

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About the Report

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

The Report was prepared in accordance with the requirement of the Environmental, Social, and Governance Reporting Guideline under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, published by the Stock Exchange of Hong Kong Limited (the “HKEx”); and with reference to the latest Global Reporting Initiative’s (GRI) Sustainability Reporting Standard, the Hardware — Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB), the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Sustainable Development Goals (SDGs).

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

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

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

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

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

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

The source of information and cases within this Report was mainly derived from the Group’s statistical reports, official documents, and financial statements in 2022. The Group undertakes that there are no false records or misleading statements in this Report, and takes responsibility for the authenticity, accuracy, and completeness of the information in this Report.

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

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

Governance and Compliance

Board Statement

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

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

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

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

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

ESG Management and Governance Structure

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

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

Xiaomi Corporation Sustainability Governance Structure



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

Stakeholder Engagement

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

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

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Materiality Assessment

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

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

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



Xiaomi Corporation Materiality Matrix and Ranking of Material Issues

Business Ethics

Management of Business Ethics

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

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Anti-bribery and Corruption

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

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

Fostering Business Integrity

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

Whistleblowing System

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

Email: tousu@xiaomi.com

Website: <https://mi.com/integrity>

Anti-money Laundering

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

Anti-monopoly and Anti-unfair Competition

Xiaomi puts a high emphasis on anti-monopoly and anti-unfair competition compliance. We have established anti-monopoly and anti-unfair competition compliance systems at the Group level and incorporated the requirements into the Code of Conduct of Xiaomi Corporation. We have published the Anti-monopoly Compliance Handbook, which specifies the definition of monopoly agreements, abuse of dominant market position, compliance with the concentration of undertakings, and anti-monopoly investigation procedures, to guide the proper development of the business. This year, over 900 employees participated in 17 anti-monopoly trainings organized for our China and international businesses. In 2022, there was no legal proceeding against Xiaomi in relation to monopoly or unfair competition behavior.

Protection of Intellectual Property (IP)

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

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

Trademark and Brand Equity

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

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

Compliance on Advertising

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

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Technology Created to Better Lives

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

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

Our Climate Strategy

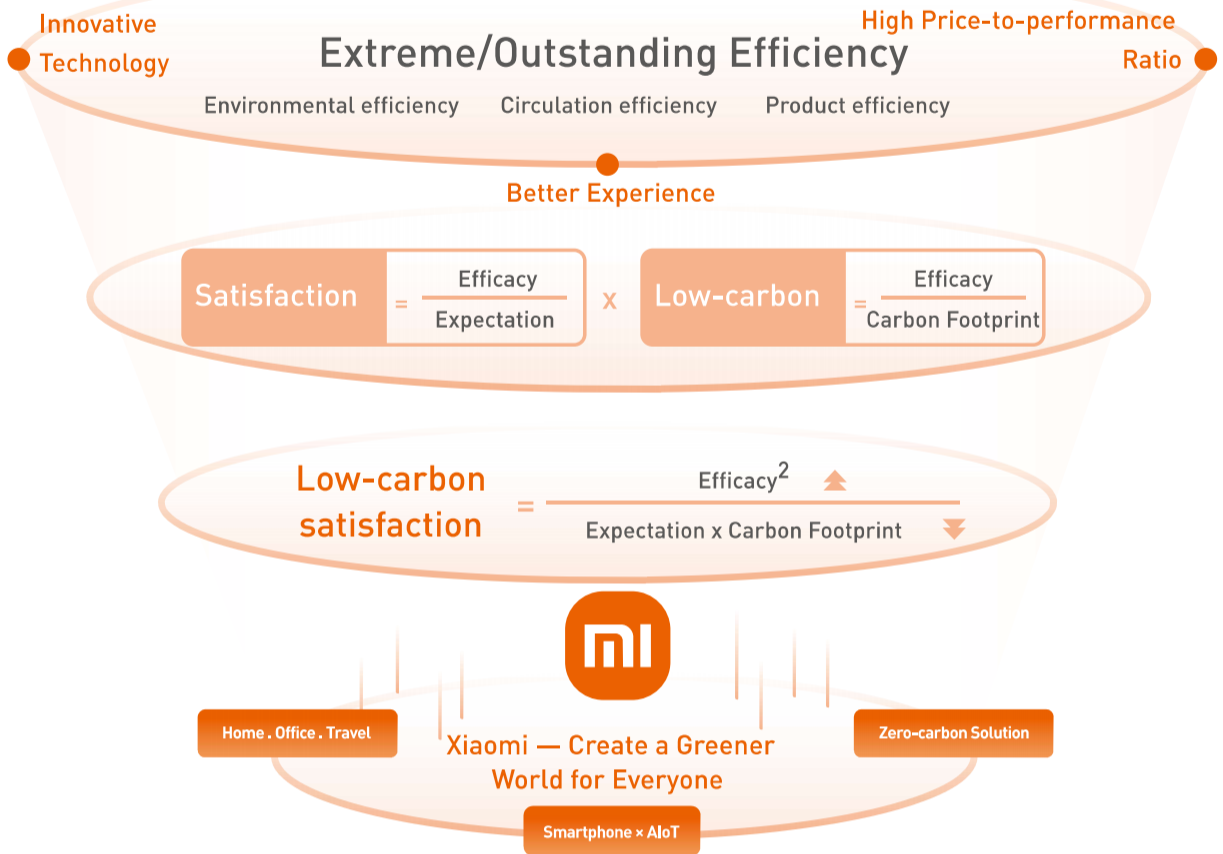
With each year, the consequences of climate change are increasingly evident and detrimental in many parts of the world. To uphold our mission of letting everyone in the world enjoy a better life through innovative technology, we believe it is our responsibility as a global tech innovator to help avert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

