ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Overview of Xiaomi's Corporate Social Responsibility (CSR)

1.1 About the Report

This Report sets out to present, on an objective and fair basis, the performance of Xiaomi Corporation ("**Xiaomi**", the "**Corporation**", the "**Company**", "**we**") on Environmental, Social and Governance ("**ESG**") in 2019. The ESG Report was prepared in compliance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide set out in 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 "**Hong Kong Stock Exchange**"). It is recommended that this Report be read in conjunction with the section entitled "Corporate Governance Report" as contained in the Annual Report.

In preparing this Report, we strove to ensure that the information disclosed herein meets the requirements of Hong Kong Stock Exchange on four major principles, namely materiality, quantitative, balance and consistency.

Xiaomi adopts ESG as a core methodology to fulfil its CSR programs, and is committed to achieving the best practice in ESG management.

The source of information and cases within this Report were mainly derived from the Company's statistical reports, relevant documents and internal communication documents in 2019. The Company undertakes that there are no false records or misleading statements in this Report, and takes responsibility for the authenticity, accuracy and completeness of the information in this Report.

1.2 Xiaomi's CSR Actions in 2019

Xiaomi aims to respond actively to the Sustainable Development Goals ("**SDGs**") developed by the United Nations ("**UN**"). In light of the industry attributes and the characteristics of Xiaomi, we identify and prioritize SDGs that are strategic to our CSR core areas, namely "products, users, environment and society", and continue to implement a wide range of SDG-related initiatives.

UN SDGs	Xiaomi's 2019 Actions and Achievements
	Products
	Core Strategy • Launched the "Smartphone + AIoT" strategy in early 2019; and • Upgraded the strategy at the beginning of 2020, and clarified the strategic direction as "5G + AIoT" — the next-generation super Internet. **Product Quality** • Established the Group Quality Committee to promote and supervise quality management processes; and • Received several product quality-related awards for excellent product quality performance. **Outstanding Designs** • Won over 50 renowned design awards including IF Design Award, Good Design Award, Red Dot Award, Pentawards, and International Design Excellence Award (IDEA) etc. **Technology Innovation** • Set up the Technology Committee, and consistently pursue advanced technological innovation; • Attracted over 3,000 developers to the third Xiaomi Developer Conference (MIDC), and shared the latest developments in 5G, AI, IoT, big data and Internet finance technologies; • Invested approximately RMB7.5 billion in R&D in 2019; • Submitted over 33,000 patent applications as of the end of 2019; • Received the title of National Open Innovation Platform for Next Generation Artificial Intelligence at the 2019 World Artificial Intelligence Conference for our achievements in the smart home category, and won 5 awards at the International Big Data Industry Expo 2019; and • Set up the "Xiaomi Annual Technology Award" for excellent engineers.

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Users

User Experience
- We put users' needs first and build a culture of engaging with users;
- Provided an open platform for users through continuously developing the Mi Community; and
- Added personalized and innovative functionalities to optimize user experience, among which many functions in MIUI11 are widely acclaimed by users.

Customer Service
- Operated over 630 Mi Homes in mainland China as of December 31, 2019, and continued to strengthen relations with our users by organizing events;
- Established a cross-departmental service coordination team to promote service quality;
- Optimized the service model to continuously improve user experience; and
- The customer satisfaction rate of customer service hotline in 2019 reached 96.82%.

Privacy Protection
- Conducted comprehensive user privacy and information security management; and
- Published the MIUI Security and Privacy White Paper《MIUI安全與隱私白皮書》.

Mi Fan Culture
- Organized activities for Mi fans around the world, including the Mi Fans Festival, Mi Pop meetings and the Orange Run.

Environment

Green Operation

- Responded to the E-commerce Green Development Initiative to promote green logistics, green packaging and practice recycling;
- Applied green operation and management in Xiaomi Science and Technology Park:
  — Employed water-efficient facilities and solar-based hot water systems, and utilized reclaimed water;
  — Used permeable materials to construct the ground of the sidewalks, parking lots and squares;
  — Saved 937,500 disposable plastic bags by using large trash cans;
  — Introduced waste sorting including processing kitchen waste for re-use; and
  — Donated 100 personal computers, and 474 used personal computers purchased by employees internally to promote recycling.
- Purchased servers that demonstrate high power efficiency and energy-saving capability, set up a power consumption monitoring system and deployed water-cooled and air-cooled air conditioners;
- Replaced plastic bags with paper bags in Mi Homes and used sustainable materials to decorate Mi Homes;
- Promoted the Mi Exchange program for trading-in smartphones, Mi notebooks and Mi Pads for new devices;
- Sold a total of 21,996 government-subsidized energy-saving products; and
- Provided e-waste recycling services in Xiaomi India.

Green Product

- Introduced green packaging designs such as the One Paper Box package, which saves up to 40% packaging material;
- Upgraded our AI assistant "小愛同學" with a widely acclaimed garbage classification function; and
- Added environmental protection labels on the packaging of Xiaomi products.

Green Supply Chain

- Continued to promote green supply chain management.

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Society

Employee Care

- Updated Employee Handbook to better ensure that key policies are clearly and consistently communicated, and prepared for the establishment of Xiaomi's labor union in 2020;
- Promoted employee diversity, with 18,170 employees from 28 countries;
- In 2019, the Board of Directors awarded a total of 77,911,031 Award Shares to Selected Participants, covering 1,136 person-times;
- In addition, to commemorate our inaugural entry into the Fortune Global 500 list, the Board awarded a total of 20,538,000 Award Shares to 20,538 Selected Participants;
- Provided diverse vocational, management and career development training programs for employees;
- Established Qinghe University, which focuses on developing talents, young professionals, and empowering organizational competiveness;
- Maintained high standards of health and safety management; set up a project safety management emergency response working group and released the Mi Project Emergency Response Manual 《小米項目應急執行手册》;
- Organized various employee activities to enrich employees' lives and enhance employee communication; and
- Promoted the employment of persons with disabilities and received the 2019 Enterprise Award for Caring for and Helping the Disabled.

Win-win Cooperation

- Empowered ecosystem partners by investing in over 290 ecosystem partners to collaborate for win-win outcomes; and
- Conducted CSR audits for key suppliers.

Social Welfare

- Made cash and material donations worth approximately RMB22 million in total (Xiaomi's Donations);
- Established the Xiaomi Public Welfare Foundation and organized and promoted a series of welfare programs;
- Designed products and platforms with a focus on public welfare, including the world's first "smartphone + AIoT" platform with built-in earthquake warning function;
- Comprehensively promoted information accessibility, and enriching relevant product functionality; and
- Proactively carried out public welfare activities including poverty alleviation, educational donation, and disaster relief activities.

1.3 CSR Concept

Xiaomi's mission is "to relentlessly build amazing products with honest prices to enable everyone in the world to enjoy a better life through innovative technology". Xiaomi's vision is to "be friends with our users, and be the coolest company in the hearts of our users".

At the core of our CSR philosophy, we set our sights on improving people's lives through technology and becoming a respectable corporate citizen. By enshrining "products, users, environment and society" as our core areas, we strive to actively fulfill our corporate responsibility and contribute to sustainable development, by pursuing innovative technology and outstanding design in our products, and an equal and inclusive business environment. We also adhere to people-oriented principles, comply with code of conduct, value environmental protection, and invest in community capacity building.

In 2019, Xiaomi became the youngest company to figure on the Fortune Global 500 list selected by *Fortune Magazine*. This achievement will invigorate Xiaomi to pursue CSR excellence more actively in the future.

1.4 CSR Management Structure

Xiaomi's Board of Directors has overall responsibility for CSR activities. Operationally, we have established the CSR management team, which involves multiple businesses and departments to guide and coordinate the overall CSR practice of the company.

In 2019, Xiaomi built the "three departments and three committees" management structure. This consists of Strategy Department, Organization Department, Finance Department, Quality Committee, Technology Committee and Procurement Committee, and their purpose is to further strengthen our management, with a view to being more professional, improving comprehensive risk prevention and control, and enhancing our corporate social responsibility performance.

1.5 Stakeholder Engagement

Xiaomi seeks to actively listen and respond to the expectations of its stakeholders. To that end, we continually identify and engage with stakeholders relevant to our business, including our customers and users, shareholders and investors, employees, suppliers and partners, government and regulatory agencies, media and NGOs, communities etc. We have taken the initiative to establish diversified communication channels and mechanisms for our stakeholders in order to enable timely and effective stakeholder engagement.

Key stakeholders	Key Expectations	Major Communication Channels
Governments and regulators	Compliance	Policy consultation
	Anti-corruption	Event reporting
	The environment and natural resources	Site inspection
		Information disclosure
		Meetings with government agencies

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Key stakeholders	Key Expectations	Major Communication Channels
Shareholders and investors	Xiaomi's business performance Industry risks Compliance	Annual General Meetings Annual reports/interim reports/ quarterly results announcements Meetings with investors Results release conferences News releases/announcements
Consumers/users	Quality of products and services Marketing compliance	Official website Social platforms such as MIUI Forum Instant messaging software Customer service hotline Press conferences Social media
Employees	Employment Health and safety Development and training Labor standards	Staff communication meetings Employee Committee Complaint boxes Instant messaging software
Suppliers/partners	Supply chain management Anti-corruption Product responsibility	Supplier conferences Dealer conferences Communication meetings with partners Invitations to bid Site invitations
Media and NGOs	Use of resources The environment and natural resources Employment Supply chain management Product responsibility	Social media Press conferences and news releases Interviews
Community	Emissions Use of resources The environment and natural resources Community investment	Community activities Press conferences Public benefit activities Social media

1.6   Materiality Assessment

In 2019, through continuous and effective communication with stakeholders, we conducted substantive analysis on the 11 ESG issues set out in the ESG Reporting Guide, hoping to further understand the feedback and expectations of stakeholders regarding Xiaomi's ESG management. The results also serve as a reference for our actions and the Report, so as to better respond to the issues raised by stakeholders.

According to the ESG Reporting Guide, we identified the following key issues: product responsibility, employment, health and safety, and supply chain management. Other significant issues include, development and training, anti-corruption, emissions, use of resources, labor standards, community investment and the environment and natural resources. We will discuss each of these issues separately in the following sections of this Report.

Significance to Stakeholders (vertical axis)

Significance to Xiaomi Corporation (horizontal axis)

Environment
- Emissions
- Use of Resources
- The Environment and Natural Resources

Society
- Employment
- Health and Safety
- Development and Training
- Labor Standards
- Supply Chain Management
- Product Responsibility
- Anti-corruption
- Community Investment

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2.   Gift Warmth to Technology

Product quality is at the core of Xiaomi's strategy and we emphasize technology innovation as the development driver. We continue to pursue high quality and outstanding product designs, and to create a global open ecosystem.

2.1   Quality Management

Xiaomi pays close attention to quality management. In line with the core concept of "Enhance the quality management and improve the user experience", Xiaomi continuously improves quality management systems and processes, deepening the awareness of our staff, and strengthening the quality management of product life cycles.

Management System Guarantee

Xiaomi set up the Quality Committee to carry out quality management. In line with product quality, user experience, service quality, and safety compliance, the Quality Committee promotes and supervises quality management, and aims to improve user experience.

In 2019, we revised and improved the regulations related to quality awards and quality accident management; enhanced the emergency handling process; and optimized the quality management of our departments. We upgraded the quality management assessment and established assessment indicators to further refine our quality management. Xiaomi has promoted comprehensive quality management internationally, for example, our India subsidiary obtained ISO 9001 certification for quality management in 2019.

Quality Management Improvement

We improved our quality management system through quality data analysis and information mining on the basis of quality document digitalization, which provides our departments and suppliers with quality information support and optimized processes. We visualized relevant data for better quality management and assisted our departments to improve the management of quality objectives and overall quality management.

