Xiaomi Corporation
2023 Environmental, Social and Governance Report

Content

Technology Created to Better Lives

Shared Success for Partners

Xiaomi’s Zero Carbon Philosophy

Governance and Compliance

Chariman's Address

In August 2023, we announced an upgrade to our technology strategy, selecting technology areas that offer long-term value to human civilization and committing to sustained long-term investment. As a global technology company, Xiaomi's success is no longer confined to short-term economic gains but is founded on the harmonious coexistence of environmental, social, and governance (ESG) factors. The ESG practices have become a crucial driving force in our strategic upgrade, steering us towards a more sustainable and responsible development path.

In this era of globalization and booming information technology, environmental responsibility has become indispensable to corporate operations. We solemnly pledge that by 2040, our existing operations will achieve carbon neutrality and use 100% renewable energy. This commitment reflects our firm determination and demonstrates Xiaomi's proactive stance as a responsible technology company in addressing global climate change challenges.

To achieve the Paris Agreement's goal of limiting global warming to 1.5°C, Xiaomi steadfastly adheres to a "technology-driven" core philosophy. We prioritize achieving carbon neutrality by enhancing energy efficiency, employing clean technologies, and promoting smart manufacturing innovations. Simultaneously, we actively lead the green and low-carbon transformation of the entire value chain, committed to providing our partners with greener, more innovative, and more sustainable products and services to build a brighter, low-carbon future collectively.

Regarding social responsibility, we uphold the fundamental principles of "helping the needy," "talent empowerment," and "technological innovation." We actively practice our founding mission to give back to society and ensure that the benefits of technological progress reach everyone. We are well aware that Xiaomi's success is intertwined with societal support. Therefore, we are committed to continually contributing to society and realizing Xiaomi's social value.

From the governance level, we have deeply integrated ESG management into our business operations and management systems, treating it as a core strategic element for driving the company's continuous development. We are committed to becoming a leader in cutting-edge global technology, recognizing the critical role of natural resources in our products and services. We strengthen mutually beneficial relationships with partners and adhere to principles of compliant operations to ensure the company's robust growth. We deeply implement Xiaomi's sustainability philosophy and aspire to contribute more to global sustainable development.

Herein, I extend my heartfelt gratitude to every partner and user for their unwavering support and trust. We shall collectively look forward to Xiaomi's exciting innovations and breakthroughs under the auspices of its technological prowess. Together, Let us forge a more prosperous, splendid, and harmonious future through clean and inclusive technology, exceptional products and service experiences, and optimized corporate operations.

Founder, Chairman and CEO

Jun Lei

About this Report

This is the sixth environmental, social, and governance (ESG) report published by Xiaomi Corporation ("Xiaomi," the "Group," or "we/us"), with an aim to present, on an objective and impartial basis, the ESG strategy, management, and implementation progress of Xiaomi and its subsidiaries included in the Annual Report in 2023.

The Report was prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide to the Listing Rules of the Stock Exchange of Hong Kong Limited (HKEx), with reference to the Global Reporting Initiative (GRI) sustainability reporting Standards (2021), the Hardware — Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB), and the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (UNSDGs).

In preparation for the Report, we adhered to the reporting principles of Materiality, Quantitative, Balance, and Consistency, while taking into account Accuracy, Balance, Clarity, Comparability, Completeness, Timeliness, Verifiability, and Sustainability Context to define our reporting boundary and ensuring proper presentation of our reported information.

The Group entrusted BSI Management Systems Certification (Beijing) Co., Ltd. to perform reasonable assurance on selected ESG KPIs in accordance with the international assurance standards, AA1000 Assurance Standard V3, and the GRI sustainability reporting Standards (2021). For more detailed assurance procedures and assurance report conclusions, please refer to the attachment "Independent Assurance Statement."

This Report covers the period from January 1, 2023, to December 31, 2023 ("this year" or "the reporting period") and presents information over a wider time frame spanning before or after 2023 to enhance data comparability and continuity.

The information and cases within the Report are primarily cited from the Group's statistical reports, official documents, and financial statements in 2023. Unless otherwise specified, all currencies and amounts mentioned in this report are measured in RMB.

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 Annual Report, as well as the Sustainability page (https://www.mi.com/global/about/sustainability/) of the Group's official website, and Xiaomi Corporation's TCFD Report 2023.

This Report is published in both Chinese and English in April 2024. In the event of discrepancies between the Chinese and English versions, the Chinese version shall prevail.

If you have any suggestions or comments about this report, please contact Xiaomi by the following means:
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About Xiaomi

Xiaomi is a consumer electronics and smart manufacturing company with smartphones and smart hardware connected by an IoT platform at its core, with smartphone shipments among global top 3. In December 2023, the global monthly active users (MAU) of Xiaomi[1] reached 641 million, representing a year-on-year increase of 10.2%. Xiaomi has also established the world's leading consumer AIoT[2] platform, to which 740.0 million smart devices had been connected (excluding smartphones, laptops, and tablets) as of December 31, 2023.

In 2023, we continued to make significant progress in our smartphone premiumization strategy. The Xiaomi 14 Series, our flagship smartphone launched in October 2023, garnered widespread acclaim for its leading-edge technology, exquisite design, exceptional imaging, and excellent user experience.

- In August 2023, we introduced our new goal for 2020–2030, which was to invest in foundational core technologies and to become a global leader in the evolving realm of cutting-edge technologies.
- In October 2023, we upgraded our corporate strategy to "Human × Car × Home" and unveiled our new operating system, "Xiaomi HyperOS".
- In December 2023, we held our Xiaomi EV Technology Launch event, unveiling Xiaomi EV's five core self-developed technologies — E-Motor, Battery, Xiaomi HyperCasting Technology, Smart Cabin, and Autonomous Driving. We also officially debuted the Xiaomi SU7 Series.

[1] Note: Including smartphones and tablets.
[2] AIoT: Artificial Intelligence of Things.

In the pursuit of our strategic goal, we always adhere to our commitment to enriching and improving users' life experiences. We are constantly promoting technological innovation, aiming to build a platform of excellence in the international arena of smart technology, lead the new trend of industry development, and present a richer and more colorful smart life experience for users around the world.

Board Statement

Xiaomi has implemented effective strategies to balance its environmental and social impacts with business goals and promote sustainable development of the Group.

The Board of Directors of Xiaomi (the "Board") firmly believes that continuous advancement of the ESG management framework is crucial to the sustainable development of the Group. Xiaomi should continue to accelerate business growth by reducing ESG risks and increasing ESG opportunities, and contribute to a sustainable society through its business. Therefore, all members of the Group are committed to continuously exploring and improving the ESG system and driving Xiaomi towards a more sustainable future. To this end, the Board has appointed the Corporate Governance Committee (the "CGC") to oversee ESG issues at Xiaomi, with the assistance of the Group's Sustainability Committee (the "SC").

In addition, the Group has integrated key ESG risks into its comprehensive risk management system. Senior management and business directors are engaged in assessing key ESG risks related to the business. By identifying and assessing the probability, impact, and trend of key ESG risks, Xiaomi Corporation has developed corresponding risk response measures. The Board reviews key ESG-related risks on a regular basis and advises on risk management approaches.

Xiaomi Corporation continues to develop and improve the Group's ESG strategy system based on its existing ESG strategy. On a bi-annual basis, the Board collects and analyzes data required for assessing ESG risks, and synchronously discusses and reviews relevant strategies and measures. In this manner, it evaluates the comprehensive impact of various ESG strategies on the Group's overall finances through scenario analyses of the performance of the strategies, ensuring alignment with the Group's development strategy.

During the reporting period, the Board actively participated in the assessment of ESG risks and opportunities and identified important matters. It focused on supply chain risks, product and service quality risks, among others. The Audit Committee assisted the Board and senior management in overseeing the Group's risk management practice, as well as the design, implementation, and management of its internal control system. Details can be found in the "Corporate Governance Report" section of the Group's Annual Report, which has been reviewed and approved by the Board.

The Board prioritizes gender diversity in Board membership and equality and inclusion undertakings. It continues to promote a diverse perspective on corporate governance, higher gender awareness, and gender equality within the organization. In January 2024, the Board reviewed, scrutinized, and approved the appointment of a female director. For details, please refer to the "Corporate Governance Report" in the Annual Report.

In 2023, the Board looked into ESG issues that substantially impacted business and closely concerned Xiaomi's stakeholders, including the ESG strategy and the progress of sub-issues. The assessment process and results are detailed in the "Stakeholder Engagement" and "Materiality Assessment" sections of this Report.

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

This Report was reviewed and approved by the Board on March 19, 2024.

Stakeholder Engagement

At Xiaomi, we actively listen and respond to the expectations of our stakeholders, uphold transparent disclosure, and release updates throughout the year on our Sustainability page (https://www.mi.com/global/about/sustainability/). We have established effective communication mechanisms and diverse communication channels with stakeholders on material issues to ensure that their opinions and recommendations are being integrated into our decision-making process. We endeavor to strengthen our positive relationships with stakeholders and strive for mutual benefits and win-win outcomes on sustainability issues.

Key Stakeholder	Issues Most Concerned	Main Communication Channels
Users	Product and service quality Data security and privacy protection Sci-tech innovation Data inclusion	Sales channels, the official website and applications, product information disclosure, user service channels, feedback and communication channels, product launch events, social media, and Xiaomi Fan activities
Shareholders and Investors	Risk management Corporate governance Sci-tech innovation Corporate strategy and business returns Sustainability indicators	Annual general meetings, annual reports/ interim reports, earnings announcements, investor meetings and events, the official website, press releases/announcements, surveys, and questionnaires
Employees	Employee rights and communication Employee development and talent nurturing Employee wellbeing Corporate culture Inclusion and diversity Work environment	Work communication meetings, the employee feedback email box, internal office software, the labor union, employee service channels, organizational ability surveys, training, internal announcements, and whistleblowing channels
Suppliers	Labor rights Business ethics Compliance and stewardship Supply chain continuity Environmental and social issues	Executive dialogues, suppliers' conferences, business and technical collaboration, supplier audits, empowerment and training, surveys, dialogue and reporting mechanisms
Operators	Product quality Technological innovation Information security and privacy protection Sustainability indicators esponsible purchasing	Executive dialogues, synergy and collaboration, sustainability seminars, survey and questionnaire responses, and third-party audits
Regulators	Economic impact Legal and regulatory compliance Business ethics Occupational health and safety Fair competition	Regular inquiries, policy consultations, executive meetings, reporting procedures, on-site inspections, opinion contributions, and meetings and communication with government agencies
International organizations and non-governmental organizations (NGOs) and associations	Climate change and environmental impacts Human rights and stewardship Information disclosure Community engagement Circular economy Natural resources and biodiversity	Social media, industry conferences, forums and working groups, seminars, project-based collaboration, and survey and questionnaire responses
Media	Information disclosure Business strategies Data security and privacy protection Sustainability strategy	The official website, social media, press conferences, press releases/ announcements, and media interviews
Community	Environmental impacts Local employment and economic Growth Community welfare and engagement Natural resources and biological diversity	Community activities, press conferences, job fairs, charity works, and social media

Materiality Assessment

Defining Objectives and Scope

We conduct an annual review and analysis of our material issues. Our major stakeholders in this materiality assessment include investors, the Board of Directors, senior management, partners, employees, and other key representatives from internal and external roles and organizations. To ensure that Xiaomi is adaptable to the rapid changes in these issues, any emerging issues, and sustainability demands in the longer term, we have established an ongoing review and analysis process. It serves as an integral component of our materiality assessment and analysis mechanism to ensure continued relevance and responsiveness.

Throughout the review and analysis of these issues, we have adhered to the "double materiality" principle. It dictates that if a sustainability issue poses a significant impact on society or the environment, and also on Xiaomi's strategic goals, value drivers, competitive position, and long-term value creation for shareholders, it will be considered as a material issue with potential ESG attributes.

Our materiality review and analysis aim to identify and consider key sustainability risks and opportunities and to achieve the following objectives:

1. Identifying key sustainability risks and opportunities related to Xiaomi's business operations, cash flows, legal or regulatory responsibilities, and access to capital;
2. Optimizing our sustainability strategy and aligning it with our business targets;
3. Providing sustainability information for Xiaomi's broader business strategy, with a focus on sustainable growth;
4. Determining the core issues to be included in our risk management, sustainability, and annual operations;
5. Engaging internal and external stakeholders to collect diverse opinions;
6. Predicting sustainability issues that may impact Xiaomi's development trajectory; and
7. Setting targets to enhance Xiaomi's business performance and efforts in sustainable development.

Organizational scope and boundaries:

Our materiality review and analysis keep a global perspective as well as an eye on operations in specific regions.

The review and analysis cover various business units, including smartphones, the Internet of Things (IoT) and lifestyle products, and Internet services, across the Group.

We take into account key issues throughout the value chain, including our own operations, the upstream (such as sustainable supply chains), and the downstream (such as waste management and the circular economy).

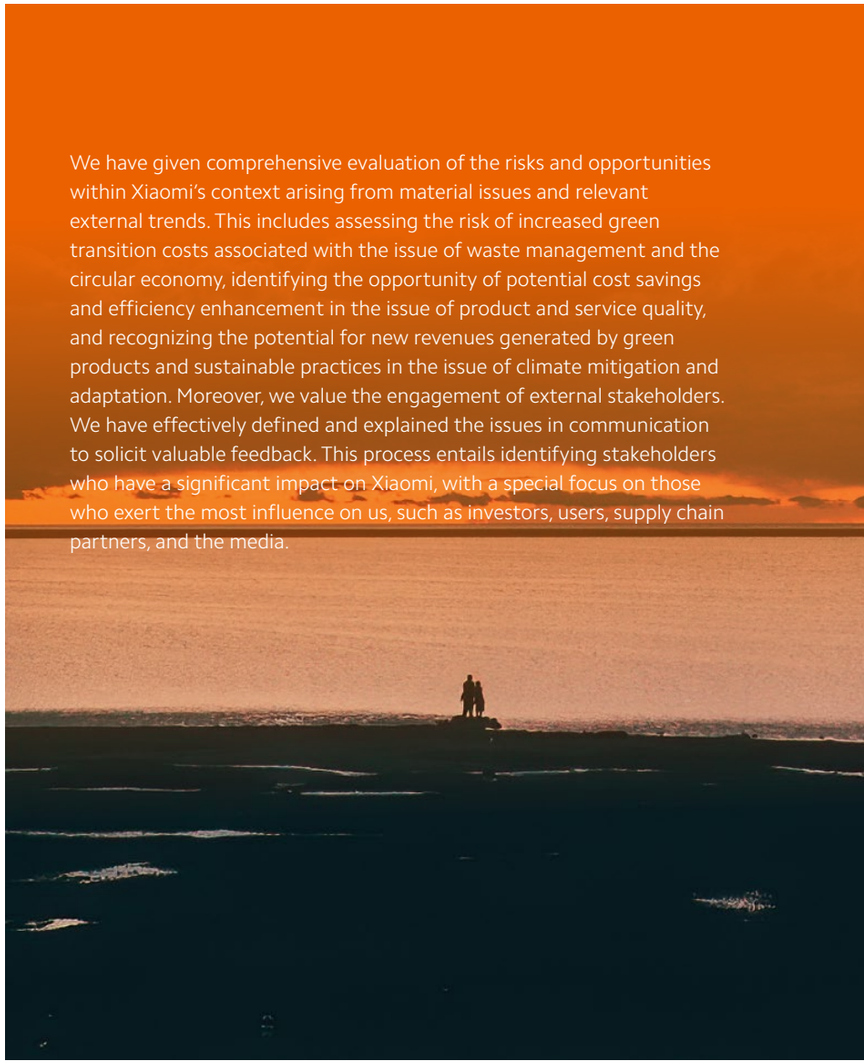
Identifying Potential Issues

In the initial stage of the materiality assessment, the ESG team, the risk management team, and senior management collaborated to conduct a comprehensive review of information sources to create a broad list of potential material issues. During the process, we considered:

- Risks and opportunities at all levels from business operations to the Group;
- Industry practices and comparison with industry benchmarks;
- Internal data reflecting business operations and sustainability impacts in the year;
- International standards, conventions and demands of major regulators, including the Paris Agreemen[3], the Guiding Principles on Business and Human Rights[4], and the G20/OECD Principles of Corporate Governance[5];
- Influential evaluation indices for corporate ESG performance, such as the Dow Jones Sustainability World Index, and ESG disclosure frameworks and scoring methodologies, such as that of the Carbon Disclosure Project (CDP);
- More extensive ESG trends and challenges around the globe; and
- Media reports on Xiaomi's business areas.

[3] The Paris Agreement: https://unfccc.int/sites/default/files/resource/parisagreement_publication.pdf
[4] Guiding Principles on Business and Human Rights: https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
[5] G20/OECD Principles of Corporate Governance: https://doi.org/10.1787/ed750b30-en

We have given comprehensive evaluation of the risks and opportunities within Xiaomi's context arising from material issues and relevant external trends. This includes assessing the risk of increased green transition costs associated with the issue of waste management and the circular economy, identifying the opportunity of potential cost savings and efficiency enhancement in the issue of product and service quality, and recognizing the potential for new revenues generated by green products and sustainable practices in the issue of climate mitigation and adaptation. Moreover, we value the engagement of external stakeholders. We have effectively defined and explained the issues in communication to solicit valuable feedback. This process entails identifying stakeholders who have a significant impact on Xiaomi, with a special focus on those who exert the most influence on us, such as investors, users, supply chain partners, and the media.



Collating, Determining, and Prioritizing Issues

We strongly believe that utilizing business strategies to address ESG issues is a fundamental approach to achieving sustainable development. To gain deeper insights into these issues, we have engaged in extensive communication with internal and external stakeholders. During the process, we utilized various methods, such as questionnaire surveys (with 2,046 valid responses collected in this survey), on-site visits, essential meetings, telephone consultations, and online platform communication. These efforts have allowed us to further refine the list of material issues and ensure a balanced and comprehensive representation of Xiaomi's sustainability issues from a contemporary perspective.

In the mid-stage of the materiality assessment, we placed particular emphasis on the internal relationships and potential overlaps between material topics, their alignment with Xiaomi's business growth targets, and potential interactions. By gaining insights into these complex relationships, we accurately identified potential systemic risks and opportunities. Additionally, we took a holistic view to examine how each issue interacts with other factors, thus affecting both Xiaomi's business operations and the well-being of stakeholders. This process includes:

- Demonstrating the relationships between each issue and relevant business roles, designing and implementing a quantitative review and analysis mechanism;
- Identifying the stakeholders associated with each issue and assessing the significance of the impact, with a focus on the impact on Xiaomi's value creation;
- Assessing the strategic importance of each issue in implementing strategies, responding to current and future risks, identifying market opportunities, and fostering business development.
- Assessing and quantifying to the utmost the actual and potential sustainability impacts of each issue, as well as their relevance to the Group's major risks.

In this way, we have determined the material issues and their priorities:

Material Issue	Governance and Key Business Areas Demonstrated
Product and service quality	Smartphones, IoT and lifestyle products, and Internet services
Exploration and accessibility of technology	Smartphones, IoT and lifestyle products, Internet services, and innovative business
Sustainable supply chain	Smartphones, IoT and lifestyle products, and innovative business
Climate mitigation and adaptation	Smartphones
Data security and privacy protection	Smartphones, IoT and lifestyle products, and internet services
Talent development	Management infrastructure
Corporate governance	Management infrastructure
Business ethics	Management infrastructure
Waste management and the circular economy	Smartphones and IoT and lifestyle products
Natural resources and biodiversity	Management infrastructure
Social welfare and community engagement	Smartphones, IoT and lifestyle products, and innovative business

We have also determined the following three key issues and analyzed their strategies and measures:

Material Issue	Commitment	Importance to Xiaomi's Long-Term Value	Strategy
Product and service quality	As always, we are oriented by quality and strive to be the industry's first in quality and reputation. We treat users wholeheartedly, place users at the center, and make friends with them. We provide users with direct and effective solutions and warm service. We emphasize quality in every aspect, including R&D, manufacturing, marketing, sales, delivery and service.	Product and service quality is the key to achieving long-term value and enhancing industry competitiveness. Superior quality can improve user experience and reduce resource waste and environmental impact caused by product damage.	We continue to deepen the quality reform, adhere to the principle of quality first, pursue industry benchmarks, and place users at our core. In this way, we ensure that every product meets the high standards of the Xiaomi brand and drive the Company's long-term development and brand reputation enhancement in the global market.
Exploration and accessibility of technology	At Xiaomi, we spare no efforts in practicing the mission that "we relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology." In 2023, we released a new technology strategy. We will put efforts into the underlying technology, adhere to long-term investment, deeply integrate software and hardware, and seek empowerment of Artificial Intelligence (AI) (Software X Hardware)[AI].	To achieve long-term value for Xiaomi, it is necessary to promote innovation in all its business lines. To this end, we will continue our investment in research and development (R&D) and pursue more breakthroughs in self-developed technological innovation to provide customers with experiences at honest prices.	We are dedicated to technology fields with long-term value to human civilisation and insist on long-lasting continuous investment. We encourage innovation and the pursuit of technological excellence by articulating the Engineer Culture, and we advocate teamwork and the professional growth of engineers. Xiaomi's technology R&D presence has entered 12 technology areas and 99 segments, including self-developed operating systems, self-developed basic chips, and 5G mobile communication technology.
Sustainable supply chain	Wherever our suppliers operate, we seek to cooperate responsibly for win-win outcomes. We actively support the business and sustainability objectives of our global suppliers throughout our business and technology partnerships. We focus on the social and environmental impacts of our supply chain and respect the communities and ecosystems in which we operate. We ensure that we agree with our suppliers on protecting the environment, safeguarding employee rights, promoting employee health and well-being, improving production quality, and complying with business ethics. We also collaborate to address social and environmental issues arising from the use of raw materials.	The ultimate efficiency pursued by Xiaomi cannot be separated from the outstanding performance of its global supply chain partners. Sustainable supply chain management can effectively reduce Xiaomi's operating risks and enhance the stability and adaptability of its supply chain.	We have reached a consensus with our supply chain partners to focus on key areas such as protecting the environment, guarding employee rights, promoting employee health and benefits, improving production quality, and observing business ethics. We also collaborate to address social and environmental issues arising from the use of raw materials. We continuously adjust and optimize our supply chain business strategies and practices and urge our suppliers to improve their governance and risk management. We collaborate with suppliers by supervising, assisting, and communicating with them and promote the implementation of effective management Programs by suppliers. In this way, we ensure that Xiaomi's sustainable supply chain commitments are met and that the products and services delivered by Xiaomi to its users are in line with the Group's ESG strategy.

We believe in the symbiotic relationship between ESG considerations and business growth. Xiaomi excels at solving problems through business and efficiency. We have integrated the material issues identified into the Group's risk management strategy to ensure the applicability and consistency of the analysis results of them.

Participation of Management and Crucial Feedback

During the reporting period, the Group's Board of Directors and senior management team looked back on the materiality review and analysis process and fully discussed the results. Subsequently, they gave replies and provided recommendations for sustainable development actions based on a broader business strategy. Additionally, we took into account feedback from key stakeholders and industry experts regarding the results of the materiality review and analysis. We have implemented an ongoing communication mechanism to ensure the continual strength of our materiality review and analysis process.

01

Technology Created to Better Lives

Exploration and Accessibility of Technology

At Xiaomi, we regard the innovative technological core of our products and services as an crucial aspect of sustainable business operations. The development of Xiaomi's technology system began with an integrated technological innovation, progressed into autonomous technological innovation, and further delved into disruptive technological innovation to attain mastery and dominance of key technological domains. We continually push the boundaries of technology, seeking optimal solutions for technology and interaction. We have established an overall technical architecture with wide coverage, great span, and depth around six levels: Perception, Communication, AI, System, Computation, and Output.

With the support of an improved technological framework, we are committed to integrating multiple technological capabilities, increasing R&D investment, and providing users with more convenient, affordable, and widely applicable products and technologies. Xiaomi's technology R&D endeavors now span across 12 technology areas, including 5G mobile communication technology, big data, cloud computing, and AI. Furthermore, leveraging smart manufacturing, our efforts have expanded into robotics, unmanned factories, and smart electric vehicles (EVs), totally 99 segments. By the end of 2023, we had established 10 R&D centers and employed an R&D team of 17,800, accounting for 53% of our total workforce. Meanwhile, our R&D expenses reached RMB19.1 billion in 2023, up by 19.2% compared with the previous year. We plan to invest more than RMB100 billion in R&D over the next five years (2022–2026).

Simultaneously, we are committed to collaborating with partners to broaden technology education opportunities for a wider audience to promote digital inclusion, in addition to technological equality through extensive technological R&D as well as application efforts. Over the past decade, we have continuously delivered leading technology products to a growing user base, driven by deep underlying technological innovation and optimal efficiency throughout the entire chain. Through the Xiaomi Ecosystem product portfolio, we have also made unique contributions to global digital inclusion and technological equality development, establishing the world's leading consumer AIoT platform. To this end, we have upgraded Xiaomi's technology strategy, focusing on technology fields of long-term value to human civilization and insisting on long-lasting continuous investment.

we had established

10 R&D centers

R&D team of

17,800

accounting for

53%

of our total workforce

our R&D expenses reached

RMB **19.1** billion

in 2023

up by

19.2%

compared with the previous year

Exploration of Technology

Product Innovation

Xiaomi HyperOS

In the era of everything interconnected, IoT devices involve a huge number of complex operating system branches. The presence of various systems and protocols often poses challenges to connectivity between ecosystems. In response to this challenge, in 2023, we consolidated the underlying operating systems of four systems — Xiaomi MIUI, Vela, Mina, and CarOS — into a unified solution known as Xiaomi HyperOS, a human-centered operating system for the "Human × Car × Home" smart ecosystem. The system is committed to achieving the following goals:

Xiaomi HyperOS, with a reconstructed underlying structure, maximizes the efficient utilization of the device hardware capabilities of Xiaomi's diverse product range. With underlying support for more than 200 processor platforms and more than 20 common file systems, Xiaomi HyperOS caters to hundreds of device categories and thousands of commodities, significantly enhancing the single-end performance of a device. Through precise hardware resource scheduling, Xiaomi HyperOS optimizes device performance and efficiency. On lightweight devices with limited arithmetic power, Xiaomi HyperOS delivers to users a smoother operating experience and superior energy performance with its advanced performance scheduling.

Xiaomi HyperOS facilitates seamless connection and real-time interconnection between devices, eliminating barriers between various hardware and harmonizing all connected devices. Xiaomi has independently developed Xiaomi HyperConnect, a cross-end interconnection framework that operates atop the core system. Xiaomi HyperConnect enables real-time networking and collaboration among ecological devices and also supports swift cross-device communication. Additionally, it offers features such as network discovery, data transmission, and message distribution, thereby providing users with an unprecedented Internet experience.

Xiaomi HyperOS deeply integrates large language model (LLM) technology and creates eight major subsystems including the AI subsystem. These subsystems establish an intelligent operating environment, in which the core AI subsystem bolsters individual devices' AI capabilities and makes the entire ecosystem smarter. This advancement enables devices to proactively comprehend user needs and respond accordingly. Leveraging LLM technology, the system can understand user habits across devices and offer personalized automation suggestions.

Xiaomi HyperOS is committed to the principle of openness and strives to foster an open smart ecosystem. We open the cross-end interconnection framework capabilities of Xiaomi HyperConnect to all application developers and smart hardware manufacturers. At present, over 9,000 smart hardware device manufacturers across more than 200 categories have access to this system. Xiaomi's self-developed Xiaomi Vela is also open-sourced for all IoT developers[6] to support the global developer community. For more information, please refer to the Xiaomi HyperOS Technical White Paper[7].

[6] Xiaomi's IoT developers' platform: https://iot.mi.com/vela?language=en

[7] Xiaomi HyperOS Technical White Paper: https://cdn-file.hyperos.mi.com/hyperos-file/ 小米澎湃 OS 技术白皮书 V1.0.pdf

Everything Interconnected

In our strategic practice of the "Human × Car × Home" smart ecosystem, we have established the world's largest consumer-grade AIoT platform, leading global smart living through innovative models and continual enhancement of interconnectivity. Since the development of the Xiaomi ecosystem in 2013, our team has dedicated a decade of effort to harnessing algorithms in smartphones and AIoT devices. Our achievements include the bionic quadruped robot and MiLM-6B, our self-developed 6B large language model (LLM), which has been ranked first among LLMs with the same parameter scale in the reputable Chinese review lists C-EVAL and CMMLU.

Xiaomi's smart hardware is entering countless homes and penetrating various life scenarios. With the introduction of smart home products in dozens of categories, such as Xiaomi Smart Speaker, robot vacuums, and smart TVs, we have touched upon every aspect of users' lives. Xiaomi has become the world's largest consumer IoT platform, with 740 million devices (excluding smartphones, tablets, and laptops) connected to our AIoT platform, a year-on-year increase of 25.5%. The number of users possessing five or more devices (excluding smartphones, tablets, and laptops) connected to Xiaomi's AIoT platform has reached 14.5 million, a year-on-year increase of 25.3%. Moreover, the Xiaomi AIoT platform is the smart hardware ecosystem with the most comprehensive category coverage. It encompasses more than 200 major categories of smart home appliances that cater to more than 95% of life scenarios, continuously spreading intelligence. The interconnection of smart home products has delivered the utmost convenience and an unparalleled smart living experience to users around the world.

While leading the industry with our AIoT technology, we are committed to fostering technological innovation and advancement within our ecological chain partners. In November 2023, we hosted the IoT Ecosystem Partner Conference, where we unveiled the Open-source Sharing Program with our IoT ecosystem partners. Through initiatives such as the open-sourcing of Vela and the introduction of the Xiaomi HyperOS Connect technology brand, we strive to empower smart ecosystem partners, practitioners in the home industry, and individual developers to integrate seamlessly into the Xiaomi AIoT ecosystem and join hands to build the world's largest "Human × Car × Home" smart ecosystem.

Xiaomi EV

In December 2023, we unveiled our groundbreaking progress in five key technologies of smart EVs: E-Motor, Battery, Xiaomi HyperCasting Technology, Xiaomi Pilot Autonomous Driving, and Smart Cabin. We are reimagining the technology stack that defines the automotive industry, starting with the underlying core technologies, to ensure that Xiaomi EV leads in all aspects of the transportation industry's evolution to a more sustainable future.

Collaborating with globally leading teams, we have developed Xiaomi's HyperEngine series, V6, which is featured in Xiaomi's first full-size high-performance eco-technology sedan, Xiaomi SU7 Series. The Xiaomi HyperEngine V6 delivers a maximum power output of 220 kW and a maximum torque of 400 Nm, while the Xiaomi HyperEngine V6s achieves a maximum power of 275 kW and a maximum torque of 500 Nm. The two HyperEngines boast a speed of 21,000 rpm, positioning them at the forefront in the world.

We have developed a new super 800-V silicon carbide high-voltage platform, with a maximum voltage of 871 V. With whole-link and no-dead-angle thermal safety protection, we have adopted the world's most stringent thermal failure safety standards: At a temperature of 55°C, a fully charged battery can prevent heat dispersion, even in the absence of an operational water cooling system, thereby optimizing energy efficiency. For quality assurance, we have established our own battery pack factory to guarantee the performance and quality of the battery from the source.

Xiaomi's self-developed 9100t Xiaomi HyperCasting Technology Cluster represents a significant advancement in production efficiency and energy conservation compared to traditional automobile manufacturing, thus maximizing material efficiency. Collaborating with a national key laboratory of materials, we have developed Xiaomi Titans Metal, the Xiaomi Hyper Die-Casting alloy material, using our self-developed Multi-Material Performance Simulation System through tens of thousands of simulation experiments. This alloy ensures robust structural components of the vehicle and guarantees stable performance for the body. These achievements demonstrate Xiaomi's unwavering commitment to environmental protection, efficiency, and safety in automobile manufacturing. Leveraging Xiaomi HyperCasting Technology, Xiaomi EV prompts a new era of sustainable development as an environmental pioneer in the industry.

In the Xiaomi Pilot Autonomous Driving, we have developed three key perception technologies for smart driving, Adaptive BEV Technology, Road-Mapping Foundational Model, and Super-Res Occupancy Network Technology. Our Adaptive BEV Technology is the first of its kind in the industry, which facilitates more precise parking scenarios and wider urban scenarios. Our Road-Mapping Foundational Model learns complex road conditions and drivers' driving habits to draw more rational driving trajectories. Our Super-Res Occupancy Network Technology can identify an extensive range of irregular-shaped obstacles.

Based on Xiaomi HyperOS, Smart Cabin has built a unified visual interaction system and created a comprehensive shared ecosystem spanning from software to hardware, which provides users with the most convenient driving experience. The Smart Cabin marks that Xiaomi's "Human × Car × Home" smart ecosystem has officially closed the loop.

Smart Manufacturing

The rise of smart manufacturing and digital technology is driving greater efficiency in resource utilization, reducing waste reductions, and facilitating ecological restoration. As an industry spearhead, Xiaomi is committed to delivering innovative solutions to the manufacturing industry, enabling a fully digitalized management system across the entire value chain. By implementing precise product operations and management, we not only reduce costs but also increase productivity, highlighting the crucial role of digital efficiency in bolstering business competitiveness.

From Smart Factory to Smart Manufacturing

Xiaomi actively participates in the intelligent transformation of the manufacturing industry through practice, investment, and collaborations. In the year, Phase II of Xiaomi Smart Factory was completed and delivered as a whole. By 2024, upon the completion of the installation and commissioning of all production lines, the company will have a capacity of up to ten million smartphones annually. Our Smart Factory, equipped with automated production lines, has achieved fully automated lights-out production across various processes including production management, mechanical processing, packaging, storage, and transportation. Our smart production line systems and technologies are highly self-developed. As of December 31, 2023, Xiaomi had obtained more than 520 patents in the field of smart manufacturing worldwide. Xiaomi Smart Factory also serves as an "experimental field" for new processes, new materials, new technological pre-research, smart equipment R&D, and automated production.

Xiaomi had obtained more than

520 patents in the field of smart manufacturing worldwide

Case

Xiaomi Smart Factory implements an innovative "module + platform" approach, effectively tackling some of the industry's most intractable challenges and highlighting the immense potential of fully automated production lines. The Smart Factory is specifically designed to match the needs of different materials and manufacturing processes, allowing for flexible production and quick assembly line alterations at the user end. The solution offers tremendous flexibility and allows for quick adaptation to the constantly changing market requirements. This creates a standardized manufacturing platform that could be adopted to accommodate diverse production needs and dynamic market demands.

By combining modules in different ways, over 180 types of process equipment have been installed in the assembly line which led to a reduction in line-alteration costs and an expedition to the delivery cycle. The equipment module reuse rate has increased from 50% to over 80%. In this agile production model, the first-pass yield rate has been raised by over 5% compared to the conventional process, with a production efficiency boost of approximately 60%, while significantly reducing unit equipment processing capacity and energy consumption.