Low-carbon Satisfaction

Based on our understanding of the global pathway towards net zero emission, we have introduced the concept of Low-carbon Satisfaction as a novel indicator that encompasses three dimensions — product efficacy, price, and environmental footprint, to measure our products and services from a whole new perspective. The concept has eventually evolved into Xiaomi's Zero-carbon Philosophy. With the goal to raise the Low-carbon Satisfaction Score among our users, we work to improve both our product efficacy and affordability, whilst making strides to reduce the environmental footprints of our products and services. In doing so, we believe we can make clean technology accessible to everyone. The essence of this concept is already rooted throughout the lifecycles of our products and services, and has been an integral part of Xiaomi's Smartphone × AIoT¹ core strategy for the new decade. For instance, we have been building a smart and interconnected ecosphere around smartphones, covering multiple scenarios including home, office, outdoor, and travel. Now that the groundwork has been paved, we will continue to explore the use of low-carbon technology across more devices and in more scenarios, for our aspiration is to create positive climate impacts, and foster transformation towards a greener lifestyle and low-carbon society.

1 AIoT: Artificial Intelligence of Things

Xiaomi's Zero-carbon Philosophy



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Technology for Carbon Reduction

Measuring our Carbon Footprint

Greenhouse Gas Emissions Calculation

The journey to achieving our long-term GHG emission reduction targets begins with accurate data collection, assessment, and tracking of Scope 1, 2, and 3 GHG emissions. At present, Xiaomi's entire value chain primarily relies on the power grid to supply electricity for operation. In light of the varying energy mix in different regions of the world, our GHG data standard and accounting models are established in accordance with international protocols including the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, ISO 14064-1:2018 — Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals, as well as other applicable national, local, and industry standards. The GHG emissions from our operations for the past three years are listed below²:

Year	Scope 1 Emissions (Metric Tons CO ₂ e)	Scope 2 Emissions (Metric Tons CO ₂ e)	Scope 3 Emissions (Metric Tons CO ₂ e)
2020	8,402.12	58,079.17	—
2021	9,096.95	73,723.21	12,368,223.29
2022	7,122.60	78,620.01	We were in the process of verifying our Scope 3 GHG emissions at the time of this Report's release. The data is expected to be disclosed in July 2023 on our website.

