technology in product<br>• Investment and the use of recycled materials are on small scale | **High impact**<br>• Wide application of low-carbon technology in product<br>• Maximized use of electrification in production facilities<br>• Significant reduction in PUE at data center<br>• Early phase-out of energy inefficient equipment |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Transition Risk | Above 4°C scenario | Below 2°C scenario |
|---|---|---|
| **Market Risk**<br>*Consumer preference for sustainable products that leads to shift in supply and demand* | **Low impact**<br>• Green consumption is confined to a minority group of consumers. The market shows limited demand for environmentally-friendly products, or is unable to accept a green premium<br>• Limited growth in the market demand for smart manufacturing systems and solutions<br>• Fossil-based energy remains the main source of energy, and has a lower unit than that of the renewable energy | **High impact**<br>• Green consumption becomes mainstream, and the market shows a strong demand for environmentally-friendly products. Green premium is commonly accepted.<br>• Smart manufacturing systems and solutions are regarded as pre-requisites in main markets<br>• Renewable energy becomes the main source of energy, and has a lower unit price than that of fossil-based energy |
| **Reputation Risk**<br>*Changing external perceptions of an organization's contribution to the transition to a lower-carbon economy.* | **Low impact**<br>• Limited consumer advocacies which lead to a loss or miss of growth opportunities | **Medium impact**<br>• Huge consumer preference for sustainability, leading to a loss or miss of growth opportunities |

| Physical risk | Above 4°C scenario | Below 2°C scenario |
|---|---|---|
| **Acute risk**<br>*Extreme weather events* | **Low impact**<br>• A moderate increase in the frequency and intensity of extreme weather events, such as prolonged hot days, extreme and continuous rainfall | **Low impact**<br>• A minor increase in the frequency and intensity of extreme weather events |
| **Chronic risk**<br>*Long term change of climate pattern* | **Low impact**<br>• Global warming becomes the main driver for the air conditioner market<br>• The increase in average temperate leads to a growing demand for building cooling solution | **Low impact**<br>• Global warming is the secondary driver for the air conditioner market<br>• The heating of buildings will shift towards using heat pumps and renewable energy technologies. |

As a global technology innovator, Xiaomi has unique strengths to leverage our know-hows in technological innovation and operational efficiency to provide solutions. We have infused climate-conscious elements into the design-to-delivery process of our "Coolest Product", exploring every possible integration of low-carbon with Xiaomi's business strategy and brand features, and translating these principles into environmentally-friendly technologies and products that help accelerate the global transition to a net zero emission economy.

**Table 2 Analysis of climate-related opportunities for the below 2°C scenario**

| | New opportunities under the below 2°C scenario | Our strength and approach to harness the opportunities |
|---|---|---|
| **Inter-connectivity** | • Increasing demand for systematic resource management in indoor scenarios<br>• In the home and office scenarios, there will be a growing demand for an intelligent management system that can provide a healthy, productive, and efficient space in which resource saving is maximized (energy, space, water, materials) and the environment is protected with reduced pollution. | • Xiaomi has established an open and shared IoT and a full-scenario voice control ecosystem across a wide range of scenarios that are interconnected and shared.<br>• As of December 31 2022, the number of connected AIoT devices of Xiaomi totaled 589 million globally, with 11.6 million users having five or more devices connected to the Xiaomi AIoT platform.<br>• Xiaomi's AI Assistant saves redundant computing, perception, and hardware devices through functions such as cooperative wake-up, unique response, and centralized control. |
| **Optimal efficiency** | • The resource and energy efficiency of our product and services will create a more positive influence on consumer preference<br>• The accessibility and applicability of recycled materials will significantly improve | • Xiaomi strives to pursue optimal efficiency in our products, including material use efficiency, environmental efficiency of materials, energy efficiency, and distribution efficiency of our products, enabling us to enhance the cost-effectiveness of our products while lowering product carbon footprints. This will improve consumers' perception of our product and its sustainable features |

| | New opportunities under the below 2°C scenario | Our strength and approach to harness the opportunities |
|---|---|---|
| **Green electricity** | • Accessibility of subsidy-free green electricity in the market has been improving year by year<br>• A strengthening trend in the electrification of energy consumption in the building and transportation scenarios. | • We have begun developing our green power procurement plan, with the aim to gradually increase the electrification level and green power ratio in the production facilities of our main operating segments, and achieve our near zero emission target before 2040 |
| **Clean technology** | • Rapid growth in the heat pump and air conditioning home appliances segments<br>• AIoT and smart houseware will largely replace traditional houseware market<br>• Energy management and monitoring capabilities becoming mainstream for IoT devices | • In 2022, Xiaomi invested more than 50% of our total R&D expenses in clean technology research and development, with a focus on more intelligent, efficient, and green production technology, as well as the development of AIoT products and solutions. These include AI, IoT, smart manufacturing, new electrical appliances and battery management, recyclable secondary materials, and others |
| **New market opportunities** | • Increasing needs from the public to cope with natural disasters due to climate change<br>• Along the net zero transition process, the decarbonization of office and residential buildings will require behaviour change from its dwellers. AIoT devices will have more application scenarios, hence the growth in demand | • We will expand our AIoT product portfolio and application scenario to support dwellers of office and residential buildings to participate in decarbonization actions<br>• Xiaomi has developed the Natural Disaster Warning system on its MIUI operating system of smartphone, which receives warning information from the China National Warning Center, to provide holistic information technology support on disaster emergency response measures |