We have been exporting our smart manufacturing solutions to empower our partners in the manufacturing sector. Several of our supply chain partners have already adopted the full set of Xiaomi's smart production process and operation system to facilitate their transition towards a highly efficient, low-energy, and intelligent manufacturing hub. We remain committed to leveraging our unique experience in smart manufacturing to drive positive change. While enhancing the upstream manufacturing sector, we will collaborate with numerous downstream eco-chain companies to support China's transition and upgrade towards smart manufacturing with Internet efficiency.

Digital and Smart Operations

Digital efficiency has gradually become a key differentiating factor in enhacing the competitiveness of the Group and the country. At Xiaomi, we have developed a range of advanced digital tools, including the AIoT platform, retail management platform, and smart manufacturing and supply chain management platform. These technologies enable us to create a data loop across the "supply chain and manufacturing — distribution — product — user" cycle. Utilizing big data and AI algorithms to build a central control platform, we apply intelligence in coordination, prediction, and operations in multiple scenarios, enhancing the overall efficiency of the industry.

In the production stage

We establish a data-based factory by integrating data across "equipment — industrial control — data acquisition and monitoring — operational management — enterprise." This approach enables automated production, enhances production efficiency, and reduces material and energy consumption in product processing.

In the supply chain

Xiaomi values close collaboration with our ecosystem partners, including parts suppliers, manufacturers, logistics companies, and more. Together, we develop a digitalized management system to facilitate information sharing and synchronized operations, optimizing the efficiency of the entire value chain.

In the retail end

Xiaomi's new retail model has revolutionized the industry by fully digitizing every aspect of the entire process and all underlying elements, encompassing people, goods, stores, rewards, promotions, and training. We have implemented the traffic models, and user management models to establish an end-to-end digitalized closed loop, empowering data-driven decision-making and business growth. Our new retail model employs a unified set of pricing, models, and systems capable of addressing diverse levels, industry trends, and market demands, successfully integrating digital infrastructure into sustainable development innovation solutions (Ecomagination).

Extreme efficiency empowering climate actions

Digitalization and data analysis:

We leverage advanced data analytics to optimize resource allocation, reduce energy consumption, and minimize waste generation. In the future, we will further strengthen data-based resource efficiency models, including climate-related indicators and analysis, to guide sustainable decision- making and operations.

Value chain climate adaptation:

By utilizing AI-based stock allocation models, we can meet consumer demands and enable big-data-based product selection, smart stock allocation, and one-click sourcing. We can also predict and mitigate the impact of climate-induced disruptions on our supply chain. By optimizing logistics operations and improving inventory turnover and shipping efficiency, we reduce carbon emissions and help our suppliers adopt climate-resilient initiatives.

Product lifecycle management:

Through end-to-end digitalization, we take a "cradle-to-cradle" approach to managing product lifecycle, reducing the generation of waste and minimizing the demand for new and virgin resources.

Guiding consumers toward making sustainable choices:

By providing transparent digital flow data about products, we offer information on environmental footprints and incentives for consumers to foster sustainable consumption choices and behavior and create a more enjoyable customer experience.

Smart inventory management:

Leveraging AI and big data analysis for smart inventory management ensures efficient stock levels to meet consumer demands while minimizing excess inventory and emissions related to storage and waste generation.

Industry-University Cooperation

At Xiaomi, we have long been committed to fostering deep integration of industry, academia, and research, and cooperated with universities and colleges to nurture young students' professional strength, innovation ability, and problem-analysis and problem-solving capabilities. Through the establishment of the Xiaomi Workshop in partnership with many universities and colleges across China, we focus on seven key cooperation areas (including the Xiaomi Lecture, technology competitions, joint innovation training, university-level forums for master and doctoral students, and collaborative industrial research). These initiatives aim to empower student employment, incubate innovation and entrepreneurship projects as well as the transformation of industrial research outcomes, and advance new engineering disciplines based on the integration of industry and education.

Robotics

We have developed series of bionic robot for consumers and developers. By the end of 2023, Xiaomi's bionic robot series had been granted more than 140 valid patents worldwide. More than 270 applications are under review, among which Humanoid Drummer and the bionic robot have been showcased in leading industry journals such as IEEE Spectrum. Throughout the year, the Xiaomi Robotics Team collaborated with universities and colleges to organize numerous robotics competitions and engage in joint research on the intelligent control and intelligent perception of quadrupedal robots. Additionally, we have been active in voicing at international conferences such as the World Robot Conference 2023 to bolster industry development.

Xiaomi's Accessibility of Technology

Vision for Accessibility of Technology

In the midst of the burgeoning digital era, we remain steadfast in our mission to "let everyone in the world enjoy a better life through innovative technology" and "bridging the digital divide and making information accessible for all." Driven by these guiding principles, we are dedicated to building an equal and inclusive digital ecosystem. Over the years, we have been unwavering in our commitment to maintaining our hardware net profit margin below 5%, thus reducing the price threshold for technological products and making technology accessible. With our business footprint spanning over more than 100 countries and regions around the world, we strive to dismantle economic and geographic disparities, ensuring that the benefits of technological advancement reach every corner of the globe.

At Xiaomi, we embrace the values of inclusivity, diversity, and equality. We endeavor to make our products as equal, inclusive, friendly, and accessible as possible, enabling everyone to benefit from the support of Xiaomi's technology and enjoy a better life. For more than a decade, we have prioritized inclusive technology. With continued efforts in accessibility features and adaptations, our focus has expanded from product accessibility to a human-centered support system for people with disabilities. Furthermore, recognizing the information barriers faced by people with disabilities, we are committed to creating a barrier-free digital world for this group by providing easy-to-use smart terminals and accessible information services.

Inclusive Technology

At Xiaomi, we uphold the concept of inclusive technology and have always been committed to promoting the mission of inclusive technology through technological development and application. Our goal is not only to enable people with disabilities to benefit from technology but also to offer technology experiences and tools that cater to the needs of users facing difficulties in life due to social exclusion, and situational disabilities[8]. We prioritize the development of a Human- centered Accessibility Support System, aim to gain insights into 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. Leveraging AI technology, Xiaomi HyperOS now offers comprehensive services for people with disabilities from three aspects: vision, hearing, and body with auxiliary features such as accessibility haptic feedback, Xiaomi Ambient Sound Recognition, and AI Dialing Assistant, we provide a richer experience for users' personalized needs. The Human-centered Accessibility Support System has been integrated into Xiaomi HyperOS, providing users with an all-around barrier-free interaction experience. With rich ecological connections and the voice control of AI Assistant, it also serves as a conduit for breaking down barriers and promote social integration.

[8] Situational disabilities: The term refers to disabilities that arise from specific situations or environments that affect people's ability to interact with technology.

Hearing Inclusion

At Xiaomi, we have been dedicated to solving communication challenges in hearing impairment scenarios. Relying on speech-to-text technology, the Xiaomi Sound Recognition Function (real-time subtitle) and the AI Dailing Assistant solve the communication inconvenience in daily face-to-face communication scenarios such as traveling and shopping, as well as in call scenarios, thus significantly improving users' communication experience.

Moreover, the Ambient Sound Recognition function effectively supplements users with a hearing impairment in perceiving ambient sound information. This technology recognizes 14 key ambient sounds, including fire alarms, baby cries, and kettle boiling sounds, providing critical safety and warning information to users with a hearing impairment. We have extended this feature to smart home devices (for example, Xiaomi Smart Family Screen), which allows users to monitor sounds of concern to users in their homes and send real-time notifications. This provides additional security for users with a hearing impairment in their homes.

Case

Xiaomi's product design covers a wide range of usage scenarios for people with a hearing impairment. For users unable to use the voice interaction function, the gesture control feature of the Mijia DreamE Light allows for customized control of smart home devices through simple gestures, providing an efficient and easy-to-use alternative. Users with a hearing impairment can easily control smart home devices, free from voice commands or cumbersome smartphone operations.

Vision Inclusion

At Xiaomi, we have put efforts into enhancing independent and private information processing technology for visual impairment scenarios, catering to users' operational needs. Our OCR[9] image- and text-reading technology solutions empower users with a visual impairment to access text information from paper documents or product packaging with simplicity and precision. We have also streamlined the interaction of our text-reading technology, implementing automatic reading and segmented reading to simplify the text detection process. These enhancements improve the efficiency and accuracy of users' screening and processing of information in visual impairment scenarios. To better cater to the needs of users with a visual impairment, we have provided accessibility functions such as Read Aloud with Selection, Screen Zoom, and Text Contrast.

Accessibility Application in Smart Homes

We have introduced the new Xiaomi HyperMind technology in Xiaomi HyperOS, revolutionizing smart homes with its "Active Intelligence" innovation and significantly enhancing the convenience of life for people with complex disability needs. Transcending the limitations of the traditional command-based smart home, HyperMind leverages its perceptual capabilities encompassing the environment, vision, hearing, and behaviors upon the user's permission to learn the user's habits and preferences, based on which it makes autonomous decisions using AI and proactively delivers services in appropriate scenarios. For users with limited perception, memory, judgment, and decision- making abilities, HyperMind serves as an active assistant even before the user realizes the need or when the user fails to complete the operation due to physical limitations. This proactive assistance alleviates the user's difficulty in adapting to the operation of the smart home and enhances the autonomy of life.

Body Inclusion

At Xiaomi, we harness the capabilities of a technology company to assist people with a physical impairment in overcoming life barriers and lead convenience and a fun life. We have launched the first Android phone with voice control support, empowering users with a physical impairment to control their mobile phones through converting hand operation movements into voice commands. This innovation make it easier for them to navigate their daily lives.

We have also provided an accessible "Touch and Hold Delay" feature. It ensures that extended taps will not be mistakenly recognized as long presses, alleviating difficulties in operating mobile phones in situations involving physical impairments.

Continued Innovation in Inclusive Technology

Leveraging Xiaomi's multifaceted and diversified leading technologies, we hosted the fourth Hackathon Technology Competition of the Group this year. With a deep understanding of societal needs, Xiaomi's engineers contributed Xiaomi wisdom to tackling accessibility challenges. They introduced AI Identification Glasses that feature multi-modal recognition and developed ambient sound detection technology and gesture interaction intelligent control technology, practically satisfying the needs of users with disabilities. Xiaomi's engineers remain committed to innovating and applying accessibility technology to benefit millions of people with disabilities through technological advancements.

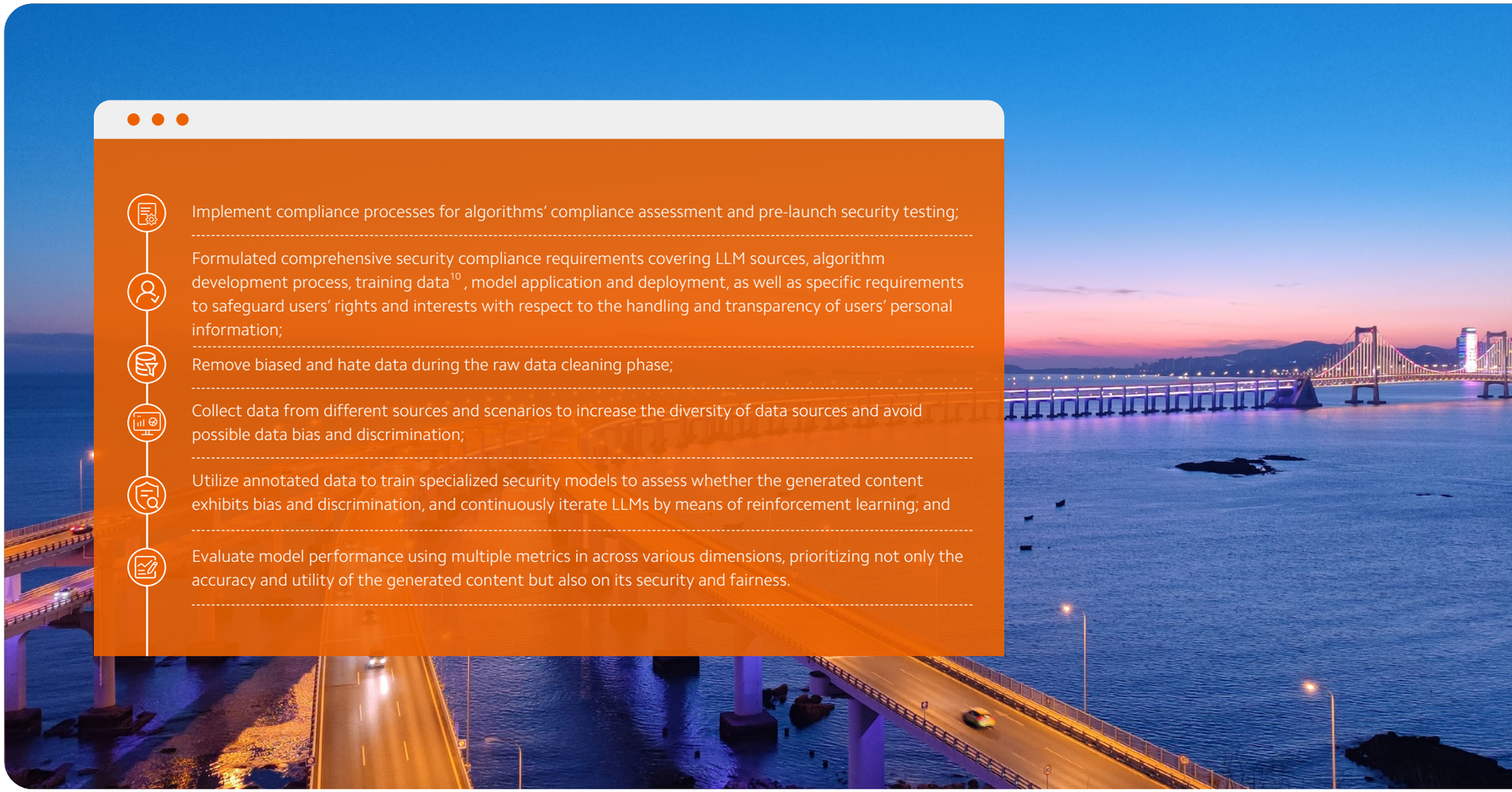
[9] OCR: Optical Character Recognition. It refers to the technology for printed characters that optically converts the characters in a paper document into black-and-white dot-matrix images and then converts the characters in the image into texts using recognition software.

Technology Ethics and Digital Inclusion

Technology Ethics

At Xiaomi, we place significant emphasis on gender, religious, and cultural inclusion in the application of AI technology. This approach guides us in designing products and services that prioritize the needs of all users. Under the guidance and supervision of the AI Ethics Committee, we are dedicated to upholding ethical guidelines and adhering to regulatory requirements that promote digital equality in the application of AI technology. We have established and implemented the Xiaomi AI Ethical Principles, which address AI law, privacy, security, transparency, and accountability, and apply to Xiaomi's product development and applications. Through comprehensive and systematic training, we have raised the awareness of digital inclusion in every employee.

In the field of AI, we have established the standards of Xiaomi Corporation for products accessing LLM algorithms. These standards are designed to govern the development and application process to foster the healthy, ethical, and secure development of Xiaomi's products accessing LLM algorithms and to prevent the security, privacy, and compliance risks in the development and application process. The standards are aligned with the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and the Law of the People's Republic of China on Scientific and Technological Progress. We:



- Implement compliance processes for algorithms' compliance assessment and pre-launch security testing;
- Formulated comprehensive security compliance requirements covering LLM sources, algorithm development process, training data[10], model application and deployment, as well as specific requirements to safeguard users' rights and interests with respect to the handling and transparency of users' personal information;
- Remove biased and hate data during the raw data cleaning phase;
- Collect data from different sources and scenarios to increase the diversity of data sources and avoid possible data bias and discrimination;
- Utilize annotated data to train specialized security models to assess whether the generated content exhibits bias and discrimination, and continuously iterate LLMs by means of reinforcement learning; and
- Evaluate model performance using multiple metrics in across various dimensions, prioritizing not only the accuracy and utility of the generated content but also on its security and fairness.

[10] Training data: All data that are directly used as inputs for model training, including input data from training processes such as pre-training, supervised fine-tuning, and reinforcement learning.

Elderly Friendly Retrofits

At Xiaomi, we are actively bridging the digital gap for the elderly cross, facilitating their integration into the digital era and enabling them to reap the benefits of digital advancements. Tailoring our solutions to their specific needs, we have introduced numerous elderly-friendly retrofits across our mobile phones, smart TVs, and smart home devices. For users going out or facing difficulties in the use of mobile phones, features such as Family Guardian offer invaluable support. Moreover, we simplified the operation path of the software system, making it smoother and simpler to use smart devices. Through features such as High Volume Mode, Triple-Click Zoom, and Read Aloud with Selection, our elderly-friendly design delivers a new experience for elderly users to comfortably navigate smart devices.

Protection of Minors

At Xiaomi, we always put the protection and healthy development of minors in the first place. As per the Law of the People's Republic of China on Protection of Minors, the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, and other pertinent laws, we have developed the Xiaomi Account Rules on the Protection of Children's Personal Information , which outline that when collecting, using, transferring, or disclosing the personal information of minors, it is mandated for us to inform and obtain the consent of their guardians. These rules also delineate the information collected and its usage on smartphones, smart TVs, and audio devices.

Case

In the Chinese mainland, Xiaomi TV's Kids Channel adheres to the mission of "creating a children's platform for fun companionship and learning through play to ensure that every child enjoys a wonderful childhood" and focuses on the four value aspects: safety, growth, fun, and companionship. With refined service design and technological innovation, it ensures the safe and healthy development of minors in the digital world. Our "Pure Mode" and rated and age-graded design customize our content recommendations to ensure that we accurately locate appropriate content that meets children's cognitive and comprehension abilities. In the year, we launched the Museum Cinema popular science channel, enlightenment courses, interactive thinking exercises, digital illustrated books, and other quality resources. For details, please refer to the "Support for Education" section in this Report.

In the Chinese mainland this year, we upgraded the content of Xiaomi Kids Channel under the guidance of the industry's first Blue Paper on Film and TV Viewing Guides for Minors jointly developed by a university. The upgrade, which covered our five major hardware products, namely, smartphones, smart TVs, tablet PCs, stereos, and children's watches, further enhanced guardians' guidance and supervision on minors' digital behaviors. We have also launched anti-addiction functions, such as film viewing time control, eye protection mode, the child lock, and posture reminder, to protect children's physical and mental health in an all-around way.

[11] Xiaomi Account Rules on the Protection of Children's Personal Information: https://static.account.xiaomi.com/html/childPrivacy/en_US.html

Product and Service Quality

Product 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 have established a comprehensive quality management system for our quality management targets, as our relentless pursuit is to deliver the ultimate product quality and service experience to our users. The Quality Committee of Xiaomi Corporation (the "Quality Committee") coordinates the quality management of the whole Group and formulates the Group's quality policy, objectives, quality management mechanism and requirements. Building upon this foundation, each business line continuously improves its quality management methods and measures, adhering to the ISO 9001 quality management system standards. Throughout the year, our business units of smartphones, tablets, laptops, home appliances, smart TVs, and IoT products either obtained or maintained ISO 9001 management system certification.

Product Quality Management

At Xiaomi, we always insist on providing amazing products with honest prices. We continuously strive to maximize product quality and user experience by refining the quality management system, improving the management process, and performing procedure-based, standardized, and IT-based quality management. In 2023, we reinitiated the quality reform, upgrading the focus to "raising the bar and striving to be an industry benchmark." As part of this effort, we have issued the Quality Organization Construction Guidelines of Xiaomi Corporation and guided each business unit to set up a Business Quality Committee. In this way, we established a robust quality management organization for the business units and ensured standardized and procedure-based quality undertakings.

We have established a quality management system with distinct Xiaomi characteristics in light of Xiaomi's business model. This year, we introduced an updated program document, the Group Quality Manual 2.0, adding strategic elements such as quality planning and medium- and long-term objectives. Aligned with the Group's development strategy of the "Human x Car x Home" smart ecosystem, we have devised a three-year quality plan with specific targets. Our objectives include enhancing comprehensively improving the maturity of our business quality management, establishing an industry-leading business high-quality delivery system and a high user experience assurance system, listening to and understanding users' needs, improving quality expertise across the business chain, and continuing to foster a quality culture that puts "quality first" among all employees.

We have adopted and optimized the IPD[12] process system establish Mi-IPD, a closed-loop system aimed at enhancing whole-link hardware quality and experience. The system is designed to expedite the product cycle, from conceptualization to market launch, through cross-departmental collaboration and refined project management. Throughout this process, we remain committed to continuous improvement in product quality and user experience. We deeply integrate key departments such as marketing, development, supply, manufacturing, service, finance, and procurement, creating a flexible and efficient cross-functional project team.

In terms of quality management, the cross-departmental team conducts predictive analyses of fault feedback ratios (FFRs), effectively identifying and preventing potential homogeneous problems. This approach enables issues to be resolved before launch, thereby reducing product risk and improving customer satisfaction. By leveraging the EWP (Early Warning Program) alongside with medium- and long-term closed-loop analysis, we monitor every aspect of the product from design to production for quality and continuous improvement, fortifying our quality management system. Xiaomi's quality responsibility division and review mechanism ensures individual accountability for problem resolution and the development of targeted quality improvement strategies. This accountability-to-individual management approach improves the efficiency and accuracy of our problem-solving efforts. In addition, the seamless coordination between our R&D and service ensures that direct transfer of customer feedback to the quality assurance team, allowing for precise product quality enhancements that align with market and user needs.

With these measures, we have created an all-around quality management closed loop from early warning to problem-solving, from responsibility tracing to continuous improvement. This robust closed-loop system enables swift responses to market and user feedback, reduces the likelihood of quality accidents, and enhances internal management efficiency and effectiveness, thus propeling us towards higher quality management objectives.

During the year, we received 32 external awards for quality, including a CAQ Quality Technical Award from the China Association for Quality and three Business Improvement Case Awards from the China Quality Club. During the reporting period, Xiaomi's products did not experience any product quality accidents due to health or safety issues, and the Group did not experience any product recall events in domestic or international markets.

[12] IPD: Integrated Product Development. The IPD management system encompasses the complete process of product planning, development, and lifecycle management from customer requirements to product retirement.

Product Quality Improvement Initiatives

In 2023, we completed 249 product quality improvement projects, including the Global Continuous Quality Improvement Project for Redmi Products, the Mobile Phone Manufacturing Yield Improvement Project, the Notebook Quality Improvement and Enhancement Project, the Critical Quality Improvement Project for Cabin Voice, and the Tumble Washer Noise Improvement Project. These projects cover smartphones, tablets, laptops, major appliances, smart TVs, and IoT products.

For smartphone products

We have implemented a smartphone hardware quality system that integrates the four dimensions of design, simulation, testing, and after-sales in a closed loop. This structured approach has enabled a science-based and sound quality index system. During the year,

- We have achieved a positive feedback rate of over 99% on e-commerce platforms, and the net promoter score (user experience surveys based on product quality) has increased by over 20% for three consecutive generations.
- Through comprehensive enhancements to our camera structure reliability simulation process, we have developed science-based and leading reliability analysis methods and analysis capabilities, effectively pre-empting reliability risks.
- We have completed the construction of simulation systems in key areas such as touch control on smartphone displays and device structure. These systems have been integrated into the project development process with continuous iteration and upgrading. As of the end of 2023, Xiaomi's smartphone simulation system had undergone over 2,000 simulation iterations and intercepted over 450 risks.
- We have established an abnormality management mechanism for all product lines to address challenges in product line problem management. We performed closed-loop management in design, testing, production, materials, and processes. Furthermore, we have proposed special studies on various technologies to address different hardware issues and fully implemented them.
- We focus on developing and optimizing the quality index system. By establishing information technology and intelligent standards, we have continuously optimized our R&D quality. As a result of these efforts, the overall FFR of our smartphone products decreased to 36% compared to the previous year.

For wearable products

We have undertaken several projects aimed at optimizing pain points and improving hardware and software quality. These projects target Bluetooth rate, battery life, app experience, charging and discharging, and switching on and off. As a result, the FFR of our watch series decreased by an average of 57% during the year.

In 2023, We have launched a battery quality improvement project. In 2023,

- To extend the battery life, we have optimized the degradation of the core system materials by implementing a multi-scenario battery health maintenance strategy.
- We have developed a battery cycle aging estimation strategy. Through the integration of Xiaomi's self-developed Starfish algorithm and big data models, we effectively enhanced battery quality and smartphone endurance.
- We introduced the Xiaomi Starfish algorithm. The Redmi K70E smartphone achieves 90%[13] battery capacity retention under heavy-duty scenarios[14].

[13] 90%: The battery cell presents a capacity retention rate ≥ 90% for 1,000 heavy-duty long cycles under a standard laboratory environment. The data is derived from the Xiaomi Lab, and the actual operation may vary slightly depending on the test environment, conditions, and other factors.

[14] Heavy-duty scenario: It refers to the higher discharge current generated when the high energy consumption features of a smartphone are in use.

Quality Awareness Enhancement

We prioritize the development of employee quality awareness. This year, we launched online and offline quality training courses covering the Group's quality system, product safety compliance requirements, quality management system, and quality management tools. These courses aim to instill Xiaomi's core values in quality within our workforce and improve their quality awareness and professional capabilities. In 2023, we conducted general and specialized quality courses and tests for the quality staff and core position holders, along with core specialized courses for international business personnel. During the reporting period, we introduced the Group Quality Manual 2.0 and organized a "Quality Quiz for Everyone." A total of nearly 28,000 people completed and passed the quality assessment.

The continued growth of Xiaomi hinges on our professional quality management team. Therefore, we have accelerated the cultivation of quality management professionals through the certification of quality managers of the China Association for Quality (CAQ), Six Sigma Black Belt and Green Belt, and Performance Excellence Self-Assessors.

Service Quality

At Xiaomi, we are committed to providing user-centered service. We take multiple measures to continuously expand our service offerings and always prioritize the swift and effective resolution of user issues. To enhance service quality and bolster each department's service quality management, we have instituted special performance indicators for the service department. Adhering to the SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) criteria, we have fortified our service quality management across multiple dimensions. In the process of determining and handling quality incidents, we integrate service quality management with business quality improvement. We summarize lessons from quality accidents and promote the experience of service quality improvement, thereby comprehensively enhancing the quality awareness of all employees and service providers.

In terms of the process system, we have established and optimized the Issue-To-Resolution (ITR) process system[15] to streamline our response to user feedback and enhance problem resolution efficiency. This system facilitates closed-loop quality management from identifying problems to resolving them, thereby delivering Xiaomi's quality service to customers and significantly improving user experience.

For user inquiries and complaints, we adopt the approach of immediate responses and mobilize resources from all departments to ensure efficient response and accurate, prompt, and reasonable resolution of all user issues. We review customer complaints every week and analyze them across multiple channels and dimensions, take improvement measures, and monitor their effectiveness. To facilitate user communication, we have established multiple channels, including online tools and stores, to actively address all customer concerns. Leveraging the ITR process system, we address user issues to continuously improve the user experience.

In terms of IT, we have implemented targeted measures to elevate the customer service experience through technological innovation. Recognizing the growing demand for consultation and warranty, we have meticulously developed an online service system with processes for display and inquiry. Our goal is to provide users with a straightforward and easy-to-use platform, where they can easily access the required product information, solutions, and warranty status. In 2023, we displayed details of refunds and charges and corresponding explanations to customers on our official website, ensuring transparency of customer service information. This has resulted in a 33% reduction in customer complaints over refund information and relevant issues.

In our stores, we made face-to-face interactions with users through user symposiums and exchanges as well as visits by product/R&D engineers to gather and address user concerns while refining our service offerings. Throughout the year, we organized 18 user forums, gathered 307 pieces of user feedback, solved more than 230 practical problems, and gained insight into the real needs of users. We also focus on catering to the personalized user needs and invite users to engage with Xiaomi's business departments to explore future design possibilities.

We always adhere to the spirit of "making friends with users" to enhance the overall service awareness of our employees and improve the service quality of the Group. By integrating the ITR process into Xiaomi's service process and personnel training, we ensure that our service team can swiftly respond to user needs. We proactively track and quickly address user needs, optimize user experiences, actively explore service solutions, and achieve consistent and intensive service coverage. Moreover, we provide tailored product technical guidance and regular training to continuously enhance the professionalism and service of Xiaomi's service team.

We go beyond promoting the quality of our employees' services to a high standard. We have established and implemented a system of rewards and penalties to incentivize our partners in terms of service quality and attitude. We offer rewards to outstanding partners who deliver top-notch services. Conversely, for partners who fail to maintain service quality, we will impose graded penalties based on the severity and impact of the incident, aiming to reduce the complaints stemming from partners.

[15] The ITR process system: The construction method and management process for an Issue-To-Resolution customer service system. Specifically, it refers to a customer-centered service process from problem identification to problem resolution, thus creating a closed loop of service in an end-to-end manner.

Retail Services

We have continuously strengthened the service capabilities of our offline stores, expanded our service network coverage, and enhanced the accessibility of our user services. Throughout the year, we created a refined management system for store service indicators and established a closed-loop management mechanism from service quality monitoring to improvement. In addition, by improving trainer management and the store training mechanism, we deeply integrated the training content with frontline business operations. Moreover, we introduced a store risk control management system and developed the Xiaomi Service Store Compliance Code of Conduct, laying a robust foundation for operational compliance and capacity enhancement in our stores. These efforts ensure that Xiaomi stores continually refine and elevate their service standards while delivering exceptional services. By the end of the reporting period, in the Chinese mainland,

We had a total of

1,793

offline retail stores

The user service satisfaction survey showed an improvement of

4.5%

compared to 2022; and

There are

5,108

engineers holding Xiaomi's professional technical qualification certificates stationed in offline stores

The offline store service network had covered

91.86%

of the cities in the Chinese mainland

We hosted

2,789

engineer training sessions

covering

316

prefecture-level cities

providing a total of

10,123

hours of training

an increase of

1.45%

compared with 2022

Sales and Service Integrated Operations

At Xiaomi, we have maintained our commitment to enhancing the user in-store experience and have achieved significant progress in sales and service integrated operations. Throughout the year, we have witnessed a 36.6% increase in the number of our sales and service integrated stores in the Chinese mainland that have full-service capabilities such as sales, returns and exchanges maintenance, and recycling. We have continually refined the management of store operational quality, establishing clear standards for store operations to ensure the healthy and robust growth of sales and service integrated operations. We have calibrated store targets, formulated subsidy policies for new stores, instituted mechanisms for monitoring store operations and evaluating outstanding stores, and issued the Sales and Service Operations Manual. These measures have facilitated the efficient conversion of sales and service, driving overall enhancement in the sales and service capabilities of our frontline store teams.

In markets outside the Chinese mainland, we have introduced warranty policy differentiation, VIP customer service, and trade-in targeted subsidies for Xiaomi's flagship models.

- Warranty policy differentiation services encompass an international warranty → a 2-year warranty and a complimentary replacement for a broken screen
- VIP services include one-time access to airport VIP lounges → exclusive customer service, and an exemption from out-of-warranty labor fees, and special subsidies for trade-in
- In some markets → we also offer fixed-price discounts for trade-ins

In-Store and Send-In Repair Service

At Xiaomi's offline stores and service points, users have access to exchange, overhaul, and repair services. We continuously expand our service coverage and offerings. Throughout the year, we introduced new services such as insurance business access, out-of-warranty exchange for IoT products, and repair services for motherboards and screens of smartphones and laptop devices in the Chinese mainland, broadening our service scope. Additionally, we have bolstered our repair service capabilities by establishing service points. Over the reporting period, we established 3,778 stores offering in-store repair service and 124 stores offering send-in repair service in the Chinese mainland. We consistently meet user needs with an enhanced service network, strengthened repair service capabilities, and expanded range of business. We have also launched a new one-on-one "flash" delivery service in the Chinese mainland market, realizing instant delivery and repair in the same city. Consumers and users can enjoy a smooth and worry-free shopping and after-sales service experience through the "Store Flash Delivery" delivery and repair feature in Xiaomi Store.

On-site (Door-to-Door) Services

We have expanded the coverage area of our on-site services by accelerating the construction of on-site (door-to-door) service points. As of the end of this reporting period, in the Chinese mainland,

We have built a total of

7,725

on-site service points.

These on-site (door-to-door) service points are staffed by

32,058 engineers holding Xiaomi professional technical qualifications

These engineers consistently deliver quality and fast services for on-site products.

Our on-site service capability for home appliances has extended to over

2,000 district and county-level jurisdictions.

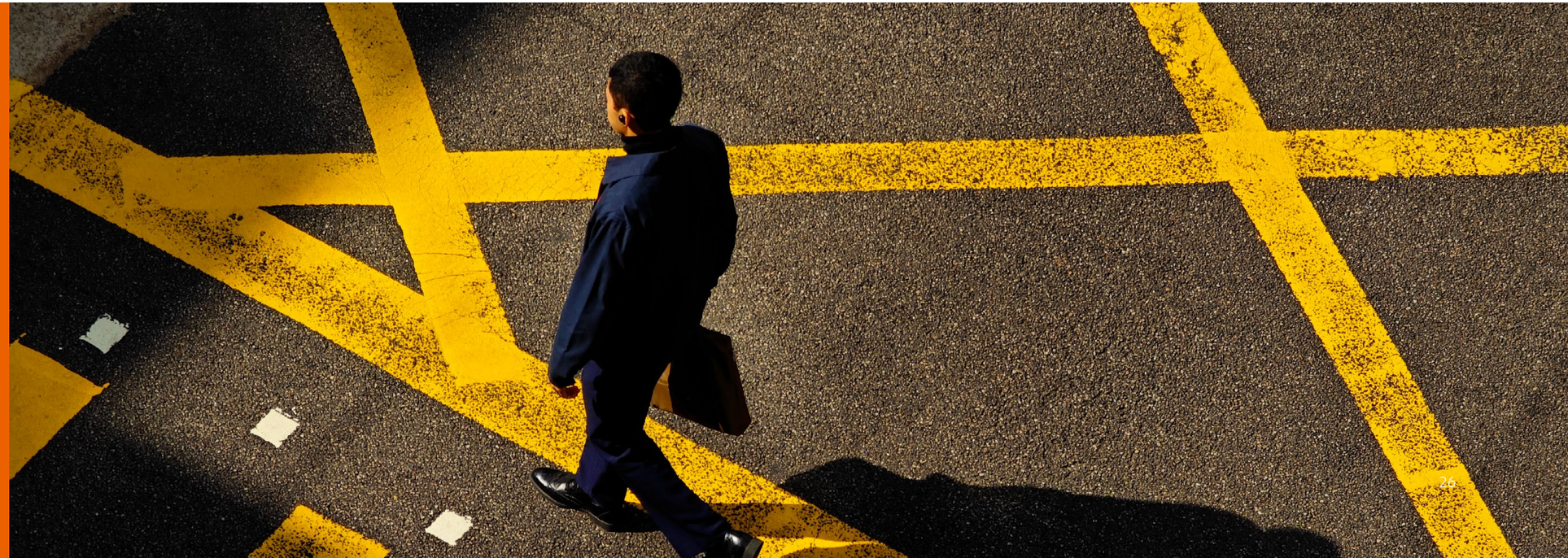
Trial of the Integrated Model of Air-Conditioner Delivery and Installation

In 2023, we launched a pilot program for the integrated model of air-conditioner delivery and installation in the Chinese mainland. In the model, the delivery and installation process has been simplified, and rapid delivery is provided to meet users' demand for immediate installation upon delivery. The delivery and installation time has been reduced by a total of 50 hours. We received 100% service satisfaction from our pilot customers. This model has covered 106 cities nationwide, with a total of 282 outlets, greatly enhancing the user experience.