In 2019, we continued to arrange for top management or business leaders to listen to user feedback to gain a better understanding of consumers' concerns on product and service.

We recognize the importance of the content quality of our APP store, and conduct both machine-powered automatic testing and manual review to ensure the compatibility and compliance of apps.

Xiaomi not only emphasizes product quality management, but also service quality management. We pay close attention to any quality-related issues, and respond quickly to emergencies.

> For more details about service quality, please refer to the section: 4.2 Aftersales Services.

Product Health and Safety

Xiaomi pays special attention to product health and safety. Continuous assessments of product health and safety is conducted throughout the product life cycle, including R&D, material selection, development verification, product launch, and aftersales. We set our enterprise standard for material safety based on international standards. All our products comply with relevant laws, regulations, and standards in China and in the regions where the products are sold. Meanwhile, we are committed to promoting green design and the standardization of health and safety work across the industry. We participated in drafting the industry standards for green product evaluation.

Social Recognition

Xiaomi's quality management was highly recognized by industry and society in 2019.

Xiaomi won the Asia Service Award for quality service in 2019.

Chairman and CEO, Mr. Lei Jun received the China Outstanding Quality Model at the Commemorative Ceremony of the 40th Anniversary of the Founding of China Association for Quality.

China Association for Quality invited Xiaomi to share quality management experience with peers.

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Xiaomi was invited to attend the 3rd China Quality Conference and shared experience regarding quality management.

Shenzhen Association for Quality visited Xiaomi with other companies to share experience on quality management.

Xiaomi extended the warranty period from 12 months to 18 months for Redmi Note 7.

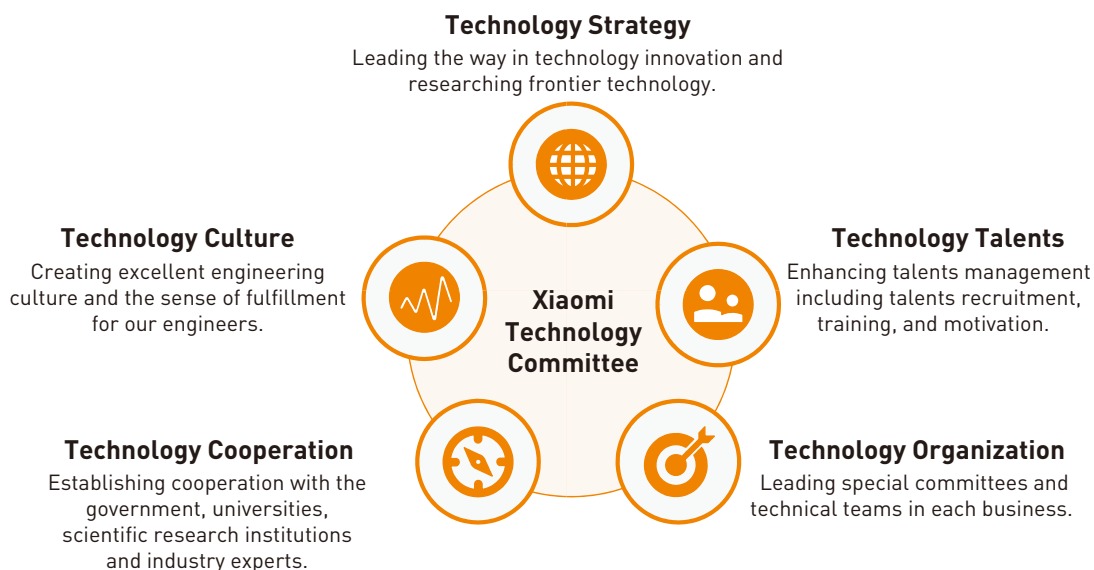| Winner	Awards	Organizer
Xiaomi	2018 Customer Service Satisfaction Unit of Consumer Electronics Industry	China Electronic Chamber of Commerce
	Outstanding Promotion Unit at the Commemorative Ceremony of the 40th Anniversary of Promoting Total Quality Management	China Association for Quality
	Asia Service Award	Asian Network for Quality
Xiaomi Youpin	The Integrity Management and Service Advanced Unit	Jiangsu Association for Quality
Xiaomi APP Store	Advanced Unit	Anti-Network-Virus Alliance of China
Xiaomi Router Mesh	The only 5-star Recommendation Award in 2019 China Mobile's first intelligent hardware quality assessment (distributed routing category)	China Mobile Research Institute
Mi Mobile Phone	The Most Publically Acclaimed Mobile Phone	China Mobile
Xiaomi Full Screen TV	Annual Quality Product Award	All View Cloud and Diankeji
Xiaomi Customer Service Department	2019 China Top 10 Call Centers — Excellent All-Channel Customer Service Award	Call Center and Customer Relationship Management Committee of China Electronic Chamber of Commerce

*The above represents selected Xiaomi's awards in 2019.

Moving forward, we will adhere to strict quality management and bring products and services to our users with high quality standards.

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2.2 Technology Innovation

Xiaomi regards technology innovation as the core contributor to its development. We set up a Technology Committee in 2019 which is responsible for strategy, talents, organization, cooperation, and culture in the field of technology. The Committee will lead our exploration of future technology trends.

Technology Strategy
Leading the way in technology innovation and researching frontier technology.

Technology Culture
Creating excellent engineering culture and the sense of fulfillment for our engineers.

Xiaomi Technology Committee

Technology Talents
Enhancing talents management including talents recruitment, training, and motivation.

Technology Cooperation
Establishing cooperation with the government, universities, scientific research institutions and industry experts.

Technology Organization
Leading special committees and technical teams in each business.

In 2019, Xiaomi's investment in R&D reached approximately RMB7.5 billion. As of December 31, 2019, we submitted more than 33,000 patent applications, within which, the number of AI patent applications kept pace with the Chinese top internet enterprises. Our R&D laboratories are currently operated in Xiaomi Science and Technology Park, Wuhan Science and Technology Park and other cities. We also set up R&D offices abroad, including an office focused on developing smartphone cameras technologies in Finland.

Xiaomi values top talents and creates a culture to nurture talented people. We established the "Xiaomi Annual Technology Award" for our most outstanding engineers. In 2019, we awarded it to our surround-display technical team for their contribution to relevant research. We organized the Top Coder Competition, Data Mining Competition, and other activities to promote our technology culture.

We attach great importance to a strong IP portfolio. Through acquiring high quality patents, we continue to improve our technological capabilities. As of December 2019, we had acquired almost 3,000 domestic and overseas patents. Besides, we continue our licensing or cross-licensing agreements with well-known companies such as Oracle, Adobe, Qualcomm, Microsoft, Nokia, NTT DoCoMo and Via Licensing.

Our technology innovation has been well recognized. In 2019, Xiaomi won 5 awards at the International Big Data Industry Expo 2019; was honored as one of the Top 50 Big Data Enterprises at the World Computer Congress; and became one of the council members of the Artificial Intelligence Industry Innovation Strategy Alliance (AITISA).

The International Big Data Industry Expo 2019
Xiaomi won 5 awards at the International Big Data Industry Expo 2019:

- the New Technology Award for the "Pegasus" distributed storage system;
- the New Product Award for Xiaomi's intelligent customer service robot; and
- the Excellent Project Award for MACE (Mobile AI Computing Engine), for the quality warning system "Caifeng", and for the smart home far field acoustic testing system.

Industry Standardization

With the coming of the "5G+AIoT" era, Xiaomi actively participates in the related domestic and overseas standardization work. We led the discussion on 5G terminal industry standards, and the drafting of national, industrial and group standards including smart home appliances, AI, cloud computing, big data, biometric identification and sensors, and wearable devices etc. We are one of the major drafters of national standards for wearable devices, smart home appliances, AI, cloud computing, fast charging, and wireless charging, etc.

In 2019, we sent over 90 participants to a range of meetings hosted by international organizations for standardization including the 3rd Generation Partnership Project (3GPP), and contributed a few hundred proposals. We had over 300 attendees at domestic standardization meetings including the China Communications Standards Association (CCSA) and the National Information Technology Standardization Technology Committee. We took part in more than 40 national, industry, and group standardization projects.

Xiaomi initiated several domestic alliances including Unified Push Alliance, Quick APP Alliance, and Intelligent Hardware Industry Alliance. We hold key positions in many industry alliances and associations to promote the development of various industries. We are the co-Chairman of the China Standards and Regulations Group of Wireless Power Consortium (WPC), the council member of CCSA, deputy leader of smart home sub group of CCSA Internet and terminal working group, the council member of the Artificial Intelligence Industry Alliance (AIIA), and the council member of the 5G Application Industry Array (AIA).

HBaseCon Asia Summit 2019
In July 2019, Xiaomi and Apache HBase Community jointly hosted the HBaseCon Asia Summit 2019, exchanging insights and experience in HBase, cloud computing, big data and AI with experts and community leaders from Internet companies around the world. This played a significant role in popularizing open source and promoting the development of the open source community.

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Xiaomi's Outstanding Technology Highlights in 2019*

Xiaomi CC9 Pro

108MP

Mi CC9 Pro is the world's first mass-produced smartphone equipped with a 108MP camera, and ranked first for its camera performance on DxOMark at the time of launch.

Xiaomi MIX Alpha

180.6%

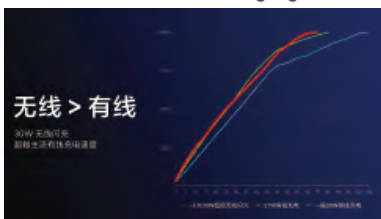Mi MIX Alpha showcases an innovative "Surround Display" with a screen-to-body ratio of more than 180.6%, representing Xiaomi's innovation for future smartphones.

MIX 3 5G

8K Video Online Play

Xiaomi's first 5G smartphone MIX 3 5G is certified by EU 5G. It realizes online 8K Ultra HD video play and supports 5G video call.

30W Fast Wireless Charging

4000mAh, 69 Minutes Fast Charging

As the leader in the fast charging technology, the 30W fast wireless charging technology charges Xiaomi 9 Pro 5G with up to 4000mAh battery capacity in 69 minutes.

Mi TV 5

97% Screen-to-body Ratio

Mi TV 5 features a 1.8mm ultra-narrow metal bezel and a 5.9mm slim body with a 97% screen-to-body ratio, delivering a stunning visual experience.
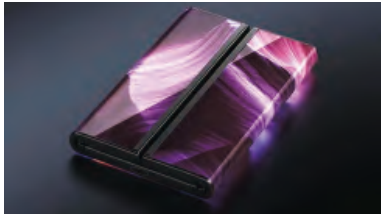
Mi Watch

1.78-inch Screen

Mi Watch has an exquisite design with powerful functions. It features a flagship 1.78-inch AMOLED square screen, and offers an immersive viewing experience with a 326 PPi pixel density and a four-sided curved design.

Xiaomi Double-folding Smartphone**

The Folding Screen Smartphone

Xiaomi's first double-folding smartphone can be used as a phone and a tablet, featuring ease of use and wide screen.

Xiaomi Hidden Screen**

The Under-screen Camera Technology

The under-screen camera technology ensures a full screen and avoids the visual segmentation caused by front cameras.

*The above represents selected Xiaomi's amazing products and outstanding technology highlights in 2019.

**The products and technologies are in the research stage.

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2.3 Outstanding Designs

To improve user experience and exceed customers' expectation, Xiaomi integrates innovative technology into products with aesthetic designs. For years, we have developed our products into a Mi Look and gained broad appreciation from customers. We continue to improve our designs for better products and user experience.

In 2019, Xiaomi obtained recognition from users and the industry for its continuous pursuit of design excellence.