Xiaomi is accelerating its transition to a low-carbon model in order to address climate-related challenges and harness opportunities. We are committed to achieving our 2040 near-net-zero emission target. Beginning with reducing carbon emissions for our own operation, we also provide low-carbon training to our suppliers, support them with carbon data and target management tools, and drive decarbonization projects to drive low-carbon transformation throughout our product and value chain. We work to build a green ecosystem together with our upstream and downstream partners. Table 3 below summarizes our key measures to address climate-related risks:

**Table 3. Our response and measures to address climate-related risks**

| Transition risks | Our response and measures |
|---|---|
| **Policy and legal risk**<br>*Leverage our leadership influence to drive industry development* | • Collaborate with third-party to establish recycling system<br>• Collaborate with third-party to develop product carbon footprint assessment approach and methodology |
| **Technology risk**<br>*Change our production and operation model* | • Refurbish existing buildings to improve energy efficiency, and integrate energy efficiency targets into the design of new buildings<br>• Deploy highly efficient automated technologies in new production facilities |
| **Market risk**<br>*Embrace sustainability to fulfill market demand* | • Set and integrate energy efficiency targets at the onset of the product design phase, and maximize product energy efficiency through software and hardware optimization. Continuously improve energy efficiency during the product use phase.<br>• Use bio-based and recycled materials in our product and packaging, launch product take-back programs in our global markets, and offer product trade-in or disintegration service<br>• Offer Xiaomi-renewed products in certain markets<br>• Consider investment or R&D in heat-pumps equipment<br>• Develop smart manufacturing solutions based on our own factory building experience |
| **Reputation risk**<br>*Ensure the transparency and credibility of our environmental performance* | • Regularly disclose Xiaomi's sustainability-related news and progress through multiple communication channels, release annual ESG Report and Green Bond Report to inform and communicate our environmental actions to stakeholders<br>• Conduct product lifecycle carbon footprint assessment for our key products every year |

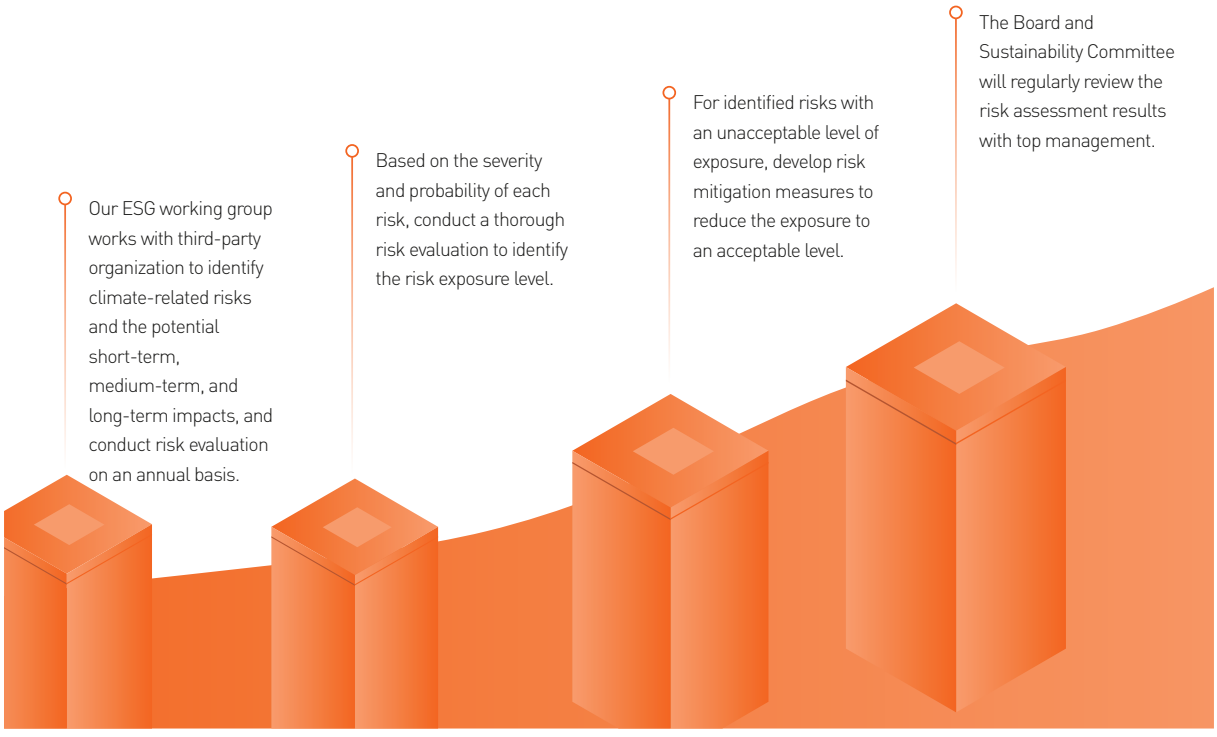
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| Physical risks | Our response and measures |
|---|---|
| Acute risk | • Set up emergency response plans and procedures<br>• Optimize logistics route planning and reduce transportation distance |
| Chronic risk | • Refurbish existing buildings to improve energy efficiency, and integrate energy efficiency targets into the design of new buildings<br>• Focus on the R&D and promotion of high quality and high efficiency products to foster a green reputation for the Xiaomi brand |

## Risk Management

Xiaomi employs a risk management framework to manage climate-related risks in its operations. The framework aims to ensure that climate-related risks are properly managed at Xiaomi to reduce negative impacts and seize opportunities. We adhere to the principles of Prompt Action, Practicability, Steady Progress, and Continuous Improvement, and take a phased approach to develop and implement our GHG emission reduction action plans and deliver our reduction targets in our operations and value chain. We prioritize autonomous emission reduction measures, such as retrofitting existing buildings for energy efficiency, low-carbon building planning and design, operational efficiency improvement, and renewable energy use to minimize our operational carbon emissions. Additionally, we will achieve our final carbon reduction target by purchasing green power certificates and carbon credit and offset products that are recognized by policies and standards.