The one-time solution of delivery and installation achieves efficient synchronization of logistics and after-sales service as well as real-time and accurate mutual transmission of time information, which further shortens the logistics and installation time. Based on the integration capability of delivery and installation, Xiaomi's integrated model for dismantling, delivery, and installation innovatively blends in after-sales service to provide users with a one-stop service from dismantling the old to installing the new. The successful trial of the integrated service model of delivery and installation has significantly improved our service efficiency and promoted Xiaomi's continuous innovation in product service and user experience.

Delivery Services

To achieve the optimal distribution of spare parts warehousing and to reduce turnaround times and logistics transport durations, we have established 25 spare parts storage centers across the Chinese mainland. This setup facilitates a short-distance and rapid spare parts storage network. We have also established a device warehousing and distribution network covering the whole Chinese mainland to further optimize the warehousing and distribution network. During the year, we achieved next-day delivery for 80% of our orders in the Chinese mainland.



Quality Management for the Automobile Business Line

Product safety is fundamental pillar in the Total Quality Management (TQM) system for Xiaomi's automobile business line. Our aim is to guarantee that our products are not only safe and dependable but also of superior quality and in full compliance with legal and regulatory standards. The system covers the entire product lifecycle, with stringent testing procedures in place at every stage from R&D to production.

To achieve this goal, Xiaomi's automobile business line has established a TQM system that consolidates all procedures, management practices, quality standards, specifications, and operating guidelines pertaining to quality and safety for the Group's automobile and related business. By focusing on product features and problem management, Xiaomi's automotive business line has built a quality management system. This system not only meets the basic requirements for access and the mass production system but also addresses the demands of each new product project in terms of product features and validation. It also ensures that all projects can be fully safeguarded by process and standard specifications.

In addition, Xiaomi's automobile business line has devised and implemented the development, trial operation, operation, and rapid iteration of digital management platforms, models, and processes, aimed at boosting the efficiency and efficacy of quality management. As at the end of the reporting period, Xiaomi EV's preventive quality system has fully completed, passed the trial operation validation, and officially entered the operational phase.

Case

Xiaomi's solid underlying core R&D technology provides a quality guarantee for the high range and high safety of Xiaomi SU7 Series.

Battery safety and range performance: Xiaomi SU7 Series incorporates Inverted Cell Technology, which surpasses traditional solutions in heat dissipation and thermal insulation. It has passed the world's most stringent battery safety testing. Additionally, it features 14 layers of robust physical protection and Xiaomi's interconnected vehicle safety warning system, ensuring comprehensive battery safety.

Active and passive safety: Xiaomi SU7 Series boasts an armor-cage-styled steel-aluminum hybrid body that effectively absorbs and disperses impact forces, thereby to enhance collision safety. It fully complies with the five-star safety standards of both China and the EU. Equipped with 16 active safety configurations, it prevents accidents at critical times. Moreover, we provide stringent privacy security protection to ensure users' personal information and data security.

Data Security and Privacy Protection

Protecting user data privacy has always been one of Xiaomi's core values. We consistently uphold international regulations and standards in our practices of data security and privacy protection. We develop and update Xiaomi's privacy policy based on core principles contained in global privacy frameworks (such as those published by the OECD and the APEC) and privacy laws (such as the Personal Information Protection Law of the People's Republic of China, the EU General Data Protection Regulation (GDPR), and the General Personal Data Protection Act of Brazil), ISO standards, and regional industry guidelines (such as the guidelines of the European Data Protection Board (EDPB)). Furthermore, we have been actively studying international trends to provide users with a privacy protection system that is in line with the development of modern technology.

In the past year, we took steps to enhance information openness and transparency. We published or updated the *MIUI 14 Security White Paper, the MIUI 14 Privacy White Paper, the Xiaomi IoT Privacy White Paper, the Xiaomi IoT Security White Paper,* and the *Xiaomi Transparency Report 2022*. Our annual *Xiaomi Transparency Report* offers details about the data access requests received from law enforcement and government agencies worldwide, along with our responses to these requests.

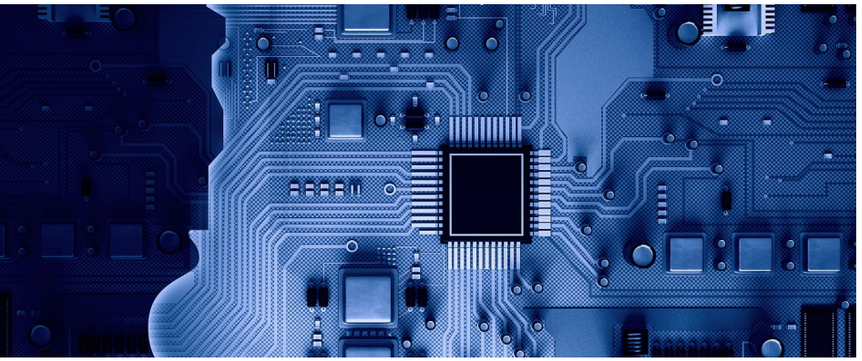
For more information on Xiaomi's data security and privacy management, practices, reports, and policies, please refer to:

- Xiaomi Trust Centre → https://trust.mi.com/
- Xiaomi Security Centre → https://trust.mi.com/misrc
- Xiaomi Privacy → https://privacy.miui.com/en/#/

Data Security and Privacy Protection Governance Structure

At Xiaomi, we believe that protecting user data privacy is paramount to fostering a secure and quality user experience while building trust with our users. We continuously iterate our data security and privacy protection management system and establish reasonable and effective management procedures and standards. The Group has established an Information Security and Privacy Committee (the "Security Privacy Committee"), which focuses on developing and implementing rules, managing security risks associated with personal privacy, advancing privacy technology capabilities, and enhancing risk response abilities. This year, we completed the change of term and reorganization of the Security Privacy Committee. Each business department now operates a Security and Privacy Working Group, contributing to a more mature data security system for the Group and effectively empowers the secure development of smartphones and other business lines.

Xiaomi's Board places great importance on data security and privacy protection. The Security Privacy Committee reports to the Board periodically on the Group's progress in this area and assists the Board in assessing risks in data security and privacy protection, countermeasures, and their efficacy. Based on these assessments, the Board offers management recommendations. In 2023, 100% of the sites of our technology operations received certification under the ISO 27001[16] for information security management systems (ISMS). This year, Xiaomi did not receive any validated complaints about data security and privacy protection.



Data Security

Data security and privacy protection is the core of Xiaomi's continuous pursuit. We are steadfast in safeguarding users' personal data and daily lives through the establishment of a leading security architecture and the adoption of powerful security technologies. Leveraging Xiaomi HyperOS's global security technology and the unified security capabilities of our IoT platform, we have established a set of technical requirements and management mechanisms covering smartphones, IoT devices, and Internet services. These measures utilize Transport Layer Security (TLS) and encryption algorithms to protect user data security. We effectively communicate our objectives and requirements of data security and privacy protection to our supply chain partners. We rigorously examine and manage the data security and privacy protection capabilities of our supply chain partners and develop emergency response measures for data security incidents. By doing so, we minimize potential risks and uphold our users' data security privacy rights.

We also protect the security of users' personal information and data through software system security updates and security vulnerability fixes. Our smartphones and IoT products receive regular security updates, and we continuously disseminate security recommendations and notifications to inform users of newly identified security vulnerabilities, their potential impacts and remediation options, thereby helping users cope with the ever-changing security risks. We actively receive security vulnerabilities of Xiaomi products submitted by users and security researchers in the Xiaomi Security Centre. By receiving and validating vulnerabilities, determining the extent of their impact, determining vulnerability fix solutions, and promptly following up, we enhance the security of Xiaomi products and services.

[16] ISO 27001: ISO 27001 is an international standard for information security management that is designed to help organizations manage and protect information assets and secure them.

[17] TEE: Trusted Execution Environment

[18] EAL: Evaluation Assurance Level. It is a numerical level that describes the degree to which a product has been evaluated against the Common Criteria for Information Technology Security Assessment. From EAL1 to EAL7, the higher the numerical level, the higher the level of security for the system implementation.

Xiaomi's Data Security Technology

Security Strategy for the "Human x Car x Home" Smart Ecosystem

At Xiaomi, we place a paramount emphasis on addressing users' concerns regarding data security and privacy protection. We have incorporated them into the development of Xiaomi HyperOS. Xiaomi HyperOS has reconstructed its security and privacy architecture to establish an underlying foundation with the self-developed TEE[17] as a security subsystem to reduce potential risks and improve the overall security of the system. Xiaomi TEE is an isolated security operating system running on isolated hardware, purpose-built to handle sensitive information securely and cater to the security requirements of different devices and application scenarios. Xiaomi HyperOS leverages different TEE solutions to construct a trusted security base tailored to different hardware environments. Building upon this security base, it bolsters the capabilities of device trustworthiness, universal key management, and cross-end authentication at the framework layer, providing trusted connection, trusted transmission, and trusted peer-to-peer state for cross- end scenarios. This technology provides security functions for many system applications such as face recognition, privacy passwords, and lock screen passwords, and supports core devices such as smartphones and IoT devices. Xiaomi's self-developed TEE was awarded the first EAL5+[18] certificate in China by the China Cybersecurity Review Technology and Certification Centre (CCRC), which is the highest security certification for TEE systems.

Xiaomi HyperOS' hardware-based security root of trust establishes a reliable chain of trust through the secure boot process and is securely transferred to the operating system. The security subsystem of Xiaomi HyperOS designs interconnection security modules and provides unified security for each device. This security subsystem amalgamates hardware and software security technologies and deploys different security technologies at the hardware, kernel, framework, and application layers. Through this comprehensive approach, it provides end-to-end complete link protection for devices, thus safeguarding user data security and privacy. At the same time, Xiaomi HyperOS performs end-to-end encryption during data transmission between devices through a TEE-based interconnection security module that allows devices to verify each other, thus securing the entire network.

IoT Platform Uniform Security Capability

The Xiaomi IoT platform, as a unified IoT device platform built by Xiaomi, supports the access and management of various devices such as smart wearables and smart hardware. Aligned with Xiaomi's Cyber Security Baseline for Consumer Internet of Things Device, the Xiaomi IoT platform incorporates a range of basic security capabilities. The platform greatly enhances the security of the device system with hardware capabilities such as device communication modules and security chips, as well as software capabilities such as the Xiaomi Vela system[19]. In addition, we have developed protocols and standards such as the MIoT Spec protocol[20], and the device two-way authentication protocol. On the service side, the platform boasts the IoT Communication Centre, Digital Certificate Management Centre, Authentication and Privilege Centre, Data Storage Centre, Firmware Management Centre, and Message Distribution and Invocation Centre. These components facilitate the interaction function between devices and the service side while ensuring the security of devices and the service side.

[19] Xiaomi Vela is Xiaomi's IoT embedded software platform based on the open source real-time operating system NuttX. It provides unified software services on various IoT hardware platforms, supports rich components and easy-to-use frameworks, and bridges fragmented IoT application scenarios.

[20] MIoT Spec, or MIoT Specification, is a functional description of IoT device specification. It is an IoT protocol developed by the Mijia platform, which contains function definitions, interaction models, message formats, and coding, and applies to devices connected to the Mijia platform.

Supply Chain Data Security Audit and Management

We uphold stringent standards in managing our suppliers and partners to ensure data security and privacy protection. For suppliers engaged in users' personal information, we conduct rigorous inspections of their data security capabilities at the early stage of supplier admission. We also require suppliers to adopt unified review criteria for user information to ensure compliance with Xiaomi's data security and privacy protection principles. During the supplier admission phase, suppliers must follow Xiaomi's data security and privacy protection review process for declaration and evaluation. Should a supplier fail to pass, we will require the supplier to make improvements until they meet our standards before entering into cooperation with Xiaomi. We conduct regular audits of supplier data security and privacy protection practices throughout our cooperation. If issues arise, we will suspend cooperation with the supplier until corrective actions are taken.

For the input and output of third-party data, we have established a standardized data privacy declaration process for the whole Group. This process entails suppliers and partners compiling white papers on product/service-related privacy, submitting security and privacy tests, completing data protection addendums (DPAs) and security questionnaires, and submitting privacy declarations online. From the security questionnaire, we can monitor the information security certificates (for example, ISO 27001) held by our suppliers and partners, which serve as an important reference for cooperation.

Data Security Incident Emergency Response

At Xiaomi, we have established a rigorous data security incident management and emergency response system process to ensure a swift and coordinated response to data security threats, minimize potential damages, and safeguard user data security and privacy rights. Upon detecting abnormal data access or potential data encryption errors, we will immediately initiate assessment procedures to evaluate the impact of the incident on users' personal rights and interests. Our dedicated team coordinates and manages emergency responses to data security incidents, determines the severity of the incident, and coordinates emergency protection measures. Through diversified investigative measures, we remain highly vigilant against data leakage, misuse, abuse, and other security incidents. During the year, Xiaomi did not experience any data security leakage incidents.

We emphasize the importance of tracking and managing data security incidents. Our issue tracking management system records the details of data security incidents and the way they are handled. Furthermore, we have established an incident handling group to facilitate traceability of information flow and efficiency of collaboration. Following any data security incident, we will set up a dedicated team to conduct in-depth analyses and summaries of the incident to optimize future security management strategies.

Privacy Protection

Privacy has always been among Xiaomi's core values. Guided by the privacy principle, we integrate the concept of privacy by design into our product development process and continuously explore more innovative technologies to protect privacy. To achieve this, we have established a comprehensive information security and privacy protection governance framework, which is comprised of guiding principles, organizational structure, security and privacy certifications, privacy policies, and a mechanism for continuous improvement. We also process and back up personal information by leveraging secure and globally managed infrastructure, transfer user data through encrypted communication channels, and store it with trusted cloud service providers.

For smart device users, we offered comprehensive privacy protection features through MIUI this year, effectively safeguarding the privacy and security of personal information. Users have control over the applications running on their mobile phones. The privacy security of Xiaomi products is effectively enhanced by many privacy protection features introduced in MIUI 14, including app permission settings, key-protected private space, finding or locking a lost device, secure photo sharing, and the incognito mode of Xiaomi Browser. For more information, please refer to the Xiaomi MIUI 14 Privacy White Paper[21]. In 2023, we made technical upgrades to the MIUI 14 system. A privacy white paper based on Xiaomi HyperOS is expected to be released in 2024.

For IoT device users, we provide privacy practices and safeguards specific to each product or application. Our IoT products include the Xiaomi Watch, Xiaomi Smart Door Lock, robot vacuum, Mijia Electric Scooter, and Xiaomi Router. For more information, please refer to the Xiaomi IoT Privacy White Paper[22].

At Xiaomi, we prioritize communication with our users and strive to create products and services that earn their trust. To address users' privacy concerns, complaints, and relevant issues effectively, we have established the Xiaomi Privacy Support Platform (https://privacy.mi.com/support/?locale=en), providing an online channel to reach out to our privacy team.

[21] Xiaomi MIUI 14 Privacy White Paper: https://trust.mi.com/docs/miui-privacy-white-paper-global/

[22] Xiaomi IoT Privacy White Paper: https://trust.mi.com/docs/iot-privacy-white-paper-global/

Privacy Protection Standards

At Xiaomi, we have always prioritized user privacy and security, integrating privacy protection principles into our product design. We strictly follow and honor the following five principles and commitments:

Open and Transparent Data Processing

We strictly adhere to Xiaomi's privacy policy and terms when collecting, using, storing, and disposing of users' personal information to minimize data collection and retention as much as possible. All our products and services feature a prominent privacy policy portal for users' easy access at any time to how Xiaomi processes their data. We also expressly inform users of the purpose and use of data processing and obtain their consent. We will never upload any user data without users' permission.

Effective Information Security and Privacy Management System

At Xiaomi, we actively foster an internal culture of privacy and have established a privacy management system comprised of organizations, policies, and procedures. We have appointed a Chief Privacy Officer and formed an Information Security and Privacy Committee covering all business teams to better coordinate and advance our privacy protection efforts throughout the Group. Additionally, we collaborate with users, privacy experts, and third-party certification agencies to continuously improve our privacy practices at Xiaomi.

User-controllable Personal Information

At Xiaomi, we empower users with control over the access of apps via simple and easy-to-use shortcuts, thereby ensuring users' personal data security. Users possess the right to allow, deny, and alter apps' access to the system. They can also view the autostarts, permission calls, chain starts, and sensitive behavior records of each app. Should any unauthorized behavior by an app be detected, users can immediately revoke relevant authorizations and request to obtain, correct, or delete the data collected via our Privacy Support feature.

Comprehensive Security Guards

At Xiaomi, we implement rigorous measures to safeguard users' personal information and prevent data leakage risks. When transmitting data, we employ secure transfer via HTTPS, hashing and obfuscation for sensitive information, and protection of the transmission link to ensure maximum security. In local storage of files, we adopt file-level encryption and key separation. In cloud storage, we implement security classification and a blend of multiple encryption methods to effectively safeguard users' privacy.

Strict Compliance with Laws and Regulations

At Xiaomi, we are committed to establishing standardized and sustainable procedures for privacy impact assessments to ensure that our products and services always comply with laws and regulations regarding personal information protection. All of our products are designed and developed to align with pertinent provisions of current privacy and data security laws and regulations. We have established an internal systematic mechanism for privacy compliance reviews at every stage. From product design to development, testing, and launching, there are specialized teams to conduct data protection impact assessments and security tests.

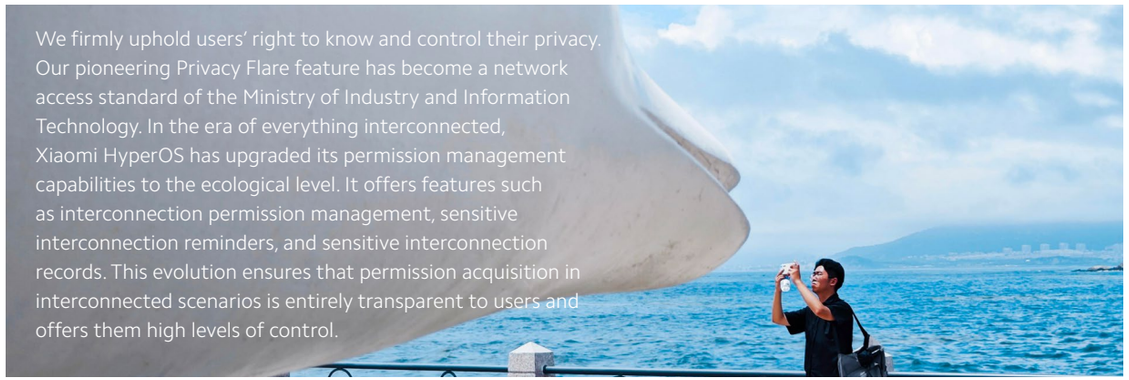
Privacy Protection Technology

At Xiaomi, we uphold strict protection of user privacy. Our commitment lies in advancing the synergistic development of technological innovation and user privacy protection while respecting user privacy to cultivate greater trust among users.

We have introduced differential privacy technology[23]. It ensures accurate statistical results without collecting precise data, thereby minimizing access to users' personal information.

We also employ Edge Computing technology to locally process sensitive data (for example, biometrics) at the device, eliminating the need to transfer data to cloud servers and thus reducing the risk of data leakage.

With our self-developed MACE Mobile AI Computing Engine Open Source Deep Learning Inference Framework, we complete complex data analysis and computation tasks on multiple devices, such as tracking activities and sleep monitoring in Mi Health. We are also expanding the local processing of users' personal data to more scenarios.



We firmly uphold users' right to know and control their privacy. Our pioneering Privacy Flare feature has become a network access standard of the Ministry of Industry and Information Technology. In the era of everything interconnected, Xiaomi HyperOS has upgraded its permission management capabilities to the ecological level. It offers features such as interconnection permission management, sensitive interconnection reminders, and sensitive interconnection records. This evolution ensures that permission acquisition in interconnected scenarios is entirely transparent to users and offers them high levels of control.

[23] Differential privacy technology: This technology adds statistical noise to the user data before it leaves the device, converting the raw data into obfuscated data and effectively avoiding direct identification of personal information.

Data Security and Privacy Protection Culture

We prioritize cultivating a culture of data security and privacy protection. Throughout 2023, we organized various security awareness enhancement activities aiming to raise employees' awareness of data security and privacy protection and the Group's security defenses. These activities included Security and Privacy Awareness Month, phishing drills, training courses, and online assessments. Our data security and privacy protection training activities reached employees in all positions across the Group, including the Board, senior management, employees, suppliers, contractors, partners, and personnel dedicated to security and privacy. We have tailored training programs to suit different positions and introduced assessment and incentive mechanisms.

We recognize the importance of creating a culture of data security and privacy protection. Therefore, we have incorporated courses on data security and privacy protection into our employee orientation training. We also enhance the effectiveness of the training through regular security awareness quizzes and awareness promotion newsletters. During the year, we

- Organized data security and privacy protection awareness quizzes. More than 98% of the Group's employees attended training courses on data security and privacy protection and passed the examination;
- Delivered a number of special training courses for various business departments and the production and research departments of companies in the ecosystem;
- Hosted the Security and Privacy Awareness Month and the 6th IoT Security Summit; and
- Organized at least four phishing drills to test the effect of employees' data security awareness training in combat exercises.

In addition, we provided specialized data security and privacy protection training for suppliers and partners, covering nearly 1,000 suppliers and partners.

Security and Privacy Certifications

Xiaomi's information security and privacy protection capabilities have been recognized by the industry's leading certification and testing agencies. We have passed several privacy protection certifications for all of our product lines, including smartphones, Xiaomi HyperOS, IoT devices, Internet applications and services, sales and service systems, and infrastructure. During the year, Xiaomi's Trusted Execution Environment Operating System for Intelligent Terminals (MiTEE OS) received the IT product information security certification EAL5+. We have also maintained the validity of the following third-party audit certifications[24]:

ISO/IEC 27001	Information security management system certification
ISO/IEC 27018	Certification for the management system of personal information in the cloud
ISO/IEC 27701	Personal information management system certification
SOC 2 Type II Certification	Specialized security audit
TÜV Rheinland Enhanced Privacy Protection Testing	MIUI

In addition, our Electric Scooter 4 Pro has obtained UL IoT Security Gold Certification[25], and our Robot Vacuum- Mop 2 Overseas Version has obtained TÜV Rheinland Product Network Security and Privacy Protection Standard Certification. Xiaomi Smart Camera Tripod Head Version, Mijia mobile app, and Xiaomi Mesh System AX3000 router were certified with the IoT Kitemark.

[24] For all of Xiaomi's privacy certifications, please refer to Xiaomi Trust Centre (https://trust.mi.com/compliance).

[25] UL Solutions is an independent global security science company. It has created an evaluation system to measure the security of IoT products. It rates products on one of five security levels, ranging from the lowest (Bronze) to the highest (Diamond).

Data Security and Privacy Protection in the Automobile Business Line

Xiaomi's automobile business line has established a robust data security and privacy protection system, policy, and process, which are integrated into fine data management and scenario-based privacy protection features on the product side.

The data security and privacy protection strategy of Xiaomi's automobile business line spans the entire lifecycle of data, including collection, transmission, storage, use, sharing, disclosure, and deletion. It allows Xiaomi's new energy vehicle (NEV) products to develop targeted protection measures at each stage to safeguard user data.

Moreover, we manage data by categorizing, grading, and labeling them to enhance the identification and protection of sensitive information. Additionally, we offer users various scenario-based privacy protection features. In different scenarios, Xiaomi SU7 Series will switch to perform smart privacy protection and data isolation as needed to protect users' interests.

For example, the "Worry-Free After-Sales" feature provides users with a smooth experience and privacy protection in the after-sales maintenance scenario.

02

Xiaomi's Zero Carbon Philosophy

Climate Mitigation and Adaptation

We believe that it is our responsibility to leverage our products and technologies to support the 1.5˚C goal set forth in the Paris Agreement and enable people worldwide to experience an enhanced quality of life through innovative technology. As a global leader in innovative technology, we excel in offering solutions through technological innovation and efficient models to advance the development and adoption of clean technologies. We collaborate with stakeholders to foster a brighter future. We infuse climate awareness throughout the entire process of delivering the "coolest products" to our customers. Moreover, we systematically explore ways to integrate low-carbon features with Xiaomi's strategy and brand, continuously developing and optimizing environmentally friendly technologies and products. In propelling the world's transition towards zero carbon, we have made encouraging progress.

The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) took place in Dubai, UAE, from November 30 to December 12, 2023. At this significant global climate summit, Xiaomi released its White Paper on Climate Action[26], sharing its actions and commitments in addressing global climate change. The paper details Xiaomi's Zero-Carbon Philosophy and elaborates the Group's approach to transitioning to zero carbon. It highlights Xiaomi's capacity to utilize AI-empowered AIoT to develop green products and establish a sustainable supply chain, thereby aiding the industry and society in achieving global climate objectives.

Tackling Climate Change

At Xiaomi, we prioritize enhancing energy efficiency, embracing clean energy, and innovating through smart manufacturing, among other initiatives, to attain our carbon neutrality targets within our own operations. Moreover, we are committed to spearheading the low-carbon transition and upgrading of the entire value chain. While concentrating on improving product efficacy and ensuring product affordability, we strive to reduce the environmental footprint of our products and services. Our ultimate aim is to make affordable clean technology accessible to all, thus contributing to the creation of a better low-carbon future in collaboration with our stakeholders.

Climate Strategy

In October 2023, Xiaomi unveiled its brand new strategy "Human x Car x Home" smart ecosystem, featuring Xiaomi HyperOS — a human-centered operating system at its core — designed to connect personal devices, cars, and smart home products into a single, integrated system framework. This breakthrough lays the foundation for establishing a universal "connected system," enabling the interconnection of billions of devices in the future. This presents an opportunity for us to explore clean technology applications across various devices, scenarios, and value chains, thereby advancing a greener lifestyle and fostering a low-carbon society with positive climate impacts.

At Xiaomi, we adhere to the principles of "prompt action, practicability, steady progress, and continuous improvement" as we actively respond to climate change. In 2023, we reviewed industry practices and climate publications and engaged with internal stakeholders to assess climate-related risks and opportunities within the Group's business and existing facilities. Starting with reducing carbon emissions within our own operations, we also provide low-carbon training to our suppliers, support them with carbon data and target management tools, and initiate decarbonization projects to promote low-carbon transformation throughout our product and value chain. We collaborate with our upstream and downstream partners to cultivate a green ecosystem. For more information about Xiaomi's strategy to address climate change and risk management, please refer to Xiaomi Corporation's TCFD Report 2023[27].

[26] Xiaomi Corporation White Paper on Climate Action: https://cdn.cnbj1.fds.api.mi-img.com/staticsfile/svhc/climate%20action%20report/whitepaperonclimateactionXiaomicorp.pdf

[27] TCFD: Task Force on Climate-related Financial Disclosures. For more information about Xiaomi's response to climate change, please refer to the Sustainability—Climate Change page on the Group's official website (https://www.mi.com/global/about/sustainability#/climate).

GHG Emission Reduction Targets and Carbon Footprint

GHG Emission Reduction Targets

Through more implementations and practices, we have gained a clearer understanding that our progress in reducing GHG emissions is influenced by various factors, including the scale of our business, energy mix, supplier selection, and the evolution of verification standards and models. These factors may directly contribute to fluctuations in our GHG emissions. Nevertheless, our steadfast commitment remains to employ improved and cleaner technology in the way we design, make, and deliver our products and services to users. We will continue to monitor the relationship between our business scale and GHG emission metrics, while ensuring transparency in disclosing and reporting our emission reduction progress.

To support the global aspiration of reaching net zero by 2050, we are dedicated committed to reducing our Scope 1 and Scope 2 GHG emissions. To support progress towards Xiaomi's goal of attaining to achieve carbon neutrality by 2040, we further updated our GHG reduction targets accordingly during the year.

- By no later than 2030, reduce GHG emissions[28] from our main operating segments[29] to 30% of the base year[30] level;
- By 2035, use 100% renewable electricity in our own operations;
- By 2040, achieve carbon neutrality in our own operations of existing business segments[31], use 100% clean heat in our own operations, and use 100% renewable energy;
- Prioritize the use of low-carbon technologies and self-built renewable energy power generation facilities to reduce GHG emissions and increase the share of renewable energy in electricity consumption through long-term green power purchase agreements to reduce GHG emissions throughout our target period;
- 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.

[28] GHG emissions: Refers to the Company's GHG emissions (absolute value) calculated in accordance with standards such as 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.

[29] Main operating segments: Smartphone, IoT and Lifestyle products, Internet Services, and others (same scope as the operating segments stated in the 2023 Annual Report).

[30] Base year: 2021.

[31] Existing business segments: Smartphone, IoT and Lifestyle products, Internet Services, and others, as in the business scope in Xiaomi Corporation's latest earnings announcement.

With our 2040 climate goals in mind and our insights into the future trends of the manufacturing sector, we envision a gradual progression towards a carbon-neutral value chain encompassing raw materials, packaging, production, and usage. Our focus will be directed towards the following key areas:

Raw materials: We will foster deep collaborations with upstream suppliers to establish a supply chain of critical materials, such as metals and plastics, sourced entirely from low-carbon and renewable sources. Concurrently, we will accelerate research and deployment of next-generation lowcarbon materials to ensure an environmentally friendly, sustainable, and responsible procurement practice for raw materials.

Packaging: We will transition towards utilizing recyclable and biodegradable packaging materials while eliminating excessive packaging to optimize weight and minimize environmental impact.

Production: We are committed to continually enhancing production efficiency and striving to fully transition to green electricity in production. We will provide guidance and support to key suppliers in their journey towards achieving net-zero emissions, and while also minimizing carbon footprints through efficient energy management and the adoption of green energy alternatives.

Product use: We will leverage technological innovation to enhance the energy efficiency of smartphones and other electronic products, improving performance while reducing energy consumption. Our aim is to ensure that 100% of electronic devices sold are compatible with green energy sources, thereby offering end-users with the option and convenience to utilize clean energy.

GHG Emissions Measurement

The journey to achieving long-term GHG emission[32] reduction targets begins with accurate data collection, assessment, and tracking of Scope 1, 2, and 3 GHG emissions. Currently, Xiaomi's energy supply across the entire value chain predominantly relies on the grid. Given the regional variations in the energy mix for power generation globally, Xiaomi's GHG data standard and accounting models adhere to 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 relevant national, local, and industry standards. The GHG emissions from our operations for the past four years are listed below:

Scope (Mt[33] CO_2e)	2023	2022	2021	2020
Direct GHG emissions (Scope 1)[34]	12,252.52	7,122.60	9,096.95	8,402.12
Indirect GHG emissions (Scope 2)[35]	104,470.04	78,620.01	73,723.21	58,079.17
Other indirect GHG emissions from the value chain (Scope 3)[36]	To be disclosed in September 2024	10,075,225.54	12,368,223.29	-

[32] 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.

[33] Mt: Metric tonnes, the same applies below.

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

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

[36] Other indirect GHG emissions (Scope 3) from the 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, processing of sold products, use of sold products, end-of-life treatment of sold products, downstream leased assets and franchises.

Product Carbon Footprints

We have established a carbon neutrality MARC[37] management model for the lifecycle of our products. This model encompasses aspects such as a management system, carbon footprint accounting, offset emission reduction, and on-going external communication, enabling us to manage the carbon footprint of our products and contribute to green practices in our products.

Carbon Neutrality MARC Model for the Whole Life Cycle

Management	Accounting	Reduction	Communication
Establishing a business lifesycle carbon neutrelity management system and capabilities	Accounting for the carbon footprint of the business, producls, and supply chains according to standards	Continous whole-process collaborative innovation and emission reduction, and finally offsetting	Ongoing communication lauditing, certifiation, disclosure, and crediting

In 2023, we launched a project to assess the carbon footprint throughout the lifecycle of our products and completed product lifecycle carbon footprint assessments[38] for five representative products (including two models of smartphone products, one model of wearable products, and two models of air- conditioner products). Collaborating with an independent organization specialized in carbon accounting and certification, we devised a smartphone-focused carbon footprint assessment framework and methodology, drawing from the Code of Good Practice for Product Greenhouse Gas Emissions and Reduction Claims and PAS 2050:2011: The Standard for Specification for the assessment of the life cycle greenhouse gas emissions of goods and services. Moving forward, we will extend this approach to assess and manage the product carbon footprint across a wider range of our products, including additional smartphone models, air-conditioners, smart TVs, and other Xiaomi ecosystem products.

Take Xiaomi's smartphone products as an example. The lifecycle carbon footprints[39] of our products are as follows:

Product[40]	Product's Carbon Footprint ($KGCO_2e$)
Xiaomi 13 Pro (12GB+256GB)	62.81
Xiaomi 13 Pro (12GB+512GB)	65.68
Redmi Note 12 Pro 5G (6GB+128GB)	42.82
Redmi Note 12 Pro 5G (8GB+128GB)	45.93
Redmi Note 12 Pro 5G (8GB+256GB)	50.94

[37] MARC: Management, Accounting, Reduction, and Communication.
[38] For more information about the carbon footprint of our products, please refer to the Sustainability page of the Group's official website (https://www.mi.com/global/about/sustainability).
[39] Note: It includes the carbon emissions from raw materials, production, storage, transportation, usage, and end-of-life disposal.
[40] The product carbon footprint data is based on measurements of product versions sold in Europe.

Supplier GHG Emission Reduction Program

To incentivize suppliers to adopt climate actions that align with or surpass Xiaomi's GHG reduction targets, we have introduced a special Supplier Carbon Reduction Program. In this program, we require our supplier partners to set science-based GHG emission reduction targets. Additionally, we set forth specific criteria pertaining to increased utilization of renewable energy, disclosure of GHG emissions data, and more. In 2023, we worked closely with 251 direct purchasing suppliers of core products (including some component suppliers and all manufacturing suppliers). We provided support for their validation of GHG emissions data and climate target setting. Among these suppliers, those responsible for 79.89% of the total emissions of direct purchasing suppliers of core products set carbon reduction targets. Those responsible for 81.49% of total emissions from direct purchasing of core products used new energy power. Those responsible for 71.99% of the total emissions of directly purchasing suppliers of core products underwent third-party validation of GHG data.