Xiaomi won over 50 renowned design awards in 2019

Smartphone Industrial Design

- MiMIX3: IDEA Silver Award, IF Design Award, Red Dot Design Award, and Good Design Award
- Mi 8 (Transparent Exploration): IF Design Award, and Good Design Award
- Red K20 Pro: Good Design Award, etc.

Packaging Design

- Mi Sports Bluetooth Headset (Youth Edition): Pentawards Gold Award
- Mi Sports Bluetooth Headset (Youth Edition): Red Dot Design Award
- Mi Bluetooth Headset Mini (Packaging Design): Pentawards Bronze Award
- One Paper Box: Good Design Award Best 100, etc.

Eco-Chain Industrial Design

- Mi Induction Cooker: IF Design Award
- Mi Table Lamp Pro: IF Design Award
- Mi Front-Load Washer and Dryer Pro 10kg: IF Design Award
- Mi Photo Printer: Good Design Award
- Mi Projector (Youth Edition): Red Dot Design Award and Good Design Award
- Mi Smart Door Lock: Good Design Award
- Mi Children's Scooter: Red Dot Design Award
- Xiao AI Touch Screen Speaker: Good Design Award, etc.

Customer Experience Design

- 'Sounds of Nature' and 'Soothing and Ever-changing' system of MIUI: Red Dot Design Award
- MiPOS UI Design: Good Design Award
- Xiao AI Touch Screen Speaker UI Design: Red Dot Design Award, IDEA Design Award, etc.

The above just represents selected Xiaomi's awards in 2019.
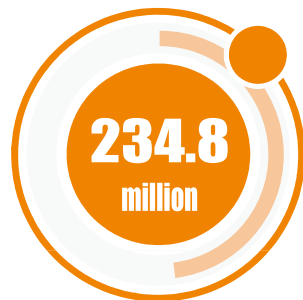
2.4   Global Ecosystem Development

At the beginning of 2019, Xiaomi launched the "Smartphone + AIoT" strategy, and established an AIoT Strategy Committee to promote the convergence of AI and IoT. With the development of 5G, Xiaomi upgraded the strategy in early 2020, clarified the strategic direction as "5G+AIoT" - the next-generation super Internet, and planned to invest RMB50 billion in the field of "5G+AIoT" in the next 5 years.
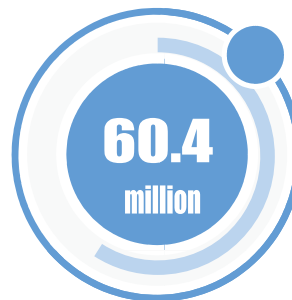
MIDC 2019

In 2019, with the theme of "the new era of intelligence", we held the third Xiaomi Developer Conference (MIDC), an event that drew 3,000 developers to attend. It embraced open source and the new era of intelligence. We shared the latest technologies in areas including 5G, AI, IoT, big data and Internet finance.

Internet of Things

We started the "Xiaomi Ecosystem Plan" in 2013 as foundation for our IoT plans. We used our core technologies to explore the IoT industry, promote the great development of IoT platforms, and strive for an IoT era. Today, Xiaomi's IoT platform covers many household areas, becoming the world's leading consumer IoT platform. Our user base and the number of devices connected to the platform have continued to grow robustly.

234.8 million

The number of connected devices (excluding smartphones and laptops) reached

60.4 million

The Monthly Active User (MAU) of our AI assistant in December 2019 reached

Through the empowerment of our brand, capital, channels, technology and teams, we make full use of our strengths and resources to assist the growth and development of enterprises, and the continuous development of our ecosystem partners. Xiaomi has implemented financial technology innovations to better serve partners in the manufacturing industry around the globe.

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>290   **Ecosystem partners have received investment from Xiaomi**

>100   **Ecosystem partners focus on the development of smart hardware and lifestyle products**

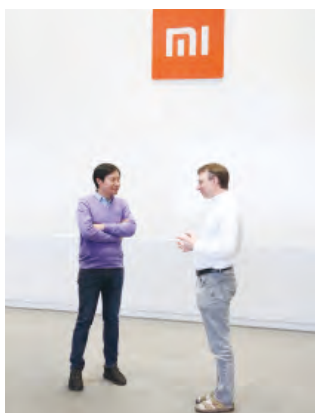**>400**   **Ecosystem partners were provided with supply chain financing services**

The development of our IoT business has helped promote our brand. In 2019, we received several social recognitions including being honored by BrandZ™ as the 74th among the Top 100 Most Valuable Global Brands and 11th among the Top 100 Most Valuable Chinese Brands.

Artificial Intelligence

Xiaomi promotes independent R&D on AI, and aims to expand the application of AI into more fields. As such, we pay special attention to recruiting and training of AI talents.

Daniel Povey

In 2019, the top expert in speech recognition and the "father" of Kaldi — Daniel Povey, joined Xiaomi.

58% postgrad & 6% doctoral

Most of Xiaomi's AI recruits graduated from renowned universities — 58% of them are postgraduates and 6% of them are doctoral graduates.
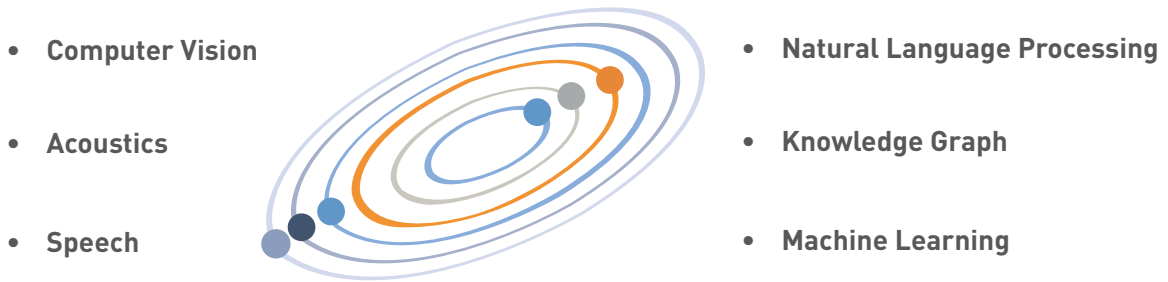
RMB100 million

Xiao AI Open Platform has set up incentive funds totaling RMB100 million to incentivize developers.

Nearly 100 new graduates

Every year, almost 100 excellent university graduates join our AI department.

Xiaomi's AI laboratory is the engine for AI technologies. Our research focuses on 6 major fields including computer vision, acoustics, speech, natural language processing, knowledge graph, and machine learning to explore advanced technologies and strengthen Xiaomi's technological capability.

- **Computer Vision**

- **Acoustics**

- **Speech**

- **Natural Language Processing**

- **Knowledge Graph**

- **Machine Learning**

Our AI assistant "小愛同學" has progressed well since its launch in March 2017. It is updated constantly with diverse AI functionality to enable convenient living for its users. As of the third quarter of 2019, the number of intelligent devices with built-in AI assistant "小愛同學" reached more than 40, and the number of intelligent devices supporting the functions of AI assistant "小愛同學" reached 800 in 35 categories.

Over 1,400 tasks

Our AI assistant "小愛同學" performs over 1,400 tasks, and can be integrated into applications for subjects such as weather, music, and calendar by connecting with smartphones, AI speakers, Mi TV, Mi Watch, and other AIoT products, which greatly enriches user scenarios.

34.1 billion times

By 14th November 2019, our AI assistant "小愛同學" was woken up 34.1 billion times, becoming one of the most active AI voice-enabled platforms in China.

The garbage classification function

On July 1st, 2019, our AI assistant "小愛同學" launched the garbage classification function, with daily usage reaching up to 170,000 times.

Smart Home

With our leading AIoT strengths, we were involved in broad international cooperation in different AIoT areas. We strive to upgrade households and develop smart homes by applying our core technology. For example, Xiaomi cooperated with Huazhu Hotel and launched a smart hotel that is fully equipped with Xiaomi AIoT products. Also, together with Pizza Hut, we unveiled a new feature which allows users to order food through Mi Smart TV.

At the 2019 World Artificial Intelligence Conference (WAIC). Xiaomi received the title of "National Open Innovation Platform for Next Generation Artificial Intelligence" by the National Ministry of Science and Technology. Xiaomi smart home continuously enriches the use cases, from smart living room, bedroom, bathroom, sports and travel, to audio-visual entertainment and more. Through a variety of IoT devices, we hope more households can enjoy smart lives at home.

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In 2019, we received the "Super AI Leader (SAIL) Award/Top 30 Project" issued by the Committee Office of WAIC.

An Open Platform

Xiaomi's IoT platform serves smart appliances, smart homes, and wearable devices etc. The platform shares Xiaomi's intelligent hardware access and control, automation scenarios, AI technology, and new retail channel. Together with our partners and developers, we have created an open and innovative environment for an excellent IoT experience.

3. Gift Honesty to Business

3.1 Amazing Products with Honest Prices

Over the years, Xiaomi has insisted on honest pricing while providing our users with products that are of high quality, outstanding design, and have a high price-performance ratio. We put forward the design concept of "satisfying 80% of the needs of 80% of the population" and continuously explore our customers' most fundamental product functionality needs. We pursue effective operations and reduce unnecessary costs.

In 2019, the first Redmi brand 5G smartphone – Redmi K30 5G was released. Powered by the Qualcomm® Snapdragon™ 765G processor, 64MP+2MP+5MP+8MP quad camera, 20MP+2MP dual front camera, and 30W fast charging, the Redmi K30 5G is priced starting from RMB1,999, which takes the lead in bringing the price of 5G smartphones to less than RMB2,000.

Mi Full Screen TV Pro 55'' E55S adopts a 4K HDR+ panel with a screen-to-body ratio of up to 97%, features a 2GB+32GB storage, PatchWall, 2×8W speaker, our AI assistant "小愛同學", Dolby +DTS, and supports 8K video playback. The offering price is RMB2,399.

3.2 Advertisement and Trademark Management

Advertisement Management

We strictly abide by the *Advertising Law of the People's Republic of China*《中華人民共和國廣告法》, *Advertising Regulations*《廣告管理條例》, *the Policy for Administration of Internet Advertising*《互聯網廣告管理暫行辦法》 and any other applicable regulations and international practices in the place of operation. The Legal Department, the Public Affairs Department, the Safety and Compliance Department under the Quality Committee, and various business departments, jointly conduct advertising management. The content and quality of advertisements are strictly controlled through multiple methods including automated and manual review, so as to ensure the compliance of the advertisement before its release. In addition, we organize regular training on compliance to enhance employees' awareness.

Brand and Trademark Management

Xiaomi strictly abides by the *Trademark Law of the People's Republic of China*《中華人民共和國商標法》 and other relevant regulations. We strive to protect our brands and trademarks as well as those owned by others. We have built a comprehensive system for trademark application and a trademark monitoring system. A professional team is responsible for the registration, maintenance, promotion, protection and management of trademarks and branding. We formulated and improved brand management policies, and actively carried out compliance training to improve awareness among our employees. In 2019, the number of trademark applications was 2,124, and a total of 2,272 trademarks have been approved and registered (including trademarks applied for in previous years and were approved and registered in 2019).

Xiaomi maintains a zero-tolerance attitude towards counterfeit goods. We collaborate with major e-commerce platforms through several anti-counterfeiting methods including case handling, investigation and offline actions for intellectual property protection. We cooperated with anti-counterfeiting platforms to crack down on making and selling counterfeit products. We participated in the special actions of Chinese customs to prevent import and export of counterfeit. Moreover, we have established a global system for anti-counterfeiting and rights protection; for monitoring products sold by third-parties; and for fighting against infringements. In 2019, we assisted relevant organizations in handling administrative and criminal anti-counterfeiting cases worth over RMB36 million in China. Through the prevention and control mechanism of the platform, we identified infringement links or products, and raised complaints to the relevant e-commerce platforms. There were around 80,000 infringement links removed.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.3   Fostering a Safe Ecosystem

We always hold ourselves to the highest international standards in terms of information security and user privacy. Xiaomi adheres to a transparent and fair Privacy Policy and strives to maintain a safe ecosystem. The Security and Privacy Committee has been set up to manage the information security and user privacy protection.