Xiaomi's risk management procedure is illustrated below:



## Metrics and Targets

Xiaomi has set the target, with reference to the ISO Net Zero Guidelines (IWA 42:2022), to establish all pre-conditions necessary by 2040 in order to achieve net zero emissions. Details of our relevant metrics and targets can be found in the Carbon Footprint Measurement section of the Report.

## Key ESG Performance Indicators[35]

The scope of the following key ESG performance indicators covers, but is not limited to, the same scope as the company's consolidated financial statements. Some of the data also includes relevant information on entities and facilities that are under actual operational control.

### Key Environmental Indicators[36]

Based on Xiaomi's current operations, Xiaomi's key environmental indicators for 2022 are listed below:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Consumption** | | | |
| **Total Comprehensive Energy Consumption (MWh)[37]** | **144,741.38** | 144,626.56 | 118,397.58 |
| Direct Energy Consumption (MWh) | **5,190.84** | 8,691.42 | 5,586.69 |
| Indirect Energy Consumption (MWh) | **139,550.54** | 135,935.14 | 112,810.89 |
| **Total GHG Emissions (Scope 1 and Scope 2) (Metric Tons $CO_2e$)** | **85,742.61** | 82,820.16 | 66,481.29 |
| Direct GHG Emissions (Scope 1) (Metric Tons $CO_2e$) | **7,122.60** | 9,096.95 | 8,402.12 |
| Indirect GHG Emissions of Imported Energy (Scope 2) (Metric Tons $CO_2e$) | **78,620.01** | 73,723.21 | 58,079.17 |
| GHG Emissions (Scope 3) (Metric Tons $CO_2e$) | **The data is expected to be disclosed in July 2023.** | 12,368,223.29 | — |
| **Total Water Consumption (Metric Tons)[38]** | **510,156.05** | 463,663.00 | 303,132.92 |
| Fresh Water Consumption (Metric Tons) | **391,953.85** | 329,572.00 | 187,339.02 |
| Reclaimed Water Consumption (Metric Tons) | **118,202.20** | 134,091.00 | 115,793.90 |
| **Non-hazardous Waste (Metric Tons)** | **7,052.28** | 6,328.88 | 4,661.07 |
| **Hazardous Waste (Metric Tons)** | **1.43** | 2.50 | 0.37 |
| **Total Packaging Materials used for Finished Products (Metric Tons)[39]** | **5,065.08** | — | — |

35 The key ESG performance indicators listed here include, but not limited to, the same scope as the consolidated corporate statements, and data of the actual operations of the controlling business and facilities in some cases. Numbers and percentage figures in this section have been subject to rounding. Any discrepancy between the total and the sum of the amounts listed is due to rounding.

36 The data presented in this chapter has been assured by an independent third-party verification organization. The assurance certificate is available on the Sustainability page of Xiaomi's Website: https://www.mi.com/global/about/sustainability.

37 The total amount of energy consumption was calculated based on the consumption of purchased electricity, purchased heat, natural gas, and gasoline, using the conversion factors specified in the national standard General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020) of the People's Republic of China. Direct energy consumption includes the consumption of natural gas and gasoline for the Company's operations, while indirect energy consumption includes those from purchased electricity and purchased heat for the Company's operations.

38 Water resources used by Xiaomi include running water and reclaimed water from the municipal water supply system, which is provided by third-party utility company. Xiaomi has not encountered any events of water shortage. This year, we expanded the scope of our water resource-related data to include those from our new self-operated campus and more leased office areas.

39 Starting from this year, we tracked and measured the packaging materials used for products manufactured in Xiaomi's self-operated factories, and the packaging materials used in warehouse operations.

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| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Intensity**[40] | | | |
| Energy Consumption Per Unit of Revenue (MWh/RMB million) | **0.52** | 0.44 | 0.48 |
| Energy Consumption Per Capita (MWh/person) | **4.45** | 4.33 | 5.36 |
| GHG Emissions Intensity (Metric Tons/RMB Million) | **0.31** | 0.25 | 0.27 |
| GHG Emissions Per Capita (Metric Tons/Person) | **2.63** | 2.48 | 3.01 |
| Fresh Water Consumption Per Capita (Metric Tons/Person) | **12.04** | 9.86 | 8.49 |
| Non-hazardous Waste Per Capita (Metric Tons/Person) | **0.22** | 0.19 | 0.21 |
| Hazardous Waste Per Capita (Kg/Person) | **0.04** | 0.07 | 0.02 |
| Package Materials Consumption Per Unit of Revenue (Metric Tons/RMB Million) | **0.02** | — | — |

40 This year, we consolidated the intensity-related metrics of our environmental key performance indicators and disclosed data from the past three years so as to provide a more comprehensive view of our environmental performance.