We worked closely with

251

direct purchasing suppliers of core products

Those responsible for

79.89%

of the total emissions of direct purchasing suppliers of core products set carbon reduction targets

Exploration of Cutting-Edge Clean Technologies

We remain steadfast in our support for cutting-edge technology exploration projects. In 2023, we allocated nearly RMB60 million in grants to cutting-edge technology projects, with some specifically focused on clean technologies.

Battery Technology: Research on Fast Charging High-Energy-Density Soft-Pack Lithium-ion Battery and Its Key Materials

This project focuses on the research of the high-energy-density, fast-charging, long-cycle-life, high-safety lithium-ion battery and its key materials applicable to smart terminals. By designing a battery structure characterized by high ion transport, the project team improves energy efficiency to generate positive environmental benefits. In addition, the project team researched high-voltage and high-compaction cathode materials, high-gram-capacity and low-expansion anode materials that are stable in long cycles, and fast-charging electrolyte materials with high ionic conductivity that are stable in high voltage. They aimed to extend the battery life and reduce the generation of battery waste. The project team also developed a highly safe battery by studying the electrochemical and safety failure mechanisms of batteries. It effectively reduces the number of safety accidents during the use of batteries, enhances public trust in new energy technologies, and facilitates the promotion of new technologies in transforming the energy structure.

Composite Materials: Research on Green Composite Materials with a High Specific Strength and High Specific Modulus

The project is oriented to consumer electronic products, targeting the problems of preparing reinforcing fibers for green composite materials, properties of the matrix-fiber interface, and bending modulus enhancement for composite materials. The project team researched the preparation and modification method of reinforcing fibers of green composite materials with high specific strength and high specific modulus, the modification and enhancement mechanism of the matrix-fiber interface. In the project, the research on evaluation methods and damage mechanisms for high specific strength and high specific modulus green performance promotes the saving of resources and positive environmental impact and reduces the dependence on traditional materials.

Purification Technologies: Research on New Technologies for Long-lasting Purification of Indoor Air Pollutants

The harm of air pollution to people is one of the major environmental health risks globally. Outdoor air pollution has a significant impact on indoor air quality. Therefore, the project team is committed to researching long-lasting purification technologies for indoor air particulate matter (PM), bioaerosols, and common gaseous pollutants to help improve indoor air quality. At the same time, the project team has developed new materials and technologies for high-efficiency, low-resistance, and safe air purification, which effectively improve energy efficiency and reduce the total amount of indoor air pollutants.

Looking ahead, in response to the demand for higher efficiency of clean energy and the autonomy of microgrids, we will delve deeper into areas such as regional synergistic distributed source-load self-adaptive grid connections and key technologies for the energy management of microgrids.

Green Logistics

Establishing a green and efficient logistics system is paramount not only for ensuring seamless connection and flow of products across our value chain but also as a pivotal lever for reducing operational energy consumption and product lifecycle footprint. We employ the digital new retail system, intelligent logistics system, and better management tools (such as optimizing our product warehousing planning and transport routes and reducing the number of product delivery turnarounds). By doing so, we aim to shorten the logistical distance from manufacturing to the consumer. While maintaining logistics delivery quality, we have achieved high transport efficiency and effectively reduced our logistics carbon footprint. Throughout the year, we accomplished the following results:

Optimal allocation of warehousing resources. By leveraging big data analytics, we optimized warehousing resource allocation to enhance storage capacity per unit area in logistics warehouses. The per square meter efficiency of warehousing in the Chinese mainland has increased by 55.84% compared with the previous year. We also reduced the intermediate links of warehousing and transport to lower the energy consumption of the process.

Changes in transport modes. We adopted transport mode changes and other measures in the transport of smart TV products. For example, we increased the loading volume of our vehicles, resulting in a significant increase of 20% in the loading rate of the entire vehicle compared with the previous year. This effectively shortened the transport time in transit, enhanced the on-time rate of arrival at warehouses, and reduced transport energy consumption.

Promotion of new energy vehicles (NEVs). We incentivized carriers to utilize as many NEVs as possible to undertake Xiaomi business and deliver efficient, economical, and low-carbon logistics services. For our international logistics operation, we collaborated with our service partners to use more LNG[41] vehicles to substitute diesel vehicles, and we have achieved a millage of 99,592 km.

Adjustments to transport modes. In overseas markets, while meeting the requirements of safe and efficient delivery, we shifted the transport mode for some of our products from high-emitting air transport to lower-emitting rail or sea transport. A total of about 7.23 million products were involved, reducing carbon emissions by about 3,976 tonnes (Mt) of CO_2.

Use of low-carbon transport. In the European market, we continued to increase utilization of low-carbon transport methods to maintain efficient and high-quality deliveries while further reducing GHG emissions. In terms of delivery mode, it was converted from FTL to Part-Load for the cargo out of Belgian and Spanish warehouse to other European countries. By the end of 2023, 1,882 tonnes (Mt) of goods were shipped via the Part-Load mode, maintaining efficient and high-quality deliveries and further reducing GHG emissions.

Environmentally friendly use of logistics packages. By recycling packaging plant shipment transit boxes as logistics boxes for device shipments from manufacturers, we annually saved 30 tonnes (Mt) of paper and 4.6 tonnes (Mt) of plastic bags. In the Chinese mainland market, the proportion of reused boxes in the total number of logistics boxes increased by 36%, resulting in the conservation of 4 million boxes.

[41] LNG: Liquefied Natural Gas.

Green Offices

In addition to integrating low-carbon and energy-saving practices into the design, production, sales, and logistics of our products, we have also embedded Xiaomi's Zero Carbon Philosophy into our workplace.

Building energy consumption is a key priority for Xiaomi. We explore and evaluate opportunities for energy conservation within our existing buildings and office campuses. Moreover, we incorporate energy efficiency principles during the early stages of designing new buildings. Our green construction approach factors in local conditions and building functions. We benchmark against leading international green building certification schemes to elevate the overall environmental performance of our buildings and to guide our energy efficiency programs. The Beijing Xiaomi Science and Technology Campus, being the centerpiece among Xiaomi's 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).

In July 2023, we capitalized on our proprietary data, technologies, and platforms to establish a Group-wide internal employee carbon account system. This system records, quantifies, and visualizes carbon emission reduction data voluntarily disclosed by employees from their work and personal lives. The system has a carbon emission reduction incentive mechanism to encourage employees to practice green and low-carbon concepts through green travel and other behaviors, thus contributing to the net-zero target by leading a green lifestyle. As of the end of the reporting period, the platform received 47,150 contributions.

As of the end of the reporting period, the platform received

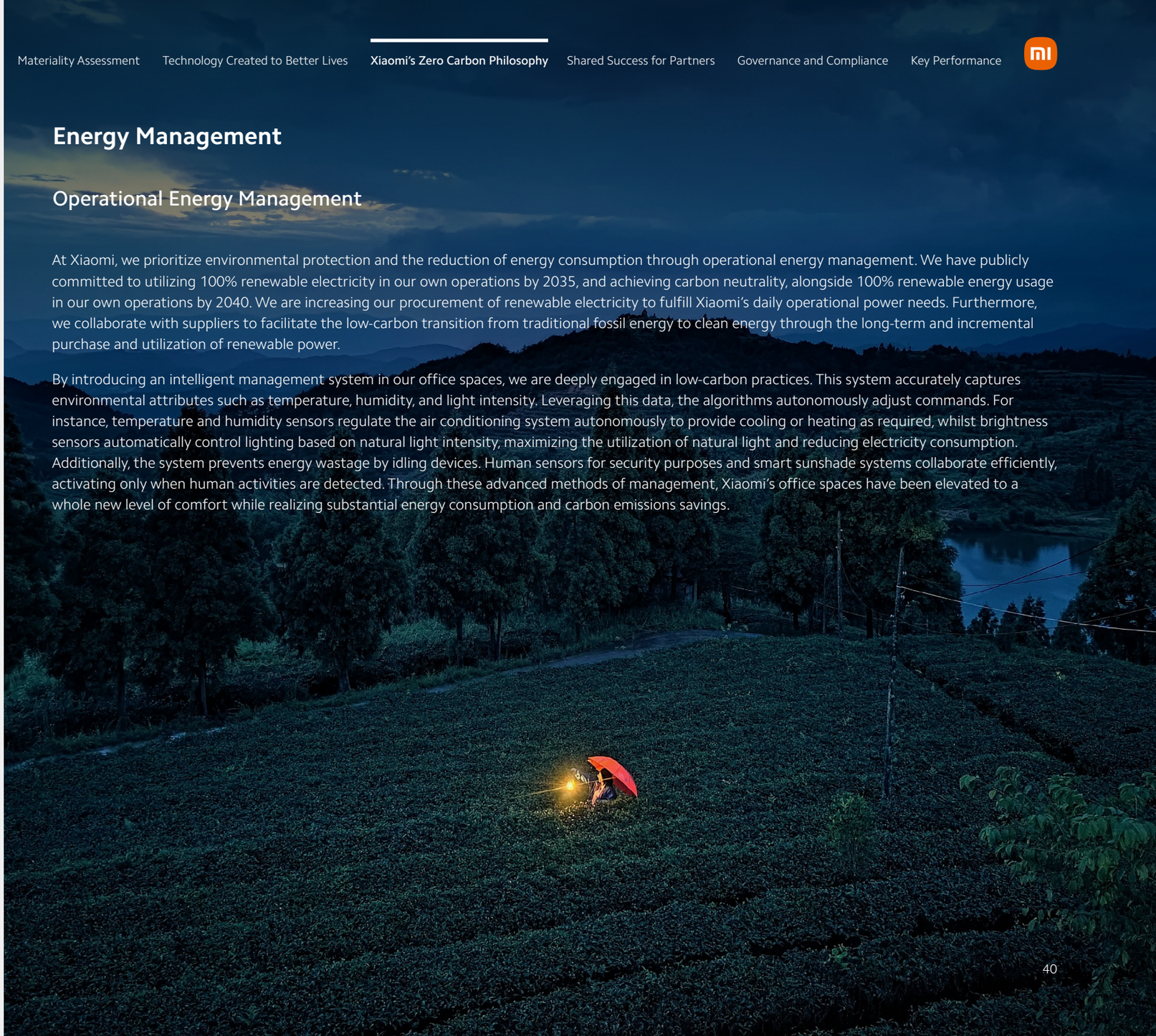
47,150 contributions

Energy Management

Operational Energy Management

At Xiaomi, we prioritize environmental protection and the reduction of energy consumption through operational energy management. We have publicly committed to utilizing 100% renewable electricity in our own operations by 2035, and achieving carbon neutrality, alongside 100% renewable energy usage in our own operations by 2040. We are increasing our procurement of renewable electricity to fulfill Xiaomi's daily operational power needs. Furthermore, we collaborate with suppliers to facilitate the low-carbon transition from traditional fossil energy to clean energy through the long-term and incremental purchase and utilization of renewable power.

By introducing an intelligent management system in our office spaces, we are deeply engaged in low-carbon practices. This system accurately captures environmental attributes such as temperature, humidity, and light intensity. Leveraging this data, the algorithms autonomously adjust commands. For instance, temperature and humidity sensors regulate the air conditioning system autonomously to provide cooling or heating as required, whilst brightness sensors automatically control lighting based on natural light intensity, maximizing the utilization of natural light and reducing electricity consumption. Additionally, the system prevents energy wastage by idling devices. Human sensors for security purposes and smart sunshade systems collaborate efficiently, activating only when human activities are detected. Through these advanced methods of management, Xiaomi's office spaces have been elevated to a whole new level of comfort while realizing substantial energy consumption and carbon emissions savings.



Product Efficiency Enhancement

Through precise identification of user scenarios, we continuously optimize algorithms, particularly focusing on communication modules, display screens, and intelligent ends in smartphones and AIoT devices to enhance seamless connectivity across various scenarios. Additionally, the graded implementation of a power-saving strategy enhances product efficiency and improves the user experience. With the Extreme Endurance Technology, Xiaomi's smart terminals can maximize energy saving by activating multiple power-saving strategies (such as identification and control of the number of apps and high power-consuming apps as well as dark mode interface design) when the power is critically low. Furthermore, we employ Power Saving Mode Technology. In the application scenarios of the smart power-saving strategy, the device will automatically implement power-saving strategies for different power stages, ensuring both user experience and energy efficiency simultaneously.

In terms of energy saving for telecommunication technology, we employ 5G energy-saving technologies, such as self-adaptive broadband technology, which adjusts the bandwidth dynamically based on data volume to reduce energy consumption; self-adaptive power optimization technology, which adjusts the transmit power of the mobile phone adaptively to save energy; and 5G/4G intelligent switching technology. Through these technologies and means, we reduce the energy consumption of mobile phones during 5G signal transmission and improve energy efficiency.

In terms of energy saving in screen display, we remain at the forefront of terminal screen technology. By incorporating advanced screen materials to optimize energy use, we boost screen brightness efficiency and reduce the carbon footprint associated with smartphone screen utilization. For example, Xiaomi's latest Xiaomi 14 and Xiaomi 14 Pro smartphones feature energy-saving screens equipped with high-efficiency screen power supply chips. These chips have improved the efficiency of the screen power supply by approximately 7%. In addition, the application of new OLED luminescent materials has led to an increase in luminescence efficiency of more than 16% (compared with the luminescent materials with stacked structures in 2020).

In terms of smart terminals, we have undertaken systematic research on chip design, battery materials, and charging algorithms and have pioneered an intelligent fast-charging system that integrates high charging rates, high energy density, and efficient low-heat features. We have introduced the world's first 3-in-1 fast-charging infrastructure, which includes wired fast charging, wireless fast charging, and reverse wireless charging, complemented by chip design methods. Through our efforts, we have introduced 4:2 and 4:1 charge pump fast charging chips with 98.6% and 96.8% efficiencies. These advancements have resulted in chip losses being reduced by more than 70%, positioning Xiaomi among the global frontrunners in charging technology. This technology has been implemented in more than 100 million smart devices. Compared to traditional fast-charging technologies, it can save around 52 million kW of electricity consumption on an annual basis.

New Energy Power and Energy Storage

We are building upon our current line of low-power solar PV panels and mini energy storage devices utilized in households, while continually expanding our product range and offerings to cater to the needs of customers, homes, offices, and other settings. Additionally, we are developing smart hardware with DC technology and group intelligent control capabilities. The ultimate goal is to establish a comprehensive ecosystem of energy generation, consumption, storage, and control in residential, office, and travel scenarios. This is coined as the "Light, Storage, Direct, Agile" active response terminal.

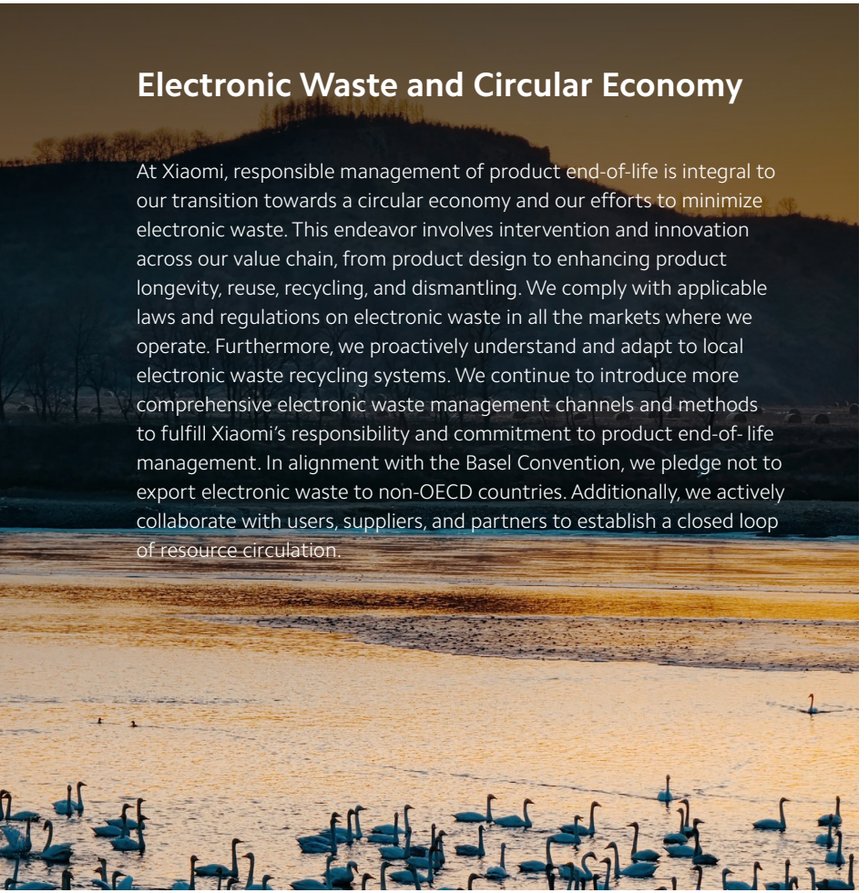
Xiaomi's Renewable Energy and Charging Product Combo

Xiaomi's portable renewable energy product, the Mijia Solar Panel, incorporates the innovative Metal Wrap Through (MWT) technology with a 100-W MAX fast power output. It is designed to be used with the Mijia Outdoor Power Supply 1000 Pro, the combined use of which will make outdoor power supply and storage possible. These products' efficient performance and portable design have made them an ideal choice to use for outdoor travel, camping, and emergencies.

Investment and Expansion

We have demonstrated a strong commitment to investing in and supporting businesses across the energy storage industry, including new energy battery manufacturers, battery material producers, portable energy storage solution providers, companies specializing in battery thermal management technology, as well as emerging players in the EV charging and equipment sector. Through partnerships in clean technology, we have fostered the development of green, intelligent, and innovative products in more scenarios. In the NEV industry alone, we had invested over RMB8 billion in over 70 high-quality companies as of 2023, whose operating income added up to over RMB110 billion. Through joint innovation and investment, we and our partners are continuously speeding up the growth of businesses committed to sustainability development.

Waste Management and Circular Economy



Electronic Waste and Circular Economy

At Xiaomi, responsible management of product end-of-life is integral to our transition towards a circular economy and our efforts to minimize electronic waste. This endeavor involves intervention and innovation across our value chain, from product design to enhancing product longevity, reuse, recycling, and dismantling. We comply with applicable laws and regulations on electronic waste in all the markets where we operate. Furthermore, we proactively understand and adapt to local electronic waste recycling systems. We continue to introduce more comprehensive electronic waste management channels and methods to fulfill Xiaomi's responsibility and commitment to product end-of- life management. In alignment with the Basel Convention, we pledge not to export electronic waste to non-OECD countries. Additionally, we actively collaborate with users, suppliers, and partners to establish a closed loop of resource circulation.

Recycling and Reuse

On a global scale, we have implemented product take-back programs. The adoption of efficient sorting methods facilitates categorized recycling, fostering a shift from a linear model of take-make-waste to a circular regeneration approach. Our recycling services are available at our own facilities and through our partnered local recyclers and service providers, which makes the recycling of electronic products more convenient and ensures that electronic and other solid waste is properly treated. We strictly assess the certification qualifications of our partners in the electronic waste business as per applicable local laws, including the Quality Management System (ISO 9001), the Environmental Management System (ISO 14001) , the Information Security Management System (ISO/IEC 27001), and the Certifications for Zero Landfill and Responsible Recycling (R2)[43] of international electronic waste. Throughout our collaborations, we establish specific agreements with our partners concerning labor rights, a safe and healthy work environment, and the prohibition of illegal waste exports, ensuring that our partners handle waste recycling, refurbishment, or disposal in a reasonable and legal manner. In addition, we have launched an internal purchase program of sample devices for employees and established a standardized management system and standards for internal sample device purchases, fully promoting resource recycling and reducing electronic waste generation. During the year, we recycled approximately 12,260 tonnes (MT)[44] of electronic waste, including smartphones, laptops, and IoT products, globally. Over the next five years (2022-2026), our target is to recycle 38,000 tonnes (Mt) of electronic waste. As of the end of the reporting period, we had achieved 44% of the waste recycling target set in 2022.

In markets outside of the Chinese mainland, we collaborate with third-party electronic waste recyclers ensure the proper disposal of electronic waste through delivery or door-to-door collection by our partners. This service spans to 11 countries and regions (including Hong Kong, China; Thailand; Malaysia; and the UK), covering smartphones, smart TVs, watches, electric scooters, and some other ecological chain products.

During the year, we recycled approximately

12,260 tonnes (MT)

of electronic waste, including smartphones, laptops, and IoT products, globally

Over the next five years (2022-2026), our target is to recycle

38,000 tonnes (Mt)

of electronic waste

As of the end of the reporting period, we had achieved

44% of the waste recycling target

set in 2022

[43].R2: Responsible Recycling.

[44] During the year, the significant increase in the weight of electronic waste recycled by Xiaomi was mainly attributable to Xiaomi's continued expansion of product recycling and trade-in services and the significant growth in sales of major appliance products.

Trade-In

Our Trade-In program relies on our own facilities and third-party recyclers to promote the recollection and recycling of used devices in the Chinese mainland, the UK, Germany, Italy, France, Spain, the Netherlands, and Poland. The program encompasses a wide array of smartphone brands and some IoT devices. In 2023, we expanded the categories of recyclable products and the coverage of recycling services in the Chinese mainland. Employing recycling methods such as trade-in coupons[45] and an "online + offline" combination (in store recycling, door-to-door recycling, and mail-in recycling), we aim to incentivize users to recycle their products for new ones. Outside the Chinese mainland, we conducted 22 trade-in subsidy events across the UK, Germany, France, and Italy, with a special World Earth Day event offering trade-in subsidies for flagship models in France.

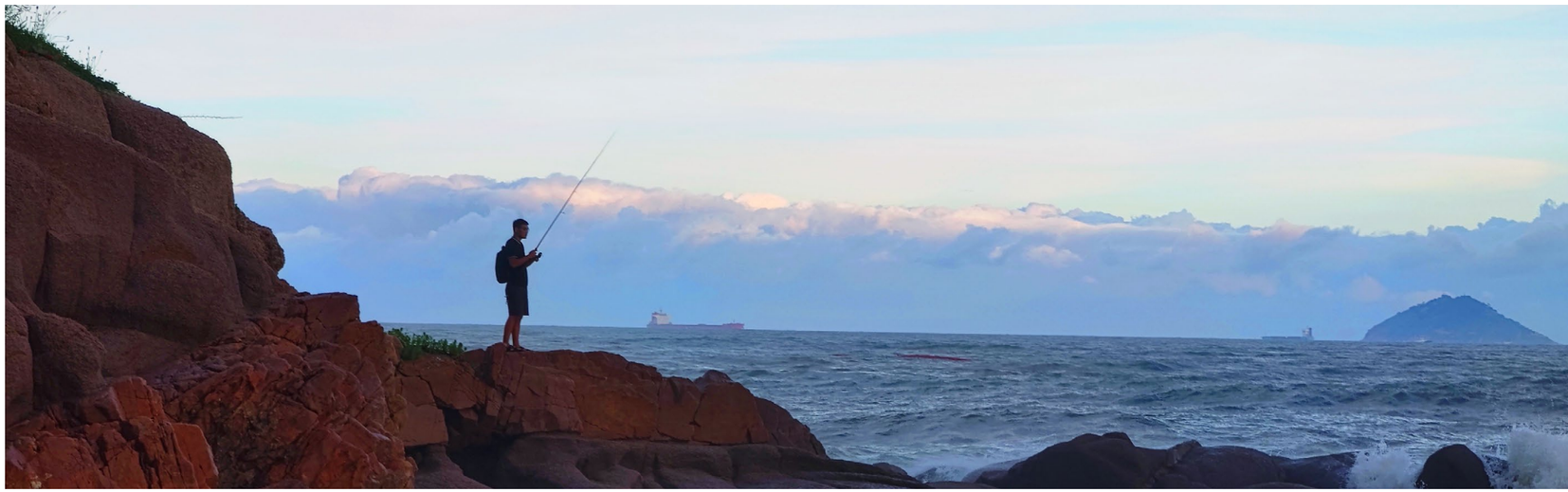
At the same time, we invest resources in supporting the development and layout of the recycling economy industry. Our recycling business partners include two Xiaomi ecological chain enterprises, and we plan to continue to expand our cooperation network.

Trade-In Service Fully Upgraded in European Markets

In 2023, we further upgraded the "trade-in" service in the UK, Germany, Italy, France, Spain, the Netherlands, and Poland. We carried out in-depth development of Xiaomi's official website in the above markets, correlating the trade-in order with the recycling order and combining it with the operation of the page for ordering a new device. This move provides users with a complete and convenient trade-in experience and subsidy Program.

Used Device Refurbishment

We are committed to advancing the circular economy by continuously carrying out used device refurbishment programs. During the year, our refurbishment factories in Europe alone refurbished 126,567 smartphones, smart TVs, smartwatches, electric scooters, air purifiers, and robot vacuums, among other devices. Among refurbished devices, there were more than 111,698 smartphones, more than 3,603 smartwatches, 1,243 smart TVs, 1,798 electric scooters, 3,489 robot vacuums, and 4,736 other ecosystem devices. In 2023, we opened a refurbishment factory for ecological chain products in Hong Kong, China, primarily for the refurbishment of dehumidifiers, air purifiers, and robot vacuums.



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

Expanding Product Lifespan

Product Durability

When selecting materials for our products, we consider material durability. We have used new materials such as titanium alloy and Dragon Scale Fiber[46] in different models of smartphones. We have created an ultra-strong skeletal architecture consisting of a high-strength composite aluminum skeleton, a raised and reinforced design at the corners of the middle frame, a thickened motherboard with multiple metal reinforcements, and Corning Gorilla Glass Victus[47]. We have introduced a keel pivot with aerospace-grade super steel, a three-stage connection, and 14 removable hinges. These enhancements significantly improve the device's drop resistance, durability, and endurance. In our latest flagship smartphones, we have introduced Xiaomi's Dragon Crystal Glass, renowned for its extreme durability properties as a screen material. This material uses a professional powder formula in the screen panel. Through heat treatment above 800°C, it undergoes nucleation and long crystal growth to form microscopic crystals with interlocking structures that are evenly dispersed in the glass. This design allows the Xiaomi Dragon Crystal Glass to gain strength far beyond that of ordinary glass, boasting 10 times the drop resistance and 1.25 times the scratch resistance, while maintaining a high transmittance rate. In durability tests such as high temperature and humidity, dust and water resistance, and drop, we have also set up experimental standards that surpass international norms, aiming to reduce the risk of product breakage in various scenarios.

In 2023, the Redmi K70E smartphone debuted the Starfish Algorithm, which enables the repairable function of the phone's battery. It maintains 90% of its battery capacity in the heavy-duty condition of 1,000 cycles, meeting rigorous cycling capacity requirements. The Redmi Note 13 Pro smartphone also features a long-life cycle hardware and software design, guaranteeing the long-use standard of 1,000 cycles. In addition, we have extended the lifespan of our smartphone products by prolonging battery life and reducing charging frequency. The Xiaomi 14 and Xiaomi 14 Pro smartphone products have seen a notable improvement in endurance (DOU[48]) by 7-8% compared to their predecessors.

boasting

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1.25 times the scratch resistanc

its battery capacity in the heavy-duty condition of

1,000 cycles

The Xiaomi 14 and Xiaomi 14 Pro smartphone products have seen a notable improvement in endurance (DOU) by

7-8% compared to their predecessors

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

[47] Corning Gorilla Glass Victus: Corning® Gorilla® Glass Victus® is the first mobile phone glass released by Corning Gorilla that presents significant improvements in both drop and scratch resistance. According to Corning's official experimental data, the glass remains intact when dropped from heights of up to 2 meters onto hard and rough surfaces.

[48] DOU: Days of Use.

[49] Board-level repairment: It refers to locating faulty components or equipment through simple repair operations (such as replacement and debugging) and repairing.

Warranty Services

At Xiaomi, we are committed to providing users with convenient repair services and expanding product lifespan through comprehensive warranty service plans. We offer repair parts and materials at reasonable prices to enhance the maintainability of our products. In addition, we uphold our promise of product repair and ensure the availability of spare parts for products that are no longer sold. Additionally, we have set clear requirements for our maintenance service partners regarding spare parts storage duration and outlet maintenance capacity to better address our users' repair needs. To effectively extend the service life of our products and reduce electronic waste, we provided board- level repairs[49] in the Chinese mainland in 2023 for products that previously required part replacements, with acumulative total of 192,000 orders completed. Warranty extension programs have been launched for key components of home appliances. The warranty period for compressor and motor components of air conditioners, refrigerators, and washing machines has been extended to ten years, and the warranty period for the motor, a primary component of the vacuuming series products, has been extended from one year to three years. These programs have effectively reduced the frequency of product replacement by users. We have enhanced our maintenance service capabilities for smart TVs, prioritizing local repair over part replacements.

Product Design and Recycling

At Xiaomi, we actively promote the utilization of renewable resources in product design and R&D and aim to replace traditional materials with bio-based and recycled alternatives. We assess the environmental impact of components throughout their lifecycle during the product design phase, prioritize simple construction design and single-material packaging, and enhance the renewable performance of products. Through these efforts, we aim to reduce and eliminate waste and pollution and promote a circular economy. Moreover, we collaborate with our partners to actively explore the application of renewable materials, bio-based raw materials, and high-performance new green materials, thereby increasing the proportion of green materials in our products. This approach enhances enhance the "low-carbon satisfaction" of our users. Throughout the year, we adopted the following initiatives in core product development.

Adoption of a low-carbon leather material solution for the first time. The back case of the Xiaomi 13T smartphone is made of a biobased material based on apple pomace, with 24% of the polyurethane material derived from biobased raw materials. Additionally, the base fabric is 100% made of recycled RPET[50] fabric and ensures zero organic solvents used in production.

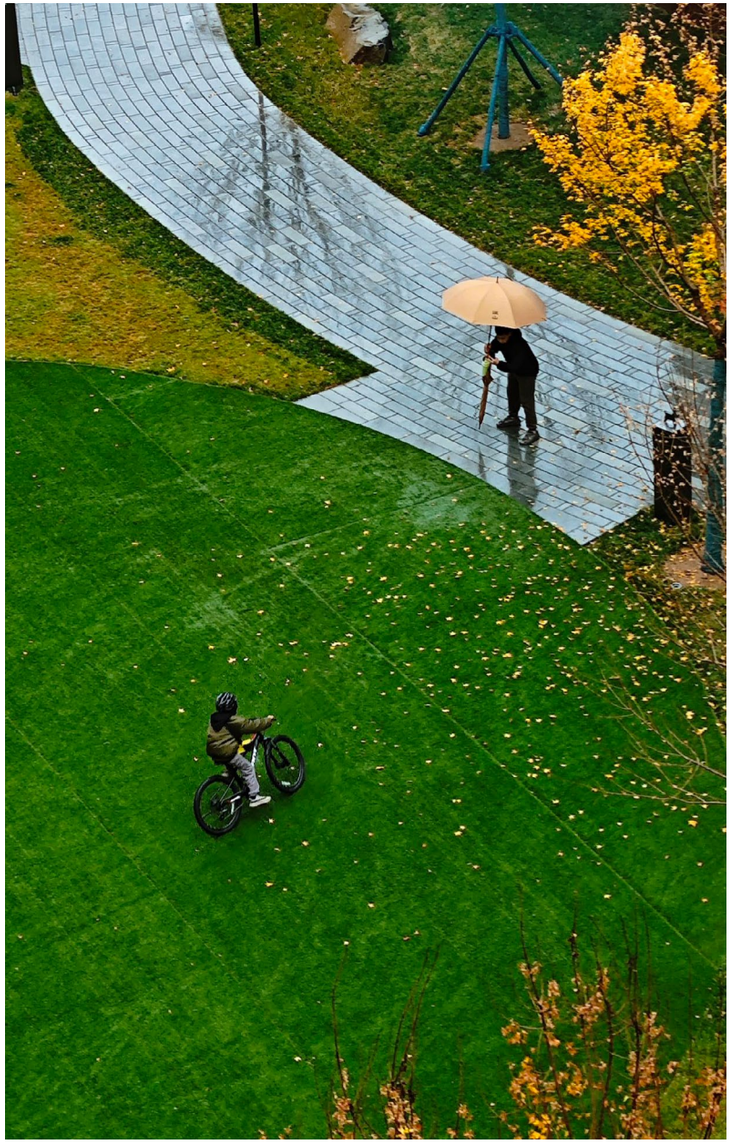
Optimization of battery materials. With the newly introduced hybrid ternary battery technology, the nickel-cobalt-manganese ternary material is added to the original lithium cobalt cobaltate cathode material in the batteries of some smartphone products, reducing the cobalt consumption by 13%. This move not only diminishes reliance on rare metals but also curtails the utilization of key mineral resources.

Reuse of marine debris. Recycled plastic materials derived from discarded fishing nets from the ocean are used for some of the components of the Xiaomi 14 and Xiaomi 14 Pro smartphones. These parts contain over 50% recycled materials.

Promotion of green packaging. We have significantly increased the proportion of molded pulp products used in the packaging liners of smartphone products to 30–50% in some markets.

Extensive use of recycled metals. We have increased the utilization of recycled metal raw materials in smartphone components, including recycled aluminum, gold, and copper. For example, some models of the Redmi series feature die-cast center panels and front cases crafted from recycled aluminum materials, with 100% of metal scrap from production being recycled for production.

Promotion of lightweight packaging. By reducing the grammage of raw materials for packaging content such as instruction manuals and product starter guides, we have reduced paper use by 33.3%, saving approximately 1,170 tonnes (Mt) of paper.



[50] RPET: Recycled PET or recycled polyethylene terephthalate. It is an environmentally friendly material made primarily from recycled PET plastic bottles using physical or chemical techniques of extraction.

We also continue to seek green and innovative packaging solutions for our ecosystem products, aiming to conserve resources in packaging. In 2023, Xiaomi's ecosystem products adhered to a design and R&D philosophy centered on "eliminating excessive packaging, striving for simplicity and compactness, and pursuing green packaging". Through optimization of packaging structure, materials, printing, and manufacturing processes, we have revamped our packaging R&D process, packaging design standards, reliability testing standards, and appearance inspection standards. These initiatives guarantee the quality of product packaging while achieving substantial reductions in packaging material consumption. This year has witnessed:

De-plasticizing and biodegradability. In some of the IoT product packaging, we have transitioned from replace the traditional BOPP[51] full-wrap film to the tracing paper full-wrap film. This change not only maintains product aesthetics and reliability but also achieves 100% de-plasticized and biodegradable packaging. Additionally, by substituting two-sided paper coated with water-based oil for two-sided coated film, we have accomplished a 100% all-paper biodegradable packaging solution.

Innovative application of materials. Xiaomi's noise-canceling Bluetooth earphone, Necklace, adopts an all-molded-pulp one-piece packaging structure from the outer box to the inner liner. Its raw material consists of 70% bamboo pulp and 30% sugarcane pulp, successfully realizing 100% biodegradable packaging materials.