Our information security team and privacy protection team are responsible for information and privacy management, vulnerability and threat assessment, and training etc. We set security and privacy indicators to ensure the effectiveness of security and privacy management systems. We have formulated and strictly abide by relevant data protection regulations including *Xiaomi Personal Data Quality Management*《小米個人數據質量管理制度》, *Xiaomi Data Protection Impact Assessment*《小米數據保護影響評估制度》, and *Xiaomi User Privacy Data Protection Specification*《小米用戶隱私數據保護規範》 etc. to ensure the effectiveness of our management.

In 2019, in order to have a comprehensive assessment of our privacy security management and measures, we conducted self-assessment of our apps, *General Data Protection Regulation*《通用數據保護條例》 (GDPR) audit program, certification of International Organization for Standardization (ISO), data classification projects etc. We received security and privacy certification for ISO 27001, ISO 27018, and ISO 29151.

We carried out diverse privacy and information security trainings for our employees, including on-site security awareness training for new employees, department privacy training, and a security and privacy professional training camp to improve our employees' awareness of information and privacy security.

User Privacy Protection

Xiaomi formulated the *User Privacy Protection Clauses*《小米用戶隱私保護條款》. With reference to the internationally recognized *Five Criteria for Privacy* standards, Xiaomi applies strict control to products and services and ensures that the Privacy Policy is clearly communicated and is transparent and fair to our users. Respective control measures include a privacy impact assessment before product launch, classification of data during the product use phase, and proper disposal and/or handling of data after use.

For our overseas privacy management, we have professional teams paying close attention to the compliance requirements of different countries. We have identified the privacy compliance requirements of 62 countries.

In order to regulate privacy management, in 2019, Xiaomi launched the Privacy Compliance Platform. The functions including privacy review and approval, recording, and automated testing are managed online, which has improved the efficiency of the privacy approval.

We conduct strict control processes for data transmission and cross-team data support, which needs to go through Xiaomi's online privacy risk assessment and examination including manual and automated assessment. We follow EU standard contract terms or GDPR when transferring the data generated in the EU exclusive economic zone to outside EU areas.

We strengthened our privacy training to raise employees' awareness. The training includes broad compliance requirements from different countries, security courses, and courses certified by the International Association of Privacy Professionals (IAPP).

The security assessment system: MiEye

In 2019, we released MiEye, a new system for user data and privacy security. It is an automatic assessment system made for our "Smartphone + AIoT" strategy. It assesses data and privacy security for smartphones and AIoT products. MiEye has assisted our security department to complete assessments of hundreds of products, which not only ensured the security of our products, but also improved the efficiency of our security work for our users. In addition, the system simulates the privacy requirements of different countries, and automatically identifies privacy risks by analyzing the network flow.

MIUI Security and Privacy White Paper

At the MIDC 2019, we published the *MIUI Security and Privacy White Paper* for the first time. It introduces the security structure, security technology, security functions, and security metrics of MIUI, and reports Xiaomi's security and privacy practices to our users and partners transparently and openly.

Privacy compliance assessment of ecosystem products

Xiaomi has conducted strict privacy compliance assessments on ecosystem products, and created automated assessment processes through the privacy assessment system. Our ecosystem companies need to submit product information, product APK, privacy policy, user agreement, security documents, list of countries where products will be sold etc. Privacy lawyers and security engineers conduct compliance assessments. The Mi Home team carries out privacy compliance technology tests and cross-border transmission tests. Products can be launched only after our privacy assessments are complete.

In 2019, Xiaomi was invited for the first time to participate in the 5th IoT Security Summit in London by the Internet of Things Security Foundation (IoTSF). Xiaomi communicated with companies and researchers from different countries who were concerned about IoT security, and shared our experience on IoT security technology.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

App Safety and Compliance

- Xiaomi strictly controls the safety and compliance of apps. For each app, we conduct technical automated testing and manual testing for content compliance. For online apps, we carry out manual review and testing.
- Xiaomi APP Store enhanced the privacy compliance management of online apps. Together with the security team, we carried out a daily privacy compliance patrol, removed apps with excessive requests on user authority, and required the rectification.
- Xiaomi provided safe and reliable app download ports and recommended the apps listed on the White List by the Anti Network-Virus Alliance of China (ANVA) to create a reliable environment for app download.

Xiaomi actively promotes the privacy security of the industry. We joined the Mobile Security Alliance (MSA) and participated in the drafting of the *Specifications for Supplementary Device Identification of Smart Mobile Terminal*, in order to deal with the information security issue that IMEI code is easy to tampered with and use fraudulently, and ensure that users' data is not leaked or stolen.

International Standards – ISO 27001, ISO 27018 & ISO 29151

At the MIDC 2019, Xiaomi received certification for ISO 27001, ISO 27018, and ISO 29151.

MIDC Name Tags

We designed name tags for MIDC guests by using smashed materials from retired server hard disks.

Logistical Privacy Security

We use an anonymous number, instead of the user's real mobile number, in the logistical process to ensure that the user's mobile number is not disclosed. In 2019, this function was used in around 20,000 orders, 48,000 messages, and 20,000 phone calls.

For privacy security risks, Xiaomi has set up relevant emergency plans and processes, and a reporting mechanism to regulators. Our comprehensive management system protects user privacy.

Information Security Management

Xiaomi strictly complies with the *Cybersecurity Law of the People's Republic of China*《中華人民共和國網絡安全法》, *Regulations on the Management of Information Services for Mobile Internet Applications*《移動互聯網應用程序信息服務管理規定》and *Regulations on Technical Measures for Internet Security Protection*《互聯網安全保護技術措施規定》. We enforce information protection on our devices around six different aspects: certification, communication, hardware, firmware, system, and application.

Security Laboratories

Xiaomi established an AIoT Security and Privacy Lab where professional security personnel perform overall privacy security tests on all Mi AIoT devices before sale, including vulnerability detection and attack testing, various internal procedures, and control measures to reduce the risk of data leakage and user data protection.

4,465 security flaws & 99.5% repair rate

As of December 2019, the Xiaomi security team identified 4,465 security flaws with a 99.5% repair rate. With risk reduction measures as a precondition, all unrepaired security flaws were reported and followed-up by assigned person.

A Safe Ecosystem

- Xiaomi has formulated *Security Specifications on Xiaomi IoT Products*《小米IoT產品安全規範》 for our ecosystem partners. Within the security specifications, we list detailed security requirements and implementation methods to assist the develop capability of our partners in achieving high security standards.
- Xiaomi carries out the overall management and control of information security of suppliers, and requires the suppliers to make relevant improvements. We sign confidentiality agreements with suppliers, and ask them to fill in questionnaires for security technology testing. We carry out business cooperation only after the review and approval of suppliers' information security.

Xiaomi also encourages external personnel to actively participate in discovering vulnerabilities to jointly maintain a safe environment.
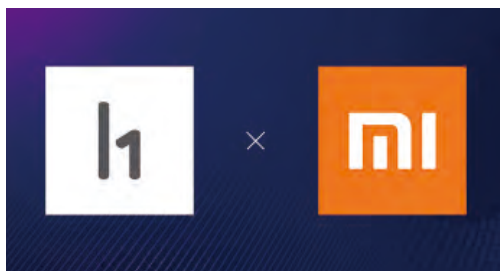
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At Xiaomi Security Center, Xiaomi shares knowledge on information security and rewards people with cash for detecting security vulnerabilities. In 2019, there were 476 reported external vulnerabilities.

In 2019, Xiaomi cooperated with Security Response Centers (SRC) of 12 enterprises and jointly organized the 1st White Hats Festival. Participants who submitted effective security weaknesses to SRC would receive a bonus, and a public welfare bonus would be sent to children in under-privileged areas by the corresponding SRC.

In cooperation with HackerOne, Xiaomi rewarded white hats* with varying bonuses for discovering security vulnerabilities and compromised information.

* White hats are ethical hackers who identify vulnerabilities in Internet or computer systems.

For more information about Xiaomi's privacy and information security management, please visit Xiaomi Security Center website. https://sec.xiaomi.com/

3.4 Intellectual Property (IP) Management

Xiaomi enforces strict and comprehensive IP management in accordance with relevant laws and regulations such as the *Patent Law of the People's Republic of China*《中華人民共和國專利法》, the *Trademark Law of the People's Republic of China*《中華人民共和國商標法》and *the CNNIC Domain Name Dispute Resolution Policy*《中國互聯網絡域名管理辦法》. We updated our trademark inquiry application process and joint brand management specification. While the Legal Department conducts IP management at the group level, each key department has specialist personnel to ensure effective implementation.

Xiaomi conducts strict IP management to protect our IP and avoid the infringement of IP rights of others. We enhanced the risk control of IP and trademarks through risk assessment and investigation, risk reduction strategies and measures, and compliance training etc. We formulated the IP rights investigation system and relevant processes for our overseas markets. Our professional legal team carries out IP risk investigation and preventive measures to reduce the risk before the sale or exhibition of our products overseas.

On the basis of negotiation with other companies, Xiaomi has initiated an innovative licensing model and entered into a number of licensing or cross-licensing agreements with well-known companies, including Oracle, Adobe, Qualcomm, Microsoft, Nokia, NTT DoCoMo and Via Licensing.

In 2019, Xiaomi received several IP related awards including the "Superior Company" in the National Intelligent Property and Beijing Intellectual Property Demonstration Unit etc.

mi 小米知识产权保护平台

Xiaomi respects IP rights and has an IP protection platform for reporting infringements. This provides a channel for public rights protection. Please visit Xiaomi IP protection platform for details. https://www.mi.com/static/intellectual/index.html

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3.5   Anti-Corruption

Anti-fraud

Xiaomi insists on zero tolerance towards fraud. We strictly abide by laws and regulations pertaining to anti-corruption and anti-bribery such as *Criminal Law of the People's Republic of China*《中華人民共和國刑法》, *Anti-Unfair Competition Law of the People's Republic of China* 《中華人民共和國反不正當競爭法》. We formed *the Anti-Corruption Convention for Employees of Xiaomi Corporation*《小米集团員工反腐公約》, *Avoidance of Conflict of Interest Management Regulation of Xiaomi Corporation*《小米集团避免利益衝突管理制度》, and *Employee Integrity Behavior Guidelines*《員工廉潔行為指引》. We prohibit all types of fraudulent activities, corruption, bribery, fraud, and other dishonest behaviors, as well as any other activities in violation of laws and regulations. Meanwhile, according to objective factors such as the development of the group, the change of the external environment and our business, we revise our regulations in a timely manner, and constantly strengthen our anti-fraud management and relevant practices, so as to ensure the effectiveness of our work.

In 2019, we continuously deepened anti-fraud management. We enhanced our supplier selection standards, strictly reviewed the qualifications of suppliers, and required new suppliers to sign *Integrity Commitments*. Meanwhile, we improved our business operation process and the bidding process. We strictly control the authority of our employees, clarify the division of responsibilities, and segregate the responsibilities of incompatible positions to prevent fraud at the source.