## Environmental Target and Review

This year, we reviewed the progress of the environmental targets set for 2021 and formulated a more comprehensive set of environmental targets to cover our value chain:

| Topic | 2021 Targets | Target completion status for this year | 2022 Targets |
|---|---|---|---|
| **Energy** | By 2026, reduce per capita energy consumption in our self-operated campus by 5% as compared to the 2020 level. | Completed. The average energy consumption per person in our self-owned office space decreased by 19.18% in 2022 compared to 2020. | By 2026, reduce energy consumption per 10,000 RMB of revenue for ISO 50001-certified facilities by at least 2.5% as compared to the 2021 baseline. |
| **Greenhouse gas** | By 2026, reduce per capita GHG emissions from our self-operated campus by 4.5% as compared to the 2020 level. | Completed.<br>As of the end of 2022, we have achieved a 21.12% reduction in per capita GHG emissions. | Please refer to the Technology for Carbon Reduction chapter for our renewed targets. |
| **Water** | Per capita water consumption at our own campus will not exceed the 2020 level. | Completed | At our own campus, achieve at least 30% use of reclaimed water and a minimum of 50,000 $m^3$ in water saving every year. |
| **Waste** | All non-hazardous wastes at our own campus will be sorted and classified for disposal; while all hazardous wastes will be treated and disposed of by licensed vendors. | Completed | We maintain our existing targets while developing new recycling targets for e-wastes to manage the end-of-life disposal of our products. Please refer to the Circular Economy and E-waste section for more information. |

The Board has completed the appraisal of our 2021 environmental targets approved our renewed environmental targets described above.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Key Social Indicators

**Employees**[41]

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Total Workforce** | **35,977** | 35,415 | 24,810 |
| **By Employment Type** | | | |
| Full-time Employees | **32,543 (90.46%)** | 33,427 (94.39%) | 22,074 (88.97%) |
| Other Types of Employees | **3,434 (9.54%)** | 1,988 (5.61%) | 2,736 (11.03%) |
| **Profile of Full-time Employees** | | | |
| **By Gender** | | | |
| Male | **21,961 (67.48%)** | 22,222 (66.48%) | 14,539 (65.86%) |
| Female | **10,582 (32.52%)** | 11,205 (33.52%) | 7,535 (34.14%) |
| **By Age Group** | | | |
| Under 30 | **12,823 (39.40%)** | 14,605 (43.69%) | 10,446 (47.32%) |
| 30–50 | **19,440 (59.74%)** | 18,556 (55.51%) | 11,510 (52.14%) |
| Above 50 | **280 (0.86%)** | 266 (0.80%) | 118 (0.53%) |
| **By Professional Category** | | | |
| Technical | **15,961 (49.05%)** | 14,592 (43.65%) | 10,484 (47.49%) |
| Non-technical | **16,582 (50.95%)** | 18,835 (56.35%) | 11,590 (52.51%) |
| **By Cohort Level**[42] | | | |
| Senior | **322 (0.99%)** | 306 (0.92%) | 250 (1.13%) |
| Male Senior | **266 (0.82%)** | — | — |
| Female Senior | **56 (0.17%)** | — | — |
| Mid-Level | **13,223 (40.63%)** | 12,183 (36.45%) | 7,385 (33.46%) |
| Male Mid-Level | **9,773 (30.03%)** | — | — |
| Female Mid-Level | **3,450 (10.60%)** | — | — |
| Junior | **18,998 (58.38%)** | 20,938 (62.64%) | 14,439 (65.41%) |
| Male Junior | **11,923 (36.64%)** | — | — |
| Female Junior | **7,075 (21.74%)** | — | — |
| **By Geographic Region** | | | |
| China | **30,066 (92.39%)** | 31,115 (93.08%) | 20,586 (93.26%) |
| Other Asian Countries and Regions | **1,802 (5.54%)** | 1,683 (5.03%) | 1,203 (5.45%) |
| European Countries and Regions | **623 (1.91%)** | 613 (1.83%) | 278 (1.26%) |
| North American Countries and Regions | **52 (0.16%)** | 16 (0.05%) | 6 (0.03%) |
| Oceania Countries and Regions | **0 (0.00%)** | 0 (0.00%) | 1 (0.00%) |

41 Total employee workforce includes full-time employees of Xiaomi Group, as well as part-time employees and interns who have a direct employment relationship with Xiaomi.

42 This year, Xiaomi continues to refine its employee data collection methodology for its employees, and has added a gender-based classification to the employee categorization based on job levels.

### Employee Turnover [43]

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Total Turnover Rate** | **13.96%** | 12.82% | 12.36% |
| **By Gender** | | | |
| Male | **13.32%** | 12.07% | 11.97% |
| Female | **15.27%** | 14.30% | 13.11% |
| **By Age Group** | | | |
| Under 30 | **17.09%** | 15.11% | 13.33% |
| 30–50 | **12.05%** | 11.06% | 11.21% |
| Above 50 | **3.21%** | 9.40% | 39.83% |
| **By Geographic Region[44]** | | | |
| China | **12.98%** | 12.81% | 12.27% |
| Overseas | **25.80%** | 12.92% | 13.51% |

### Incidence of Work Injuries

| Year | No. of Work-Related Fatality | Work-Related Fatality Rate[45] | Working Days Lost Due to Work-Related Injury (days)[46] |
|---|---|---|---|
| **2022** | **0** | **0.00%** | **816** |
| 2021 | 0 | 0.00% | 500 |
| 2020 | 1[47] | 0.0045% | 469 |

43 Employee turnover rate = the number of employees who leave the company in the reporting year / the total number of employees at year-end × 100%.