Optimization of structure. For the packaging of the robot vacuum category, we have replaced the original plastic structure with a paper tray structure, realizing 100% biodegradable packaging materials. Meanwhile, we have switched the cushioning material of small products (such as Xiaomi AI Speaker Second Generation and Mijia Smart Air Fryer PRO 4L) to recycled materials.

Lightweight optimization. We have conducted in-depth optimization in packaging materials, structure, and process, and completed the lightweight packaging R&D and design for a total of more than 20 products in various categories, including robot vacuums, routers, speakers, kitchen and bathroom appliances, personal care products, and smart door locks.

[51] BOPP: Biaxially Oriented Polypropylene.

Restricted Substance Management

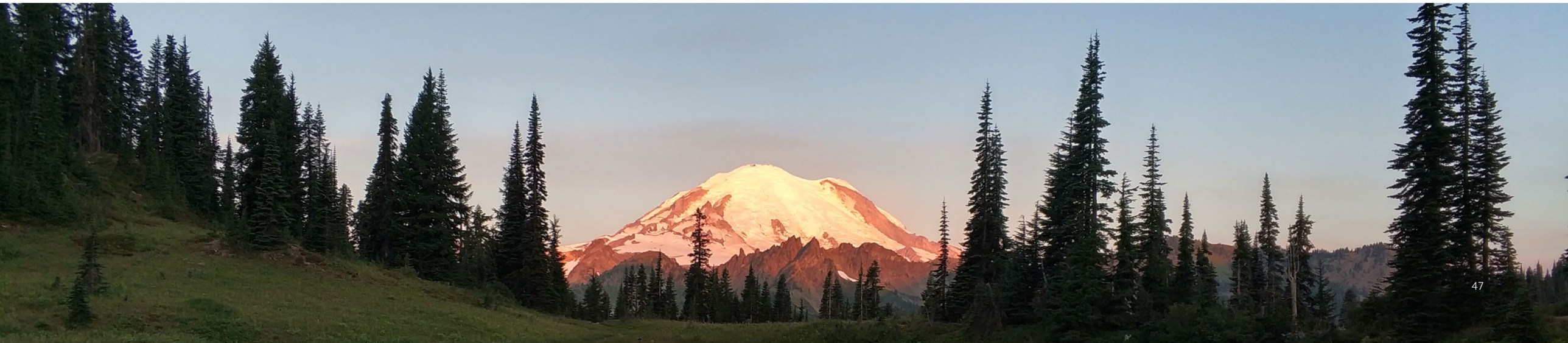
Specific chemical substances may pose negative impacts on human health and the ecological environment. At Xiaomi, we prioritize the safety of our users and the environment by rigorously controlling the use of chemical substances. We strictly adhere to global laws, regulations, and standards governing the restricted use of chemical substances, including 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), the Directive on Packaging and Packaging Waste (94/62/EC), and the EU Persistent Organic Pollutants (POPs) Regulation.

In 2023, Xiaomi's RoHS certification and REACH certification covered all smartphone products and IoT devices. We updated our Product Environmental Hazardous Substance Management Guidelines based on globally applicable regulations and standards on restricted substances (such as RoHS, REACH, and PoPs) and in light of Xiaomi's practices. We impose stringent restrictions on the use of restricted substances in the production and manufacturing of our products in accordance with domestic and international standards. Additionally, we continuously strive to reduce and phase out potentially restricted substances that may be contained in our products, such as Polyvinyl Chloride (PVC), Brominated Flame Retardants (BFRs), beryllium, antimony, and cobalt. This effort reflects our commitment to diminishing the negative impacts of our products on the environment.

During the year, we provided training on the management of restricted substances for our suppliers to enhance their performance in this regard. We classified different materials according to their environmental risk and required our suppliers to conduct regular environmental tests in accordance with the environmental classifications. We worked closely with our supply chain partners to set detailed management requirements on restricted substances for the processes of product design and manufacturing and required all product and component suppliers to accept the provisions and submit product environmental reports or third-party test reports on materials (including but not limited to the Product Environmental Hazardous Substances Compliance Statement and third-party precision analysis reports on hazardous substances), to ensure that the information they provide on restricted substances is reliable. Moreover, we are dedicated to reducing negative impacts on the environment across stages of development, production, and use. During the year, we switched from mineral ink to soy ink for printing package contents and product user guides in the packaging of Xiaomi 14 series smartphone products and removed mineral oil-saturated hydrocarbon (MOSH) and mineral oil-aromatic hydrocarbon (MOAH) substances from the packaging.

We strictly implement the process of pre-inspection and tracking management of restricted substances, and have established a pre-inspection and tracking management system for parts and raw materials. In 2023, we disclosed the Substances of Very High Concern (SVHC) contained in our products as per the provisions of REACH. For more details, please refer to the Sustainability page on the Group's official website (https://www.mi.com/global/about/sustainability).

We actively participate in the development and review of industry standards. In 2023, we participated in the replacement review of the industry standard governing electrical and electronic products, Marking for Control of Pollution Caused by Electronic Information Products (SJ/T 11364). We joined the Working Group on Pollution Control Standards for Electrical and Electronic Products organized by major regulators. These endeavors signify our commitment to setting domestic standards for restricted substances.



Operational Waste Management

At Xiaomi, we put operational waste under a strict classified collection and management mechanism and commission qualified third-party organizations to recycle, dispose of, and reuse it. We have developed the Waste Management System of the Xiaomi Science and Technology Campus to regulate the classification, collection, and disposal procedures for solid waste. We have also assigned responsibilities for domestic waste recycling to ensure that operational waste on the campus is handled in a safe and orderly manner. Embracing the regulator's policy on waste classification, we have continuously promoted waste classification and environmental protection awareness. Through a three-step education and implementation method, "instruction, understanding, and implementation," we ensure the orderly and efficient implementation of waste classification. Our efforts included posting more than 300 signs and posters on waste classification in the Xiaomi Science and Technology Campus, hosting regular training on waste classification, and receiving four inspections on waste classification from relevant regulators throughout the year.

Non-hazardous Waste

Non-hazardous waste generated from our operations includes domestic waste from offices and food waste from our canteens. We insist on using the food waste compression equipment installed in our canteens and have added a new dishwasher to dehydrate and break up the residue. We use biotechnology to convert the compressed food waste into animal feed or organic fertilizer that meets national standards. On average, each tonne (Mt) of food waste yields approximately 0.3 tonnes (Mt) of organic fertilizer. In the year, we processed about 3,200 tonnes (Mt) of food waste.

Hazardous Waste

We keenly recognize the potential risks that improper use and handling of chemicals may bring to our customers, employees, communities, and the environment. Therefore, we are dedicated to continuously improving our chemical management system, ensuring strict compliance with pertinent laws and regulations, and handling the chemical substances involved in our products, activities, and services and the hazardous waste generated in a highly responsible way. We have established a sound hazardous waste management system and processes. We also avoid the generation of waste by optimizing our production and auxiliary processes and improving the efficiency of material utilization. Hazardous waste generated is disposed of properly in strict accordance with pertinent processes and regulations. In 2023, hazardous waste from our operations included toners and cartridges required by the printing equipment as well as liquid and solid waste from the R&D and manufacturing of the automobile business line. All of the waste was disposed of in an environmentally sound manner.

Hazardous waste treatment in the automobile business line

We adhere to the principles of "minimization, recycling, and safe disposal" of waste and are committed to reducing the production and use of hazardous substances. In production manufacturing, we adopt advanced environmentally friendly coating processes, such as zirconized film treatment and dry painting, to effectively reduce the emission of volatile organic compounds (VOCs). Moreover, we strictly screen raw and auxiliary materials and prioritize coating products with low VOCs content to reduce the generation of hazardous waste at the source.

We will implement a sludge drying and waste solvent concentration project. Through these measures, we will further reduce the generation of hazardous waste and mitigate negative environmental impacts.

Natural Resources and Biodiversity

At Xiaomi, we attach great importance to the key role that natural resources play in our products and services, and we perform responsible management of the resources used in our production and manufacturing processes. We continuously optimize our product structure, reduce the use of materials, and develop and apply recycled or energy- efficient materials. We minimize the use of fresh water and strive to eliminate waste of resources in our operations and operations of our value chain. We maintain energy and water conservation and waste reduction measures to improve resource efficiency and reduce pollutant emissions. At the same time, we continuously optimize our operating environment and improve our management systems in accordance with the laws and regulations of the locations in which we operate.

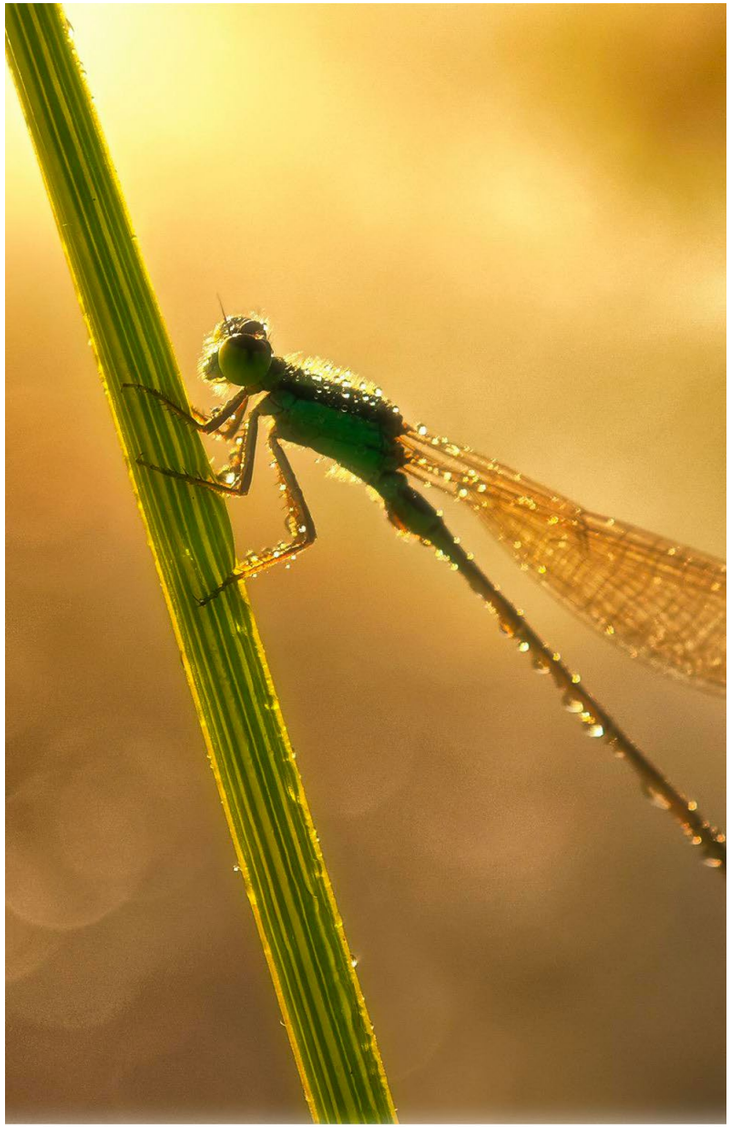
Water Stewardship

Water is an essential resource that flows through various aspects of sustainable development, and thriving society and natural environment depend vitally on a well-functioning water system. Xiaomi's water stewardship has progressed steadily with continuous improvement. During the reporting period, the State increased its efforts in environmental protection legislation and implemented several laws and regulations on water protection and stewardship. At Xiaomi, we have taken proactive measures to align our practices with these new laws and regulations and meet regulatory requirements. We have moved in advance for water protection and sustainable water stewardship demands. Through data collection and analysis, we have developed and implemented various commitments and plans aimed at sustainable water stewardship and evaluated the progress of implementation. We have achieved a sustainable balance of water and excellent water quality, safeguarded key waters, and ensured access to safe drinking water for our employees.

Alliance for Water Stewardship (AWS)

This year, Xiaomi obtained the Gold certification from the Alliance for Water Stewardship (AWS)[52] for the first time

Xiaomi Science and Technology Campus is the world's first commercial office building to apply for the AWS certification. Our achievement sets a precedent for global business companies by overcoming obstacles and innovating to achieve the best score. Xiaomi Science and Technology Campus has been designed, built, operated, and managed in accordance with green building standards. Its approach to water efficiency builds upon the principles of using less water and maximizing the circular use of water resources, guiding other operating campuses of Xiaomi in water stewardship. In addition, Xiaomi Science and Technology Campus is the only office campus in the world to apply for AWS certification for protecting water resources in China's Haihe River Basin, effectively protecting water resources in northern China.



[52] Alliance for Water Stewardship (AWS): It is a water stewardship certification body established by the UN Global Compact (UNGC), the Carbon Disclosure Project (CDP), and other international organizations. The AWS certification rates water use sites as Platinum, Gold, or Core (from the highest to lowest) based on an assessment of 100 indicators, including stable water stewardship, water pollutant stewardship, water sanitation, domestic impacts of biodiversity, and governance. For more information about Xiaomi's response to climate change, please refer to the Sustainability—Water Resources page on the Group's official website (https://www.mi.com/global/about/sustainability#/water).

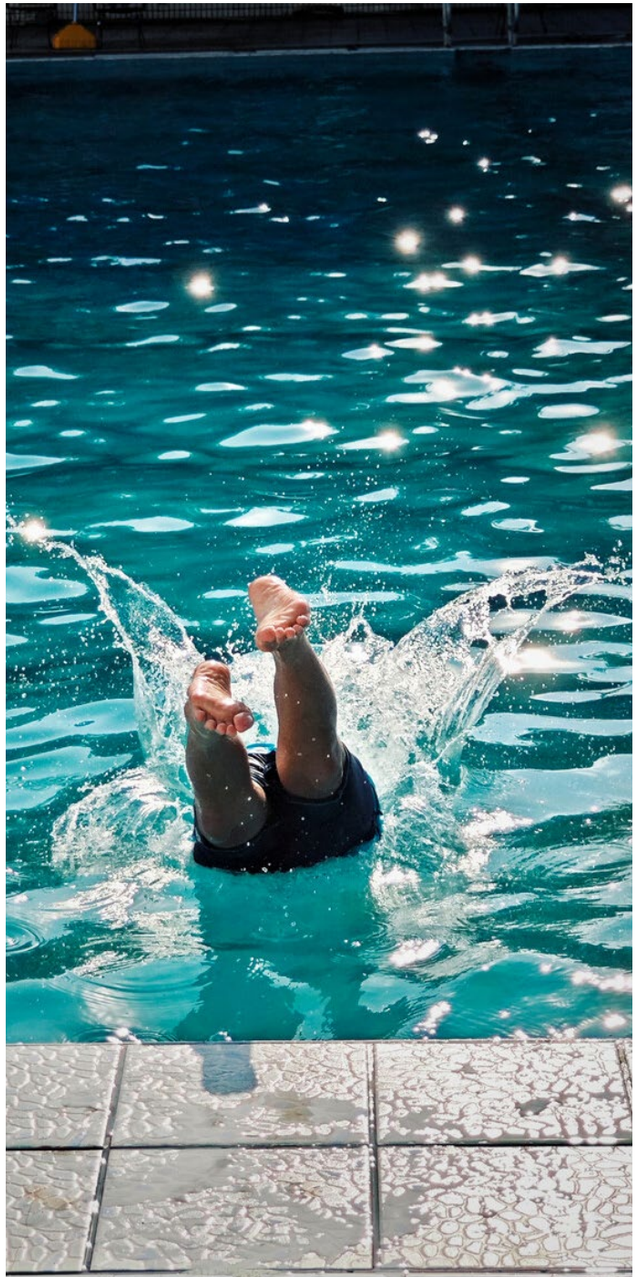
Water Stewardship Procedures

We have continuously promoted the concept of sustainable water stewardship from AWS standards and extended our experience to other operating campuses of Xiaomi. We have established a comprehensive water stewardship system to assess water-related risks and challenges. The campus director assumes the highest accountability for sustainable water stewardship. The Corporate Social Responsibility (CSR) Centre, serving as the planning and management arm, implements sustainable water stewardship programs and reports directly to the top manager. The Administration Department coordinates and manages tap water, reclaimed water, cooling water, wastewater and rainwater, as well as the planning and implementation of improvement programs on the campus.

We have set targets and action plans for total water consumption and water efficiency. We apply advanced water conservation technologies and strengthen management measures to continuously improve water efficiency, and review the results every year. Furthermore, we actively promote the utilization of recycled and reclaimed water and continuously increase the rate of recycled water usage and the recycling rate of reclaimed water on the campus. In addition, we are dedicated to protecting the water environment in local watersheds, supporting water security planning for watersheds, and improving communication and information disclosure with external stakeholders. For more information about Xiaomi Corporation's water stewardship, please refer to the Sustainability page on the Group's official website (https://www.mi.com/global/about/sustainability).

Water Stewardship Practices

We are committed to advancing our water stewardship practices to ensure water security and protect aquatic ecosystems in the watersheds where we operate. Our goal is to harness technology as catalyst for improving access to affordable water resources. All wastewater produced in our operations is treated in strict compliance with local regulations and requirements to ensure water safety. Throughout the year, we implemented a combination of water conservation measures to manage water consumption within our commercial premises, including enhancing management of air-conditioning water quality, utilizing high-pressure water cannons to clean grease traps, and replacing traditional watering with sprinkler irrigation. At the same time, we have taken adequate preventive measures to address potential incidents related to wastewater, ensuring the efficacy and safety of our water stewardship. We rigorously monitor the quality and quantity of water supplied. We conduct real-time monitoring and regular compositional analyses of the wastewater generated to ensure clean water while prevening water pollution.



Biodiversity Commitments

We are committed to:

- Ensuring that our business activities are compliant with applicable local biodiversity laws and regulations in all the markets we operate;
- Ensuring that our site selection and construction activities avoid and do not invade or cause negative impacts on the habitats of endangered and protected species listed on the International Union for Conservation of Nature (IUCN) Red List, and the natural and cultural heritage sites listed in the World Heritage List of the United Nations Educational, Scientific and Cultural Organization (UNESCO);
- Encouraging suppliers to conduct biodiversity risk assessments associated with their operating sites, and to take necessary measures (such as avoidance, reduction, restoration, and offsetting) in the event that their production or operating boundaries are in the vicinity of key biodiversity ecosystems and habitats of threatened and protected species, in order to minimize negative impacts and enhance ecological well-being; and
- Collaborating with partners to explore possible ways to alleviate biodiversity degradation.

Biodiversity Practices

At Xiaomi, we prioritize the conservation of biodiversity, water, and natural ecosystems. We have launched a charity program with a focus on ecological conservation, covering various areas such as wildlife protection, stray animal rescue, and environmental protection. This year, the Xiaomi Fundraising Platform for Charities continued its efforts in the "Protecting Habitat of Migratory Birds" project in protecting and promoting migratory birds and their habitats. It also drew more attention to "Three Rivers Water Conservation and Species Preservation," a project that aims to preserve the intact ecosystem of the Three River Sources (or Sanjiangyuan) ecosystems, thus contributing to conserving the source of the Yangtze River.

While continuing to make a positive impact on the community, we are vigilant about our impact on the local biodiversity and ecological environment. In 2023, we conducted a study on the ecological status of the flora and fauna at the Qiyue Farm charity project site. This study included an assessment of the local soil, water quality, and other ecological factors, as well as an evaluation of the distribution of local vegetation and animals. Using the sample survey method, we examined the species diversity of the ground cover and its plants in different ecological environments in the area. The results revealed the presence of 22 species of wild animals, including the badger and the wild boar; 40 species of wild birds, including the little egret and the medium egret; and 10 species of wild amphibians and reptiles, including the Zhenhai brown frog, in the evaluated area. These results demonstrate that the public welfare project has not only contributed to the conservation of local wildlife diversity but also boosted the local economy.

We have extended our biodiversity responsibility even to the greater world. This year, Xiaomi India partnered with United Way India, an NGO, to launch an urban afforestation project in the National Capital region. With this partnership, they aimed to promote the diversity of flora and fauna through soil and water conservation and groundwater level monitoring. The project also aims to address the urgent need for increased green cover by planting 12,000 saplings of over 40 different local varieties. The project follows the Miyawaki initiative[53] to cultivate an urban forest. Soil moisture is improved, and rainwater conservation measures are implemented to improve soil moisture, thus reducing pollution, increasing biodiversity, and mitigating the urban heat island effect. Moreover, this urban forest contributes to carbon reduction and sequestration and mitigates the impact of climate change, thus contributing to a sustainable world for future generations.

Case

At Xiaomi, we persevere with marine litter and plastic pollution control. In Aug 2023, Xiaomi India launched a three-year program on prevention of ocean bound and waste management in Karnataka. The initiative aims to enhance waste management. In Karnataka, we clear litter on beaches and in rivers and install protective netsselect locations through source segregation, system streamlining, beach cleanup drives, installation of trash barriers in rivers to prevent plastic waste from reaching the ocean and to maintain the stability of the marine ecosystem, community awareness, infrastructure support, and behavioral change towards waste dumping. The target of the three-year control program is to remove approximately 2,300 kg of dry waste from landfills and water bodies every day and to conserve marine biodiversity while creating cleaner beaches and ecosystems.

[53] The Miyawaki Initiative: The Miyawaki initiative, proposed by the Japanese botanist Akira Miyawaki, is an effective, smart, and sustainable way to create native dense forests. This renowned method so effective is because it ensures that plants grow up to 10 times faster and that plantations are up to 30 times denser than traditional forest planting methods.

At Xiaomi, we are committed to making a significant positive impact on society while actively practicing biodiversity conservation. Through the Xiaomi Fundraising Platform for Charities, we raise awareness about environmental protection and biodiversity conservation among users both online and offline. Online, we promote the concept of environmental protection to users through smartphones, smart TVs, and other multi-terminal devices. Offline, we organize a wide range of environment-themed public welfare volunteer activities, including tree planting, coastal cleaning-ups, wetland ecological conservation, and dissemination of ecological knowledge. These activities serve to advocate for environmental protection and biodiversity conservation among users.

03

Shared Success for Partners

Talent Nurturing

Employee Rights and Diversity

Talent plays a pivotal role in Xiaomi's quest high-quality technological innovation and its continued leadership in the fiercely competitive industry landscape. By developing competitive recruitment, hiring, benefit, and incentive policies globally, we are committed to providing a safe and comfortable work environment and fostering an "inclusive, open, diverse, and equal" workplace that attracts diversified talented people. We have designed a training system that tailored to the development of all types of employees, aimed at nurturing, motivating, and retaining professionals aligned with the needs of corporate development. In 2023, our efforts yielded many remarkable results. We were included in the World's Best Employers 2023 list of Forbes, acknowledged by Forbes China as China's Best Employer in Innovative Practices of the Year, and were ranked among top 3 among China's Most Attractive Employers by Universum.

Labor Standards

Our values of fairness, impartiality, and openness is enshrined in our Employee Handbook and other policies applicable across our global operation as well as our approach to managing recruitment, employment, and employee dismissal. We uphold and adhere to the guiding principles established by the International Labor Organization (ILO), the Organization for Economic Cooperation and Development (OECD), and local workplace regulations. In our Employee Handbook, we strictly prohibit child labor and forced labor anywhere, alongside 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 2023, there were 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. We operate in accordance with the principles of the United Nations Universal Declaration of Human Rights and the United Nations Global Compact (UNGC) and require the same of all suppliers doing business with us.

Case

In 2023, we established a Labor Coexistence Committee in Colombia. As a supervisory body, it is one of the Company's key strategies to protect its employees. The committee is committed to improving the work environment, preventing workplace bullying and harassment, and protecting employees from risks that could endanger their health while at work. The establishment of the Labor Coexistence Committee in Colombia highlights Xiaomi's value and inclusion of talent.

Recruitment and Employment

We have assembled a dedicated Talent Strategy Team to work with our Human Resources Business Partners (HRBP) across all business divisions to attract talent to fill the core technical and strategic roles of the Group. Craving for talent, we have established various recruitment channels, including university-enterprise cooperation in talent cultivation projects, the Future Star Program, postdoctoral workstations, internship recruitment, experienced hires, campus recruitment, and internal referrals from employees. Our goal is to bring together the best people from all sectors and improve the efficiency of job-to-talent matching.

We forbid child labor and forced labor at any stage of our operations and sufficiently protect the rights and interests of all employees. Should we receive any reports of child labor or forced labor, we will immediately initiate an internal investigation to probe into the alleged violation. Based on the investigation results, we will take different measures to eliminate the impact of the violation (if substantiated), including but not limited to terminating the illegal contract and providing remedies and support for the affected.

Committed to addressing the employment challenges faced by university graduates, we build employment platforms for fresh graduates by various means. In 2023, we introduced a promotion campaign utilizing "metaverse" virtual reality. This campaign offered details about Xiaomi Corporation's campus environment and corporate culture. The "metaverse" promotion campaign received nearly 27,000 views and more than 5,000 interactions from students, significantly bolstering Xiaomi's employer image and brand recognition. In addition, we invited Xiaomi's top management and general managers to participate in campus promotion. We hosted 100 exciting promotion presentations at 87 universities and colleges in 34 cities, attracting over 16,000 students and amplifying Xiaomi's presence in universities and colleges.

During the year, we made significant enhancements to our recruitment and employment procedures. As part of our efforts, we invited some of the signed fresh graduates to visit Xiaomi's campuses and welcomed over 260 fresh graduates in Beijing, Shanghai, Wuhan, and Nanjing. This program proved instrumental in fostering a positive perception of Xiaomi Corporation and the recruitment process among the candidates. We have also set up an internal recommendation mechanism and standardized the re-employment process.

To continually stimulate organizational vitality and provide more opportunities for career development, we have implemented the "Moving Stars" flowing water[54] program. It encourages employees to proactively seek internal job applications and transfer opportunities. As a result, numerous employees have transitioned to new roles through this mechanism, which bolsters the Group's talent retention.

Diversity and Inclusion

At Xiaomi, we remain committed to building a diverse and equitable workplace, and we drive innovation with an open and inclusive environment. Guided by the principle of embracing different voices and perspectives, we offer a range of tools and resources to create a diversified work culture and a diverse, inclusive, and culturally vibrant workplace.

Commitment

We are committed to providing and safeguarding inclusive and equal opportunities for all employees in development and promotion without regard to their national origin, ethnic group, age, gender, religion, and cultural background. We support the aspirations of all employees and endeavor to promote a diverse, equal, inclusive, and open workplace.

We have set up a Women's Rights Committee and mechanisms for the prevention of sexual harassment in the workplace, as we are dedicated to supporting and protecting the rights and well-being 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. In addition to the regular baby care rooms in offices, we hosted many recreational activities for our female employees, delivered lectures on women's health, and organized HPV[55] vaccination during the year.

Inclusion Practices

We value the skill sets, wisdom, and resources that local workers bring to Xiaomi. By actively recruiting and developing local workers, we promote local employment. As of the end of this reporting period, we had 2,090 employees in our overseas workforce, with 1,885 of them being recruited locally. We respect employees of different faiths and cultural backgrounds and provide them with equal and inclusive career development opportunities.

In our canteens, we give full consideration to the dietary habits of different ethnic groups and regions and offer diversified food choices to accommodate employees from different cultural backgrounds. Throughout the year, we expanded our dining options for employees to provide them with nutritionally balanced and richly varied dishes while maintaining an emphasis on their dietary health. Moreover, we customize the office space to reflect the culture and characteristics of the people where we operate and offer gifts and meals that align with local customs.

[54] Flowing water: It is a program for internal job applications and transfers initiated by the employees. Employees who meet the conditions of flowing water can apply for the program if there is a suitable position within the company, after a two-way choice between the employee him-/herself and the receiving department.

[55] HPV: Human Papilloma Virus.

Employee Well-being

Creating a Safe Work Environment

At Xiaomi, we hold a steadfast belief that people are our most valuable assets and that Environment, Health, and Safety (EHS) are core and foundational to how we grow and thrive as a business. We adhere to EHS regulations in all regions where we operate and are committed to cultivating a strong EHS management culture to ensure a safe and healthy workplace for all.

EHS Management System

We have established a comprehensive EHS management system. Guided by the EHS Safety Management Committee, which comprises of top management, we continually enforce, promote, supervise, and enhance EHS policies and management measures across the Group. In 2023, our focus within Xiaomi's EHS management system was on rules and personnel management. Regarding, we added safety norms, system documents, contingency plans, and corresponding implementation documents, and developed EHS management manuals and related documents for external contractors to adapt to new business scenarios. Concerning personnel management, we performed closed- loop management of safety risks by identifying and rectifying risk sources in the workplace to prevent accidents and eliminate major hazards. Rectification of safety duties was 100% concluded during the year.

During the year, we completed the ISO 45001[56] and ISO 14001 system certifications, covering all relevant products of the Group. Our EHS management system Program document. Throughout 2023, we achieved zero major EHS accidents, zero major losses, zero major incidents of fire, zero environmental pollution and social reputation events, and zero incidents of occupational disease or occupational health hazards.

This year, we organized EHS training programs. Among our internal EHS auditors, 20 passed the training and obtained the professional qualification certified by third-party organizations. By the end of 2023, we had a total of 42 certified internal EHS auditors, who had improved our internal EHS management quality and capability.

[56] ISO 45001: ISO 45001 is an international standard for occupational health and safety management, which aims to protect against health diseases and workplace injuries and to provide a safe and healthy workplace.

EHS Risk Management

We conduct quarterly internal audits to identify potential EHS risks. We assess the likelihood and severity of the risk with reference to the LEC method[57]. The results will guide the design and implementation of risk control measures that apply to all of Xiaomi's production and business operation areas. Through regular inspection, monitoring, and assessment, we ensure that the EHS risks are effectively controlled. In 2023, we conducted quarterly audits, special EHS safety inspections, and 343 daily inspections. We carried out immediate rectification for the hidden problems found, and 100% of the rectifications were completed on schedule.

Health and Safety Measures

During the year, we continued to invest in personal protective equipment, host emergency rescue drills, and enhance the management of hazardous areas to enhance the physical and mental wellness of our employees.

- We set up clinics and deploy medical personnel to provide medical consultations and physiotherapy and to handle safety emergencies when necessary. Throughout the year, our medical team received 8,259 consultations, provided 5,497 physiotherapy treatments, organized eight workplace emergency rescues, and supported three major events of the Group.
- We have added factory clinics to provide daily consultation and emergency protection services for factory employees.
- 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 installed warning signs in areas with potential health and safety hazards (e.g. laboratories), and set access restrictions in these areas.

[57] LEC: L is Likelihood, the likelihood of an accident; E is Exposure, the frequency with which people are exposed to hazardous environments; and C is Consequence, the possible consequences of an accident should it occur.

Emergency Measures

At Xiaomi Corporation, we have established a comprehensive emergency management system to effectively manage and respond to all kinds of emergencies, including natural disasters, accidental disasters, public health incidents, and social security incidents. Throughout the year, we introduced 75 new on-site disposal plans and diligently implemented them, enhancing our emergency management system and effectively reducing the losses caused by emergencies to the economy, society, and the environment. Additionally, we have formulated a comprehensive emergency response plan and included it in the training curriculum for new employees, achieving 100% coverage.

Occupational Disease Prevention and Treatment

At Xiaomi, we prioritize the health of our employees by implementing a people-centric approach and emphasize the prevention and treatment of occupational diseases. Throughout the year, we established an occupational health management system. We ensure that our employees are protected from occupational diseases and harmful factors through on-site risk assessment, development of preventive and control measures[58], health monitoring, supervision, and inspection. At the same time, we hosted occupational health training and educational activities to enhance employees' awareness of occupational disease prevention and self-protection. 100% of our operators are licensed to work.

EHS Training and Activities

We are committed to providing comprehensive EHS training and activities to ensure that our employees are well informed about the risks and best practices associated with their work. In 2023, we provided employees of different ranks[59] with EHS training on various topics, including operational safety, fire safety, traffic safety, anti-fraud, rule of law, first aid, and electricity safety. Over 200 training sessions were conducted throughout the year, covering all employees[All employees: Including employees away from work for a long period, employees [60].

To raise employees' attention to EHS management and strengthen Xiaomi Corporation's emergency management system, we provide emergency management system training for the whole Group. We use robots to push information to all employees and invite professional instructors to deliver lectures to provide employees with practical emergency skills courses. Our The EHS safety knowledge competition was enthusiastically received by Xiaomi employees, with more than 2,100 of them obtaining full scores.

Case

We actively cooperate with emergency response authorities to host activities on fire and traffic safety. In November 2023, we conducted fire evacuation drills, film and video watching, hands-on operation of fire extinguishers, fire ladder experience, and a prize quiz. These activities enhanced employees' ability to respond to fire. In addition, during the National Traffic Safety Day campaign, we strengthened the awareness of traffic safety among all Xiaomi employees with traffic safety quizzes and promotion boards.

[58] Preventive and control measures: Including improving processes, using protective equipment, and providing personal protective equipment.

[59] Ranks: Including annual EHS training for the entire Group, EHS training for new employees, three-level training (the factory, workshop (department), and shift levels), and Safety Committee training for principals and safety managers.

[60] All employees: Including employees away from work for a long period, employees resuming work after a work-related injury, interns, trainees, and external visitors.

Employee Compensation and Benefits

At Xiaomi, we prioritize providing 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. This transparent practice enables employees to clearly understand how their remuneration is structured.

Compensation Schemes

At Xiaomi, we are committed to fair and equitable compensation. We assess our salary level globally every year to ensure fair compensation. The senior leadership analyses compensation in terms of fairness-related metrics every year and makes necessary salary adjustments based on market competitiveness and fairness in the annual review.

Employee Benefits

At Xiaomi, we care about the physical and mental health of our employees and offer a comprehensive health benefits package, which includes a commercial insurance scheme, annual health checks, and health consultations.

In 2023, we provided additional insurance for employees and their family members with varying needs, covering 49,654 employees and their children. Our commercial insurance scheme includes:

We continue to provide annual health checks for our employees, covering all full-time employees in the Chinese mainland. In 2023, we provided more benefits and support for our employees in addition to existing health check items. We designed more targeted health checks. For example, we added glycated haemoglobin, thyroid function tests (TSH, FT3, and FT4 for the thyroid function, and three items for the electrolyte test), and bone density tests to our health checks. At the same time, we encourage our employees to undergo regular health checks every year, pay attention to abnormal indicators, and raise their health awareness. We also provide discounted health checks for family members of our employees and encourage our employees to care for the health of their family members. Moreover, we have organized several events aimed at caring for and improving the health of our employees, including the "Hello, Health" traditional Chinese medicine consultation, acupuncture and massage, distribution of healthy fruits, and oral health seminars.

We also care for our employees' mental health. Our Employee Assistance Program (EAP) continues to provide support to enhance employee mental wellness. During the year, we developed an online mental care platform system, which received 27,938 accesses from 2,162 people. We provided psychological counseling sessions, which attracted 623 employees to attend, and conducted a 12-session online training course on mental wellness and two offline lectures. We also hosted three mental wellness events for a total attendees of over 1,300.

To assist our employees in better fulfilling their responsibilities as parents or family caregivers, we provide pregnant employees with prenatal check-up leave, maternity leave, abortion leave, and breastfeeding leave, and all employees with parental leave. During the year, a total of 2,860 employees availed themselves of parental leave, with a return-to- work rate of 100% following their leave period.

Case

To provide better returns and career development for our dispatched employees, we have increased the percentage of subsidies for dispatched employees this year. Employees are given priority for promotion upon completion of their assignments. In addition, we reimburse our dispatched employees for health checks and vaccinations and purchase special overseas travel insurance for them to ensure their personal and property safety. We also care for the needs of dispatched employees for family care and reunion by providing employees with traveling leave and reimbursing them for the air tickets to visit their families.

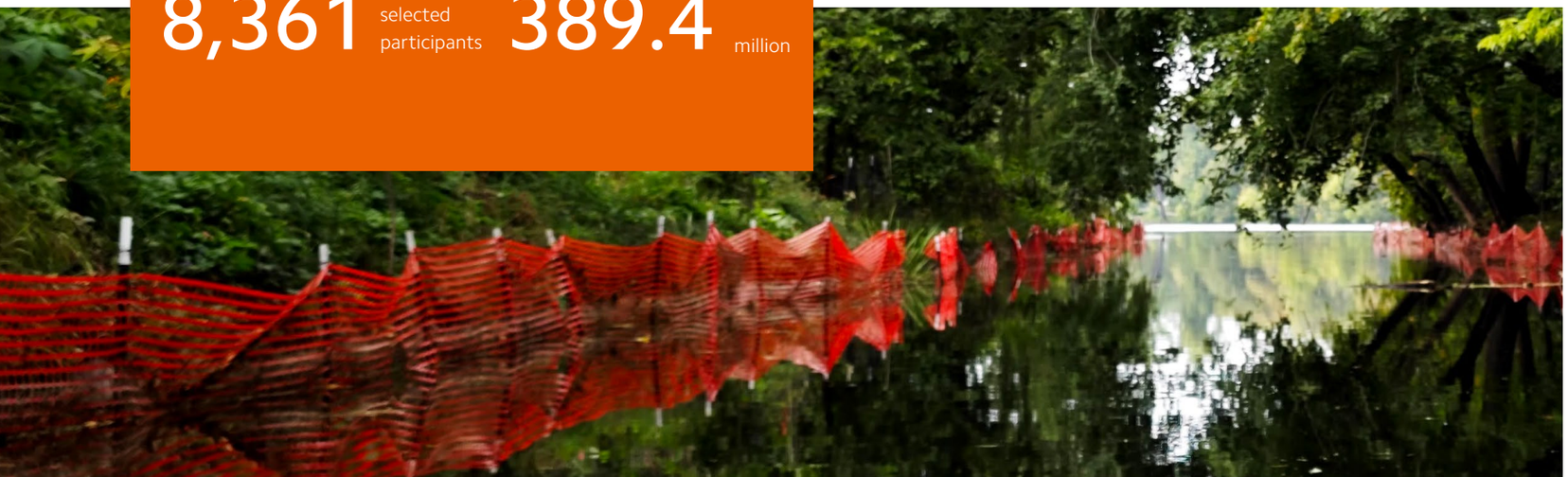
Employee Incentives

We value the long-term motivation of our talented workforce and actively promote our employee Share Award Scheme. In this scheme, employees will be granted share awards in recognition of their contribution, based on the assessment under the Group's performance management mechanism. In 2023, the Board awarded a total of 389.4 million shares to 8,361 selected participants.

We also attach importance to incentivizing innovation and intellectual property. In addition to the regular patent application and authorization incentives of the Group, we have instituted a patent award at the Group level to reward inventors, Xiaomi designers, and patent engineers who have made substantial contributions to patents.

In 2023, the Board awarded a total of **8,361** selected participants

shares to **389.4** million



Employee Communication

At Xiaomi, we are committed to supporting employees in expressing their demands and exercising their rights through various channels to ensure that their voices are heard and respected. To achieve this, we have established a diverse communication mechanism, including the labor union, HR partners, and Xiaomi's whistleblowing and complaint channels, with the goal of fostering an open and equitable work environment. Additionally, we encourage employees to actively engage in the Group's development and decision-making process, fostering collaboration to build a harmonious, respectful, and inclusive work environment.

We actively organize various activities, such as organizational capacity surveys and collective bargaining for the labor union, to promote effective communication between employees and management. We are committed to safeguarding our employees from discrimination, retaliation, harassment, and any unfavorable treatment when they express their claims and exercise their rights. This commitment applies to all levels of company operations and decision-making. When addressing employee claims and issues, we take into account labor practices and cultural differences in different regions, striving to find optimal solutions to problems through honest and constructive dialogues. We believe that by doing so, we can better understand the needs of our employees and promote a healthy corporate culture while enhancing employees' sense of belonging and satisfaction.

Talent Development

Performance Evaluation Management

At Xiaomi, we have developed a sound performance management mechanism to ensure fair employee evaluations and drive employee motivation. In our daily operations, all employees use the OKR (Objectives and Key Results) mechanism. On an annual, quarterly, and weekly basis, they align team and individual ideas for future improvement of projects with current task performance. The OKR mechanism not only enhances Xiaomi employees' understanding of the progress of the organization, teams, and partners but also enables them to evaluate their own contributions, ensuring that their efforts are directed towards top priorities. Additionally, it allows employees to track their own achievements, set ambitious goals at any time, and fuel their intrinsic motivation.

In addition to the OKR mechanism, we ask employees to conduct multi-dimensional performance evaluations every six months or a year, such as self-evaluation, 360-degree evaluation, evaluation of dotted-line superiors, evaluation by supervisors, and evaluation by departmental calibration. By evaluating employees' performance and personal growth during the evaluation period, we aim to foster employees' career development and ensure team management as a whole.

Meanwhile, employees can make appeals and seek further justification regarding their evaluation results and their pay packages. The whole appeal process and the personal information of the applicants are strictly protected by our confidentiality policies and system.

At Xiaomi, we ensure equal, transparent, and unhindered promotion opportunities for all employees. We offer fair regular promotion opportunities to employees who meet the criteria. Additionally, for those who make exceptional contributions, we provide unique incentives and promotion paths.

Training and Ability Development

Guided by the talent development philosophy to "nurture Xiaomi talents comprehensively and improve institutional capability efficiently," we are dedicated to providing comprehensive, systematic, and efficient training for our employees. These training sessions cover various topics including general education, corporate culture, cutting-edge technology, and management skills, among others. By equipping our employees with the necessary knowledge, expertise, and leadership skills to tackle everyday challenges at work and excel in their roles, we drive the achievement of Xiaomi's strategic goals.

We continuously improve our employee training curriculum. During the year, we completed the transformation of self-developed courses, launching a total of 77 courses with an average employee satisfaction of 9.64/10. We introduced a knowledge deposition project for key positions, launching a total of 41 courses in four categories (data, products, sales, and localized operations and management), achieving an average course satisfaction rating of 9.7/10. Meanwhile, we made progress in piloting, implementing, and promoting our digital training platform. Throughout the year, we developed more than 6,000 courses and over 2,000 livestreaming classes and launched two certification center programs (the Induction Technology Certification for New Retail After-sales Engineers in the Chinese mainland and the Xiaomi Smart IoT Technology). These resources were accessed by over 37,000 employees, facilitating the integration of various functional roles and subject areas.

We place a strong emphasis on helping new employees integrate into our company and ramp up their professional skills rapidly through training. Our commitment is to deliver training for all new employees and interns, and we have updated and iterated the Starry Program[61] for fresh graduates, the Integration Program[62] for experienced hires, and the Xiaomi Internship Program[63] for interns. These programs are designed to help new employees better understand our company culture and policies, and nurture a strong sense of team belonging. During the year, we completed approximately 180,000 hours of new employee training and added nine new courses to our offerings.

During the year, we completed approximately

180,000 hours

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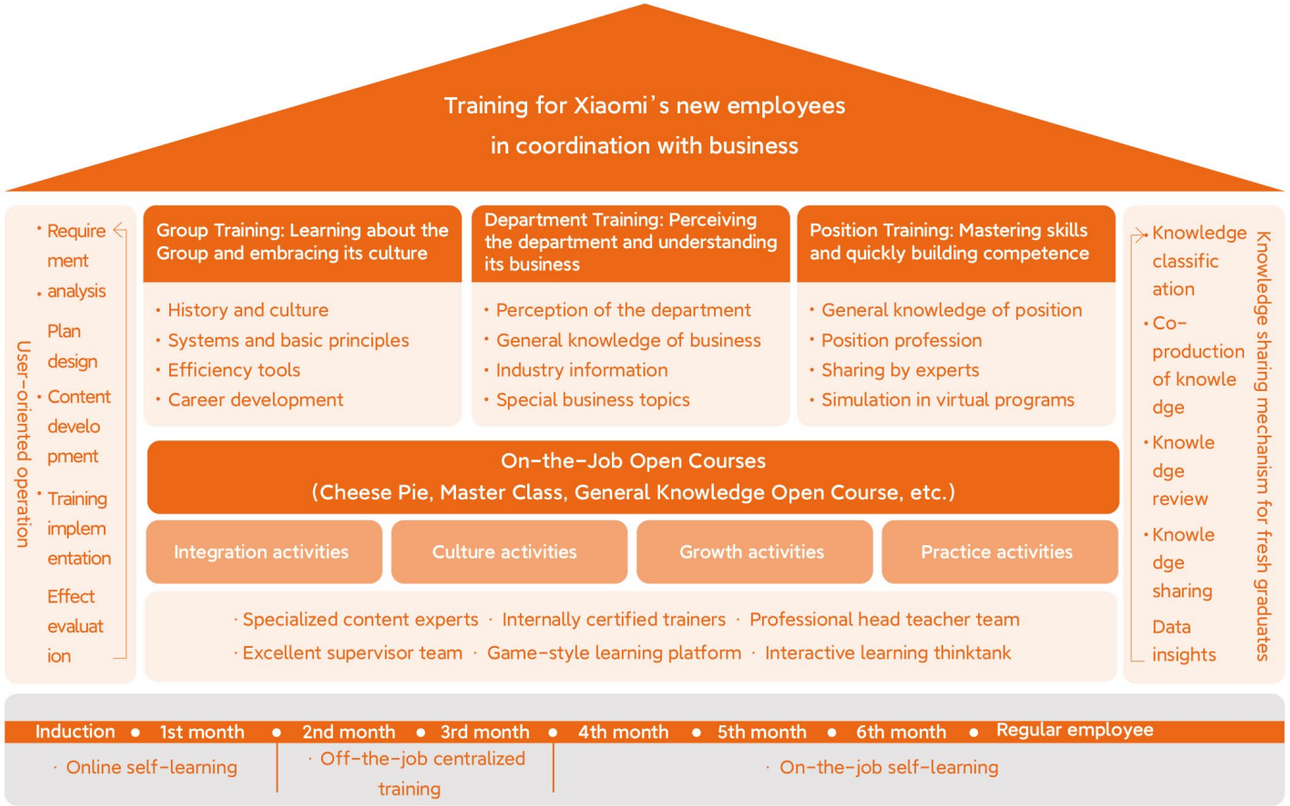
9 courses to our offerings

Starry Program: General induction training for fresh graduates to catalyze the transition from students to Xiaomi employees



[61] Starry Program: The Starry Program is Xiaomi Corporation's induction training program for fresh graduates. Its core objective is to help fresh graduates quickly complete the transition from students to Xiaomi employees, identify with the corporate culture, master the necessary workplace and job skills, integrate into working life, and become qualified new employees.

[62] Integration Program: The Integration Program is an induction training program for new employees of experienced hires. Its core objective is to help trainees familiarise themselves with the Company's history, rules, and regulations, identify with the cultural values, enhance the sense of belonging to the team, and quickly integrate into Xiaomi.

[63] Xiaomi Internship Program: The Xiaomi Internship Program is an induction program for Xiaomi interns. Its core objective is to help trainees familiarize themselves with the Company's values, comply with rules and regulations, master basic office skills, enhance their sense of belonging to the Company, and increase their willingness to stay and become full-time employees.

As a technology company, outstanding technical talents are our most valuable assets. Therefore, we place significant emphasis on nurturing cultivating leadership skills among our technical experts. To this end, we continuously develop courses for our mid- to high-level managers and organize internal and external knowledge-sharing events to broaden their technical perspectives. This year, we continued Xiaomi's Spark Program and Ignite Program. The Spark Program is designed for primary-level leaders. It aims to equip new managers of small-scale teams with core management skills, reinforcing their leadership fundamentals, and facilitate the role transition from individual contributors to managers. The Ignite Program is designed for middle managers. It focuses on the three dimensions of strategy, operations, and management, and aims to enhance comprehensive capabilities through leadership learning and practice projects.

At Xiaomi, we prioritize talent development, support our employees in obtaining state-level technical and professional certifications, and help them enhance their professional capabilities and professional image. During the year, about 600 employees obtained professional and technical certificates issued and certified by the Ministry of Human Resources and Social Security of China. We extend our training courses for full-time employees to newly onboarded contractors, covering the corporate culture, corporate policies, and business ethics. We have established online learning groups to offer instant assistance to our contractors and outsourced partners whenever necessary.

Engineer Culture

At Xiaomi, our commitment to technology is unwavering, and our Engineer Culture is deeply ingrained in our DNA. We are relentless in forging an Engineer Culture that celebrates innovation and optimal efficiency. Focusing on encouraging innovation, promoting exchanges, cultivating talent, and process management, we host multi-dimensional, diversified, and multi-level technical and cultural exchange events. This year, we held Xiaomi Technology Carnival 2023, Xiaomi Hackathon 2023, Xiaomi Million Dollar Technology Award 2023, the Automobile Simulator Challenge, and Data Mining Competition. These events aim to stimulate diversified technological collisions.

Case

In 2023, we continued the theme of "Boundless Creativity, Endless Life" and held the fourth Xiaomi Hackathon, providing a platform for Xiaomi employees to practice creative ideas and exchange thoughts. This year's competition was upgraded in all aspects of the schedule and system. For the first time, it was supported by metaverse live-streaming and online roadshows, providing more opportunities for the participating teams to showcase their ideas.

A total of 311 people in 76 teams registered for this year's Xiaomi Hackathon, covering various departments and regions, demonstrating the spirit of cross-regional and cross-departmental collaboration. The competition witnessed one first prize, two second prizes, three third prizes, six honorable mentions, and four special prizes for the Starry Program. The prize-winning projects covered a wide range of fields, such as inclusive technology, child education, and cutting-edge industry exploration. As a result, 24 patent applications were submitted in 2023.

registered for this year's Xiaomi Hackathon

76 teams

A total of

311 people

applications were submitted in 2023

24 patent

At Xiaomi, we advocate a culture of openness and inclusivity in technology. To this end, we have established the "Tech Circle," a Group-wide interactive platform for technical culture, which has so far brought together more than 46,000 participants. In 2023, 2,356 engineers contributed nearly 5,600 technical articles to the platform, reaching a cumulative readership of 1.26 million in the year. In addition, we launched the Cheese Pie program, providing a stage for Xiaomi's internal business experts to share knowledge in various fields. In the Master Class, we invite influential experts to bring professional cutting-edge knowledge sharing, helping Xiaomi employees expand their professional horizons and extend their knowledge boundaries.

Sustainable Supply Chain

In 2023, we recognized the heightened complexity of the global supply chain. Confronted with various challenges spanning diverse laws, regulation, and labor practice markets, we have remained steadfast in promoting exemplary practices in ESG governance throughout Xiaomi's global supply chain network and within the manufacturing industry. Through years of dedicated effort, we have we have bolstered our ability to address the hidden risks in our supply chain and have demonstrated strong governance capabilities and operational efficiency in the face of escalating challenges.

ESG System for the Supply Chain

Supply Chain Management System

At Xiaomi, we understand the pivotal role of supply chain governance in the responsible purchasing of parts, materials, chemicals, services, and other essential components. To this end, we have started with a clear governance structure to enhance collaboration with our supply chain partners to mitigate risk by anticipating where future supply chain shortages or redesigns might occur. Key elements of our supply chain ESG governance encompass:

1. Clear Governance Structure and Guidelines

We have established a Purchasing Committee to oversee supply chain governance. The committee is comprised of senior management, representatives from the purchasing department, members of the SC, and representatives from the legal and internal control compliance departments, who directly oversee supply chain ESG issues. In addition, we have developed a Supplier Social Responsibility Code of Conduct, aligned with Xiaomi's ESG governance principles. It mandates our suppliers to comply with laws, ethical business practices, and human rights management requirements.

2. Embedding in supplier selection and assessment

We have embedded Xiaomi's ESG governance principles into our supplier selection process, evaluating potential suppliers based on their governance practices, compliance history, and ESG risk management capabilities. We regularly assess suppliers' compliance with governance standards through audits, assessments, and performance reviews to ensure their fulfillment of responsibilities and continuous improvement of practices.

3. Transparency reporting and review mechanism

We collaborate with suppliers to enhance transparency in purchasing practices and foster a competitive and fair value chain ecosystem. The Xiaomi ESG Practice Review/Evaluation Report contains detailed supply chain ESG governance information, governance practices, risk control status, compliance, and corrective actions taken for any issues. It is designed to showcase supply chain ESG governance performance[64] and prevent potential conflicts between purchasing practices and ESG guidelines.

[64] Such information/reports can be accessed by requesting the S&P CSA platform (for corporate representatives) or Capital IQ Pro platform (for non-corporate representatives), the Ecovadis platform, and the CDP platform.

4. Objective synergy and capacity building

We work with suppliers to improve ESG governance. We provide open access to our training on key topics, governance tools, resources, and support to enhance ESG governance and risk management capabilities. On climate issues, we have published supplier guides and created free resources to show suppliers the process of setting targets. We also provide coaching to guide target-setting and mitigation actions. In addition, we participate in industry initiatives and partnerships aimed at raising supply chain governance standards.

5. Enhancing contracts and agreements and their performance

In our contracts with suppliers, we include specific ESG governance clauses outlining expectations, compliance requirements, and potential consequences of non-compliance. When selecting suppliers and awarding contracts, we give preference to those with strong ESG performance. We have also developed a well-defined mechanism for non-compliance with governance standards, including measures such as corrective action, fines, and even termination of contracts.

6. Promoting ethical practices and anti-corruption measures

We ensure that our anti-corruption policy is clearly communicated to all suppliers and that mechanisms are in place for corruption reporting and investigation. We also promote ethical business behavior throughout the supply chain and provide training and resources to promote integrity and ethical decision-making.

Through these initiatives, Xiaomi is dedicated to promoting ESG governance practices characterized by mutual trust, transparency, and responsibility across our supply chain. These efforts not only help to mitigate risk but also effectively strengthen our relationships with suppliers, foster trust with stakeholders, and enhance our reputation for responsible and sustainable business practices.

Digital Supply Chain Management System

We leverage Xiaomi's digital strengths and apply big data and AI technologies to continuously enhance supply chain traceability, efficiency, and transparency and further mitigate ESG risks. In 2023, we updated our digital supply chain management system, further expanding its system functionality and scope. Particularly, we bolstered the module of sustainable supplier management built on the existing functions of order coordination management, quota management, supplier registration and withdrawal management, purchase category management, and demand feedback. The Supplier Corporate Social Responsibility (CSR) Management System features GHG verification, wastewater and waste disposal surveys, raw material traceability management, labor management, and more. Each feature is accompanied by key performance indicators to accurately monitor environmental and social impacts in the flow path of raw materials and manufactured goods in real time. By digital means, we have enhanced the efficiency of risk management for social responsibilities such as labor rights, achieved digital lifecycle management of our supply chain, and effectively controlled the systemic risks of our supply chain. As of the end of the reporting period, we applied the management system for the unified management of production suppliers, key components, and raw material suppliers, covering all product lines.

Climate-related extreme weather events and natural disasters may continue to increase and disrupt the chain reaction in global supply chain operations. Based on our technology and experience in natural disaster early warning on the To C application side, we have established a supply chain natural disaster early warning system to enhance supply chain climate resilience. The system directly notifies suppliers of disaster severity and improves their capacity to respond to natural disasters across four aspects: disaster control, early prediction, rapid feedback, and multi-dimensional control. Furthermore, we offer early warning and disaster impact assessment functions to safeguard the sustainability of suppliers' production and supply.

Supply Chain Risk Management

Management Rationale and Strategy

We implement a comprehensive risk management framework to detect, evaluate, and manage ESG risks associated with our supply chain, with a specific emphasis on suppliers' employment practices, environmental sustainability, and regulatory compliance. Concurrently, we are committed to seeking and harnessing ESG opportunities to create added value through win-win solutions. Anchored in our risk management strategy and business continuity system, we are dedicated to fostering more ethical, sustainable, and fair supply chain collaborations through risk control, audits, and trade secret protection.

To improve the visibility and penetration of the supply chain, we leverage Xiaomi's advantageous mature digital governance. We have enhanced the risk management capabilities of each node enterprise in the supply chain, improved the adaptable utilization of supply chain data and the accuracy of risk prediction, and established an early warning system and emergency response mechanism. In this way, we better manage the environmental impact of our supply chain and its impact on society.

To ensure that our suppliers fully understand and pay attention to ESG risks, we set explicit social responsibility terms[65] in contracts with our suppliers, requiring them to fulfill the corresponding social and environmental due diligence obligations and to follow or refer to ISO 22301[66], ISO 14001, ISO 45001, ISO 27001, ISO 28000[67] and SA8000[68] to establish a Business Continuity Management (BCM) system. When identifying potential risks among our Tier-1 suppliers, we will take preventive and corrective measures and initiate related activities as needed. For Tier-2 and 3 suppliers, we will take similar measures as appropriate. These practices are systematically integrated into our business processes.

In our comprehensive approach to identifying, assessing, and managing ESG risks associated with suppliers, we employ various methods and tools, such as public opinion monitoring, on-site audits, assessment questionnaires, and risk assessment programs. These tools offer us with a holistic understanding of potential issues in the supply chain, enabling us to take appropriate measures to address them.

[65] Xiaomi Supplier Social Responsibility Code of Conduct: https://www.mi.com/global/about/sustainability#/docshow

[66] ISO 22301: ISO 22301 is the international standard for Business Continuity Management Systems. It provides a framework for organizations to enhance their resilience against various unforeseen disruptions, including extreme weather, fire, flood, natural disaster, theft, IT failure, employee illness, or terrorist attack.

[67] ISO 28000: ISO 28000 is an international standard for supply chain security management that is designed to help organizations take a more robust approach to better address current and future risks.

[68] SA8000: SA8000, or Social Accountability 8000, is the world's first international standard for ethics. It is designed to provide a standard based on international labor rights norms and the labor laws of the country where the standard is adopted, to protect and assist all those who produce or provide services under the control and influence of the enterprise, including the enterprise itself and those employed by its suppliers and subcontractors.

Compliance Management

We are committed to creating a safe, reliable, resilient, and competitive healthy industrial chain alongside our supply chain partners. Throughout the year, we intensified our requirements on the supplier compliance ecosystem, compliance systems, and open purchasing. To ensure a science-based and fair management approach, we refined and updated the Xiaomi Supplier Social Responsibility Code of Conduct across labor management and human rights protection, EHS health and safety, environmental standards, and business ethics. The revision was based on the code of conduct of the Responsible Business Alliance (RBA) and the Joint Audit Cooperation (JAC) Supply Chain Sustainability Guidelines and aligned with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the UN Universal Declaration of Human Rights. We require Tier-1 suppliers to establish an ESG management system and to regularly measure performance, set targets, and share review results. We encourage Tier-1 and 2 suppliers to cascade their expectations and requirements to lower-tier suppliers, fostering a top-down ESG risk management system. We reward and support exceptional suppliers, motivating them to innovate and enhance ESG risk management. In 2023, we presented the Most Valuable Partner in Sustainability Award to seven of our supplier partners for their exemplary performance in ESG governance. We require new suppliers to sign an acknowledgment of the above guidelines to qualify for the partnership, under which they shall conform to internationally recognized labor rights protection standards and practices, as well as workplace safety standards and codes of conduct. Any violation of these guidelines during the course of the partnership will necessitate the supplier's rectification of the situation or termination of the partnership.

Supplier Assessment and Performance

We collaborate closely with our suppliers to identify and manage ESG risks, considering their different roles, locations, and tiers within the supply chain. In addition to supplier self-assessment, audits by Xiaomi-approved third parties, and Xiaomi-led audits, we have developed a standardized toolkit tailored to various supply chain partners. It assigns scores to adverse events based on their likelihood and potential severity, allowing us to accurately quantify the impact. It also offers graded management and aids in identifying ESG risks throughout the purchase process and implementing corresponding mitigation measures. At the end of the reporting period, we conducted a specialized review of key suppliers[69] and reviewed 805 manufacturing suppliers. Among the issues identified in the reviews, 92.5% have been resolved.

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

[69] Key suppliers: Suppliers identified as having prominent ESG risks and/or strong business relevance to Xiaomi.

Evaluation Mechanism for New Supplier Onboarding

During the supplier nomination phase, we make explicit provisions on the responsibilities of both parties, deliverables, and related terms and conditions. Xiaomi's purchasers and specialists conduct on-site evaluations of the supplier. The following dimensions are also taken into account in the criteria:

Operational quality: The indicators include operational capacity, production management capacity, production costs, quality management capacity, operational efficiency, financial capacity, and technical capacity;

Environmental responsibility: The indicators include environmental impact in raw material purchase, process flow, manufacturing, and transport;

Social responsibility and compliance: The indicators include labor rights, occupational health and safety management, and business ethics.

ESG compliance has long become one of the top criteria at Xiaomi when selecting and evaluating our new suppliers. This entails assessing the sustainability policy, code of conduct, ISO certifications, and ESG standards and performance of all new suppliers. If any red-line issues[70] are identified during due diligence, the concerned supplier will not be admitted to our supplier pool until such issues are rectified.

This year, we completed 987 supplier admission evaluations, of which 35 failed the assessment and were rejected. Primary reasons for their failure include prominent social responsibility issues, integrity incidents, environmental and fire safety issues, and serious compliance risks.

Xiaomi Ecosystem Transparency Reporting Mechanism

The Supplier Transparency Reporting Mechanism follows a standardized auditing process through the steps of access requirement analysis, supplier registration, information review and introduction of instructions, and training on the Xiaomi Supplier Social Responsibility Code of Conduct. It aims to ensure that suppliers meet our business standards. Ecosystem companies shall collect and submit basic supplier information and audit reports before formal assessments. We conduct the initial screening of suppliers in accordance with the Basic Admission Requirements for Xiaomi Ecosystem Suppliers and the auditing criteria in the Supplier Audit Information Sheet. Only those who meet the established thresholds can enter the next stage of Xiaomi's audit.

Third-Party Audit Mechanism

We also conduct compliance audits of our suppliers through independently certified third parties. The audit covers compliance, business partnerships, and social responsibility, and involves in-depth communication with employees and management. Items for immediate correction will be rectified on the spot after the initial review and confirmed at the end of the audit. Upon completion of the audit, the third party will provide a report and assist in monitoring the rectification of issues.

[70] Red-line issues include but are not limited to product quality, labor management, environmental security, business ethics, and other major risk incidents.

Assessment and Correction Process

We have developed a supplier self-assessment tool based on the Xiaomi Supplier Social Responsibility Code of Conduct. It covers various dimensions, including basic qualifications, employee management, and other social responsibility management, as well as environmental risks and business ethics. The tool has been distributed to all Tier-1 suppliers, who are required to provide the necessary information and supporting documents for an initial document review and to facilitate the annual self-assessment. Additionally, we encourage suppliers to obtain international standard certifications such as ISO 9001, ISO 14001, and ISO 45001, and include them in their self-assessment to enhance their sustainability capabilities.

Based on the results of the supplier assessment and evaluation, we assess the potential risks in the supply chain, determine the risk level, and optimize the supply chain risk management strategy accordingly to ensure a comprehensive understanding of the supply chain risk situation. For suppliers that fail the audit, we will take the following measures.

- We will require the supplier to remedy and rectify within a limited period, during which we will closely follow up on its progress of improvement.
- If the supplier fails to complete the rectification within the time limit or there are serious violations, we will suspend or terminate the partnership according to the situation.
- Senior management of our purchase department or the Group will communicate directly with the supplier.

EHS Assessment

We continuously strengthen our audits of contractors' and suppliers' EHS management. To reinforce contractors' awareness of safety compliance, we have established construction safety management procedures for stakeholders to ensure the safety of contractors' activities. We implement strict safety material reviews for each of the contractor's workers entering the site, and they are allowed to work only after passing the review.

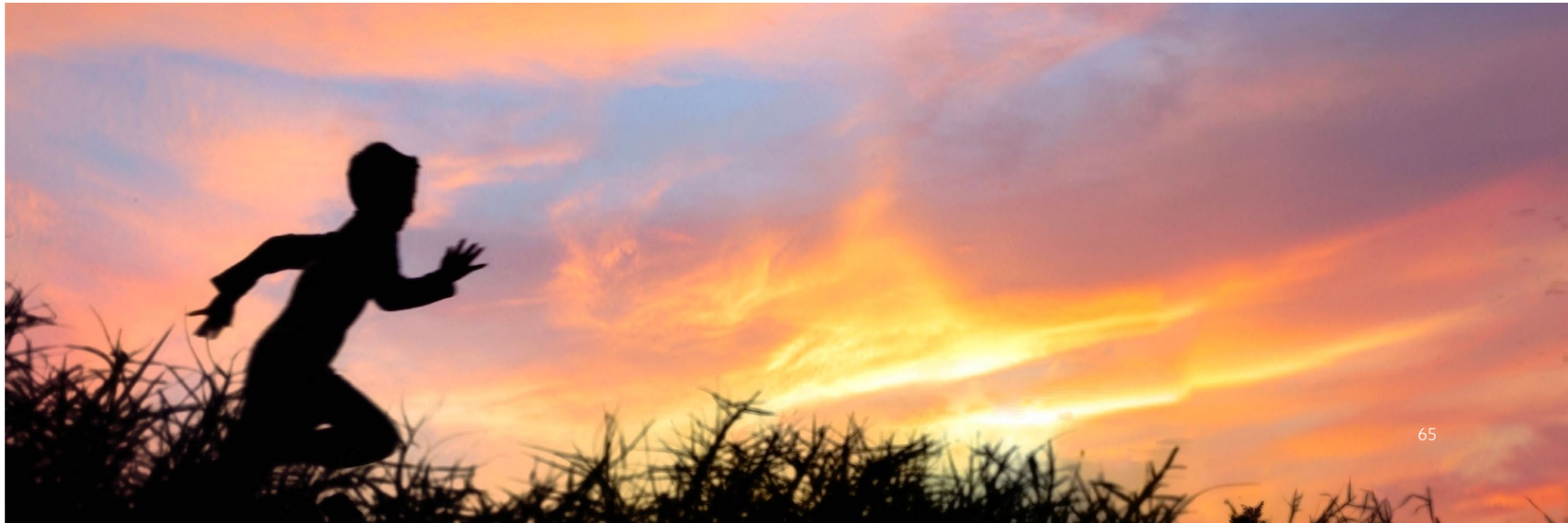
We enforce stringent process management for contractors, promptly notifying them of potential safety hazards and mandating corrective actions. We strictly manage high-risk activities such as temporary fires and work-at-height, and carry out safety audits for contractors. Throughout the year, 100% of our contractors passed the safety audit, maintaining a safe work environment. We also implement mandatory supervisory measures for manufacturers as well as material contractors and suppliers across all of our operating locations. We maintain clear scope, rigorous audits, and continuous monitoring and rectification. EHS audits of suppliers are conducted through a combination of self- inspection and sampling. Any supplier that fails to meet the standards will face termination of cooperation.

Throughout the year, 100% of our contractors passed the safety audit

100%

Reporting Channels and Procedures

We actively listen to suppliers' opinions and suggestions, aiming to enhance our supplier management system's efficiency. To expand complaint channels for the supply chain, we have established an open reporting window on the Xiaomi Corporation Integrity and Compliance Platform. Additionally, we provide protective measures for suppliers' employees, aiming to create a more welcoming and inclusive work environment. For industry or external complaints, we specify contact information in our Supplier Code of Conduct. We also require all stakeholders to sign contracts to ensure compliance and transparency.



Responsible Purchasing

At Xiaomi, we are committed to purchasing raw materials responsibly and in particular, avoiding any funding, whether direct or indirect, for conflict-affected areas. We have made continuous efforts to trace the sources of tantalum, tin, tungsten, and gold (3TG) used in our hardware products. Additionally, we acknowledge the risk of human rights abuses in the cobalt supply chain. Our commitment remains steadfast in ensuring that these raw materials associated with Xiaomi's hardware products do not directly or indirectly finance armed groups in the Democratic Republic of Congo (DRC) and its neighboring countries.

Responsible Mining

We adhere to 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. To uphold this commitment, we have developed the Xiaomi Corporation Conflict Minerals Policy, established a due diligence procedure for conflict minerals, elevated requirements for our suppliers, and set a process for identifying and preventing associated risks. Every year, we track, monitor, and report the status of conflict minerals in our supply chain.

Due Diligence Procedure

Our due diligence procedure for conflict minerals consists of the following steps.

- Establish and develop a Conflict Minerals policy, due diligence procedure and safeguard measures, and define the roles and responsibilities of internal personnel.
- Assess and identify the risk hotspots in the supply chain, and develop risk response and control procedures.
- 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.
- Analyze and verify the due diligence results reported by the suppliers to ensure that the minerals are not sourced from conflict-affected areas.
- 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.
- Engage with suppliers continuously to improve response rate and enhance the data credibility of the smelters.
- Establish communication channels for stakeholders on Conflicted Minerals management.
- Provide training on Conflict Minerals Policy and the due diligence procedures to our employees and suppliers.

Code of Conduct for Responsible Mineral Management by Suppliers

We actively work with our suppliers and require them to perform responsible mineral management. Specific requirements are as follows.

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

Conflict Minerals Risk Identification

Upon our efforts on managing conflict minerals, we have initiated a more extensive supply chain traceability program to trace the sources of tin, tantalum, tungsten, gold (3TG), cobalt, and mica in our products. This initiative aims to guarantee that none of these come from conflict-affected zones. We have identified the following risks based on due diligence:

- Whether the supplier is located in the Democratic Republic of the Congo or a neighboring country;
- Whether the supplier purchases ore from controlled countries;
- Whether the information provided by the supplier and its supply chain is sufficiently accurate;
- Whether basic contact with the supplier (for example, email, phone calls, Internet research, and site visits) sufficiently evidences that conflict will not be fuelled; and
- Whether conflict minerals are actually contained in our products, given the global nature of the supply chain.

Our strategy to address these risks involves aligning suppliers with our supply chain code of conduct, urging them to adhere to the standards, and considering suspension or termination of cooperation if compliance is not met.