We continue to improve our fraud reporting and investigation system, and encourage the reporting of any (potential) fraud. When a reported case of fraud arises, an anti-fraud investigative team will handle the case in accordance with Xiaomi's internal rules and regulations. In 2019, Xiaomi released *Whistle Blowing Management Regulation of Xiaomi Corporation*《小米集团舉報管理制度》, which formed a closed-loop management process from receiving and accepting a case, to handling cases. We formulated *Whistleblower Reward Regulation of Xiaomi Corporation*《小米集团舉報人獎勵制度》to encourage and reward whistleblowers who disclose their identity, and the *Protection Regulation of Complaints and Complainants of Xiaomi Company*《小米公司投訴及投訴人保護制度》to protect the rights of complainants. Xiaomi's official whistle blowing channels include email, phone, and global reporting platform (integrity.com). The global reporting platform covers over 60 countries with more than 60 languages, and provides 24-hour service, 7 days a week, which is open to global employees, customers, investors and partners.

In 2019, Xiaomi updated the *Code of Conduct for Employees of Xiaomi Corporation*《小米集团員工行為準則》which is applicable for our global businesses. It defines the scope of our compliance management, and details the requirements of each employee's behavior. It provides relevant guidance and direction covering 5 aspects (respect, trust, integrity, transparency and responsibility) with 16 principles.

Xiaomi has actively participated in anti-fraud related organizations such as the Trust and Integrity Enterprise Alliance and the Chinese Corporate Anti-Fraud Alliance. Through information sharing mechanism among enterprises, we jointly conduct anti-corruption actions.

We publicize integrity culture through a compliance video, posters, compliance publicity month and other ways to strengthen the integrity and compliance awareness of our employees. In 2019, Xiaomi organized 60 online and offline training events for domestic and overseas employees, including anti-corruption, conflict of interest, gift receipt, and the *Code of Conduct for Employees of Xiaomi Corporation*. Around 10,000 employees participated. We also organized training and awareness raising for our employees above general manager grade on areas including anti-corruption, conflicts of interest and code of conduct.

At the supplier conference in 2019, we covered anti-fraud messages to suppliers and customers, emphasized Xiaomi's principle of "zero tolerance" for corruption, and proposed to work with suppliers and customers to maintain a healthy business ecosystem.

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Anti-money Laundering

Pursuant to the *Anti-Money Laundering Law of the People's Republic of China*《中華人民共和國反洗錢法》, the *Provisions of Financial Institutions on Anti-Money Laundering* and《金融機構反洗錢規定》, the *Measures for the Administration of Anti-Money Laundering and Anti-Terrorism Financing of Internet Financial Institutions (Provisional)* 《互聯網金融從業機構反洗錢和反恐怖融資管理辦法 (試行) 》, the Internal Control and Audit Department and the Treasury Department are jointly responsible for performing necessary actions for anti-money laundering compliance, including identifying and implementing controls over business operations that present risks of money laundering.

Xiaomi Finance established an Anti-Money Laundering and Counter-Terrorism Financing team, which is responsible for the formulation, implementation and revision of relevant management processes. With guidance from the team, the Risk Management Department implements anti-money laundering measures. An Anti-Money Laundering Officer has also been appointed to take charge of day-to-day activities in this regard.

Furthermore, the Risk Management Department conducts preliminary assessments and formulates targeted measures for any potential money laundering risk events. After handling risk events, an investigative team will produce a summary report of the event and propose measures to avoid further risks.
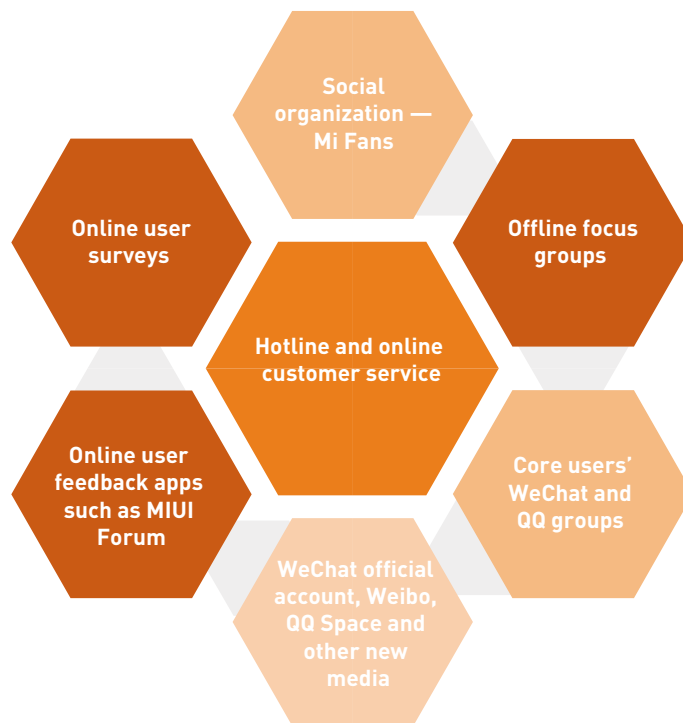
4.   Gift Sincerity to Our Users

At Xiaomi, our vision is to "be friends with our users, and be the coolest company in the hearts of our users." To fulfill that vision, Xiaomi sets its sights on becoming the most user-centric mobile internet company.

4.1   Deep Engagement

User Engagement

Users have always been at the heart of Xiaomi as it builds its user engagement program to connect, interact and become friends with them. We consult our users about many aspects of production, service, branding and sales so that they are engaged in creating a brand that they can access and own, and with which they can grow.

We have a special team dedicated to collecting, analyzing and reporting user feedback. The feedback analysis is leveraged to inform product upgrades and service improvements. As Xiaomi's official community forum, Mi Community offers diverse content to users, including product-related news and MIUI-related Tips and Tricks. It also provides a platform for users to share reviews, inspiration and feedback, and interact with one another.

In an effort to better improve user experience, Xiaomi holds internal user experience seminars to review, analyze and summarize the possibilities for user experience improvement. We collect user feedback through multiple channels such as Weibo, various forums, customer service, user research, etc., conduct in-depth analysis, formulate special internal experience projects, and make corresponding improvements.

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Taking MIUI as an example, in order to ensure the continuous improvement of the MIUI user experience, in 2019, we held 7 internal seminars themed "Make Friends with Users", 27 "Internal Feedback Sessions", and 24 "Weibo MIUI Leaders Online" communication events, collecting more than 1,000 pieces of effective user feedback on our business lines. Meanwhile, we have established a long-term mechanism where members from product, R&D, testing, and design teams participate in function development and acceptance tests before the launch of new functions throughout the development cycle. In order to truly understand the needs of users, we organize our team members to take turns to collect user opinions and answer questions from internal beta users.

User-friendly Features of MIUI

To "be friends with our users" is what drives us to continuously optimize MIUI. We hope to make the life of our users easier by continuously developing more user-friendly features in our product range. This year, MIUI 11 introduced an array of new, innovative user-friendly features:

Mi Share
enables file-sharing between devices running on Android-based ColorOs and Funtouch OS operating systems
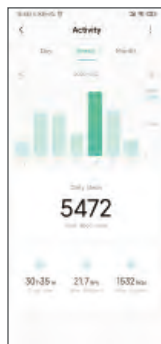
Mi Doc Viewer
allows users to view documents that are saved in different file types.

Wireless printing
allows users to print photos and PDF documents wirelessly, without having to install any additional apps, and supports more than 2,000 printer models.

MI Health
contains four sections — Sleep, Diet, Exercise and Mood. It can detect users' health-related data and provide them with health tips.

Dynamic Font Scaling
allows users to change the thickness and size of the characters according to their preferences using a slider. The text weight can be adjusted based on the content level and importance level, bringing a smoother reading experience.

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Screen Sharing

Three new options have been added to the screen sharing function:

— *Minimize window*: minimizes the window allowing users to use other functions on the phone;

— *Share with off-screen*: allows the sharing to continue even when the source device screen is turned off; and

— *Hide private items*: hides floating notifications, incoming calls and other private items on externally connected monitors.

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Mi Home

As Xiaomi's direct customer service and experience centers, Mi Homes present customers with a wide portfolio of selected new products for them to try out. We operated over 630 Mi Homes in mainland China as of December 31, 2019. To strengthen bonds with our users, Mi Homes organized a series of events, such as group hiking, mountain cleaning, and visiting nursing homes and welfare houses.

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4.2 Aftersales Services

Xiaomi has made unwavering efforts to provide our users with world-class aftersales service.

Repair & Maintenance Outlets

As of December 31, 2019, Xiaomi had over 500 outlets for carry-in repair, over 900 outlets for home service, and 6 national delivery repair centers. Our 8 spare-parts warehouses ensure the material supply and delivery time of the service outlets.

In 2019, to further improve our customer service, we upgraded over 200 repair and maintenance outlets, and incorporated a one-hour feedback resolution rate into our after-sales key performance indicators, applying a higher standard to our customer service. One-hour feedback resolution refers to either solving a customer's problem directly or giving a proper solution within an hour after receiving feedback from customers.

Service Model

Xiaomi continuously upgrades and diversifies its service model to improve user experience:

Face-to-face maintenance

- We have introduced the face-to-face maintenance service at more than 100 outlets nationwide. During the maintenance service, customers can observe the disassembly and maintenance process of their smartphones on-site, providing customers with a more reassuring service experience.

Delivery-repair

- We have established 6 national delivery-repair centers across mainland China and 29 provincial delivery-repair centers, providing consistent and convenient after-sales services for customers living in towns and counties.

Integrated delivery and installation

- We have set up delivery-installation warehouses in proximity to our Mi Homes in a bid to increase installation effectiveness and enhance user experience. Users who have purchased TVs from our Mi Homes or via Mi.com can enjoy seamless last-mile delivery and installation services.

We have also introduced an AI robot into Xiaomi's online aftersales service systems in 2019 to increase service efficiency and save users' time. This helps speed up the turnaround by automatically filtering and answering general and frequently asked customer inquiries, allowing our specialists to focus on handling more specific and personalized inquiries from customers.

Service Team

The principle of having the full Xiaomi team supporting the customer has been deeply integrated into Xiaomi's culture. This year, Xiaomi established a service coordination team comprising staff from the customer service, logistics and aftersales services departments to better manage cross-departmental service fulfillment. In 2019, the customer service hotline customer satisfaction rate was 96.82% and the corresponding figure for online customer service was 90.96%.

In preparation for the 2019 Singles' Day shopping festival, Xiaomi extensively deployed its employee pool, ramped up technical training and operational support, and devised a comprehensive emergency response plan to ensure smooth delivery of orders for the festival.

During the Single's Day shopping festival period, over

10,000

Training spots filled by staff

3,400

Staff supported

300,000

Couriers mobilized

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Social Recognition

Xiaomi has won wide recognition from both users and the industry for its excellent aftersales services.

China's Best Call Center by CNCCA

Top 10 Call Centers of the Year — 2019 Outstanding All-channel Customer Award by China Call Center

National Outstanding Entity of after-sales service in 2019

The Third National Outstanding Quality Service Award from the China Quality Association in 2019

4.3 Mi Fan Culture

Not only do we take great pride in our business achievements, but we are also proud of our "fan culture". Since the founding of Xiaomi in 2010, Mi Fans have spread across the world, and today, they can be found in every corner of the globe.

The Mi Fan Festival

In 2019, over 200 Mi Fans gathered in Beijing to celebrate Xiaomi's 9th birthday. Internationally, the 2019 Mi Fans festival was held in 22 countries and regions.

Mi Pop

"Mi Pop" is an initiative that includes organizing dozens of meetings for various fan clubs every year. In 2019, more than 25 events were organized.

Mi Postcard

Since Xiaomi was founded, we have sent out 100,000 handwritten postcards to our beloved Mi fans every year. To celebrate the 10th anniversary of our Mi Fans Culture, we created a set of special "2020 Explore Impossibility" voice postcards. Our senior management and employees invited their families to write their New Year wishes to our Mi fans. These neatly designed postcards were sent out along with Xiaomi's orders.

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AI Dorm Design Competition

In 2019, Xiaomi initiated the AI Dorm Design Competition this year. Through encouraging college students to create smart home designs, Xiaomi wishes for more young people to enjoy the fun of AI technologies.

4.4 Accessible Technology

According to statistics released by the China Disabled Persons' Federation, there are over 85 million disabled people in mainland China. Xiaomi believes that everyone has a full, equal right to access information. Standing at the forefront of accessible technology, Xiaomi has been committed to breaking information barriers and bridging any digital divide.

During the National People's Congress and the Chinese People's Political Consultative Conference held in March 2019, our Chairman and CEO, Mr. Lei Jun, put forward an information accessibility proposal — "Recommendations on Further Deepening the Implementation of Information Accessibility" — to advocate the importance of information accessibility. He pointed out that in the information age, the disabled and the elderly cannot be left behind, and gave a number of practical recommendations to the government based on Xiaomi's experience. Mr. Lei Jun's proposal was highly endorsed by UNESCO, China Association of the Blind and Internet Society of China.

At the 2019 World Summit on Information Society organized by the International Telecommunication Union (ITU), the United Nations Educational, Scientific, and Cultural Organization (UNESCO) and other organizations, Xiaomi's vice president Dr. Cui Baoqiu shared Xiaomi's experience in building accessible technologies and advocated that technology companies invest more resources on information accessibility to help everyone enjoy technology. Xiaomi's efforts were highly recognized by the general secretary, Mr. Zhao Houlin of ITU.
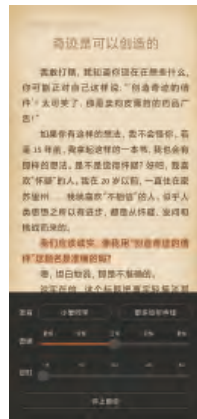
MIUI Accessibility Functions

To meet the diverse needs of our users, starting from MIUI8, Xiaomi has set up a special taskforce in support of the development of accessibility functions — involving over a thousand engineers from Xiaomi. We have formed one of the world's largest information accessibility communication groups to listen to the opinions of visually impaired groups and quickly respond to their needs through related product development. In an evaluation conducted by Ifeng.com, a global leading new media platform, Xiaomi's level of accessibility ranked first both in Chinese phone brands and in phone brands running on the Android operating system. Our dedication to accessibility has also inspired many other Internet companies.

MIUI11 has been continuously upgrading its accessible functionalities:

- Talkback, which is a screen reader built into Android devices that provides users with voice feedback to enable people with visual impairments to access smartphones — Xiaomi also added a voice tag to all key buttons;
- Universal remote controls with voice-prompt functionality; and
- The facial recognition and broadcast functions of the camera in accessible mode have been upgraded. In addition to prompting when the user's face is in view, it can now detect the number of people in view.

Furthermore, we have formed a cross-departmental VR team to develop an accessibility mode in Mi TV, and all our products are promoted to adapt to the AA* standard of the Web Content Accessibility Guidelines (WCAG)*. This helps optimize the accessibility experience of users by conforming to global website accessibility standards. Meanwhile, we use our app store's influence within the developer ecosystem, and encourage other developers in the market to respond to the adaptation and popularization of accessibility functions. Incentives include offering better exposure resources and VIP customer service.

In 2019, Xiaomi cooperated with another technology company to further improve the quality and experience of text-to-speech reading services offered by the Duokan Reading App, improving the reading experience for the visually impaired by achieving a high degree of accuracy, clear pronunciation and excellent sound quality.

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Xiaomi App Store has set up a specialized section for visually-impaired people, consisting of a total of 26 specially designed apps. This can be accessed from the homepage of the Xiaomi App Store.

*Notes:

1. Web Content Accessibility Guidelines (WCAG) is developed with a goal of providing a single shared standard for web content accessibility that meets the needs of individuals, organizations, and governments internationally. (Available at: http://www.w3.org/WAI/standards-guidelines/wcag/)
2. WCAG 2.0 consists of twelve guidelines organized under four principles (websites must be perceivable, operable, understandable, and robust). Each guideline has testable success criteria. In order to meet the needs of different groups and different situations, three levels of conformance are defined: A (lowest), AA, and AAA (highest). (Available at: https://www.w3.org/TR/WCAG20/)

The 257th Golden Mi Award — "See"

Xiaomi is committed to assisting quality small-to-medium developers focused on public welfare, and designed the Golden Mi Award to help promote such apps. The 257th Golden Mi Award was awarded to a game that simulates the visual and tactile sensations of the visually impaired — "See", so that players can experience the difficulties encountered in the daily life of visually impaired people. This helps to raise public awareness of accessibility.

In particular, to deepen our understanding of the needs of the visually-impaired, we invited visually impaired users to visit our headquarters at Nanjing and also to the Xiaomi Family Banquet, so they could have the opportunity to directly communicate with our management and engineers. We also incorporated information accessibility modules into Xiaomi's management trainee programs and played documentaries about people with disabilities in our Beijing and Nanjing offices for our product managers and engineers.

5.   Gift Freshness to Environment Management

By following a strategy of acting responsibly for our products and the environment, Xiaomi continuously minimizes the environmental impacts of its business operations. On this note, Xiaomi strictly abides by national environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China* 《中華人民共和國環境保護法》 and the *Energy Conservation Law of the People's Republic of China* 《中華人民共和國節約能源法》; and embraces the principle of green operations throughout its product life cycle management to make the most efficient use of resources and lower emissions. At the 2019 China E-commerce Conference, the Ministry of Commerce of the PRC started the *E-commerce Green Development Initiative* 《電子商務綠色發展倡議書》 to promote green consumption, green logistics, green packaging and recycling among e-commerce service providers. As one of the first companies to join this initiative, Xiaomi hopes to promote more green operation across the industry.

5.1   Green Operation and Management

Use of Resources and Energy

Xiaomi's main energy consumption comes from the operation of offices and data centers. In 2019, Xiaomi moved into Xiaomi Science and Technology Park, and adopted a green and energy-saving operation strategy and adopted a systematic approach for resource management. At the same time, on the product side, we actively promote the use and sale of energy-saving products through a variety of promotional methods, helping increase consumers' awareness of energy-saving products.

In the office area, we continue to raise employees' awareness about saving water, electricity and paper. In 2019, we invested in water-efficient facilities and utilized reclaimed water. In addition, we installed solar hot water systems to reduce our fuel-based energy consumption, and helped save paper through the adoption of double-sided printing.

We constructed the ground of our sidewalks, parking lots, and squares with permeable materials, and built outdoor green space 100mm below road level such that rainwater can better infiltrate into the green space to supplement underground water reserves.

Xiaomi has made great efforts in making its data centers more green and energy-efficient. For self-owned data centers, the measures we have taken include, but are not limited to: purchasing servers that demonstrate high power efficiency and energy-saving capability, as well as a platinum-grade consumption conversion rate; setting up a power consumption monitoring system to better manage power consumption; using water-cooled air conditioners for cooling; implementing waterside natural cooling technology in winter to lower energy consumption from chillers and using natural cooling in spring and autumn. Moreover, we are promoting the replacement of physical servers with more efficient cloud servers. Meanwhile, when renting data centers and cloud servers, their energy-saving performance has been one of our key criteria for selection.

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At Mi Homes, we have taken a series of environmentally friendly measures and initiatives. For example, we have used sustainable materials for the decoration of Mi Homes, gradually replaced plastic shopping bags with paper-based ones, and trialed electronic price tags in place of traditional, physical tags. At our events, we marked and designated bottles of water for guests as an initiative to reduce waste by ensuring that guests finish their own bottle before drinking from a new bottle. In order to boost sales of green products, we have made special-purpose promotional flyers covering 15 green product categories and distributed them to customers on-site.

We offer over 40 types of energy-saving products that meet relevant national subsidy policies in Mi.com. As of December 31, 2019, Xiaomi sold a total of 21,996 government-subsidized energy-saving products. We also recommended 16 types of green application in our App Store including green travel, bike sharing, and other environmental protection apps, which have attracted over 30 million views.

Waste Disposal

At Xiaomi, we pay close attention to waste disposal management and make an effort to continuously implement new measures for waste disposal. For example:

- We have deployed larger trash bins to help reduce the total number of bins needed in public areas. It is estimated that this has reduced the use of 937,500 disposable plastic bin liners in Xiaomi Science and Technology Park in 2019.
- Xiaomi is a strong advocate for garbage sorting, and has engaged with a professional waste-sorting company to process and sort daily waste produced in our office. Our kitchen waste is processed into granules for recycling purposes.
- We have chosen qualified companies to process waste toner cartridges, ink cartridges and lead-acid batteries and other hazardous waste. Before disposal, we follow appropriate procedures to clean up data stored in any waste devices to prevent any potential customer information leakage.

This year, our AI assistant "小愛同學" introduced the guidance function for garbage sorting, which has received wide acclaim from users. Meanwhile, we recommended 14 apps relating to garbage-sorting in our App Store, attracting over 20 million views.

Recycling Measures

We are committed to resource recycling. We implement a centralized system for recycling used office computers. For instance, personal computers that are no longer suitable for office use will either be donated or sold to staff internally or to recyclers. In 2019, 100 personal computers were donated, and 474 used personal computers were purchased by employees internally.

In addition, Xiaomi offers the Mi Exchange program for trading smartphones, Mi notebooks and Mi Pads in for new devices, promoting recycling of e-waste while benefiting customers.

Xiaomi also offers e-waste take-back and recycling services overseas. For instance, in India, when an electronic product reaches the end of its useful life, customers can return it to Xiaomi for recycling without having to pay any recycling fee.

5.2   Product Eco-designs

Energy-saving Designs

- **Ultra Power-saving Mode**: Through a synchronized process and by limiting back-end activities, the overall energy consumption of Xiaomi's operating system can be further reduced.
- **All Interface Dark Mode (MIUI)**: MIUI enables an interface in black, which significantly reduces power consumption in batteries.

Minimizing the Use of Packaging

To reduce packaging, this year, Xiaomi introduced One Paper Box packaging that uses only one sheet of paper to form a package compared to the normal package box that normally consist of an outer box and a plastic liner. This design saves up to 40% of packaging materials compared to ordinary packaging methods. The packaging size reduction and the simplified packaging procedure helps reduce transportation costs, inventory storage costs as well as labor costs. As of the end of 2019, we designed more than 10 different box types of One Paper Box packaging, and plan to apply it to more product types.

Taking Mi Bluetooth Speaker as an example, the original packaging was made up of an outer box and an inner lining, while the new paper box packaging is made up of only one piece of paper. This new packaging used 30% less material compared to the original design.

This year, we added environmental protection labels on the packaging of Xiaomi products as a new initiative to facilitate waste sorting and to raise public awareness of green packaging.

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Table of Environmental Key Performance Indicators

Unless otherwise specified, environmental key performance indicators cover the Group's main offices and self-operated Mi Homes in mainland China.

1.   *Emissions*

Total GHG emissions (Scope 1 and 2) (tons)	**22,782.26**
Direct GHG emissions (Scope 1) (tons)	283.42
Indirect GHG emissions (Scope 1) (tons)	22,498.84
Total GHG emissions in offices per floor area (tons per square meter)	**0.042**
Total GHG emissions in Mi Homes per floor area (tons per square meter)	**0.11**
Hazardous waste (tons)	**1.00**
Hazardous waste per employee (tons per employee)	**0.000066**
Non-hazardous waste (tons)	**1,457.94**
Non-hazardous waste per employee (tons per employee)	**0.07**

Notes:

1.   Since September 2019, some Xiaomi offices of Xiaomi in Beijing have moved into the Xiaomi Science and Technology Park. Therefore, the key environmental performance indicators for Xiaomi offices in Beijing this year include both the original offices and the Xiaomi Science and Technology Park.