44 This year, Xiaomi adjusted the scope of employee turnover rate by geographic region as China and oversea, and restated relevant data in 2021 and 2020.

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

46 Work-related injury data refer to the work-related death and injury accidents certified by local Human Resources and Social Security Bureau.

47 Fatality due to traffic accident.

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### Training and Development [48]

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Training Rate** | | | |
| **Overall Training Rate** | **97.67%** | 97.42% | — |
| **By Gender** | | | |
| Male | **97.05%** | 97.29% | — |
| Female | **98.96%** | 97.68% | — |
| **By Cohort Level** | | | |
| Senior | **91.01%** | 87.84% | — |
| Mid-Level | **95.91%** | 96.82% | — |
| Junior | **99.01%** | 97.91% | — |
| **Average Number of Training Hours** | | | |
| **Overall Average Number of Training Hours** | **35.57** | 25.76 | — |
| **By Gender** | | | |
| Male | **36.95** | 25.94 | — |
| Female | **32.72** | 25.39 | — |
| **By Cohort Level** | | | |
| Senior | **19.30** | 15.31 | — |
| Mid-Level | **25.91** | 18.85 | — |
| Junior | **42.57** | 29.94 | — |

### Specialized Training

| Training Content | Total Training Course Duration (In Hours) Accumulated in 2022 | Total Number of Trained Participant (Individuals) in 2022 |
|---|---|---|
| Data Security and Privacy Protection Awareness | **963,732** | **42,207** |
| Security Technology | **29,799** | **19,866** |
| Anti-Corruption | **57,041** | **51,820** |

48 The scope of training data covers all full-time employees of Xiaomi Group.

General Training Courses for New Employees

| Name of project | **Number of Participants/Courses/ Total Course Hours in 2022** | Number of Participants/Courses/ Total Course Hours in 2021 |
|---|---|---|
| Starry Program | **3,839 Participants/438 Courses/Total Course Hours of 236,671 Hours.** | 3,571 Participants/305 Courses/Total Course Hours of 359,802 Hours. |
| Morning Star Program | **106 Participants/8 Courses/Total Course Hours of 742 Hours.** | 85 Participants/4 Courses/Total Course Hours of 6,375 Hours. |
| Xiaomi Internship | **2,000 Participant/9 Courses/Total Course Hours of 26,000 Hours.** | 339 Participants/8 Courses/Total Course Hours of 3,729 Hours. |

Talent Development Program for Management

| Name of project | **2022 Course Participant Pool (Individuals)** | 2021 Course Participant Pool |
|---|---|---|
| Spark Program | **1,250** | 1,070 |
| Torch Program | **750** | 389 |
| Ignite Program | **105** | 84 |
| Flame Program | **44** | 44 |

Number of Complaints for Products and Services

| | **Number of Complaints With Identified Responsibility in the Globe** |
|---|---|
| **2022** | **76,874** |
| 2021 | 88,336 |

Certification and Coverage Scope

| | **2022 (Scope)** |
|---|---|
| ISO 37001 | **Xiaomi Group** |
| ISO 27001 | **Xiaomi Group** |
| ISO 14001 | **The research and development, manufacturing outsourcing management, and sales of Smartphones.** |
| ISO 45001 | **The research and development, manufacturing outsourcing management, and sales of Smartphones.** |

Classification of The Supply Chain By Region

| **Region** | **Suppliers Related to Technology Hardware Manufacturing (Individuals)** |
|---|---|
| China | **989** |
| Overseas | **36** |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## I. ESG INDEX

| Chapter | Section | ESG Disclosure Standards[49] | Disclosure Number/ Title | Description | Page no./Explanation |
|---|---|---|---|---|---|
| About this Report | — | HKEx ESG Guide | Reporting Principles | A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:<br><br>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.<br><br>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.<br><br>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. | P100 |
| | | | Reporting Boundary | A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | |
| | | GRI Standards | 2-2 | Entities included in the organization's sustainability reporting | P100 |
| | | | 2-3 | Reporting period, frequency and contact point | P100 |

[49] The acronyms shown in this column are referred to the Environmental, Social, and Governance Guideline (HKEx ESG Guide) under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standard); and the Hardware — Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB).

| Chapter | Section | ESG Disclosure Standards | Disclosure Number/ Title | Description | Page no./Explanation |
|---|---|---|---|---|---|
| Governance and compliance | Board Statement; ESG Management Approach and Governance Structure | HKEx ESG Guide | Governance Structure | A statement from the board containing the following elements:<br><br>(i) a disclosure of the board's oversight of ESG issues;<br><br>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses);<br><br>and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | P100 |
| | | GRI Standards | 2-9 | Governance structure and composition | P101–102 |
| | | | 2-12 | Role of the highest governance body in overseeing the management of impacts | P101–102 |
| | | | 2-13 | Delegation of responsibility for managing impacts | P101–102 |
| | | | 2-14 | Role of the highest governance body in sustainability reporting | P101–102 |
| | | | 2-15 | Conflicts of interest | P101 |
| | | | 2-16 | Communication of critical concerns | P101 |
| | | | 2-17 | Collective knowledge of the highest governance body | P101 |
| | | | 2-22 | Statement on sustainable development strategy | P101 |
| | Stakeholder Engagement | GRI Standards | 2-26 | Mechanisms for seeking advice and raising concerns | P103 |
| | | | 2-29 | Approach to stakeholder engagement | P103 |
| | Materiality Assessment | GRI Standards | 3-1 | Process to determine material topics | P104 |
| | | | 3-2 | List of material topics | P105 |
| | | | 3-3 | Management of material topics | P104–105 |