Our GHG Emission Reduction Targets

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

² Xiaomi's GHG emissions mainly include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and hydrofluorocarbons (HFCs). The total GHG emission is reported in terms of carbon dioxide equivalent. We calculated the GHG emissions from facilities and operations owned by Xiaomi, as well as those from the upstream and downstream of Xiaomi's value chain. Details of our GHG emission scope include:

- 1) Direct GHG emissions (Scope 1): GHG directly generated from the use of natural gas and gasoline for operations and fugitive emissions from refrigeration, fire suppression equipment, and fugitive emission of GHG from the wastewater treatment process.
- 2) Indirect GHG emissions (Scope 2): GHG emissions generated from consumed electricity and consumed heat for operations.
- 3) Other indirect GHG emissions (Scope 3) from our value chain: All of Xiaomi's products are sold directly to customers without further downstream processing activities. We take the operational control approach to consolidate our GHG emission data, therefore, our GHG emissions from the value chain include those from the purchased goods and services, capital goods, fuel and energy-related activities (which are not included in Scope 1 and Scope 2), upstream transportation and distribution, waste generated in operations, business travel, employee commuting, upstream leased assets, downstream transportation and distribution, use of sold products, end-of-life treatment of sold products, downstream leased assets and franchises.

Reviewing our GHG Emission Reduction Targets

In 2021, Xiaomi sets our first-ever GHG emission reduction target, which aims to reduce per capita GHG emissions from its self-operated campus by 4.5% by 2026 compared to the 2020 baseline. As of the end of this reporting period, we have achieved a 21.12% reduction in per capita GHG emissions against our baseline year³.

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

Setting GHG Emission Targets

To support the global aspiration of reaching net zero by 2050⁴, we are committed to reducing our Scope 1 and Scope 2 GHG emissions:

- By no later than 2030, reduce GHG emissions⁵ from our main operating segments⁶ by at least 70% from the base year⁷ level;
- By no later than 2040, reduce GHG emissions from our main operating segments by at least 98% from the base year level, with pre-conditions in place to achieve net zero emission⁸;
- 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.

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

4 Long-term goal of the Paris Agreement.

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

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

7 Base year: 2021.

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

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Measuring our Product Carbon Footprint

This year, we initiated and completed product lifecycle carbon footprint assessments for three of our representative products⁹ (including two models of smartphone products and one air-conditioner product). We worked with an independent organization, who is specialized in carbon accounting and certification, to develop a smartphone-oriented carbon footprint assessment framework and methodology with reference to the PAS 2050 standard for quantifying product carbon footprints. In the next phase, we will replicate this approach to assess and manage the product carbon footprint of a broader range of our products, including more smartphone models, air-conditioners, smart TVs, and other ecosystem products of Xiaomi.

Research and Development of Clean Technology and Product Application

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

R&D on Energy-efficient Technology

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

5G and Energy-saving Signal Transmission Technology

- By introducing multiple 5G energy-saving technologies into our smartphones, such as self-adaptive broadband and energy optimization technology, we are able to optimize the adaptive selection and search strategies for 5G network in multiple scenarios such as weak-signal environment, no-service night mode, and invalid card registration, to enable higher power saving efficiency of our smartphones.
- With the use of a more advanced WLAN chips, in combination with the WLAN power monitoring and dynamic transmission technology, the power consumption of the product's WLAN module is reduced by approximately 30% compared to the previous generation.

Energy-efficient Display Technology

- By switching to Dark Mode, which turns the smartphone background into black, the energy consumption of the display can be reduced by as much as 70% when using specific applications.
- The use of energy-saving display in combination with a highly-efficient screen processor can make our display approximately 7% more efficient in screen power energy.

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

Intelligent Energy-saving Technology

- The function of auto-adjust display refresh rate, once enabled, will automatically tune down the display refresh rate when the screenplay is idle to save energy consumption.
- The intelligent audio energy-saving technology will automatically select the most fitting audio volume by taking into account the acoustic level of the ambient environment, thereby reducing energy consumption from excessive sound volume.

Low-energy AI Assistant

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

Application of Clean Technology***New Energy Products***

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

Charging Technology

At Xiaomi, we always push the limits of R&D and the application of hyper-efficient charging chips. This year, we introduced our self-developed dual-charge pump battery management system to our smartphones, which marked the milestone for the full application of self-developed technologies along the entire technology chain of battery, and enabled us to offer a triplex fast-charging solution — wired fast charging, wireless fast charging, and wireless reverse charging — to our users. In 2022, more than 100 million smart devices and terminals used Xiaomi's fast-charging technologies, saving nearly 57 million kWh of energy consumption and 24,852 tons of CO₂e emissions in comparison with conventional fast-charging technology¹⁰.

Environmentally-friendly Design***Driving a Circular Business Transformation***

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

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