This year, we identified a total of 420 upstream smelters and refiners across 55 countries and regions. The RMI's Responsible Minerals Assurance Process (RMAP) certifications are as follows. For those who have not yet obtained RMAP certification, Xiaomi mandates them to undergo third-party due diligence in line with RMAP requirements, or to switch to certified smelters and refiners. Moving forward, we will establish a robust disclosure mechanism for our smelters/refiners, and continue to enhance our supply chain capabilities in governance, compliance, and transparency to ensure responsible management of conflict minerals.

Xiaomi smelters/refiners with RMAP certifications in 2023

Minerals	Proportion of RMAP-certified smelters and refiners	Number of smelters/ refiners
Tin	100.00%	82
Tantalum	100.00%	36
Tungsten	100.00%	50
Gold	100.00%	179
Cobalt	97.10%	69
Mica	100.00%	4

Supplier Empowerment

Supplier Empowerment

During the year, we carried out ESG capacity building with our key Tier-1 suppliers. We communicated, empowered, and collaborated on projects on sustainability topics, including management of climate change issues, emissions or pollution potential, circular economy practices, employee development, labor rights initiatives, anti-corruption, anti-bribery, conflicts of interest or anti-competitive behaviors, and supply chain management. Notably, we made key progress in avoiding pollution, minimizing emissions, and improving resource efficiency across the lifecycle of our products.

Case

One of our partner manufacturers is always concerned about employee rights in its labor management practices. It empowers employee development and growth in all aspects, creates a safe, healthy, and harmonious work environment for employees, and guards the "people-centric" value chain ecosystem with Xiaomi. In 2023, this partner, who undertook the production projects of some of Xiaomi's smartphone models,

- Actively fostered a diverse and inclusive corporate culture, established a fair and mutually respectful work environment, formulated the Measures for the Labour Protection of Women Employees and the Procedures for the Protection of Female Workers (Pregnant Women), and hosted regular training on the prohibition of discrimination in the workplace;
- Formulated the Management Procedures for the Prohibition of Forced Labor and the Management System for the Protection of Underage and Child Labor, and continuously regulated the process of reviewing the recruitment of employees and the procedures for remedying the employment of child labor, to ensure compliance in employment;
- Attentively listened to the voices and needs of its employees through its labor union and employees' conferences, keeping the channels of communication and exchange between the group and its employees open and unimpeded; and
- Formulated several internal EHS systems such as the Safety Operating Procedures and the Safety Management System for Special Operations, strengthened personnel training on safety risk awareness, and standardized the safety management and safety operation behaviors, effectively preventing and eliminating safety accidents and enabling the process control of safety management.
- Moreover, this partner has established reasonable position development channels, created a wealth of training resources, set up a sound career development system, and maintained a robust workforce.

Case

Another of our partner manufacturers actively embraces Xiaomi's ESG governance principles and demonstrates our shared commitment to the net-zero goal by implementing various green energy projects and energy efficiency measures. In 2023, this partner, who undertook the production projects of some of Xiaomi's smartphones and tablets,

- Achieved its green power target of about 1,770,000 kWh per year by installing a 1,642-kW photovoltaic project;
- Constructed a 5,400-RT ice storage air-conditioning system to help shift (staggered) peak loads on the grid by 2.07 million kWh per year;
- Achieved annual electricity savings of 850,000 kWh and 1,070,000 kWh, respectively, by using high-efficiency air-conditioning units and air compressors; and
- Employed energy-efficient air-conditioning pumps and frequency-controlled intelligent control systems, waste heat recovery equipment, and acoustic imaging technology for detecting pipeline leaks. These measures achieved a total annual average energy saving of 1.98 million kWh, reducing emissions 1,263.04 tonnes (Mt) of CO_2e[71].

Supply Chain Finance

Xiaomi's Supply Chain Finance serves the manufacturing economy, offering the industry more suitable solutions, higher efficiency, and more adequate resources compared to traditional financial institutions. Leveraging our digital and technology solutions as a driving force, we aim to lead the enhancement of the digital service capacity of supply chain finance, benefiting from our strong position in the manufacturing economy. Our focus remains on promoting the digital upgrading of industry chain partners, accurately meeting the financial needs of supply chain enterprises, and providing diversified cash flow protection tools for safe, rapid, and sustainable business development. As of the end of the reporting period, Xiaomi's Supply Chain Finance had facilitated over RMB300 billion in funds for more than 16,000 companies in the real economy.

[71] 1,263.04 tonnes (Mt) of CO_2e. The project is located in Guangdong Province. The energy saving benefit data is calculated based on actual operations and the technical value in theory. The electricity emission factor is cited from the Guidelines of Guangdong Province for Carbon Dioxide Emissions Reporting by Enterprises (Entities) (Revised in 2024).

Social Welfare and Community Engagement

For public welfare, we always adhere to the idea of "a better world brought by technology" and the mission of "empowering public welfare development with technology and promoting technological innovation with public welfare." By engaging in proactive dialogue with users, communities, governments, and research institutions, we discern the diverse needs of society. We incorporate the concept of technological development into endeavors such as support for education and technology promotion and persistently innovate in public welfare practice models. Additionally, we enthusiastically engage in social welfare initiatives such as volunteering, disaster relief, and aiding the underprivileged. Through tangible efforts, we give back to society and enhance social well-being.

Support for Education

Talent Development: Xiaomi's Funding Programs

As an innovative enterprise based on technology, we aspire to foster and cultivate talent in social sciences and technology by leveraging our deep accumulation in areas such as technology, smart manufacturing, and AI. We have nurtured and advanced technology talent through the Xiaomi Scholarship program, the Xiaomi Young Scholars program, and the Xiaomi Sports Scholarship program initiated by the Xiaomi Foundation.

Xiaomi Award Scholarship

The Xiaomi Scholarship program provides financial assistance for undergraduate and postgraduate students at distinguished universities and colleges to support the construction and development of higher education institutions in China. With an endowment fund of RMB500 million, this program is poised to support up to 70,200 undergraduate and postgraduate students at 100 universities and colleges nationwide. By the end of 2023, the Xiaomi Scholarship program had been extended to 60 universities and colleges, with plans to expand to 30 more this year, benefiting a total of 7,780 university and college students will be benefited.

Xiaomi Young Scholar

The Xiaomi Young Scholars program is designed to support young teachers and researchers who have achieved outstanding results in the fields of computer science, electronics, electronics, and basic sciences and exhibited great innovation potential. It will provide stable support for universities' personnel training, teaching staff development, and scientific research achievements. By the end of 2023, this program had covered 30 universities, with additional 10 institutions included this year, supporting more than 520 young scholars.

Xiaomi Sports Scholarship

The Xiaomi Sports Scholarship program aims to help outstanding but financially disadvantaged middle school athletes focus on sports training and improve their sports skills. By the end of 2023, this program had supported a total of 2,365 student-athletes from sports schools.

Innovative Education: Xiaomi AIoT Box

In 2023, we strengthened our integrated support for education and sci-tech innovation, focusing on the area of innovation and entrepreneurship and the cultivation of sci-tech innovation capacity among students. We launched the project of an Industry-Education Integration Community for the Next-Generation Intelligent Hardware Technology Industry, introducing the Xiaomi AIoT Box as a central tool. Our collaboration included over 150 universities and colleges, aiming to promote a new paradigm of industry-university-research integration and innovation in scientific research and talent.

The Xiaomi AIoT Box is a new embedded intelligent development tool developed by Xiaomi. It facilitates the construction of customized intelligent hardware systems through modular design. It can be interconnected with the Mijia app, which allows the simulation of IoT hardware device prototype construction. The Xiaomi AIoT Box carries Xiaomi's best practices in hardware-software integration. Moreover, by merging theoretical instruction with hardware development, it is a special tool showcasing Xiaomi's hardware-software integration features. We have tailored course content to enhance practical learning experiences of the project. During the year,

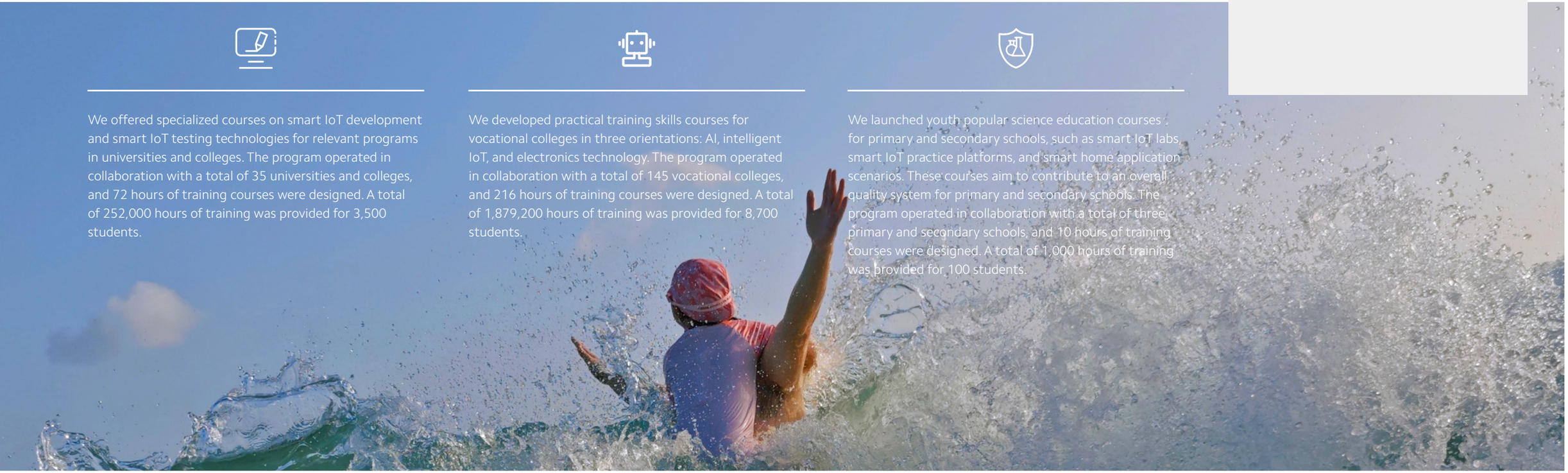
A total of 1,000 hours of training

1,000 hours

We offered specialized courses on smart IoT development and smart IoT testing technologies for relevant programs in universities and colleges. The program operated in collaboration with a total of 35 universities and colleges, and 72 hours of training courses were designed. A total of 252,000 hours of training was provided for 3,500 students.

We developed practical training skills courses for vocational colleges in three orientations: AI, intelligent IoT, and electronics technology. The program operated in collaboration with a total of 145 vocational colleges, and 216 hours of training courses were designed. A total of 1,879,200 hours of training was provided for 8,700 students.

We launched youth popular science education courses for primary and secondary schools, such as smart IoT labs, smart IoT practice platforms, and smart home application scenarios. These courses aim to contribute to an overall quality system for primary and secondary schools. The program operated in collaboration with a total of three primary and secondary schools, and 10 hours of training courses were designed. A total of 1,000 hours of training was provided for 100 students.



Child Development: Xiaomi Kids Channel

In 2023, we launched Xiaomi Children's Park, a channel tailored to children's physical and mental development in the Chinese mainland. It offers a wealth of high-quality growth content regularly updated, significantly enhancing the parenting experience with a focus on science-based approaches. Xiaomi Kids Channel upholds the mission of "learning through play and happy companionship." With a rich content ecosystem and refined operation, it provides strong support to meet the needs of children's viewing entertainment and growth education. During the year,

We built a massive library of high-quality resources that provides over 700 general education courses for enlightenment, more than 540 interactive thinking training programs, over 3,187 digital illustrated books, and over 4,000 English programs. In this way, we created an immersive language learning and mind-training environment designed to stimulate children's interest in learning and strengthen their language proficiency and mental agility.

We launched the Museum Cinema popular science channel, which features captivating popular science films played at more than 70 museums and science centers nationwide, such as the National Maritime Museum of China and China Science and Technology Museum. Virtual visits to museums and science centers that may not be accessible in person can stimulate children's interest in science and their desire to explore.

We introduced the Reading A-Z (RAZ) graded reading collection of illustrated books, with a total of 846 volumes. This series, which is based on an international authoritative grading system, covers 13 English reading levels from zero to junior high school level, fully meeting the English reading needs of children and teenagers.

We curated a selection of more than 2,000 courses tailored to the learning needs of children from primary school to high school. These courses, synchronized with the school curriculum, encompass a diverse range of knowledge points, thinking development, reading and writing, and natural spelling, aiming to provide a comprehensive and multi-dimensional learning platform for children.

Disaster Relief and Early Warning

Natural Disaster Early Warning System

As the frequency of extreme weather events rises due to global warming, we have developed a natural disaster early warning system. This system accesses real-time data streams from the National Early Warning Information Dissemination Center and monitors a wide range of natural disasters such as heavy rain, typhoons, and blizzards in real time. This ensures that users can promptly access the latest information on natural disasters through Xiaomi's Natural Disaster Early Warning System and take appropriate precautions. Our Natural Disaster Early Warning System ensures direct communication of the severity of natural disasters and the risk assessment associated with them to users, employees in business positions, and partners through graded visualization of different levels of disasters. It also provides them with disaster response recommendations.

Earthquake Early Warning

The Xiaomi smartphone and Xiaomi TV, as the first mobile phone and TV operating system to integrate the earthquake early warning function, collaborate with the Chengdu Institute of Care-Life to establish a disaster prevention and mitigation information channel for thousands of households. Xiaomi's earthquake early warning now supports users in all administrative regions of the Chinese mainland and Indonesia to subscribe to earthquake early warning messages, ensuring that users can turn on the earthquake early warning function through their Xiaomi smartphones and Xiaomi TVs. The availability of this function on Xiaomi smartphones and Xiaomi TVs demonstrates our commitment to contributing to primary-level emergency response capabilities and safeguarding people's lives. By the end of 2023, we had successfully pushed nearly 92 million warnings on earthquakes at a magnitude of 4 or above worldwide.

Emergency Disaster Relief

In the face of disasters, we immediately respond to emergencies and mobilize resources from all sectors for donations through the Xiaomi Foundation. This year, we conducted two emergency relief operations.

8

In August 2023, when floods struck the Beijing-Tianjin-Hebei region, the Xiaomi Foundation immediately donated RMB25 million. The fund was primarily allocated to ensuring the safety of the victims, procuring emergency relief materials, and supporting post-disaster reconstruction of education facilities of schools that were affected by natural disasters to facilitate the resumption of normal education activities.

12

In December 2023, in the face of the earthquake in Jishishan County of Gansu Province, the Xiaomi Foundation provided assistance again and donated RMB5 million. These funds were utilized for purchasing emergency relief materials and post-disaster reconstruction after the disaster. Additionally, we raised funds from the public to provide urgently needed daily necessities for affected families.

To improve the efficiency and efficacy of disaster relief, the Xiaomi Foundation has released an Emergency Relief Project Manual. This manual offers standardized and systematic guidance on processes and tools for disaster relief and post-disaster reconstruction. It also ensures our ability to actively monitor, rapidly respond to, and effectively track disaster situations and reconstruction progress.

Rural Revitalization

At Xiaomi, we actively respond to the strategy of rural revitalization and leverage our technological strengths to support the construction of beautiful villages. In 2023, we collaborated with the Image Specialized Committee of the Popular Culture Society of China to conduct research and launch the "Visual Nanping" project. This project aimed to explore the unique rural culture of Nanping and promote its upgrading, developing tourism and special industries based on agricultural products, and supporting young people in returning home to start a business and rural revitalization.

Collaborating with local residents to create a visual enhancement Program for Nanping, we drew professionals from different fields to rural areas through design and cultural activities. We insisted on blending and intersecting innovative design with local culture, capturing and disseminating the story of Nanping culture in visual design. Xiaomi's public welfare designers outlined a VI application plan for Nanping encompassing design concepts, logos, fonts, and colors, tailored to both the characteristics of the scenery and the brand image. Through these efforts, we contributed Xiaomi's ingenuity to the preservation of rural culture and the development of new rural areas.

Volunteering

At Xiaomi, we are committed to promoting volunteering and charity and exploring new models of social responsibility through our employees and Xiaomi Fans. This year, we organized 15 employee volunteer activities around themes such as "Agricultural Assistance," "Elderly Assistance," and "Education Assistance." These activities involved a total of 161 members of the Xiaomi Youth Volunteer Team, who collectively contributed over 2,460 hours of service time.

Agricultural Assistance

At Xiaomi, we are actively engaged in agricultural assistance and benefits and committed to promoting the sustainable development of green agriculture. Our "Visual Nanping" rural revitalization volunteering project focuses on driving economic and social advancement in Nanping Village, Anhui Province. By exploring new paths of village governance, Xiaomi's youth volunteering team has promoted complementary strengths and resource sharing. In September 2023, we established the Xiaomi Agricultural Assistance Foodie Club, which has launched nine agricultural products, effectively addressing the problem of unsold fruits faced by villagers from Nanping.

Elderly Assistance

We remain steadfast in building a people-centric elderly-friendly support system and seek solutions to addresss the needs of elderly users and enable that they benefit from the convenience brought by the digital age. Throughout the year, the Xiaomi Youth Volunteer Team launched the "Bringing Warmth to the Community" elderly assistance event to help the elderly. Volunteers provided guidance to elderly residents in the community on the basic operation of smartphones, especially the safe utilization of payment features, to enhance the confidence of the elderly in digital payment. We launched many other elderly assistance events and made visits to research the elderly-friendly configuration of AI Assistants.

Case

We are also active in elderly assistance. During Christmas 2023, Xiaomi Germany, in cooperation with an external agency, built a senior activity center for the elderly in Duesseldorf and donated EUR 17,000. By supporting the work of the senior activity center, we facilitated exciting outings and activities for seniors.

Education Assistance

At Xiaomi, we remain dedicated the notion of technology-enabled education assistance. We continually deepen school- enterprise cooperation, striving to extend and expand education assistance, with the goal to inspire young people to leverage their intellect and creativity for a better future. Xiaomi's Youth Volunteer Team launched the Enlightenment Education and Practice Program for Technology Careers to raise primary and secondary school students' awareness of technology careers. The program includes field studies, visits, and lectures by industry experts. It has popularized science and technology education and broadened students' horizons for career enlightenment.

In 2023, we continued to launch Xiaomi Fan volunteer activities, encouraging Xiaomi Fans' active involvement in philanthropic endeavors. This year, we hosted 38 Xiaomi Fan volunteer activities with a total of 190 volunteer hours, in which more than 400 Xiaomi Fan volunteers participated. During Xiaomi Fan Charity Month, we led Xiaomi Fans to participate in online and offline volunteer activities and to feel and support public welfare. Xiaomi Fan volunteers interacted closely with people with mental disabilities, contributing to a social environment that is inclusive of employment for this group. In addition, we organized six disaster prevention and mitigation training activities, where Xiaomi Fan volunteers learned disaster self-rescue and mutual-rescue skills under guidance and training and carried out earthquake escape drills. Through these activities, we aimed to instill the professional concept of emergency response.

Case

In July 2023, we donated nearly RMB200,000 from the sales of the Eco-friendly Recycled Cotton Fashion Sweater Design event to the Raising Little Ears public welfare project initiated by the Audiology Development Foundation of China. The fund was used to help children with a hearing impairment in difficulty across the country. In the Sweater Design event, Xiaomi Fans and children with a hearing impairment were invited to create painting works.

During the Xiaomi Fan Festival, Xiaomi Net hosted a public welfare painting event with Xiaomi Fans and children with autism. Proceeds from the sales of the charity-edition sports water bottles created will be donated to the One Foundation's Ocean Paradise Project.

Charitable Donations

At Xiaomi, we actively contribute to philanthropy and promote the ideals of humanitarianism and social welfare through charitable donations. This year, the Xiaomi Buy42 project achieved remarkable results in donations by donating more than 2,000 pieces of supplies with a total value of more than RMB860,000, further underscoring Xiaomi's positive role in creating social value and promoting sustainable development.

with a total value of more than RMB

860,000

by donating more than

2,000 pieces

04

Governance and Compliance

Corporate Governance

ESG Vision

ESG has been an integral part of our corporate development strategy and has been seamlessly woven into our business operations and management. Committed to technology fields with long-term value to human civilization, we prioritize sustained investments. We relentlessly build amazing products with honest prices and employ innovative and sustainable technologies that are green, inclusive, and affordable to fulfill our commitment to letting everyone in the world enjoy a better life through innovative technology.

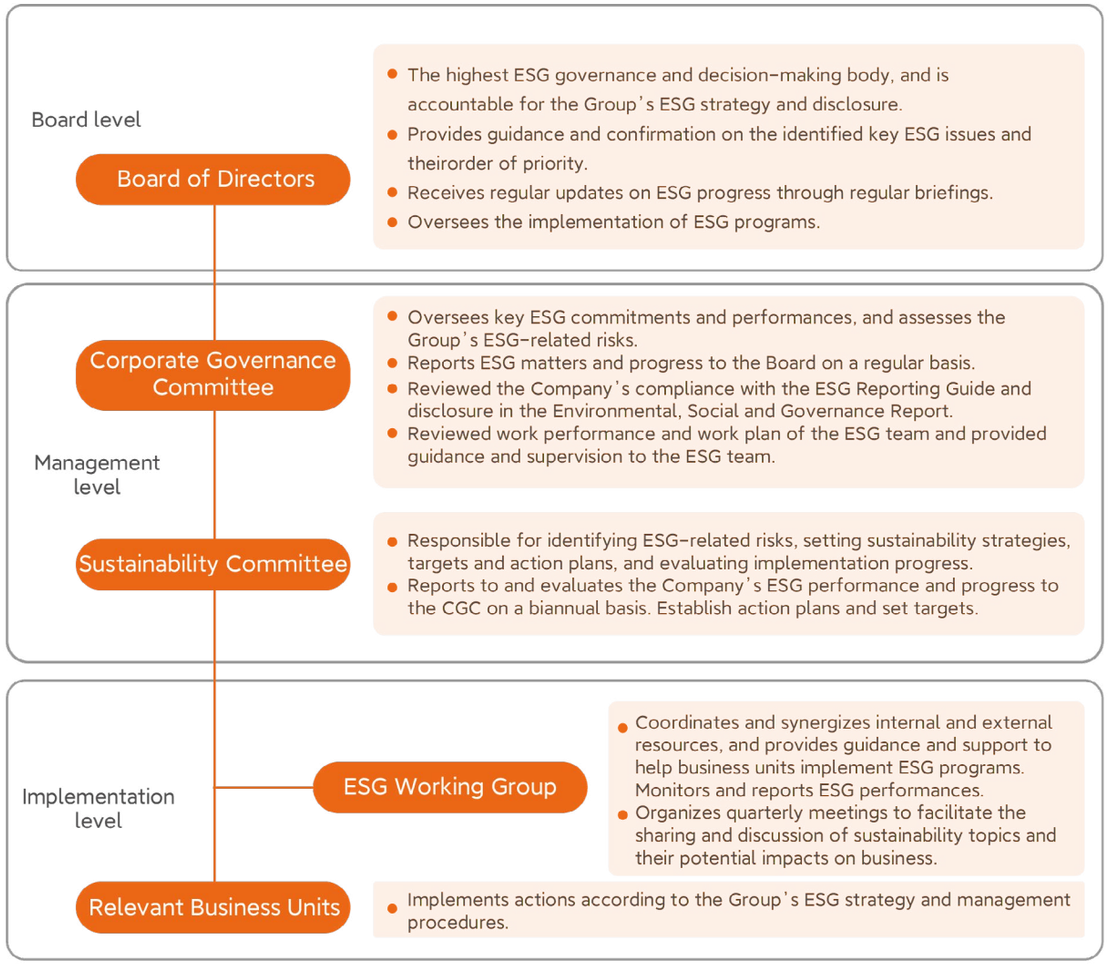
ESG Governance Strategy and Structure

We always believe that good governance serves as the cornerstone for sustained corporate growth. Continuously enhancing our ESG management system is conducive to fostering the healthy and sustainable development of Xiaomi. We employ an efficient risk management and control mechanism to identify major ESG risks and develop risk mitigation measures to facilitate the sustainable development of our operations and business.

The Board receives regular updates on the Company's ESG progress and oversees the implementation of ESG measures. 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 Group'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 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.

With these comprehensive governance and implementation mechanisms, we have improved our performance in environmental protection, social responsibility, and corporate governance, and enhanced the effectiveness of our ESG practices, laying a solid foundation for the Group's sustained development.

ESG Governance Strategy and Structure



ESG Governance Performance

In the year, we advanced our ESG deployment and practices in all aspects and made remarkable progress. Our key recognitions are as follows:

- Inclusion in S&P Global's Sustainability Yearbook (China
- Industry Mover in S&P Global's Sustainability Yearbook (China)
- Downgraded to "Low Risk" in Morningstar's Sustainalytics risk rating
- MSCI ESG rating lifted to BB
- Upgraded to "B" in the Climate Change Questionnaire and "C" in the Water Security Questionnaire of the Carbon Disclosure Project (CDP)
- Gold Medal in EcoVadis Sustainability Rating, ranking top 3% in the global industry
- China's Best Employer of the Year by Forbes
- Best ESG in the Technology Hardware sector by Institutional Investor
- Nomination as the top 10 projects in the Sustainable and Green Innovation category by Paulson Institute
- Sustainability Performance Award for 2023 by the British Standards Institution (BSI)
- ESG Company to Watch of the Year by Bloomberg Green
- ESG Best Practice of China's Listed Companies by Wind; and
- Inclusion in China's Most Admired Companies 2023 by Fortune

Corporate Governance

At Xiaomi, we uphold the principles of promoting effective internal control measures, increasing the transparency of the work of the Board of Directors, and enhancing the accountability of the Board to all shareholders in fulfilling our commitment to maintaining and promoting stringent corporate governance standards. The Board will continue to enhance its corporate governance practices in line with Xiaomi's business conduct and growth and review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest mandates. For more information about Xiaomi's corporate governance principles, norms, and performance, please refer to the "Corporate Governance Report" section in the annual report.

Board Independence

At Xiaomi Corporation, we observe the principle of Board independence. Board members are not related to each other. Throughout the Reporting Period, the Board met the requirements of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one of whom possessing appropriate professional qualifications or accounting or related financial management expertise. To provide transparency to the investor community, the independent non-executive Directors of the Company are clearly identified in all corporate communications containing the names of the Directors. We have received written annual confirmation from each of the independent non-executive Directors in respect of their independence. For detailed information about the list, biographies, roles, and responsibilities of Xiaomi Corporation's Board members, please refer to the "Report of the Board of Directors" section in the annual report and the "Board Members" page on the Xiaomi Corporation's website (https://ir.mi.com/corporate-information/board-of-directors).

Board Diversity

At Xiaomi Corporation, we recognize the benefits of diversity in Board membership (including gender diversity) and the importance of Board diversity in maintaining the Group's competitive advantage and attracting, retaining, and motivating employees. Therefore, we have adopted a board diversity policy (the "Board Diversity Policy"). Pursuant to the Board Diversity Policy, when reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The Nomination Committee will also discuss periodically and agree on the measurable objectives for achieving diversity (including gender diversity) on the Board and recommend them to the Board for adoption.

During the reporting period, all of the Board are male. On January 8, 2024, Prof. Tong Wai Cheung Timothy resigned as an independent non-executive Director and Ms. Cai Jinqing was appointed as an independent non-executive Director, further enhancing the gender diversity of Xiaomi's Board membership. To further ensure gender diversity of the Board in the long run, the Nomination Committee will periodically review the Board Diversity Policy and monitor its continued effectiveness. We will also continue to take opportunities to increase the proportion of female board members workforce over time as and when suitable candidates are identified.

During the reporting period, the Board reviewed and considered the implementation of the Board Diversity Policy to be on track. The implementation of the Board Diversity Policy is evidenced by the fact that our Directors are from a diverse age group with experience from different industries and sectors. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of computer science, engineering, business administration, human resources, finance, and corporate governance.

We are also committed to ensuring that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered. The Nomination Committee shall report its findings and make recommendations to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

Director's Remuneration Policy

Xiaomi Corporation's executive remuneration is closely linked to ESG performance. ESG performance focuses on non-financial targets, which are set in alignment with Xiaomi's sustainability strategy and encompass environmental innovation performance, attractiveness as an employer, and EHS management outcomes. This remuneration structure encourages the management to focus on long-term strategic goals for sustainable development and to achieve long-term value growth for Xiaomi Corporation.

The purpose of the Director's Remuneration Policy is to ensure that the Company can attract and retain its Directors to meet the business needs of the Company. The Remuneration Committee is to make recommendations on the Directors' remuneration policies and structure, establish formal and transparent procedures to evaluate the performance of Directors, review and make recommendations on incentive plans and the terms of Directors' service contracts, and make recommendations on the Directors' remuneration packages.

In making recommendations on the remuneration packages of Directors, the Remuneration Committee shall have regard to:

- any corporate policies or goals as resolved by the Board from time to time
- factors such as the level of remuneration paid by comparable companies, the time committed by the Directors and their responsibilities, and the employment conditions elsewhere in the Group; and
- the level of remuneration necessary to attract and retain directors for successful management of the Company

Business Ethics

Business Ethics Management System

Xiaomi is committed to conducting business ethically and strict adherence to all applicable laws and regulations. We have enhanced our ethics management based on the Xiaomi Group Ethics Committee. The Group's top management listens to reports on the progress of major projects, plans and oversees the Group's efforts in business ethics, and provides employee training in this regard. This committee is also the highest body for the investigation and accountability of misconduct and violations by employees, and it reports to the Board on the Group's anti-corruption and anti-bribery management. We also have a Safety Investigation Department dedicated to the Group's supervision undertakings, including ethical enhancement, system optimization, awareness raising, conflict of interest assessments, accountability for misconduct and violations, complaint and whistleblowing management. The General Manager of the Group's Safety Investigation Department regularly reports to the Board of Directors. For more about Xiaomi's business ethics, please refer to the Sustainability page on the Group's official website (https://www.mi.com/global/about/sustainability).

Anti-corruption and Anti-bribery

At Xiaomi, we uphold the principles of openness, fairness, transparency, and integrity, maintaining a zero-tolerance policy against bribery and corruption. Our objective is to achieve "full coverage and no restricted area" in anti- corruption management. In this regard, we also closely follow the top prohibitions to "strictly forbid offering and accepting bribery," "severely punish embezzlement," "forbid personnel corruption," and "avoid conflicts of interest." In the year, under a standardized internal management system and a sound accountability system, the Ethics Committee, the Human Resources Department, and the legal team collaborated to update safety and anti-corruption terms in the Employee Handbook. They also supervise the implementation of the Employee Handbook, the Employee Code of Conduct, and the Code of Integrity of Xiaomi Corporation in the Group. Our Employee Handbook outlines the principles and requirements to guide our employees in lawful and ethical business practices. Upon joining the Group, employees are required to sign an acknowledgment letter, which is an express commitment to compliance with all the rules and regulations in the Employee Handbook. During the year, all employees in purchasing positions at the Group signed the Conflict of Interest Declaration Commitment. In 2023, we passed the review of ISO 37001 Anti- Bribery Management Systems, further improved the anti-corruption management framework, prevented and reduced the risk of bribery and corruption, and promoted Xiaomi's business ethics culture. During the year, we received the 2nd Integrity and Compliance Innovation Award for Private Enterprises, the Best Innovation Project of the 2nd Integrity and Compliance Innovation Award for Private Enterprises, and other recognitions.

At Xiaomi, we prioritize anti-corruption training for all relevant roles, including employees, suppliers, contractors, and partners. For key positions within the Group (including the supply chain and the purchasing chain), reserve managers for the position of General Manager, and other high-ranking positions, we host special training. In 2023, we hosted 64 training sessions on ethics and safety, conflicts of interest, and integrity self-discipline, and one anti-corruption training session for management and the Board of Directors. The training achieved 100% coverage of management and employees, with over 50,000 participants in total. Among those sessions, there was one anti-corruption session for management and the Board of Directors. For middle and senior management of international business, we hosted two anti-corruption training sessions in light of the local laws, regulations, and policy requirements of the foreign countries and regions where we operate. They provided systematic introductions to local regulatory requirements and countermeasures, which strengthened the managers' compliance awareness. We also hosted 17 integrity self-discipline training sessions for local employees in the foreign countries and regions where we operate, including India, Thailand, Malaysia, Nepal, Poland, Spain, and Portugal. The training further enhanced overseas employees' performance in integrity self-discipline. We also regard business ethics as an integral part of the selection of suppliers, contractors, and partners. We require all partners to sign an integrity agreement at the same time as signing a business contract.

the Best Innovation Project of the 2nd Integrity

the Best Innovation Project of the 2nd Integrity and Compliance Innovation Award for Private Enterprises

At Xiaomi, we require every employee to conduct business ethically and in full compliance with applicable laws and regulations. This year, Xiaomi was not involved in any corruption-related litigation cases. We have opened separate whistleblowing channels for external and internal sources and have established a dedicated whistleblowing mechanism to ensure that the reports of misconduct are being handled in a secure, unimpeded, reliable, and effective manner. For external whistleblowers, if they encounter or suspect any misconduct by a Xiaomi employee, such as bribery, offering/receiving gifts or entertainment illegally, misappropriation of benefits, false reimbursement, or financial malpractice, they can report to Xiaomi through official channels. Within the Group, we have built an independent Open Xiaomi portal to showcase our management system, key policies, social responsibilities, and whistleblowing channels for an open workplace. Employees and other stakeholders from all markets in different countries and regions where Xiaomi operates can raise their concerns through the following public channels:

Email: tousu@xiaomi.com

Global integrity whistleblowing website: https://www.mi.com/global/service/integrity/#process

To better protect and reward whistleblowers, we have formulated the Whistleblower Protection and Reward Policy of Xiaomi Corporation. This policy aims to support Xiaomi's employees, suppliers, contractors, and partners to actively participate in building a supervisory system characterized by openness, fairness, transparency, and integrity. A whistleblower may receive up to RMB1 million in cash rewards for proven misconduct.

Anti-money Laundering

At Xiaomi, we uphold a risk-based approach. We strictly comply with the Anti-money Laundering Law of the People's Republic of China, 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 operate, to fulfill our obligation in preventing money laundering across boarders and countering terrorist financing. We also dedicate efforts to identifying customers and large and suspicious transactions, reporting suspicious transactions, and relevant training and promotion. All levels of the Group actively fulfill anti-money laundering duties as per the Group's Basic Management System for Anti-Money Laundering. The risk management of money laundering and terrorist financing has been included in the deliberations of the Board of Directors. Under the coordinated management of the Board of Directors and the guidance of the Countering Terrorist Financing Leadership Group, we have made steady progress in money laundering risk management. Through a digitized monitoring system, we monitor and assess suspicious transactions, users, and financing activities and perform anti-money laundering and countering terrorist financing undertakings such as customer identification, transaction data analysis, and data confidentiality management. We perform internal anti-money laundering audits by combining system audits and human reviews, which has significantly enhanced the efficiency and accuracy of our audits. Throughout the year, we conducted a special anti-money laundering audit, which indicated that Xiaomi was not involved in any money-laundering activities.

Case

In 2023, we hosted several anti-money laundering training and publicity sessions. Internally, we hosted eight training sessions for senior management and employees, with a total duration of over 15 hours. The training focused on regulatory trends, major concerns, and the interpretation of key documents in the area of anti-money laundering, which enhanced employees' anti-money laundering awareness. Furthermore, we have actively fulfilled the responsibility of educating the public and organized anti-money laundering and anti-organized crime law campaigns for the general public. We produced original short promotion videos on preventing telecom and Internet fraud. These videos have conveyed our anti-fraud messages to the general public.

Anti-monopoly and Anti-unfair Competition

At Xiaomi, we put a high emphasis on anti-monopoly and anti-unfair competition compliance and recognize and advocate the value of fair competition. In compliance with external laws and regulations such as the Anti-monopoly Law of the People's Republic of China and the Guidelines for Competition Compliance of Undertakings, we have established anti-monopoly and anti-unfair competition compliance systems at the Group level. The Group's legal team coordinates our domestic and abroad anti-monopoly compliance and actively implements the internal policy, Anti-monopoly Compliance Code of Conduct of Xiaomi Corporation. For our overseas business, we have formulated the Xiaomi Group International Antitrust Compliance Work Guideline, which promoted Xiaomi's compliance culture of fair competition overseas and strengthened our ability to prevent anti-monopoly legal risks abroad. Throughout 2023, there were no legal proceedings against Xiaomi in relation to monopoly or unfair competition behavior.

Employees' anti-monopoly and anti-unfair competition awareness is essential to compliance risk management. Thus, we have incorporated requirements on anti-monopoly and anti-unfair competition into the Code of Conduct of Xiaomi Corporation. In 2023, we hosted nine anti-unfair competition training sessions in the Chinese mainland for 950 participants. Over 1,000 employees participated in 31 anti-monopoly compliance training sessions hosted for our China and international businesses. These sessions provided explanations of domestic and international anti- monopoly laws, risk scenarios and cases, compliance requirements and guidance. They raised awareness of anti- monopoly and anti-unfair competition legal risk prevention among all employees.

Compliance in Advertising

At Xiaomi, we abide by the Advertising Law of the People's Republic of China, the Measures for the Administration of Internet Advertising, and other applicable laws and regulations of the locations where we operate. We also comply with the Measures for Quality System Review and Management of Xiaomi Corporation and other internal management systems of the Group. Relevant departments of Xiaomi collaborate to manage the compliance of our products and services advertisements concerning 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. Additionally, we have established a complaint mechanism to investigate feedback and improve our advertisement management. During the year, the system operated effectively, and there were no major legal proceedings or penalties against Xiaomi in relation to compliance in advertising or relevant public opinion events.

Protection of Intellectual Property (IP)

At Xiaomi, we are committed to innovation-driven development. We place equal emphasis on innovation and quality, and bring our technological innovations to the general public through IP practices. In turn, IP practices empower and ensure our innovation. In the year, based on the Intellectual Property White Paper, we further advanced the Group's IP protection practices. Prioritizing the construction of IP policies and systems, we have established a robust IP protection system, safeguarding the fruits of our intellectual endeavor in an open and friendly way while respecting those of others. Our IP management framework encompasses patents, trademarks, open-source, data, and privacy. Managed by our legal team, all business units have actively put management into practice, reinforcing Xiaomi's line of defense for IP.

As of the end of the reporting period, we had obtained more than 37,000 patents globally. At the end of the year, we unveiled Xiaomi EV's first model SU7, marking the successful launch of Xiaomi EV's five self-developed core technologies (E-Motor, Battery, Xiaomi HyperCasting Technology, Xiaomi Pilot Autonomous Driving, and Smart Cabin). As of the end of December 2023, Xiaomi EV's technological innovations in motors and electronic control systems as well as batteries were granted 60 and 65 patents, respectively.

We value mutual benefits and win-win outcomes in the industry and actively participate in industry exchanges and judicial practices. Leveraging Xiaomi's extensive practices and experience in the global IP area, we offer best practice cases for the industry and recommendations for the development and amendment of laws and IP-related industry policies in major jurisdictions around the world, thus driving enhancements in the global IP system. In the year, we were honored with the 24th China Patent of Excellence Award, underscoring Xiaomi's prominent contribution to technological innovation and economic and social development.

As of the end of the reporting period, we had obtained more than

37,000

patents globally

As of the end of December 2023, Xiaomi EV's technological innovations in motors and electronic control systems as well as batteries were granted

60 **65**

Key ESG Performance Indicators[72]

Key Environmental Indicators[73]

Based on Xiaomi's current operations, Xiaomi's key environmental indicators for 2023 are listed below:

Use amount

	Unit	2023	2022	2021	2020
Total Comprehensive Energy Consumption[74]	MWh	211,171.84	144,741.38	144,626.56	118,397.58
Direct Energy Consumption	MWh	19,418.57	5,190.84	8,691.42	5,586.69
Indirect Energy Consumption	MWh	191,753.27	139,550.54	135,935.14	112,810.89
Indirect Energy Consumption: Renewable Energy	MWh	372.00	-	-	-
Total GHG Emissions (Scope 1 and Scope 2)[75]	tonne (Mt) of CO_2e	116,722.56	85,742.61	82,820.16	66,481.29
Direct GHG Emissions: Scope 1	tonne (Mt) of CO_2e	12,252.52	7,122.60	9,096.95	8,402.12
CO_2	tonne (Mt) of CO_2e	3,921.26	1,045.96	1,755.13	1,117.96
CH_4	tonne (Mt) of CO_2e	1,900.75	1,862.90	2,222.34	2,179.62
N_2O	tonne (Mt) of CO_2e	1.97	0.55	0.86	0.00
HFCs	tonne (Mt) of CO_2e	6,428.54	4,213.19	5,118.62	5,104.54
Indirect GHG Emissions: Scope 2	tonne (Mt) of CO_2e	104,470.04	78,620.01	73,723.21	58,079.17

[72] 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.

[73] 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.

[74] The total amount of energy consumption was calculated based on the consumption of purchased electricity, purchased heat, natural gas, gasoline, and diesel, 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, gasoline, and diesel for the Company's operations, while indirect energy consumption includes those from purchased electricity and purchased heat for the Company's operations. This year, the increase in total energy consumption is mainly due to the launch of Xiaomi's automobile business line, including the direct and indirect energy consumption of the automotive factory of 14,638.78 MWh and 37,068.28 MWh, respectively.

[75] The Group's calculation of GHG emissions was based on 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. This year, the increase in carbon emissions is mainly due to the launch of Xiaomi's automobile business line, including the Scope 1 and Scope 2 emissions of the automotive factory of 4,244.79 tCO_2e and 18,451.93 tCO_2e, respectively.

	Unit	2023	2022	2021	2020
Scope 3 GHG Emissions	tonne (Mt) of CO_2e	The data is expected to be disclosed in September 2024	10,075,225.54	12,368,223.29	-
Total Water Consumption					
Water Withdrawal[76]	tonne (Mt)	683,906.94	510,156.05	463,663.00	303,132.92
Fresh Water Consumption	tonne (Mt)	523,100.75	391,953.85	329,572.00	187,339.02
Reclaimed Water Consumption	tonne (Mt)	164,353.00	118,202.20	134,091.00	115,793.90
Water Discharge	tonne (Mt)	562,194.62	-	-	-
Non-hazardous Waste	tonne (Mt)	7,174.83	7,052.28	6,328.88	4,661.07
Hazardous Waste[77]	tonne (Mt)	95.78	1.43	2.50	0.37
Total Packaging Materials Used for Finished Products	tonne (Mt)	4,254.86	5,065.08	-	-
Air Pollutant Emissions[78]					
NO_x Emissions	tonne (Mt)	0.33	-	-	-
VOCs Emissions	tonne (Mt)	0.21	-	-	-

[76] 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.

[77] The increase in the total amount of hazardous waste during the year is mainly due to the launch of Xiaomi's automobile business line.

[78] From this year on, we consolidate the indicator disclosure of air pollutant emissions with new indicators added to more comprehensively present our environmental performance data.

Use Intensity

	Unit	2023	2022	2021	2020
Energy consumption per unit of revenue	MWh/RMB million	0.78	0.52	0.44	0.48
Per capita energy consumption	MWh/person	6.28	4.45	4.33	5.36
GHG emissions per unit of revenue	tonne (Mt) of CO_2e/RMB million	0.43	0.31	0.25	0.27
Per capita GHG emissions	tonne (Mt) of CO_2e/person	3.47	2.63	2.48	3.01
Per capita tap water consumption	tonne (Mt)/person	15.56	12.04	9.86	8.49
Per capita non-hazardous waste	tonne (Mt)/person	0.21	0.22	0.19	0.21
Per capita hazardous waste	Kg/person	2.85	0.04	0.07	0.02
Product packaging material consumption per unit of revenue	tonne (Mt)/RMB million	0.02	0.02	-	-

Environmental Target and Review

We set environmental targets. Every year, we review the environmental targets for the previous period and further improve or formulate a more comprehensive set of environmental targets to cover our value chain. The Board of Directors has reviewed the review results of the 2023 environmental targets and reviewed and approved the 2024 environmental targets.

Topic	2023 Targets	Target completion status for this year	2024 Targets
Energy	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.	Energy conservation and consumption reduction measures are being progressed towards the 2026 target. For details, please refer to the "Energy Management" section.	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 no later than 2030, reduce GHG emissions[79] from our main operating segments[80] to at least 30% of the base year[81] level; By no later than 2040, reduce the emissions fromthe main business to 2% of the emissions in the base year and create conditions for net zero emissions; 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.	GHG emissions reduction is being progressed towards the 2030 and 2040 targets. For details, please refer to the "Tackling Climate Change" section and 2023 Xiaomi Corporation TCFD report.[82]	By no later than 2030, reduce GHG emissions from our main operating segments to at least 30% of the base year level; By 2035, use 100% renewable electricity in our own operations; By 2040, achieve carbon neutrality in our own operations of existing business segments[83] , use 100% clean heat in our own operations, and use 100% renewable energy; Prioritize the use of low-carbon technologies and self-built renewable energy power generation facilities to reduce GHG emissions and increase the share of renewable energy in electricity consumption through long-term green power purchase agreements to reduce GHG emissions throughout our target period; 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.
Water	At our own campus, achieve at least 30% use of reclaimed water and a minimum of 50,000 m^3 in water saving in 2023.	This year, the use of reclaimed water in Xiaomi's own campus reached 36.85%; The annual water saving target was accomplished.	At our own campus, achieve at least 30% use of reclaimed water and a minimum of 50,000 m^3 in water saving in 2024.
Waste	Over the next five years (from 2022 to 2026), we are committed to achieving an accumulative recycling volume of 38,000 tonnes (Mt) of e-waste, and using 5,000 tonnes (Mt) of recycled materials in our products.	By the end of the reporting period, we had accomplished 44% of our waste recycling target.	Over the next five years (from 2022 to 2026), we are committed to achieving an accumulative recycling volume of 38,000 tonnes (Mt) of e-waste, and using 5,000 tonnes (Mt) of recycled materials in our products.

[79] GHG emissions: Refers to the Company's GHG emissions (absolute value) calculated in accordance with standards such as 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.

[80] Main operating segments: Smartphone, IoT and Lifestyle products, Internet Services, and others (same scope as the operating segments stated in the 2023 Annual Report).

[81] Base year: 2021.

[82] 2023 Xiaomi Corporation TCFD report: For more information about Xiaomi's response to climate change, please refer to the Sustainability — Climate Change page on the Group's official website (https://www.mi.com/global/about/sustainability#/climate).

[83] Existing business segments: Smartphone, IoT and Lifestyle products, Internet Services, and others, as in the business scope in Xiaomi Corporation's latest earnings announcement.

Key Social Indicators

Employees

	Unit	2023	2022	2021	2020
Total Workforce [84]	Person	35,116	35,997	33,415	24,810
By Employment Type					
Full-time Employees	Person	33,627	32,543	33,427	22,074
Other Types of Employees	Person	1,489	3,434	1,988	2,736
New Employees					
Number of New Employees	Person	7,257	9,643	17,089	-
Male	%	73.65	69.35	66.70	-
Female	%	26.35	30.65	33.30	-
By Age Group					
Under 30	%	35.76	39.40	43.69	47.32
30–50	%	63.51	59.74	55.51	52.14
Above 50	%	0.73	0.86	0.80	0.53
By Professional Category					
Technical	%	44.79	49.05	43.65	47.49
Non-technical	%	55.21	50.95	56.35	52.51

	Unit	2023	2022	2021	2020
By Cohort Level					
Senior	%	1.05	0.99	0.92	1.13
Male	%	83.24	82.61	-	-
Female	%	16.76	17.39	-	-
Mid-Level	%	46.98	40.63	36.45	33.46
Male	%	74.05	73.91	-	-
Female	%	25.95	26.09	-	-
Junior	%	51.97	58.38	62.64	65.41
Male	%	64.63	62.76	-	-
Female	%	35.37	37.24	-	-
By Geographic Region					
China	%	94.18	92.39	93.08	93.26
Other Asian Countries and Regions	%	4.05	5.54	5.03	5.45
European Countries and Regions	%	1.59	1.91	1.83	1.26
North American Countries and Regions	%	0.14	0.16	0.05	0.03
South American Countries and Regions	%	0.04	0.00	0.00	0.00
Oceania Countries and Regions	%	0.00	0.00	0.00	0.00

[84] 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.

Employee Turnover

	Unit	2023	2022	2021	2020
Employee Turnover[85]	%	11.98	13.96	12.82	12.36
By Gender					
Male	%	11.20	13.32	12.07	11.97
Female	%	13.71	15.27	14.30	13.11
By Age Group					
Under 30	%	16.10	17.09	15.11	13.33
30–50	%	9.57	12.05	11.06	11.21
Above 50	%	19.91	3.21	9.40	39.83
By Geographic Region					
Chinese mainland	%	10.44	12.98	12.81	12.27
Regions beyond the Chinese mainland	%	19.42[86]	25.80	12.92	13.51

Work Injuries

Year	No. of Work-Related Fatality (Person)	Work-Related Fatality Rate (%) [87]	Working Days Lost Due to Work-Related Injury (Days) [88]
2023	0	0.00%	1,190
2022	0	0.00%	816
2021	0	0.00%	500
2020	1	0.0045%	469

[85] Turnover rate = the number of full-time employees who left the Company during the reporting period / the total number of full-time employees at year-end × 100%.

[86] The statistical scope of this year's turnover of employees from regions beyond the Chinese mainland does not include India.

[87] Work-related fatality rate = total number of work-related fatalities / total number of employees × 100%.

[88] The data is derived from work-related injuries and fatalities recorded by Xiaomi's human resources team and verified by local authorities. In China, work-related injuries and fatalities shall be reported by the human resources team and recognized by the Bureau of Human Resources and Social Security.

Training and Development

	Unit	2023	2022	2021
Training Rate				
Overall Training Rate	%	98.13	97.67	97.42
By Gender				
Male	%	98.20	97.05	97.29
Female	%	98.00	98.96	97.68
By Cohort Level				
Senior	%	98.10	91.01	87.84
Mid-Level	%	98.25	95.91	96.82
Junior	%	98.00	99.01	97.91
Average Number of Training Hours				
Overall Average Number of Training Hours	Hour	30.17	35.57	25.76
By Gender				
Male	Hour	30.68	36.95	25.94
Female	Hour	29.10	32.72	25.39
By Cohort Level				
Senior	Hour	22.99	19.30	15.31
Mid-Level	Hour	35.27	25.91	18.85
Junior	Hour	30.48	42.57	29.94

General Training Courses for New Employees

	Unit	2023	2022	2021
Starry Program				
Number of Participants	Person	1,125	3,839	3,571
Courses	Course	446	438	305
Total Course Hours	Hour	58,251	236,671	359,802
Integration Program[89]				
Number of Participants	Person	7,350	4,243	-
Courses	Course	13	12	-
Total Course Hours	Hour	98,830	39,712	-
Xiaomi Internship				
Number of Participants	Person	1,302	2,000	339
Courses	Course	9	9	8
Total Course Hours	Hour	15,624	26,000	3,729

[89] The Morning Star Program was not available in 2023.

Talent Development Program for Management

Name of project	2023 Course Participant Pool (Individuals)	2022 Course Participant Pool (Individuals)	2021 Course Participant Pool (Individuals)
Spark Program	1,186	1,250	1,070
Ignite Program[90]	395	105	84

Percentage of Products Recalled due to Safety and Health Reasons

Year	2023	2022	2021
Percentage of sold or shipped products that have to be recalled due to safety and health reasons	0.00%	0.00%	0.00%

Number of Complaints for Products and Services

Year	Number of Complaints with Identified Responsibility in the Globe	Resolution Rate of Complaints with Identified Responsibility	Resolution Rate of Complaints with Identified Responsibility within 72 Hours
2023	71,682	99.95%	89.93%
2022	76,874	99.92%	89.48%
2021	88,336	99.94%	89.04%

Certification and Coverage Scope

	2023 (Scope)
ISO 37001	Xiaomi Group
ISO 27001	Xiaomi Group
ISO 14001	R&D, manufacturing outsourcing management, and sales of smartphones, tablets, smartwatches, earphones, smart TVs, and speakers. R&D, manufacturing outsourcing management, and sales of smart home products and smart bracelets. R&D of smart home products (routers, robot vacuums, smart speakers, and power accessories). Manufacturing outsourcing management, and sales of notebooks.
ISO 45001	R&D, manufacturing outsourcing management, and sales of smartphones, tablets, smartwatches, earphones, smart TVs, and speakers. R&D, manufacturing outsourcing management, and sales of smart home products and smart bracelets. R&D of smart home products (routers, robot vacuums, smart speakers, and power accessories). Manufacturing outsourcing management, and sales of notebooks.
ISO 50001	Energy management activities involved in R&D, software development, manufacturing outsourcing management, and warehousing of smartphones and IoT and lifestyle products.

Classification of The Supply Chain By Region

Suppliers Related to the Manufacturing of Smartphones and IoT and Lifestyle Products	2023	2022
Region		
Chinese mainland	981	989
Regions beyond the Chinese mainland	131	36

[90] The original Torch Program was merged with the Ignite Program.

H1	H2	HKEx	GRI	SASB	Description	Index
About the Report		para 14 Reporting Principles			"A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: 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. 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. 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."	
		para 15 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.	
			2-2		Entities included in the organization's sustainability reporting	
			2-3		Reporting period, frequency and contact point	
			2-5		External assurance	
About Xiaomi			2-1		External assurance	
Board Statement		para 13 Governance Structure			"A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (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); 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. "	
			2-22		External assurance	
			2-23		Policy commitments	
			2-24		Embedding policy commitments	
Stakeholder Engagement		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.	
			2-6		Activities, value chain and other business relationships	
			2-7		Employees	
			2-8		Workers who are not employees	

H1	H2	HKEx	GRI	SASB	Description	Index
			2-26		Mechanisms for seeking advice and raising concerns	
			2-29		Approach to stakeholder engagement	
Materiality Assessment			2-16		Communication of critical concerns	
			2-29		Approach to stakeholder engagement	
			3-1		Process to determine material topics	
			3-2		List of material topics	
			3-3		Management of material topics	
Technology Created to Better Lives	Exploration and Accessibility of Technology	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
			203-2		Indirect economic impacts	
			302-5		Reductions in energy requirements of products and services	
	Product and Service Quality	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B6			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress."	
		B6.2			Number of products and service related complaints received and how they are dealt with.	
		B6.4			Description of quality assurance process and recall procedures.	
		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.	
		B8.2			Resources contributed (e.g. money or time) to the focus area.	
			2-27		Compliance with laws and regulations	
			416-1		Assessment of the health and safety impacts of product and service categories	
			416-2		Incidents of non-compliance concerning the health and safety impacts of products and services	This year, Xiaomi experienced no incidents of non-compliance concerning the health and safety impacts of products and services.
			417-1		Requirements for product and service information and labeling	

H1	H2	HKEx	GRI	SASB	Description	Index
			417-2		Incidents of non-compliance concerning product and service information and labeling	This year, Xiaomi experienced no incidents of non-compliance concerning product and service information and labeling.
	Data Security and Privacy Protection	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B6			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress."	
		B6.5			Description of consumer data protection and privacy policies, and how they are implemented and monitored.	
			2-27		Compliance with laws and regulations	
			418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	This year, Xiaomi experienced no substantiated complaints concerning breaches of customer privacy and losses of customer data.
				TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	
Xiaomi's Zero Carbon Philosophy	Climate Mitigation and Adaptation	A1			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste."	We strictly comply with the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Water Pollution Prevention and Control Law of the People's Republic of China, and the laws and regulations of the locations where we operate. We adopt measures such as energy conservation, water conservation, and reduction of waste discharge to improve resource efficiency and reduce the discharge of pollutants. We continuously improve our environment management systems such as the Environmental Protection Management Procedures in light of the Group's operations and the legal and regulatory requirements for our operations. For pertinent policies and more information, please refer to the chapter headed "Xiaomi's Zero Carbon Philosophy."

H1	H2	HKEx	GRI	SASB	Description	Index
		A1.5			Description of emissions target(s) set and steps taken to achieve them.	
		A2.3			Description of energy use efficiency target(s) set and steps taken to achieve them.	
		A3			Policies on minimising the issuer's significant impacts on the environment and natural resources.	
		A3.1			Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
		A4			Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	
		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.	For more information about Xiaomi's response to climate change, please refer to the Sustainability – Climate Change page on the Group's official website (https://www.mi.com/csr#/climate) and the TCFD report for the year.
		B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B5.4			Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
			2-22		Statement on sustainable development strategy	
			2-23		Policy commitments	
			2-24		Embedding policy commitments	
			201-2		Financial implications and other risks and opportunities due to climate change	
			302-4		Reduction of energy consumption	
			302-5		Reductions in energy requirements of products and services	
			303-1		Interactions with water as a shared resource	
			303-2		Management of water discharge-related impacts	
			305-5		Reduction of GHG emissions	
	Waste Management and Circular Economy	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.	
		A3			Policies on minimising the issuer's significant impacts on the environment and natural resources.	
		A3.1			Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
		B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	

H1	H2	HKEx	GRI	SASB	Description	Index
		B5.4			Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
		B6			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress."	
		B6.4			Description of quality assurance process and recall procedures.	
			2-23		Policy commitments	
			2-24		Embedding policy commitments	
			301-1		Materials used by weight or volume	
			301-2		Recycled input materials used	
			301-3		Reclaimed products and their packaging materials	
			305-5		Reduction of GHG emissions	
			306-1		Waste generation and significant waste-related impacts	
			306-2		Management of significant waste-related impacts	
			306-3		Waste generated	
			306-4		Waste diverted from disposal	
			306-5		Waste directed to disposal	
				TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	
				TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	
	Natural Resources and Biodiversity	A2			Policies on the efficient use of resources, including energy, water and other raw materials.	
		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.	
		A3			Policies on minimising the issuer's significant impacts on the environment and natural resources.	
		A3.1			Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
			304-1		Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	

H1	H2	HKEx	GRI	SASB	Description	Index
Shared Success for Partners	Talent Nurturing	B1			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare."	We strictly comply with 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, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulation on Work-Related Injury Insurance, the Employment Ordinance (Hong Kong), and Workers' Statute (Spain), and other domestic and foreign laws and regulations on the basic rights and obligations of employees and health and safety. For pertinent policies and more information, please refer to the chapter headed "Shared Success for Partners."
		B2			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards."	We strictly comply with 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, the Regulation on Work-Related Injury Insurance, and other applicable laws and regulations of the locations where we operate on employees' health and safety. For pertinent policies and more information, please refer to the chapter headed "Shared Success for Partners."
		B2.3			Description of occupational health and safety measures adopted, and how they are implemented and monitored.	
		B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B4			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour."	We strictly comply with 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, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Regulation on Work-Related Injury Insurance, the Employment Ordinance (Hong Kong), and Workers' Statute (Spain), and other domestic and foreign laws and regulations on the basic rights and obligations of employees and health and safety. For pertinent policies and more information, please refer to the chapter headed "Shared Success for Partners."

H1	H2	HKEx	GRI	SASB	Description	Index
		B4.1			Description of measures to review employment practices to avoid child and forced labour.	
		B4.2			Description of steps taken to eliminate such practices when discovered.	
			2-7		Employees	
			2-8		Workers who are not employees	
			2-26		Mechanisms for seeking advice and raising concerns	
			201-3		Defined benefit plan obligations and other retirement plans	
			401-1		New employee hires and employee turnover	
			401-2		Benefits provided to full-time employees that are not provided to temporary or part-time employees	
			401-3		Parental leave	
			403-1		Occupational health and safety management system	
			403-2		Hazard identification, risk assessment, and incident investigation	
			403-3		Occupational health services	
			403-4		Worker participation, consultation, and communication on occupational health and safety	
			403-5		Worker training on occupational health and safety	
			403-6		Promotion of worker health	
			403-7		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
			403-8		Workers covered by an occupational health and safety management system	
			403-9		Work-related injuries	
			403-10		Work-related ill health	
			404-2		Programs for upgrading employee skills and transition assistance programs	
			404-3		Percentage of employees receiving regular performance and career development reviews	
			406-1		Incidents of discrimination and corrective actions taken	
			409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor	
	Sustainable Supply Chai	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B5			Policies on managing environmental and social risks of the supply chain.	
		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.	
		B5.3			Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	

H1	H2	HKEx	GRI	SASB	Description	Index
		B5.4			Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
		A3			Policies on minimising the issuer's significant impacts on the environment and natural resources.	
		A3.1			Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	
			2-6		Activities, value chain and other business relationships	
			308-1		New suppliers that were screened using environmental criteria	
			308-2		Negative environmental impacts in the supply chain and actions taken	
			407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
			408-1		Operations and suppliers at significant risk for incidents of child labor	
			409-1		Operations and suppliers at significant risk for incidents of forced or compulsory labor	
			414-1		New suppliers that were screened using social criteria	
			414-2		Negative social impacts in the supply chain and actions taken	
				TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	
				TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	
	Social Welfare and Community Engagement	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		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.	
		B8.1			Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
		B8.2			Resources contributed (e.g. money or time) to the focus area.	
			203-1		Infrastructure investments and services supported	
			203-2		Significant indirect economic impacts	
			413-1		Operations with local community engagement, impact assessments, and development programs	

H1	H2	HKEx	GRI	SASB	Description	Index
Governance and Compliance	Corporate Governance		2-9		Governance structure and composition	
			2-14		Role of the highest governance body in sustainability reporting	
			2-16		Communication of critical concerns	
			2-25		Processes to remediate negative impacts	
			2-26		Mechanisms for seeking advice and raising concerns	
	Business Ethics	B3			Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	
		B6			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress."	
		B6.3			Description of practices relating to observing and protecting intellectual property rights.	
		B7			"Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering."	Xiaomi Corporation strictly complies with 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 practices of the locations where it operates. For pertinent policies and more inforamtion, please refer to the chapter headed "Governance and Compliance."
		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.	
		B7.2			Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
		B7.3			Description of anti-corruption training provided to directors and staff.	
			2-15		Conflicts of interest	
			2-27		Compliance with laws and regulations	
			2-28		Membership associations	
			205-1		Operations assessed for risks related to corruption	
			205-2		Communication and training about anti-corruption policies and procedures	
			205-3		Confirmed incidents of corruption and actions taken	
			206-1		Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	

H1	H2	HKEx	GRI	SASB	Description	Index
			417-3		Incidents of non-compliance concerning marketing communications	
Key Performance Indicators	Key Environmental Indicators	A1.1			The types of emissions and respective emissions data.	For more information about emissions, please refer to the Sustainability – Climate Change page on the Group's official website (https://www.mi.com/csr#/climate).
		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).	
		A1.3			Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
		A1.4			Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
		A1.5			Description of emissions target(s) set and steps taken to achieve them.	
		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).	
		A2.2			Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
		A2.3			Description of energy use efficiency target(s) set and steps taken to achieve them.	
		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.	
		A2.5			Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	
			302-1		Energy consumption within the organization	
			302-2		Energy consumption outside of the organization	
			302-3		Energy intensity	
			303-3		Water withdrawal	
			303-4		Water discharge	
			303-5		Water consumption	
			305-1		Direct (Scope 1) GHG emissions	
			305-2		Energy indirect (Scope 2) GHG emissions	
			305-3		Other indirect (Scope 3) GHG emissions	
			305-4		Other indirect (Scope 3) GHG emissions	
			305-5		Reduction of GHG emissions	
			305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	
	Key Social Indicators	B1.1			Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	
		B1.2			Employee turnover rate by gender, age group and geographical region.	

H1	H2	HKEx	GRI	SASB	Description	Index
		B2.1			Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	
		B2.2			Lost days due to work injury.	
		B3.1			The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
		B3.2			The average training hours completed per employee by gender and employee category.	
		B5.1			Number of suppliers by geographical region.	
		B6.1			Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
		B6.2			Number of products and service related complaints received and how they are dealt with.	
			2-4		Restatements of information	
			401-1		New employee hires and employee turnover	
			404-1		Average hours of training per year per employee	
			405-1		Diversity of governance bodies and employees	
			403-9		Work-related injuries	
			403-10		Work-related ill health	
				TC-HW-330a.1	"Percentage of gender and racial/ethnic groups representation for (1) management (2) technical staff (3) all other employees"	
	Other relevant indicators		2-10		Nomination and selection of the highest governance body	
			2-11		Chair of the highest governance body	
			2-12		Chair of the highest governance body	
			2-13		Delegation of responsibility for managing impacts	
			2-15		Conflicts of interest	
			2-17		Collective knowledge of the highest governance body	
			2-18		Evaluation of the performance of the highest governance body	
			2-19		Remuneration policies	
			2-20		Process to determine remuneration	
			2-21		Annual total compensation ratio	
			201-1		Direct economic value generated and distributed	
			201-4		Financial assistance received from government	
			207-1		Approach to tax	

H1	H2	HKEx	GRI	SASB	Description	Index
			207–2		Tax governance, control and risk management	
			207–3		Stakeholder engagement and management concerns related to tax	
			207–4		Country–by–country reporting	
			304–2		Significant impacts of activities, products, and services on biodiversity	We commit to ensuring that our site selection and construction activities avoid and do not invade or cause negative impacts on the habitats of endangered and protected species listed on the International Union for Conservation of Nature (IUCN) Red List, and the natural and cultural heritage sites listed in the World Heritage List of the United Nations Educational, Scientific and Cultural Organisation (UNESCO). Our core business operations are concentrated in urban areas. During the year, no direct or indirect negative impacts on biodiversity were identified as a result of any of Xiaomi's activities, products, or services.
			402–1		Minimum notice periods regarding operational changes	

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No: SRA-806342

Xiaomi Corporation
2023 Environmental, Social, and Governance (ESG) Report

The British Standards Institution is independent of Xiaomi Corporation, and its subsidiaries (hereafter referred to as "Xiaomi Corporation" collectively in this statement), and has no financial interest in the operation of Xiaomi Corporation other than for the assessment and assurance of *Xiaomi Corporation's 2023 Environmental, Social, and Governance (ESG) Report* (the "Report").

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of *Xiaomi Corporation's 2023 Environmental, Social, and Governance (ESG) Report* presented by Xiaomi Corporation. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and adequate.

Scope

The scope of engagement agreed upon with "Xiaomi Corporation" includes the following:

1. The assurance scope is consistent with the description of *Xiaomi Corporation's 2023 Environmental, Social, and Governance (ESG) Report*. The Report is prepared in accordance with Hong Kong Stock Exchange (HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide and refer to the Global Reporting Initiative (GRI) 2021 standards.
2. Type 2 High Level of Assurance in accordance with the AA1000 Assurance Standard v3 ("AA1000AS v3") evaluates the nature and extent of Xiaomi Corporation adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. Therefore the reliability of specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Xiaomi Corporation's sustainability plan and performance in the reporting year. *The 2023 Environmental, Social, and Governance (ESG) Report* subject to assurance is free from material misstatement based upon evaluation within the limitations of the scope of the assurance, the information and data provided by Xiaomi Corporation and the samples taken. In our opinion all data and information stated in the Report is correctly presented and without omission, in all material respects, Inclusivity, Materiality, Responsiveness and Impact based on AA1000 criteria are correctly addressed. We believe that the Environmental, Social and Governance general disclosure and key performance indicators are fairly represented in the Report, in which Xiaomi Corporation's efforts to pursue sustainable development are recognized by its stakeholders.
Our work was carried out by a team of sustainability report assurors in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Xiaomi Corporation has provided sufficient evidence that Xiaomi Corporation self-declaration of compliance with the Hong Kong Stock Exchange (HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide were fairly stated.

For and behalf of BSI:

Michael Lam - Managing Director Assurance, APAC

Issue Date: 2024-04-09 Effective Date: 2024-04-09

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Statement No: SRA-806342

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Xiaomi Corporation policies to provide a check on the appropriateness of statements made in the Report.
- Discussion with senior executives on Xiaomi Corporation approach to stakeholder engagement. We had no direct contact with external stakeholders.
- Interview with staff involved in sustainability management, report preparation and provision of report information.
- Review of key organizational developments.
- Review of supporting evidence for claims made in the Report, and
- An assessment of the Xiaomi Corporation reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles (2018) Standard ("AA1000AP (2018)").

Conclusions

A review against the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact and the Hong Kong Stock Exchange (HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide is set out below:

As a result of the verification, we determined that the social responsibility and sustainability related indicators in the report are disclosed in accordance with the AA1000 Accountability Principles (2018) and the Hong Kong Stock Exchange (HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide.
In our professional opinion, the Report covers Xiaomi Corporation's Environmental, Social and Governance responsibilities. Areas for enhancement of the Report were communicated to Xiaomi Corporation before the issue of this opinion statement.

Assurance Level

The Type 2 High Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibilities

It is the responsibility of Xiaomi Corporation senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Ability and Independence

The assurance team was composed of Lead Assurer and Assurer, who are experienced in the industrial sector, and trained in a range of environmental, social and governance standards including GRI Series Standards, AA1000 Assurance Standard V3, Hong Kong Stock Exchange (HKEX) Appendix C2 Environmental, Social and Governance Reporting Guide, ISO14064, ISO14001, ISO50001, ISO45001, ISO 9001, etc.

Issue Date: 2024-04-09 Effective Date: 2024-04-09

The British Standards Institution is independent to the above-named client and has no financial interest in the above-named client. This Opinion Statement has been prepared for the above-named client only for the purposes of verifying its statements relating to its ESG more particularly described in the scope. It was not prepared for any other purpose. The British Standards institution will not, in providing this Opinion Statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used or to any person by whom the Opinion Statement may be read. This Opinion Statement is prepared on the basis of review by The British Standards Institution of information presented to it by the above-named client. The review does not extend beyond such information and is solely based on it. In performing such review, The British Standards Institution has assumed that all such information is complete and accurate. Any queries that may arise by virtue of this Opinion Statement or matters relating to it should be addressed to the above name client only.