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| Chapter | Section | ESG Disclosure Standards | Disclosure Number/ Title | Description | Page no./Explanation |
|---|---|---|---|---|---|
| | Business Ethics | HKEx ESG Guide | B6 | Information on:<br><br>(a) the policies;<br><br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | P105–107 |
| | | | B6.3 | Description of practices relating to observing and protecting intellectual property rights. | P107 |
| | | | B7 | Information on:<br><br>(a) the policies;<br><br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to bribery, extortion, fraud and money laundering. | Xiaomi Group strictly abides by the <Criminal Law of the People's Republic of China>, the <Anti-Money Laundering Law of the People's Republic of China>, and other applicable laws, regulations, and obligations in the regions where it operates. Please refer to page P106 for related policies. |
| | | | B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | P106 |
| | | | B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | P106 |
| | | | B7.3 | Description of anti-corruption training provided to directors and staff. | P106 |
| | | GRI Standards | 2-25 | Processes to remediate negative impacts | P106 |
| | | | 2-26 | Mechanisms for seeking advice and raising concerns | |
| | | | **205-103** | **Anti-corruption — Management approach** | P106 |
| | | | 205-1 | Operations assessed for risks related to corruption | Risk assessment covered 100% operation locations |
| | | | 205-2 | Communication and training about anti-corruption policies and procedures | P106 |
| | | | 205-3 | Confirmed incidents of corruption and actions taken | P106 |

| Chapter | Section | ESG Disclosure Standards | Disclosure Number/ Title | Description | Page no./Explanation |
|---|---|---|---|---|---|
| | | | **206-103** | **Anti-competitive Behavior — Management approach** | P107 |
| | | | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | P107 |
| | | | **417-103** | **Marketing and Labeling — Management approach** | P107 |
| | | | 417-1 | Requirements for product and service information and labeling | P107 |
| Technology created to better lives | Our Climate Strategy | HKEx ESG Guide | A4 | Information on:<br>(a) the policies;<br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | P108–109; 2022 Task Force For Climate-related Financial Disclosures, P150–156 |
| | | | A4.1 | Description of measures to review employment practices to avoid child and forced labour. | P108; 2022 Task Force For Climate-related Financial Disclosures, P150–156 |
| | | GRI Standards | 2-22 | Statement on sustainable development strategy | P108–109; 2022 Task Force For Climate-related Financial Disclosures, P150–156 |
| | Technology for Carbon Reduction | HKEx ESG Guide | A1 | Information on:<br>(a) the policies;<br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 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, regulations and obligations in the regions where it operates. Please see P110–111; P114–116; 2022 Task Force For Climate-related Financial Disclosures, P150–156 for details. |

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|---|---|---|---|---|---|
| | | | A1.5 | Description of emissions target(s) set and steps taken to achieve them. | P110–116 |
| | | | A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | P110–116 |
| | | | A2 | Policies on the efficient use of resources, including energy, water and other raw materials. | P115 |
| | | | A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | P115 |
| | | | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | P115 |
| | | | A3 | Policies on minimising the issuer's significant impacts on the environment and natural resources. | P108–116 |
| | | | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | P108–116 |
| | | | A4 | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | P108–109 |
| | | | A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | P108–116 |
| | | GRI Standards | **301-103** | **Materials — Management approach** | P113–114 |
| | | | **302-103** | **Energy — Management approach** | P112–115 |
| | | | 302-4 | Reduction of energy consumption | P114–115 |
| | | | 302-5 | Reductions in energy requirements of products and services | P112–114 |
| | | | **303-103** | **Water and Effluents — Management approach** | P115 |
| | | | 303-1 | Interactions with water as a shared resource | P115; the Sustainability page of Xiaomi's Website |
| | | | 303-2 | Management of water discharge related impacts | P115; the Sustainability page of Xiaomi's Website |
| | | | 303-3 | Water withdrawal | P115 |

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| | | | **305-103** | **Emissions — Management approach** | P110–111 |
| | | | 305-1 | Direct (Scope 1) GHG emissions | P111 |
| | | | 305-2 | Energy indirect (Scope 2) GHG emissions | P111 |
| | | | 305-3 | Other indirect (Scope 3) GHG emissions | P111 |
| | | | 305-5 | Reduction of GHG emissions | P111 |
| | | | **306-103** | **Waste — Management approach** | P115–116 |
| | | | 306-1 | Waste generation and significant waste-related impacts | P115–116 |
| | | | 306-2 | Management of significant waste related impacts | P115–116 |
| | | | 306-4 | Waste diverted from disposal | P116 |
| | Technology for Low-carbon Impact | GRI Standards | 201-2 | Financial implications and other risks and opportunities due to climate change | P117–118 |
| Exploration and Accessibility of Technology | Technology Exploration | GRI Standards | 201-2 | Financial implications and other risks and opportunities due to climate change | P120; the Sustainability page of Xiaomi's Website |
| | Enhancing Accessibility of Technology | GRI Standards | **203-103** | **Indirect Economic Impacts — Management approach** | P121–123 |
| | | | 203-2 | Significant indirect economic impacts | P121–123 |
| Responsible Product and User Experience | Product and Service Quality | HKEx ESG Guide | B6 | Information on:<br><br>(a) the policies;<br><br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | P124 |
| | | | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | P124 |
| | | | B6.2 | Number of products and service related complaints received and how they are dealt with. | P127 |
| | | | B6.4 | Description of quality assurance process and recall procedures. | P124 |