2.   Due to its operational features, the significant air emissions of the Group are GHG emissions arising mainly from natural gas and electricity derived from fossil fuels.

3.   The Group's GHG inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions data is presented in carbon dioxide equivalent and is based on the "2017 Baseline Emission Factors for Regional Power Grids in China" issued by the Ministry of Ecology and Environment of the People's Republic of China, and the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" (2019 Edition) issued by the Intergovernmental Panel on Climate Change (IPCC).

4.   GHG emissions (Scope 1) arise mainly from the consumption of "direct energy" (natural gas) by the Group's operation. GHG emissions (Scope 2) arise mainly from the consumption of "indirect energy" (purchased or acquired electricity) by the Group's operation, which includes the electricity consumption of main offices and self-operated Mi Homes in mainland China.

5.   Hazardous waste produced by or during the Group's operation mainly includes waste fluorescent tubes, waste lead-acid accumulators, waste toner cartridges and waste ink cartridges from office printing equipment. Waste toner cartridges and waste ink cartridges are collected and disposed of by printing suppliers, whereas waste fluorescent tubes and waste lead-acid accumulators are disposed of by qualified waste recycling vendors.

6.   Non-hazardous waste produced by or during the Group's operation mainly includes office waste and domestic waste, which are disposed by the property management company.

2. *Energy and resources consumption*

Total comprehensive energy consumption (MWh)	**34,282.58**
Direct energy consumption (MWh)	1,449.47
Indirect energy consumption (MWh)	32,833.11
Total energy consumption in offices per employee (MWh per employee)	**1.61**
Total energy consumption in Mi Homes per floor area (MWh per square meter)	**0.18**
Running water consumption (tons)	**144,803.29**
Running water consumption per employee (tons per employee)	**9.38**
Total packaging materials used for finished products (tons)	**74,337.82**
Total packaging materials used for finished products per revenue in million RMB (tons/million RMB).	**0.36**

Notes:

1. Comprehensive energy consumption is calculated using electricity and natural gas data with reference to the coefficients in the National Standards of the People's Republic of China "General Principles for Calculation of the Comprehensive Energy Consumption IGB/T 2589-2008)".
2. Direct energy consumption arises from the consumption of natural gas during the Group's operation. Indirect energy consumption arises from the consumption of purchased electricity during the Group's operation.
3. The Group's water resources consumed come from the municipal water supply. For water resources, in 2019, the Company had no issues in sourcing water.
4. Total packaging material used for finished products is the total amount of packaging materials used for smartphones, TVs and major products of ecosystem products.

5.3 Green Supply chain

As a responsible core company of the supply value chain, Xiaomi hopes to work with partners to jointly improve the CSR performance of our partners. We hold our suppliers to high standards of excellence as are defined in relevant laws and recognized international standards and conventions. This year, accepting Xiaomi's CSR values has become an important consideration for supplier selection. At the same time, we also gradually carried out CSR audits on our core suppliers. On this basis, we provided suppliers with CSR management recommendations to help them further improve their management performance.

In accordance with relevant laws and regulations as well as comprehensive review of Xiaomi's CSR risks, under the guidance of the *Responsible Business Alliance Code of Conduct* (RBA，《責任商業聯盟行為準則》), *Supply Chain Sustainability Guideline Governing Telecom Industry* 《電信行業供應鏈可持續指南》, and other relevant international standards, Xiaomi has set up its own *Supplier Social Responsibility Code of Conduct* 《供應商社會責任行為準則》 and *Supplier Social Responsibility Agreement* 《供應商社會責任協議》 to impose CSR management requirements on suppliers. The requirements cover 13 dimensions, including business ethics, child labor protection, environment management, and labor rights. As of the end of 2019, 90% of our suppliers had signed the *Supplier Social Responsibility Agreement* 《供應商社會責任協議》with us. Meanwhile, in 2019, we conducted CSR audits on our key suppliers, covering the following five aspects: business ethics, labor, environmental protection, health and safety, and management systems. We put forward rectification requirements for all suppliers being audited targeting at identified potential risk, including conducting a root cause analysis of non-compliance, formulating rectification measures within one week upon receiving the audit report, and making monthly reports of improvement to us until the non-compliance matters have been successfully rectified. Xiaomi also conducted coaching sessions for audited suppliers on non-compliance matters to enhance the suppliers' understanding of social responsibility management.

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This year, Xiaomi established a Procurement Committee, introduced a new non-production procurement system for the group, and launched an online procurement platform to optimize procurement procedures and enhance supplier management. At the 2019 Xiaomi Core Supplier Conference, Xiaomi shared the concept of green supply chain and introduced its CSR management policies and achievements to more than 500 suppliers.

6.   Gift Happiness to Everyone

Xiaomi is committed to letting everyone in the world enjoy a better life through innovative technology. We cherish the wellbeing of every employee, and aim to promote happiness to all.

6.1   Employee Wellbeing
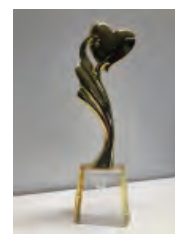
Recruitment and Employment

As of the end of 2019, we had 18,170 employees from 28 countries, working in over 30 countries. Our management and policies regarding recruitment, employment, dismissal, salary and benefits, attendance, equal opportunity, anti-discrimination and diversity are in strict accordance with the *Labor Law of the People's Republic of China* 《中華人民共和國勞動法》, *the Labor Contract Law of the People's Republic of China* 《中華人民共和國勞動合同法》, and other applicable laws and regulations and international practices of the regions where it operates. In 2019, we updated our Employee Handbook (《員工手冊》) to better ensure that key policies are clearly and consistently communicated, and we actively prepared for the establishment of Xiaomi's labor union in 2020 including setting up a labor union preparation team.

We embrace and adhere to the principles of fair competition and meritocracy. For recruitment processes and compensation determination, Xiaomi treats each job applicant and employee equally and does not discriminate based on his or her race, ethnicity, age, gender, marital status, religious belief, or any other inappropriate basis. Xiaomi engages in labor contracts with employees based on the principles of equality, free will, consensus and integrity.

We abide by the *Special Rules on Labor Protection of Female Employees* 《女職工勞動保護特別規定》 and safeguard female employees' rights and benefits during pregnancy, the perinatal period and lactation. To further that end, salary reduction or dismissal of female employees during these periods without reasonable justification is prohibited.

At Xiaomi, we greatly respect every employee's dignity and personality as we forbid any form of insult and discrimination, and strictly prohibit forced labor or bullying, insulting or exploitative behavior. We strictly forbid child labor. We have formulated relevant policies following applicable laws and established a set of procedures to avoid the risk of child labor.

Moreover, we actively promote equal opportunities in the way of employment of persons with disabilities, and have provided suitable jobs for 181 persons with disabilities from 2017 to 2019. We also provide occupational training and psychological counseling to employees in need, to address problems that they encounter at work and beyond. Our efforts have gained social recognition. In 2019, Xiaomi was awarded the "Enterprise Award for Caring and Helping the Disabled" by Beijing Social Security and Employment Service Center for the Disabled.

Health and Safety

Our employees are our most valuable assets and we place great importance on employees' health and safety. In accordance with *the Production Safety Law of the People's Republic of China* 《中華人民共和國安全生產法》, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* 《中華人民共和國職業病防治法》, the *Provisions on the Supervision and Administration of Occupational Health at Work Sites* 《工作場所職業衛生監督管理辦法》, and other national and regional laws and regulations and industry standards that apply, we established a series of work processes and policies to ensure the safety of employees and their property. To better respond to such emergencies as public security incidents, fire disasters, natural disasters, and serious failures of equipment and facilities, in 2019, we set up a project safety management emergency response working group and released the *Mi Project Emergency Response Manual* 《小米項目應急執行手冊》. We also actively promote employee safety in other countries and regions, for instance, in India, we provide transportation for all female employees working beyond 8:00 PM.

Employee Benefits

We continue to improve our benefit system for employees. In addition to social insurance and welfare prescribed by national and regional regulations, we actively promote the equity incentive mechanism. In 2019, the Board of Directors awarded a total of 77,911,031 Award Shares to Selected Participants, covering 1,136 person-times. In addition, to commemorate our inaugural entry on the Fortune Global 500 list, the Board resolved on July 19, 2019 to award a total of 20,538,000 Award Shares to 20,538 Selected Participants. Meanwhile, we provide supplementary commercial insurance, including medical and accident insurance, as well as additional insurance for employees participating in our corporate activities such as "Xiaomi Football Super League", "Xiaomi Basketball Super League" and "Xiaomi Outdoor". For employees' family members, additional commercial insurance plans are available for purchase. Employees are also entitled to free annual health checks, birthday benefits, and a Mid-autumn Festival gift box, gift boxes for the inaugural ceremonies of the Xiaomi Science and Technology Park as well as health-promoting seminars and activities. We also provide diversified benefits for our overseas employees. For instance, in India, we provide health insurance to all employees, and extend coverage to their spouse, parents/parents-in-law and children.

Notes:

1. "Selected Participants" refer to any Eligible Person approved for participation in the Share Award Scheme and who has been granted any Award pursuant to the Share Award Scheme."

2. "Eligible Person(s)"refers to any individual, being an employee (whether full time or part time), director (including executive, non-executive and independent non-executive directors), officer, consultant, advisor, distributor,contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliates (as defined in the Share Award Scheme) who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group.

In order to help employees better understand our company's medical benefits protection scheme, we have organized a series of activities for the Taikang Pension Service Month including online live courses, offline training sessions, departmental salons and other programs.

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Work Environment

Xiaomi strives to offer a safe and comfortable work environment for our employees. We value our employees' opinions, and provide a range of communication channels for our employees to lodge their feedback including an internal online platform, complaint boxes, Employee Committee and our WeChat official account.

In order to improve the air quality in our office space, we have placed more than 900 air purifiers and 19,720 green plants in the Xiaomi Science and Technology Park.

Talent Cultivation

Xiaomi attaches great importance to developing talents and firmly believes that whether it is in operation management, innovation, R&D or marketing, the fight for talent is at the core of its competiveness. In the process of rapid business development, Xiaomi cultivates key talents and provides comprehensive trainings for employees worldwide. Our training courses cover corporate culture, advanced science and technology, management skills, scientific thinking methods, etc., all aiming to help employees improve their professional and leadership skills.

On August 21, 2019, Xiaomi officially announced the establishment of Qinghe University. Centering on the group's strategic goals, we are committed to creating an enterprise university with Xiaomi's characteristics. When offering training to Xiaomi's management team at the beginning of 2020, our Chairman and CEO, Mr. Lei Jun, emphasized that the purpose for establishing Qinghe University is to fulfill the most important task of developing talents, training young talents, and empowering the organization with strong competitiveness. At the same time, we tailored training programs for different employee groups, for example, we have a "YOU" program for fresh graduates, the "Mi New Generation" program for management trainees, the "Spark Camp" program and the "Ignite Plan" for management.

In 2019, Xiaomi started the "YOU" program in Beijing, Wuhan and Nanjing for fresh graduate employees, with "YOU" standing for "Young, Outstanding, and Unique", and we believe our outstanding and young talents will form the foundation of Xiaomi's future success. The 6-month training aims to help newcomers quickly integrate into the Company and achieve all-round development by providing corporate culture and business training sessions, work experience in Mi Home, and team development activities. A total of 942 newcomers have already participated in this program.

The "MI New Generation" management trainee project aims to recruit and train outstanding fresh college graduates. The project deepens the management trainee's understanding of the Company and business through multi-dimensional trainings including 23 lectures given by industry experts, 9 themed seminars, customer service experience and other capacity-building activities.

The Spark Camp is a three-month training program for new managers. In 2019, 371 managers were trained. The training is divided into four parts covering lessons for managers, online reading clubs, management public lessons, and management debates. It aims to help new managers improve their skills and become excellent leaders in the following four areas: role positioning, goal achievement, people management, and team building.

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In addition, taking reference to Xiaomi's real management situations, our "Management Theme Month" offers management a platform to share their experiences, challenges, and feedback on key management issues so as to improve employees' leadership skills.

Talent Management

In order to further equip management level employees with strong comprehensive skills, stimulate overall organizational vitality, optimize inter-departmental coordination, and better support the Group's strategic execution, Xiaomi actively promotes the rotation of management level employees. The company provides a strong pre-post and mid-post empowering environment for rotating employees, and puts in place a series of mechanisms to maintain stable business operations.

At the same time, Xiaomi attaches great importance to the construction of talent teams, focusing on the establishment of reserve talent teams, the training of young employees, the introduction of external key talents and the cultivation of talents in key posts. By supporting high-potential talents and giving them more opportunities and space for professional development, the company's organizational capabilities and vitality are continuously improving, continuous innovations are made, and a talent base is guaranteed for the company's sustainable development.

Work-life Balance

Work-life balance is an important and highly valued culture at Xiaomi. Xiaomi has 37 employee-oriented clubs that organize frequent events for a wide range of themes and activities. In 2019, Xiaomi organized 22 festive celebration activities, over 780 recreational activities and over 200 annual competitions in a range of areas.

In particular, to enrich the lives of new employees and help them quickly adjust to the new environment, over 460 newcomers were invited to several landmark events this year, including the inaugural ceremony of the Xiaomi Science and Technology Park, press conferences for new product releases, and volunteering activities.

6.2 Social Contribution

Since its founding in 2010, Xiaomi has been committed to giving back to the community and has actively engaged in charity work. In 2019, Xiaomi systematically carried out community investment work in the fields of products and derivative responsibilities, employee participation, social participation and charitable donations, actively fulfilled corporate social responsibilities, and passed on happiness to society.
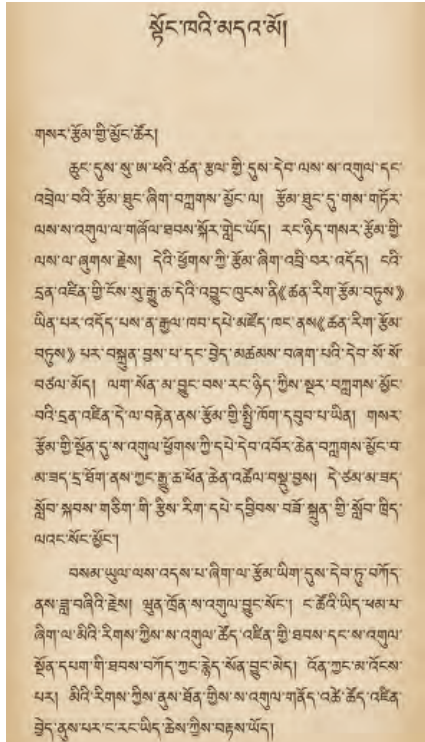
Product and Derivative Responsibilities
Xiaomi is constantly exploring the integration of public welfare and products in its innovation and development. We firmly believe that the combination of industrial advantages and social responsibility is an important way to continuously create social value.

Earthquake warning function: swiftly sending alerts to users about the arrival of an earthquake after the detection of earthquake shock-waves increases users' chance of escape. It not only informs users of the earthquake magnitude and the location of nearby shelters, but also send tips for proper emergency response measures. This function has been integrated into smartphones on MIUI 11 and Mi TVs. Xiaomi is the first company to integrate the earthquake alert function into its smartphone operating system and AIoT platform, and has announced that it will share its development experience with other technology companies for free. This function has covered 2.2 million square kilometers of earthquake-prone regions in China, accounting for 90% (over 660 million people) of China's earthquake-prone regions. We will continue to expand the coverage of our earthquake warning services.

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Tibetan language reading services: Xiaomi is the first in the industry to apply refined Tibetan typesetting, which allows Tibetan users to experience high-quality digital reading services. Moreover, to address the Tibetan users' difficulty in finding Tibetan books, Duokan Reading will partner with relevant Tibetan publishing institutions to introduce native Tibetan reading materials. It plans to offer more quality content by fully using its digital strengths including launching a special catalogue on Duokan Reading app. Furthermore, Duokan Reading will increase subsidies in order to provide users with more free Tibetan reading materials. In addition, to better meet the learning needs of local children, Xiaomi converted 100,000 paper books into e-books using its Duokan Reading App and sent children in Lhasa 50 VIP reading accounts.

Public welfare startup ads: Xiaomi received a thank you note from the International Fund for Animal Welfare for Xiaomi's support of wildlife protection through advocating wildlife protection in startup ads of Xiaomi TV.

The Xiaomi Game Center actively supports identity verification and child protection. Games operated on the Xiaomi Game Center's platform all apply identity verification for users during user login and payment. It also places restrictions on the length of time spent playing and payments of minor users. For instance, if you are a minor user, the daily time spent on games during public holidays shall not exceed 180 minutes, and during non-holiday time shall not exceed 90 minutes. In addition, children under the age of eight are forbidden to make payments in games.

Employee Participation

Our employees actively participate in social public welfare activities and Xiaomi actively creates platforms and opportunities for employees to contribute personally to public welfare.

Xiaomi worked with the NGO "New Citizen Program" to support the Weilan Library program, a public welfare project aimed at providing migrant children with extracurricular books. We launched fundraising within the company to purchase well-selected books, and guaranteed the book supplies of the 7th Weilan Library throughout the year. We also encouraged our employees to actively participate in the Weilan Library volunteer project by serving as volunteer library assistants during lunch break. In addition, we welcomed "left-behind children" (children who live in the village while their parents work in cities to earn money and provide for their families) from the New Citizens Program to Beijing and to our company, hoping that the experience of modern technology can ignite dreams in their hearts for a better future.

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Social Participation

Xiaomi actively participates in and organizes social welfare activities on an international scale, and hopes that through its own efforts, it will have a positive impact on social welfare.

Disability employment project: We cooperated with social enterprises to conduct employment project for physically-impaired people and provided 19 jobs in Xiao AI Mark for physically and visually-impaired people. In addition, together with Qualcomm, we provided training support for disabled employees. We will provide more jobs for physically-impaired people in our AI businesses.

Mi Orange Run: In December 2019, Xiaomi, together with a number of UK charities, organized a charity run called 'Helping Handsets'. The aim of the run was to encourage people to donate their unused phones to charities and raise citizen awareness about recycling. Dressed in Xiaomi's signature color of orange, Mi fans from London enjoyed taking part in the charity campaign, where many participants donated their unused phones.

"Save the Lake" initiative: Xiaomi India joined the "Save the Lake" initiative, and has helped with the restoration of the lake Kempambudhi by cleaning, planting saplings and carrying out construction projects on the shores of the lake. Xiaomi India even launched a phone in lake blue to support this cause. In another water-saving initiative, Xiaomi India donated INR7.665 million and planted over 180,000 trees to revive a dying river — Cauvery Calling, which supports the lives of 84 million people.

Charity Donation

Xiaomi is devoted to giving back to society and actively carries out social welfare donation projects. In 2019, Xiaomi donated approximately RMB22 million, and organized various public welfare activities. In 2019, Xiaomi was awarded the "Award of Excellence 2018/2019" by the Community Chest for its excellent charity work.

(1)   Poverty alleviation

In 2019, we have given our support to the following key projects for the cause of poverty alleviation:

- Donated RMB100,000 to support students living in poverty in Keyouqianqi, Inner Mongolia;
- Donated RMB100,000 to set up the "Xiaomi" education fund for Dongfa Village, Fuyuan City, Heilongjiang Province;
- Contributed a total of RMB80,000 raised from domestic charity sales to a public welfare program — "Teach for China";
- During the Singles' Day period, our employees collected and sold 250kg of abandoned courier boxes and donated the money gained to "left-behind children";
- Donated 500 items through the employee flea market activity; and
- Gave primary school students from less-privileged family backgrounds the chance to experience advanced technology products in local Mi Homes

(2)   Social donation

From 2016–2019, Xiaomi donated over 80,000 books to schools, over 1,000 sets of stationary and more than 100 computers to 20 schools in Tibet and Xinjiang, and built 20 Mi Libraries for local students, benefiting over 20,000 students.

In 2019, Xiaomi India cooperated with a local community organization and donated 110,000 notebooks to underprivileged children across India, creating the Guinness World Record for the world's "Largest single donation of school supplies in 24 hours".

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In 2019, Xiaomi India donated INR1,500,000 in support of the disaster relief for the Assam Flood, and set up Mi Charging stations across cities for citizens affected by cyclone Fani.

Xiaomi India has been committed to raising public awareness about Dengue Fever through providing educational programs on a local TV channel, and provided Dengue Fever Protection kits to a total of 16,000 underprivileged children in Bangalore and Mumbai as well as medical insurance worth INR23,000 to any child being diagnosed with Dengue Fever.

(3)   Exploration for win-win cooperation

Led by the Corporate Social Responsibility Team of the Xiaomi Group's Public Relations Department, Xiaomi donated two batches of goods to the social enterprise Shanghai Shantao Charity Store. Together with Shantao, we will explore the win-win situation when bringing together the unused goods in circulation, community charity shops, and the need to address community disability employment. Meanwhile, we're innovating a model of public welfare and exploring sustainable operation models of win-win cooperation.

In cooperation with Shanghai Youren Foundation and Beijing Shengbo Disability Social Service Center, our Corporate Social Responsibility Team of the Public Relations Department, donated engineering machines to Yinchuan City, Ningxia province and Baiyin City, Gansu province, and launched smartphone teaching projects to assist more people with visual impairment to enter the era of smartphones and experience the convenience and equal experience brought by smartphones, smart speakers, and smart home products. The project explores peer-to-peer teaching assistance models for the physically-impaired. At the same time, donations have reduced e-waste and extended the life of mobile phones. This donation-education model has attracted the attention of the China Federation of Disabled Persons across the country.

(4)   The Xiaomi Public Welfare Foundation

In 2019, The Xiaomi Public Welfare Foundation was established and organized a series of public welfare projects, aiming to make a greater contribution to the fields of poverty alleviation, educational support as well as disaster relief.

On August 13, 2019, Xiaomi set up the "Xiaomi Education Fund" for Dongfa Village, Fuyuan City, Heilongjiang Province. The program set special education funds for orphans, minors from disaster-stricken families, and education grants for high school students being admitted to universities.

On October 16, 2019, Xiaomi donated 29,000 copies of selected children's books to six schools in Hetian City, Xinjiang province, a national level designated poverty-stricken area.

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On June 17, 2019, a magnitude 6.0 earthquake hit Changning County, Yibin, Sichuan province, killing 13 people and affecting more than 240,000 people. Xiaomi transported a large amount of relief material including interphones, mobile power supply, LED flashlights and umbrellas to the disaster area within 24 hours of the disaster.

Typhoon Lekima landed on the coast of Zhejiang Province on August 10, 2019, affecting a number of provinces in China with a maximum wind force of 16. In response to Typhoon Lekima, Xiaomi developed a cross-departmental disaster relief plan. Meanwhile, free services to citizens in earthquake-stricken areas such as free charging and free drinking water was provided in local Mi Homes.

In 2019, public service advertisements have been added to the startup ads of Xiaomi TV. From September 1st to November 27th, these ads were played 271 million times, reaching 57.2 million people.

In 2019, we organized visits to nursing homes to help the elderly with chores and familiarize them with the basic functions of technological products such as smartphone.