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| | | GRI Standards | 2-25 | Processes to remediate negative impacts | P127 |
| | | | 2-26 | Mechanisms for seeking advice and raising concerns | P127 |
| | | | **416-103** | **Customer Health and Safety — Management approach** | P124–126 |
| | | | 416-1 | Assessment of the health and safety impacts of product and service categories | P125 |
| | | | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | This year, Xiaomi was not involved in any non-compliance incident concerning the health and safety issues caused by our products and services. |
| | | | **417-103** | **Marketing and Labeling — Management approach** | P126–128 |
| | Data Security and Privacy Protection | HKEx ESG Guide | B6 | General Disclosure Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | P128 |
| | | | B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | P128–131 |
| | | SASB | TC-HW-230a.1 | Description of approach to identifying and addressing data security risks in products | P129–131 |
| | | GRI Standards | 2-23 | Policy commitments | P128 |
| | | | 2-24 | Embedding policy commitments | P128–131 |
| | | | **418-103** | **Customer Privacy — Management approach** | P128–131 |
| | Circular Economy and Electronic-waste | HKEx ESG Guide | A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | P132–134 |
| | | SASB | TC-HW-410a.4 | Weight of end-of-life products and e-waste recovered, percentage recycled | P132 |

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| | | GRI Standards | 2-23 | Policy commitments | P132 |
| | | | 2-24 | Embedding policy commitments | P132–134 |
| | | | **301-103** | **Materials — Management approach** | P132–134 |
| | | | 301-2 | Recycled input materials used | P132 |
| | | | 301-3 | Reclaimed products and their packaging materials | P132–133 |
| | | | **306-103** | **Waste — Management approach** | P132–133 |
| | | | 306-1 | Waste generation and significant waste-related impacts | P132–133 |
| | | | 306-2 | Management of significant wasterelated impacts | P132–133 |
| | | | **416-103** | **Customer Health and Safety — Management approach** | P134 |
| | | | 416-1 | Assessment of the health and safety impacts of product and service categories | P134 |
| Creating Shared Success | Sustainable Supply Chain | HKEx ESG Guide | B5 | Policies on managing environmental and social risks of the supply chain. | P134–140 |
| | | | B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | P137–140 |
| | | | B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | P136–140 |
| | | | B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | P137; P141 |
| | | SASB | TC-HW-440a.1 | Description of the management of risks associated with the use of critical materials | P136–140 |
| | | GRI Standards | 2-23 | Policy commitments | P138–140 |
| | | | 2-24 | Embedding policy commitments | P138–140 |
| | | | **204-103** | **Procurement Practices — Management approach** | P137–140 |
| | | | **301-103** | **Materials — Management approach** | P137–140 |
| | | | **305-103** | **Emissions — Management approach** | P141 |
| | | | **308-103** | **Supplier Environmental Assessment — Management approach** | P137; P138; P141 |
| | | | 308-1 | New suppliers that were screened using environmental criteria | P137 |
| | | | 308-2 | Negative environmental impacts in the supply chain and actions taken | P141 |

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| | | | 407-1 | Freedom of Association and Collective Bargaining | P136–138; the Sustainability page of Xiaomi's Website |
| | | | **408-103** | **Child Labor — Management approach** | P136–138 |
| | | | 408-1 | Operations and suppliers at significant risk for incidents of child labor | P136–138; the Sustainability page of Xiaomi's Website |
| | | | **409-103** | **Forced or Compulsory Labor — Management approach** | P136–138 |
| | | | 409-1 | Operations and suppliers at significant risk for incidents of forced or compulsory labor | P136–138; the Sustainability page of Xiaomi's Website |
| | People Development | HKEx ESG Guide | B1 | Information on:<br><br>(a) the policies;<br><br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 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, 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. Please see P141–143 for details. |
| | | | B2 | Information on:<br><br>(a) the policies;<br><br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards. | We strictly abide by the 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, and other applicable laws and regulations of the regions where it operates. Please see P145–147 for details. |

| Chapter | Section | ESG Disclosure Standards | Disclosure Number/ Title | Description | Page no./Explanation |
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| | | | B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | P145–147 |
| | | | B3 | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | P143–144 |
| | | | B4 | Information on:<br>(a) the policies;<br>and (b) compliance with relevant laws and regulations that have a significant impact on the issuer<br>relating to preventing child and forced labour. | We strictly abide by the Labor Law of the People's Republic of China, Employment Ordinance (Hong Kong), Estatuto de los Trabajadores (Workers' Statute in Spain), and other domestic and foreign laws and regulations related to preventing forced and child labour. Please see P141 for details. |
| | | | B4.1 | Description of measures to review employment practices to avoid child and forced labour. | P141 |
| | | | B4.2 | Description of steps taken to eliminate such practices when discovered. | P141 |
| | | GRI Standards | 2-26 | Mechanisms for seeking advice and raising concerns | P142 |
| | | | 201-3 | Defined benefit plan obligations and other retirement plans | P147: Consolidating footnotes of Financial Statement, employee welfare and employee welfare expense p250. |
| | | | **401-103** | **Employment — Management approach** | P141 |
| | | | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part time employees | P147 |

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| | | | 401-3 | Parental leave | P142 |
| | | | **402-103** | **Labor/Management Relations — Management approach** | P141–142 |
| | | | 403-1 | Occupational health and safety management system | P145 |
| | | | 403-2 | Hazard identification, risk assessment, and incident investigation | P146 |
| | | | 403-3 | Occupational health services | P146 |
| | | | 403-4 | Worker participation, consultation, and communication on occupational health and safety | P146 |
| | | | 403-5 | Worker training on occupational health and safety | P147 |
| | | | 403-6 | Promotion of worker health | P145–147 |
| | | | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | P145–147 |
| | | | 403-10 | Work-related ill health | P146 |
| | | | **404-103** | **Training and Education — Management approach** | P143–144 |
| | | | 404-2 | Programs for upgrading employee skills and transition assistance programs | P144 |
| | | | 404-3 | Percentage of employees receiving regular performance and career development reviews | P142 |
| | | | **405-103** | **Diversity and Equal Opportunity — Management approach** | P143 |
| | | | **406-103** | **Non-discrimination — Management approach** | P141 |
| | | | 406-1 | Incidents of discrimination and corrective actions taken | P141 |
| | | | **407-103** | **Freedom of Association and Collective Bargaining — Management approach** | Xiaomi has its own Union. The Collective Bargaining Agreement remained effective during the reporting period. |
| | | | **408-103** | **Child Labor — Management approach** | P141 |
| | | | **409-103** | **Forced or Compulsory Labor — Management approach** | P141 |

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| | Extending Our Social Responsibility | HKEx ESG Guide | B8 | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | P148–149 |
| | | | B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | P148–149 |
| | | | B8.2 | Resources contributed (e.g. money or time) to the focus area. | P148–149 |
| | | GRI Standards | **203-103** | **Indirect Economic Impacts — Management approach** | P148–149 |
| | | | 203-1 | Infrastructure investments and services supported | P148–149 |
| | | | 203-2 | Significant indirect economic impacts | P148–149 |
| | | | 413-1 | Operations with local community engagement, impact assessments, and development programs | P148–149 |
| | | | **413-103** | **Local Communities — Management approach** | P148–149 |
| Key ESG Performance Indicators | Key Environmental Indicators | HKEx ESG Guide | A1.1 | The types of emissions and respective emissions data. | P157 |
| | | | A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P157–158 |
| | | | A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P157–158 |
| | | | A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | P157–158 |
| | | | A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | P157–158 |
| | | | A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | P157–158 |
| | | | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | P157 |
| | | | A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | P157–158 |

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| | | GRI Standards | 302-1 | Energy consumption within the organization | P157 |
| | | | 302-3 | Energy intensity | P158 |
| | | | 303-3 | Water withdrawal | P157 |
| | | | 305-4 | GHG emissions intensity | P158 |
| | | | 306-3 | Significant spills | P157 |
| | Environmental Target and Review | HKEx ESG Guide | A1.5 | Description of emissions target(s) set and steps taken to achieve them. | P159 |
| | | | A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | P159 |
| | | | A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | P159 |
| | | | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | P159 |
| | Social Indicators | HKEx ESG Guide | B1.1 | Total workforce by gender, employment type (for example, full- or part time), age group and geographical region | P160 |
| | | | B1.2 | Employee turnover rate by gender, age group and geographical region. | P161 |
| | | | B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | P161 |
| | | | B2.2 | Lost days due to work injury. | P161 |
| | | | B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | P162 |
| | | | B3.2 | The average training hours completed per employee by gender and employee category. | P162 |
| | | | B5.1 | Number of suppliers by geographical region. | P163 |
| | | SASB | TC-HW-330a.1 | Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees | P160 |
| | | GRI Standards | 2-4 | Restatements of information | P161 |
| | | | 2-7 | Employees | P160 |

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| | | | 401-1 | New employee hires and employee turnover | P161 |
| | | | 403-8 | Workers covered by an occupational health and safety management system | P163 |
| | | | 403-9 | Work-related injuries | P161 |
| | | | 403-10 | Work-related ill health | P161 |
| | | | 404-1 | Average hours of training per year per employee | P162 |
| | | | 405-1 | Diversity of governance bodies and employees | P160 |
| Other Indicators | — | GRI Standards | 2-1 | Organizational details | Corporate Information, P4–5 |
| | | | 2-5 | External assurance | the Sustainability page of Xiaomi's Website |
| | | | 2-6 | Activities, value chain and other business relationships | Chairman's Statement, P8–15 |
| | | | 2-10 | Nomination and selection of the highest governance body | Director's Report, P30–77 |
| | | | 2-11 | Chair of the highest governance body | |
| | | | 2-19 | Remuneration policies | Corporate Governance Report, P88–90 |
| | | | 2-20 | Process to determine remuneration | |
| | | | 2-27 | Compliance with laws and regulations | We understand the applicable laws, regulations, industry norms and obligations that relevant information has been described in the Index and corresponding sections |
| | | | 2-28 | Membership associations | UNGC |
| | | | 201-1 | Direct economic value generated and distributed | Five-Year Financial Summary, P6–7; Management Discussion And Analysis, P16–29; |
| | | | 201-4 | Financial assistance received from government | Notes to The Consolidated Financial Statements: Summary of significant accounting policies, P221; Other income, P249 |
| | | | **304-103** | **Biodiversity — Management approach** | the Sustainability page of Xiaomi's Website |
| | | | 304-1 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | |
| | | | 304-2 | Significant impacts of activities, products, and services on biodiversity | |
| | | | 304-3 | Habitats protected or restored | |
| | | | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | |