



XIAOMI CORPORATION

2020 Sustainability Report

About Xiaomi

At Xiaomi, our mission is to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. We are a global technology leader, headquartered in China, offering smartphones, Internet of Things (IoT), smart TVs and other consumer electronic products and services. We have more than 23,000 employees around the world including France, Finland, India, Mexico and Germany.

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Introduction from our Chairman and CEO

Dear investors and friends: This is our first Sustainability Report, and will be the first of many.

From the moment we set up this company in 2010, Xiaomi is committed to improving the world we live in. In 2020, we joined the United Nations Global Compact and committed to its ten stipulated principles of corporate responsibility.

From the start, our mission has been to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology.

We firmly believe that affordable technology improves lives and wellbeing, and a connected world is better than an isolated one. The pandemic that swept the globe in 2020 proves this point very clearly.

As schools and offices in every continent were closed and we retreated to our homes, affordable technology has kept us connected to our friends, our family, our colleagues, and kept our children connected to their teachers.

And our high-quality, honestly-priced smartphones and smart devices helped facilitate that. Last year we sold our products in more than 90 countries. That is 90 countries in which our technology was used to keep people connected while in isolation.

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Affordable
technology
improves lives and
wellbeing

You can read more about our response to Covid-19 in this report. You can also read about how sustainability at Xiaomi is governed from top to bottom, how we treat our employees and suppliers, how we interact with our communities and our response to the global environmental challenges.

And it is on that issue, the environment, that I would now like to focus on.

We are aware of our obligation to be more environmentally friendly and keep our products and materials in use for as long as reasonably possible. So, we have been working to design-out waste from and increase the longevity of our products. This can be seen in our movement towards plastic-free packaging. Our Mi 10T and Mi 10T Pro, for example, has 60% less plastic in its packaging than its predecessor, and the Mi Band 4C comes in an award-winning all-paper carton.

By the end of 2021, we will be able to collect and recycle our products in China, India and Europe. We are also changing the design of our products so they can be fixed more easily, rather than thrown away.

And I would like to state clearly that as a company, we are on a pathway to carbon neutrality and making a greater contribution to the circular economy through innovation in the whole value chain. It is a journey we are fully committed to.

At this point, it would be wrong not to mention a new direction the company is taking. In March this year, we announced the start of our new smart electric vehicle business. We are investing \$10 billion over the next decade



in this vital area which we firmly believe will make a huge difference not only for Mi Fans but by making an important contribution to the low carbon economy.

We are a young company, just 11 years old. We have a long journey ahead of us.

And that journey must be sustainable.

Lei Jun

Lei Jun

Chairman and CEO, Xiaomi
July, 2021

Our approach to sustainability

At the heart of Xiaomi is our mission to enhance people's lives through technology. We do this by keeping our prices honest, by engaging our customers in a friendly way, and by contributing to sustainable development.

We regularly conduct materiality analyses to determine the issues that we should focus on in our sustainability strategy. It is those material issues that we cover in this report.

Materiality matrix



Stakeholder engagement

We engage our stakeholders across a wide range of issues to gather their inputs into what Xiaomi should focus on.

Key stakeholders	Major communication channels
Governments and regulators	Regular inquiries, policy consultation, high-level meetings, event reporting, on-site inspection, information disclosure, meetings with government agencies
Investors	Annual general meetings, annual reports/interim reports, results announcements, meetings with investors, news releases/announcements, surveys and questionnaires
Consumers and users	Official website, social networking platforms such as Mi Community, instant messaging software, customer service hotline, press conferences, social media, activities and programs
Employees	Employee communication meetings, labor union activities, employee hotline, official email, complaint boxes, instant messaging software
Suppliers and partners	Supplier conferences, communication meetings with partners, business negotiations, on-site research, project cooperation
Media and NGOs	Social media, press conferences and news releases, interviews, surveys and questionnaires
Communities	Community activities, press conferences, public welfare activities, social media participation

Our approach to sustainability
continued

SUSTAINABILITY STRATEGY

When deciding on our strategy, we take into account the views of our stakeholders, the issues determined to be material by our analysis and the wider international sustainable development frameworks, such as the United Nations Sustainable Development Goals (UNSDGs).

From this, we determine that our sustainability strategy and contribution to sustainable development focuses on:

 <p>17 PARTNERSHIPS FOR THE GOALS</p> <p>Governance and ethics</p>	 <p>15 LIFE ON LAND</p> <p>The environment</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Community contribution</p> <p>Products and customers</p> <p>Supply chain</p>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Community contribution</p>	 <p>10 REDUCED INEQUALITIES</p> <p>Products and customers</p> <p>Employees</p>	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Employees</p>
 <p>4 QUALITY EDUCATION</p> <p>Community contribution</p> <p>Employees</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p> <p>Employees</p>	



From 2020, we have become a proud member of the United Nations Global Compact and commit to report information according to their ten sustainability principles on an annual basis. These cover human rights, labor, the environment and anti-corruption. This report provides information on these areas.

Our approach to sustainability governance

In 2020, Xiaomi established an Environmental, Social and Governance (ESG) governance structure at all levels of the company including our Board, management, and delivery teams.

The Board of Directors has agreed that the Corporate Governance Committee (the CGC), on behalf of the Board of Directors, will oversee sustainability issues at Xiaomi, which is referred to internally as ESG. The CGC regularly discusses ESG with the board and provides guidelines and recommendations to the ESG working group. The ESG team and managers of each business unit across the company constitute the ESG working group to coordinate resources for effective enforcement of ESG policies. The ESG team works with relevant functional teams to implement the Group's ESG strategy and policies.

Meanwhile, Xiaomi has streamlined the working mechanism and standardized the process. The ESG executive managers report to the CGC on the progress and the proposals of plans and targets for the next step.

The company has a three-line defense model of risk which is overseen by the Audit Committee. The Internal Audit team conducts independent reviews of the adequacy and effectiveness of the risk management and internal control systems annually and presents its findings and recommendations to the Audit Committee. The material risks to Xiaomi over the last two years have been:

1. Competition, regulation and technology innovation
2. Compliance
3. Supply chain
4. Product and service quality
5. Information security and privacy risk

Our approach to sustainability governance
continued

OUR PURPOSE AND RESPONSE TO COVID-19

In a year like no other, 2020 tested our goal and purpose to improve people's lives with affordable and innovative technology. Our response to the Covid-19 pandemic has reaffirmed the core value of our ideals. Our products helped our customers throughout the pandemic. For example, our smartphones have been used by millions of people to video call with friends and families. They have been used to aid home-schooling and homeworking. Throughout 2020, technology has made a difficult situation more bearable.

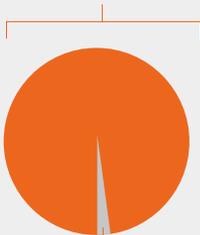
And, when the pandemic hit, we were able to use our technology and skills to help our employees, our suppliers and our communities. We were quickly able to set up infrared thermometers at the perimeter of our campus to screen all employees for high temperatures. We were also able to put in place a range of measures to help our employees, from regular deep cleaning of all premises to vouchers giving employees and their families access to medical advice and care.

Donations to help people in China and beyond

We did not have to reduce our workforce in any location through the pandemic. Instead, we continued to recruit. We encouraged employees to work from home to keep themselves and their families safe. Due to the geographical footprint of our business, we were in a position to make donations to help people across the world. Over the course of 2020, we distributed 2.7 million masks, 50,000 pairs of disposable gloves, 28,000 protective suits and various other epidemic-related equipment to more than 40 countries and territories.

DATA

2.7 million
Masks donated by Xiaomi to the people in China



50,000
Pairs of disposable gloves donated by Xiaomi

40
Countries that received Xiaomi's donations



OUR RESPONSE TO THE PANDEMIC IN EUROPE

Mask donation in Europe

During the rise of Covid-19, Xiaomi coordinated the donation of more than 800,000 protective masks and clothing, and air purifiers to the following countries, Spain, Italy, France, Germany, Belgium, Luxembourg, the Netherlands, Poland, Romania and the UK.

Home-school help in Spain

When Spain went into lockdown, teachers had to conduct classes online. But not all students had the necessary technology. So, Xiaomi Spain donated 1,000 smartphones to the Spanish Ministry of Education, who distributed them to students across Spain.

DATA

800,000
Protective masks donated in Europe



1,000
Smartphones donated to students across ten regions of Spain

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Throughout 2020, technology has made a difficult situation more bearable

Our approach to anti-bribery and corruption

Xiaomi is determined to be a good corporate citizen and has zero tolerance towards bribery, corruption, fraud and any form of dishonest behavior. We protect whistleblowers and work to ensure that all employees feel free to call out any wrongdoing and corrupt behavior.

We have training programs in place to ensure that employees and suppliers are able to identify corrupt behavior when they see it and know how to report it. We also have robust procedures in place to prevent employee fraud.

We are committed to the United Nations Sustainable Development Goals, and our anti-bribery and corruption policies correlate to SDG 16.5.

Training of employees, suppliers, and third parties

We ensure that employees and suppliers are fully aware of our anti-bribery and corruption policies. Everybody who works at Xiaomi is obliged to abide by the Anti-Corruption Convention for Employees, Conflict of Interest Management Regulation, and the Employee Integrity Behavior Guidelines. All of employees must sign up to our Employee Handbook which includes our requirements for business ethics.

We are constantly updating and revising our anti-fraud, anti-bribery and anti-corruption practices to ensure their effectiveness.

To avoid corruption when dealing with suppliers and third

parties, we have implemented robust protection measures in our bidding processes. We strictly control the authorization levels of our employees, clarify the division of responsibilities, and identify conflicts to prevent fraud at the source.

All our suppliers and business partners are required to adhere to our Supplier Social Responsibility Code of Conduct and sign their commitment via the Supplier Social Responsibility Agreement. Our sustainability requirements, including anti-bribery and corruption and human rights, are outlined in the agreements. In cases of non-compliance, parties must rectify the fault or we will terminate the business arrangement.



All employees feel free to call out wrong-doing

Xiaomi actively participates in anti-fraud related organizations such as Chinese Industry Associations Trust and Integrity Enterprise Alliance and the Chinese Corporate Anti-Fraud Alliance with whom we share best practice about how to safeguard users' data.

Whistleblowing and raising complaints

We have robust whistleblowing management procedures in place including our Regulation on Whistleblower Reward for whistleblowers who go on the record. Our Regulation on Whistleblower Protection ensures the rights of all whistleblowers and guarantees anonymity to those that want it.

Xiaomi's official whistleblowing channels include email, phone, and our international reporting platform. The platform, which is hosted by independent ethics and compliance software provider LRN Global, covers over 60 countries and 60 languages and is always open. It accepts information from employees, customers, investors and partners.

DATA



60

Countries covered by Xiaomi's global reporting platform

CODE OF CONDUCT

Our Employee Code of Conduct details the values and behaviors of the corporation that all employees are expected to read, understand, and comply with.

The document went through a thorough revision in 2019. It is also regularly updated in line with relevant changes in laws and regulations and covers all areas of corporate life at Xiaomi, from our values as a company to our responsibilities towards the environment.

As well as this, the Code signals behaviors required with regard to the avoidance of conflicts of interest; prohibition of insider trading; anti-corruption; anti-bribery; dealing with business partners and suppliers; unfair competition and antitrust; compliance with international trade controls; and anti-money laundering. All of our employees are trained every year, and also undergo mandatory training in information security and privacy.

All employees are explicitly told that if any of the policies are unclear it is their duty to seek guidance from a line manager, Human Resources or the Legal team.

HUMAN RIGHTS

We accept and uphold the United Nations Declaration of Human Rights and comply with all relevant laws and regulations in the jurisdictions in which we operate. We require our suppliers to abide by relevant rules and regulations and have integrated human rights compliance into our supply chain assessment and audits. We also uphold the principles of human rights required by our membership of the UN Global Compact.

Our products and our customers

Our approach

At Xiaomi, our mission is clear: to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. We aim to be friends with our users, and be the coolest company to them.

That's why we have developed an innovation mindset throughout the company. It's why we strive for increasingly better customer service and it's why we continually engage our Mi Fans in our values, to help us advance our mission.

Through our strategy and customer commitment, we contribute to the following United Nations Sustainable Development Goals:



OUR PRODUCTS

We love to develop amazing products with honest prices, and we are committed to keeping our technology affordable. With our ethos of meeting 80% of the needs of 80% of the population, it's important to us that our prices are competitive. We aim to always develop high-quality products without unnecessary costs. It's our pledge to ensure that the net profit margin of the Xiaomi Hardware Business, which includes smartphones, IoT products and lifestyle products, is limited to a maximum of 5% a year. Any excess profit is returned to customers via promotions and benefits. We have a key focus on innovation and the research and development we do throughout the business helps to deliver on our customer promise. For that reason, we were proud to be included on Clarivate Analytics' prestigious Top 100 Global Innovators list in 2020. This is the third time we've been included.

DATA



The percentage limit of Xiaomi's net profit margin. The rest will be returned to our users



TOP 100

Xiaomi named in Clarivate Analytics' prestigious Top 100 Global Innovators list in 2020 for the third year

CASE STUDY

PRODUCTS SUPPORTING OUR SUSTAINABILITY STRATEGY



Our Mi 10T and Mi 10T Pro series of smartphones showcase the plastic reduction in our products. And in addition, to protect the health of users, they come with a free antibacterial case and screen protector in the box.



Our Mi Band 5 is a worldwide top-selling wearable device which can offer more than two weeks of battery life between charges. It can monitor 11 different exercise and sports activities and has a 24-hour heart rate monitoring feature, and it's sold at an affordable price point.



Our air purifiers quickly remove contaminants in a room to improve indoor air quality, such as dust, PM2.5, pollen, TVOCs, and pet dander. It also reduces or eliminates second-hand tobacco smoke.

THE XIAOMI APPROACH TO INNOVATION

The nature of our mission and customer promise means that product quality is at the core of our strategy and the development of innovative new products is central to our success as a business.

We drive the innovation process within the company through our technology committee which we set up in 2019. This ensures that we address the whole ecosystem of technological innovation, thinking through strategy, organization, talent, and culture and cooperation of our industry.

Smart manufacturing

In 2019, we used the valuable experience gained over years of collaboration with our manufacturing partners to develop a 'smart' factory - one which is largely automated and operates with industrial robots. We have now developed a fully automated production line for our flagship smartphones using cutting-edge technologies. Our automation level reached 63% in 2020 with improvement expected in future years.

Research and development

We ensure quality and innovation by investing in our people and our intellectual property.

In 2020, we invested RMB 9.3 billion (\$1.3 billion) in research and development and submitted more than 8,000 patent applications. We filed 516 of our applications under the Hague System of international design, making us the fifth-biggest user of the system that year. It's the first time a

company based in China has made it to the top five. By the end of 2020, we had accumulated more than 19,000 patents in total.

We are continuing to increase our investment in R&D and now have a network of 9 R&D centers and almost 200 labs. While most of these are in China, we are setting up a global network and now have labs in Finland, India, France and Japan. In 2020 we set up a special R&D team dedicated to making our products more environmentally friendly.

Our labs cover testing in a wide range of technical fields including RF (radio frequency), antenna, EMC (Electro Magnetic Compatibility), ESD (Electro-Static discharge), SAR (Specific Absorption Rate), security and privacy, and acoustic, along with dozens of different professional and technical fields.

We also have multiple licensing and cross-licensing agreements in place with some of the world's most well-known tech companies, including Google, Microsoft, Amazon, Qualcomm, Netflix and Nokia.

We are keen to develop new ideas, wherever they come from. Therefore, it is our policy to invest in and incubate promising companies, particularly in the fields of mobile internet and IoT. As of December 31, 2020, we had invested in more than 310 companies with an aggregate book value of RMB 48 billion (\$7 billion), an increase of 60.1% year-over-year.

During 2020, a number of our investee companies, namely Ninebot Limited, and Roborock, successfully listed on public stock exchanges, a further testament to the success of our ecosystem strategy. Ninebot owns the personal

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Product quality is at the core of our strategy

XIAOMI APPROACH TO INNOVATION



DATA



Percentage level of automation of smart manufacture in 2020

transportation brand Segway.

We will continue to leverage our resources and advantages to empower our ecosystem product companies and transform more manufacturing industries.

All of this makes us one of the most innovative global tech companies based in China, with the awards to prove it.



Smart electric vehicles: the next ten years

In March 2021 our founder, chairman and CEO, Lei Jun outlined some of our objectives for the next ten years. The most significant is our decision to move into the smart electric vehicle market. We plan to invest an estimated amount of \$10 billion into this business over the next decade.

This is an important next step for Xiaomi and one that we believe will make us a company that manufactures products designed specifically for the low carbon economy of the future. Entering into this business will allow us to continue to expand our smart AIoT ecosystem and fulfill our mission of letting everyone in the world enjoy a better life through innovative technology.



One of the 50 smartest companies

Xiaomi were placed on the Clarivate Analytics Top 100 Innovation List in 2019, 2020 and 2021, and we ranked 24th in the Boston Consulting Group's 2020 Global 50 Innovators list. We were named one of '50 Smartest Companies' (TR50) by the Massachusetts Institute of Technology Review at the EmTech China 2020 Global Kexing Technology Summit.

CASE STUDY

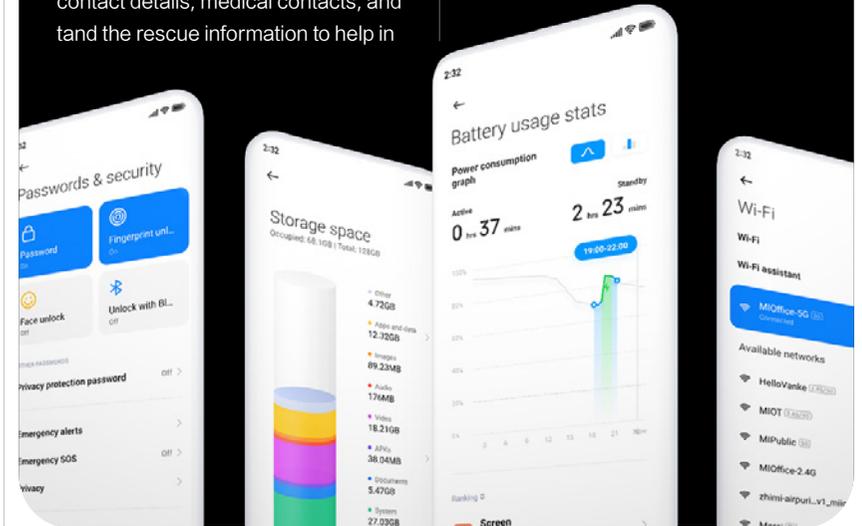
PROVIDING SOLUTIONS TO GLOBAL ISSUES

As part of our commitment to contribute to the UN Sustainable Development Goals, we have become a partner in the development of an earthquake early warning system. In China, and available soon in other countries with earthquake zones, our smartphones running the MIUI (11 and above) system and MI TVs can notify consumers within seconds of an earthquake occurring. The alert also provides information about the nearest emergency shelter, emergency contact details, medical contacts, and tandard the rescue information to help in

critical situations.

The project was nominated in The Best Mobile Innovation supporting Emergency or Humanitarian Situations category of the MWC awards, run by the Mobile World Congress, a major annual industry event.

During 2020, the Xiaomi MIUI Earthquake Alert detected 29 earthquakes above magnitude 4.0 and sent out more than 9.4 million alerts.



OUR CUSTOMERS

At Xiaomi, our customers drive us to innovate and deliver on our vision to "be the coolest company in the world with amazing products". Their engagement in what we do is vital, so we focus on developing the Mi Fans culture. It is our fans who help us develop the functionality of our products. We consider them to be like family and share our values of "sincerity and love" with them. That's why we strive for excellent customer service and fix problems as quickly as possible. We want everybody to be able to use our products, therefore we work hard to ensure that accessibility functions are easily available, and advocate for the rest of the tech community to do the same.



Our customers
drive us to
innovate

MI FANS

Our customers define us, and we are particularly proud of our fan culture. More than 120 million Mi Fans can be found in every corner of the world. We are not only selling products, we are also delivering a sense of community with our users. Some of the programs we're pleased to have engaged our users with throughout the year include:

Mi Renovation

A project to support users living with pain to upgrade their homes with Xiaomi home smart devices to help provide families with comfortable and efficient dream-homes. To date, we have successfully completed projects in Russia, Germany and Thailand and look forward to rolling out the project in Vietnam, France and Mexico during 2021.

ShotbyMi

Photo and film competition for Mi Fans to showcase their filming talents using Xiaomi smartphones.

Protecting young users

To ensure that user levels are safe for children, we have implemented controls on our Game Center for users in China. Identity verification for users is applied for all games on the platform during login and payment. Restrictions are placed on the length of time spent playing, and controls are in place to prevent payments by children under eight years old. Outside of China, all of our Android devices are fully compatible with Google's child-protection ecosystem which restricts inappropriate internet content and allows parents to monitor and restrict app use.



CUSTOMER CARE AND SATISFACTION

Our fans and customers expect great products and a positive customer experience. When a customer buys a Xiaomi product, they are buying into a whole network of innovation and support.

We ensure that our after-sales service is truly world-class, and we constantly review our repair and maintenance services to ensure they are as helpful and effective as possible.

By the end of 2020, we had 656 outlets for carry-in repair, 1,533 outlets for home service, 18 delivery repair centers and eight spare parts warehouses.

In 2020, in an effort to improve the response time of our after-sales service, we launched two fast-response services and incorporated response time into the evaluation criteria of our after-sales service teams. Our one-hour service allows a quick turn-around service in store, and a two-hour response service where a specialist will contact the user to schedule an appointment.

We are also able to provide a service where technicians will disassemble and repair products in front of customers to give them a more reassuring after-sales experience.

It is our strategy to open more stores and repair points across the world and further improve our customer experience.

DATA

656

Xiaomi outlets that undertake carry-in repair

1,533

Outlets for home service



Approval rating for Xiaomi's customer service telephone hotline



Customer service

Our customer service telephone hotline has a 97% approval rating, and our online service has a 91% approval rating. We've won awards for our after-sales service throughout 2020, including the Indonesia Contact Centre Association Certified Platinum award in the Customer Experience category.

During the pandemic, we adapted to better serve our customers and help protect their health. Over the 2020 Christmas season, we launched a door-to-door replacement service in Europe and we provided a pick-up and replace service at no additional charge for our high-end devices.

We are committed to improving user-experience and exceeding our customers' expectations by using excellent design. Our customers expect the 'Mi look' that we have developed over the last ten years, and this has been recognized both through customer feedback and awards. In 2020, we won more than 90 awards for design, bringing our total design awards to over 600.

DATA

90+

Number of design awards won in 2020

600+

Number of design awards won over ten years

Our customers

continued

XIAOMI DESIGN AWARDS 2020**Packaging design**

Mi MIX Alpha	Reddot Design Award
Mi Iron Ring four-unit Headset	Graphis Design Annual 2021
Mi Sports Bluetooth Headset Youth Version	A Design Awards (General)
Mi Sports Bluetooth mini	A Design Awards (Silver)
India Series, including earpiece, power bank, wrist band etc	A Design Awards (Silver)
Mi Band 3	A Design Awards (Silver)
Mitu Children's Sonic Electric Toothbrush	A Design Awards (Silver), Dieline (3rd), Reddot Design Award, IDEA (Finalist)
Millet Ring iron four-unit headset	A Design Award (Gold), IDEA (Finalist)
Mi Watch	A Design Awards (Silver), Reddot Design Award
Mi Ring Iron Quadruple Headphone	Reddot Design Award
Mi Bluetooth Headset Youth version	Reddot Design Award
One Paper Box structure design	Reddot Design Award

User Experience/Design

Mi Printer Series UI Design	Reddot Design Award
Mi Rearview Mirror System UI Design	IDEA (Silver)
Mi Home App	IDEA (Finalist)
Mi Washing Machine UI Design	IDEA (Finalist)
Mi Internet Smoke Stove UI Design	IDEA (Finalist)
Mi Vacuum Cleaner UI Design	IDEA (Finalist)
Mi 8" Touch Screen Smart Speaker UI Design	Reddot Design Award
Mi Touch Screen Smart Speaker Pro 8	Reddot Design Award
Redmi Smart Speaker Play	Reddot Design Award
Mi Router AC2100	iF Design Award
Mi POS App	iF Design Award
Airstar Bank App	IDEA Bronze Award



ACCESSIBILITY

Technology should improve everybody's lives and we believe that everyone should have full and equal access to technology. That's why we're committed to breaking down any barriers to accessing information through technology.

There are more than 85 million disabled people in mainland China¹. We are committed to being a leader in accessible technology both in China and worldwide. To do this, we have set up a task force involving over a thousand engineers dedicated to developing accessibility functions. All of our products are adapted to the AA* standard Web Content Accessibility Guidelines (WCAG), and we encourage other developers to suggest additional accessibility functions. Internally, we train our managers on accessibility requirements so that we're all aware of the additional needs of some customers and can respond to them effectively. Outside of China, all of our Android devices use Google's accessibility functions, which provide a good level of accessibility as standard.

¹ China Disabled Persons' Federation

WORLD-CLASS DATA SECURITY FOR A CONNECTED WORLD

We hold ourselves to the highest of international standards for data security and user privacy. We assess our apps against the General Data Protection Regulation (GDPR), standard of International Organization for Standardization (ISO), and data classification projects among others. We have security and privacy certification for ISO/IEC 27001, ISO/IEC 27018, ISO/IEC 29151 and ISO 27701. All data that leaves the EEA is fully compliant with EU standard contract terms and GDPR. We are committed to keeping abreast of all the latest data and security standards, and our security teams ensure that our products are compliant with 82 jurisdictions.

Privacy and protection

We have formulated our own 'User Privacy Protection Clauses' which are transparency, control, security, compliance and accountability. We apply strict controls to products and services and ensure that our privacy policy is clearly communicated and transparent to our users. We ensure our employees are fully aware of their data and security responsibilities around the corporation. To do this, we run a compulsory training program on security and privacy compliance. And our engineers are certified by the International Association of Privacy Professionals (IAPP). There are three main strands to our internet security measures:

1. To let users have the right to know and control data. The newly released MACE micro (Mobile AI Computer Engine) leaves more and more data on the terminal, so that users can really control their own data.
2. To implement our 'Internet of Things product security



baseline'. This covers more than 200 security requirements in 14 areas including hardware security, embedded security, and general system security. We have implemented this baseline standard in more than 100 ecosystem products so far.

3. To share technology and experience in IoT security and privacy protection and promote the healthy development of IoT security and privacy ecology with ecosystem partners and all enterprises.

Now we are working with European standard bodies for more products security compliance test. Xiaomi also encourages users to test our security and report anything they find. We reward white hat hackers with bonuses if they discover security vulnerabilities.

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Everyone should have full access to technology

The environment

Our approach to environmental management

We are committed to reducing the environmental impact of our business. As well as reducing our emissions, we are using renewable energy, improving our energy efficiency and working towards becoming carbon neutral.

As a company that designs, markets and sells smart products, our offices, stores, data centers and products are where we have the most direct impact on the environment, and where we can make the most significant positive changes.

We also use good design to reduce our overall carbon footprint. The award-winning packaging for our IoT product, such as Mi Band 4C is a good example of this, as is our decision to phase out including-chargers with some of our smartphones.

As we rely on third parties to manufacture our products, we know that we can influence the suppliers and factories and encourage

them to cut down on energy use and reduce their environmental impact.

In Europe, our operational environmental impact comes from our offices. While we have not yet tracked all data about their impact, we are working to collect it.

We are aware of the environmental impact of our products when they reach their end-of-life, therefore we are expanding our trade-in service to Europe this year, giving customers the option to recycle their old products without leaving home. Our recycling program is fully GDPR compliant.

We are committed to the following United Nations Sustainable Development Goals:



2020 DATA HIGHLIGHTS



carbon dioxide equivalent reduced



Amount of water heated by our solar boiler



Compost created by kitchen waste

OUR OPERATIONS

The main sources of our carbon emissions are our offices, our data centers and our stores - 'Mi Homes'.

Operational carbon emissions

As a business with more than 23,000 employees, the operation of our offices is one of the most significant sources of our carbon emissions. Because of this, we have a specific green and energy-saving strategy in place, bolstered by our new office complex at the Xiaomi Science and Technology Park in Beijing.

The Science and Technology Park, which opened in 2019, has been designed with green and energy-saving principles in mind, to harness solar power to heat water and cut down on waste. During 2020, this helped us save more than 1,400MWh of energy and reduced greenhouse gas emissions by approximately 1,000 tons of CO₂e, while our solar boiler heated more than 3,600 tons of water and our kitchen waste created 188 tons of compost.

We also work hard to raise employees' awareness of saving water, energy and paper.

As a technology company that sells products that connect to the internet, we have specifically targeted data centers as an area in which we can make significant energy-use reductions.

In our own data centers, we have taken measures that include, but are not limited to, the purchase of servers that demonstrate high power efficiency and energy-saving capability, as well as a platinum-grade consumption conversion rate. We have set up a power consumption

monitoring system to improve the management of power consumption.

We are also promoting the replacement of physical servers with more efficient cloud servers. When we need to lease data centers and cloud servers, we use energy-saving performance as our key criteria in the selection process.

We have taken measures to make our Mi Homes more environmentally friendly. For example, we decorate them with sustainable materials and we have phased out the use of plastic shopping bags in our own stores in China

and replaced them with paper. We have also introduced electronic price tags in all of our Chinese stores and eliminated disposable tagging.

Water and waste

In Beijing, our campus has been designed to save water. The surfaces of sidewalks, squares and parking lots are made with permeable materials that allow water to infiltrate and flow through to the underground reserves.

We have implemented various measures to reduce waste and improve our levels of recycling. For example, we use large trash cans in our campus to reduce the number of liners needed. We use a specialist waste-sorting company to process the daily waste in our offices and turn kitchen waste into granules for recycling. We also use qualified companies to process hazardous office waste such as printer cartridges and batteries. We recycle our office resources by donating computers that are no longer suitable for our purpose to local charities and NGOs, or by sending them to specialist recyclers.



The Science and Technology Park has been designed with energy saving principles



In Europe, with the exception of an assembly factory in Poland where we work with supplier to produce TVs, we do not manufacture or sell our products by ourselves. Instead, our products are sold by third-party retailers, online retailers, and through branded Xiaomi Stores operated by our business partners in Europe. As a result, our direct environmental impact in Europe comes from our offices. We are working towards data collection for our European markets while ensuring that our footprint is kept to a minimum.

THE XIAOMI SCIENCE AND TECHNOLOGY PARK IN BEIJING

MINIMIZING THE IMPACT OF OUR PRODUCTS

At Xiaomi, we take pride in good design, and know that great design can be the solution to many problems. Therefore, we have tasked our designers to work on smart ways to make our products and packaging more environmentally friendly.

Packaging, design and natural resources

Xiaomi is committed to reducing the amount of packaging used by our products. Over the last three years, we have been redesigning and modifying packaging across our range of products and have developed a style of box that only uses one sheet of paper, cutting down packaging by up to 40%.

We have also redesigned the packaging used for our flagship Mi 11 smartphone, which was launched in China in December 2020. The new packaging is 20% lighter, has two fewer packaging components and no longer uses any form of plastic or film. The packaging volume has been reduced by 45% with the associated cumulative weight reductions cutting overall distribution emissions.

The smartphone is being sold in China without a charging block to cut down on waste and we plan to sell more smartphones without chargers.

In 2020, we removed 60% of the plastic from our Mi 10T and Mi 10T Pro series of handsets. By the end of 2021, we aim to achieve a higher percentage of plastic reduction in the packaging of our new products in Europe. We are proud that the new One Paper Box design was introduced in some non-

² Calculé de l'indice de réparabilité et présentation des paramètres ayant permis de l'établir



AWARD WINNING PACKAGING

DATA



The percentage saving in packaging volume of Mi 11 Chinese version achieved by redesign

phone products, which won a 2020 Red Dot Design Award, a prestigious international product design award run by German company Red Dot GmbH.

We are working to improve both the longevity and reparability of our products. For example, our Redmi 9A handset comes with a 5000mAh battery with a 1000 charge cycle which is double the smartphone's expected lifespan. The Mi 11/11 Pro/11 Ultra come with super-tough Corning Victus glass, with Gorilla glass corners making it 1.5 times more resistant if dropped and two times more resistant to scratches. With regards to reparability, our Mi 11 scored 8 out of 10 on the official French reparability index². We intend to improve this score by increasing the availability of spare parts.

CASE STUDY

XIAOMI SCORES HIGHLY IN FRENCH REPARABILITY INDEX

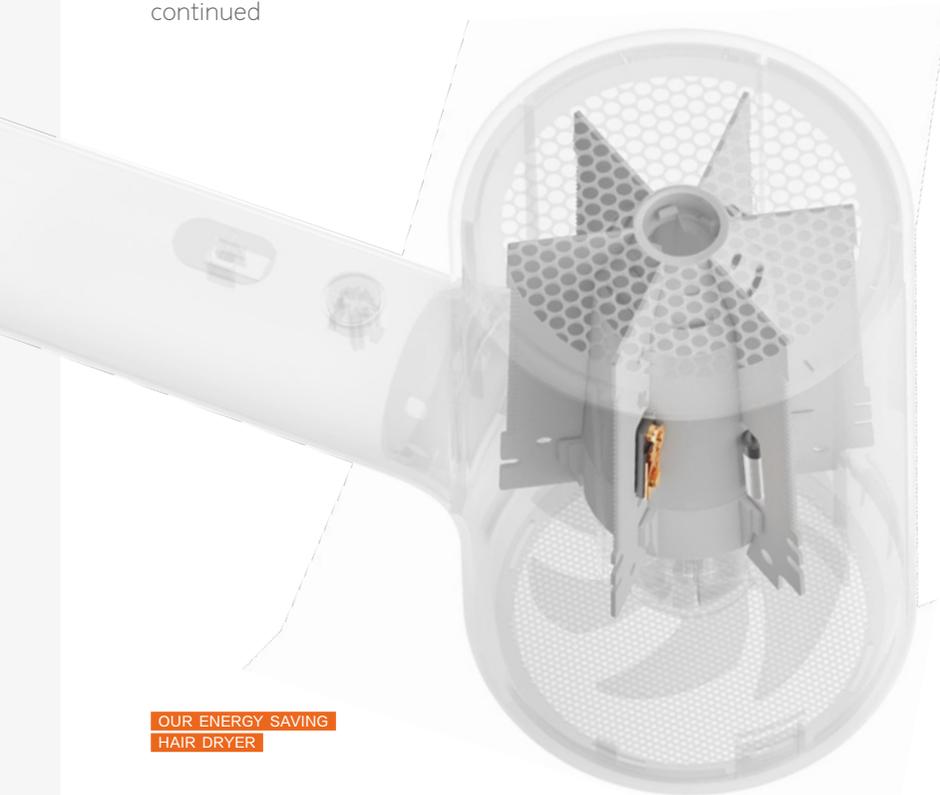
In 2019, the French government passed a law stating that all electrical and electronic equipment must display how easy it is to repair, using a reparability index developed by the Ministry of Ecology. The law came into force at the start of 2021. The law is designed to promote the circular economy and to fight waste by encouraging consumers to choose more repairable products, and manufacturers to improve the reparability of their products. Xiaomi now displays the reparability of smartphones and TVs made for the French market. Each product has its own reparability index score (from 0 to 10). The calculation of this index is based on five criteria: availability of documentation, dismantling and accessibility of parts, availability of spare parts, price of spare parts and product-specific criteria.

The higher the score is, the more repairable the product is. The criterion for which we often have the highest score (9 or 10) is the one related to the price of spare parts. Currently, Xiaomi has either green or dark green color options for its smartphones.



More info: <https://www.indicereparabilite.fr/appareil/>

Minimizing the impact of our products
continued



OUR ENERGY SAVING
HAIR DRYER

Product stewardship

We make more than 40 types of energy-saving products. Over and above that, we ensure that our products are fully compliant with all the environmental and safety regulations of the countries where they are sold. Our products are compliant with EU regulations including the CE, REACH, RoHS and WEEE Directives. Before being released on the market, all our smartphones are sent to accredited laboratories for RoHS and REACH testing to ensure compliance with the regulations of the countries where they are sold. All smartphones, during the R&D phase, go through a series of testing for function and safety purposes such as SAR (specific absorption rate), a measure of radio frequency energy absorption.

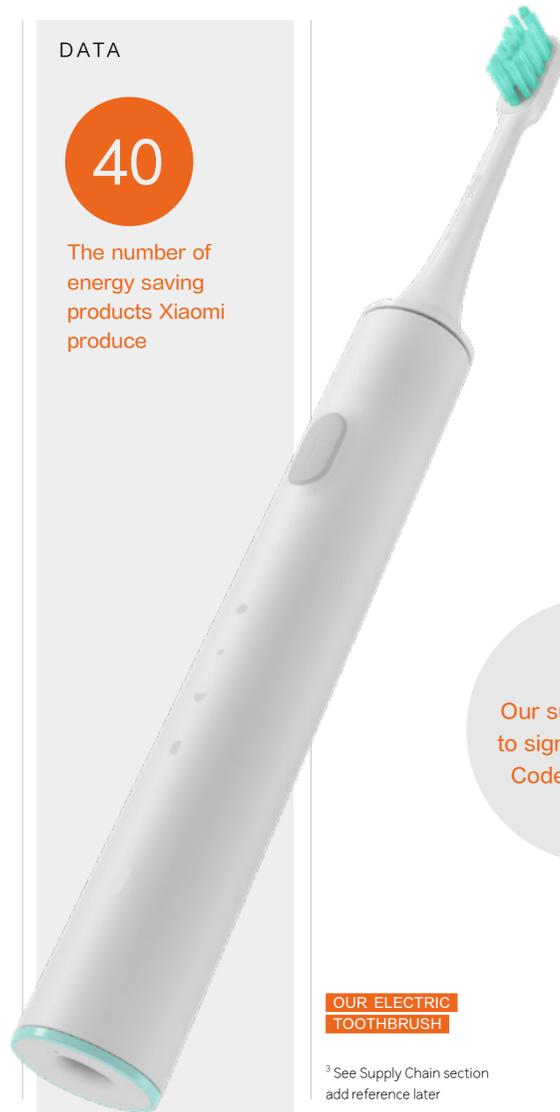
End of life

We encourage the recycling of our products once they have reached the end of life. Under our trade-in program, all of our smartphones sold in China can be returned to us for recycling or responsible disposal. As of March 2021, this has been rolled out to Germany, France, Italy and the Netherlands.

DATA



The number of energy saving products Xiaomi produce



OUR ELECTRIC
TOOTHBRUSH

³ See Supply Chain section add reference later

WORKING WITH OUR SUPPLIERS

At Xiaomi, we work with various external suppliers in our supply chain. As well as ensuring a high-quality product is created, we are keen to ensure that suppliers adhere to the standards of waste reduction and environmental protection we require and have processes in place to make this happen.

Supplier Code of Conduct

All our suppliers have to adhere to our Supplier Code of Conduct, which adheres to the RBA (Responsible Business Alliance) Code³. The Code covers all aspects of ESG. Its environmental section requires all suppliers to maintain and update all necessary environmental permits and reports, responsibly manage and dispose of chemicals, control pollutants, and reduce water and energy use. We also ask suppliers to sign the Supplier CSR Agreement.

We may terminate our business relationship with suppliers that don't meet our standards and, if a supplier is unable to comply with our audit standards, we are unable to work with them until they have rectified the issues identified.



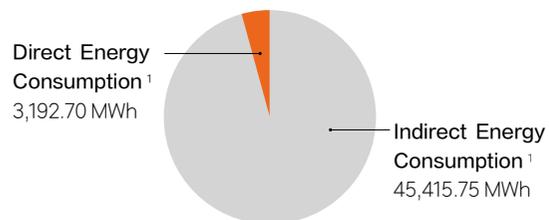
Our suppliers have to sign our Supplier Code of Conduct

Minimizing the impact of our products

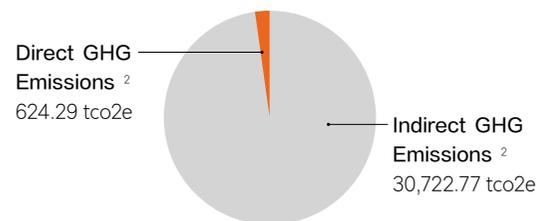
continued

ENVIRONMENTAL DATA

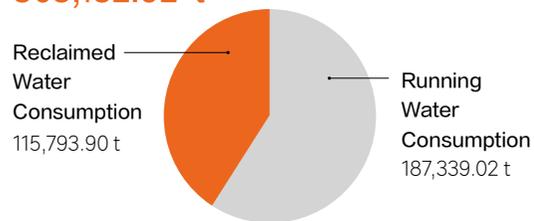
Total Comprehensive Energy Consumption
48,608.45 MWh



Total GHG Emissions
31,347.06 tCO₂e

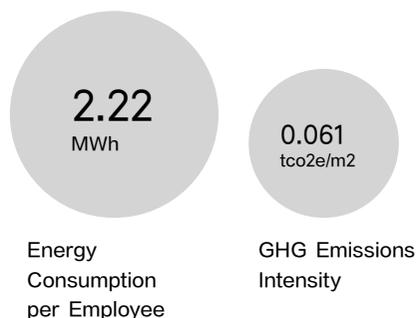


Total Water Consumption³
303,132.92 t

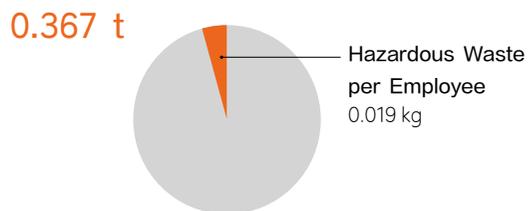


Water Consumption Intensity 15.80 t per employee

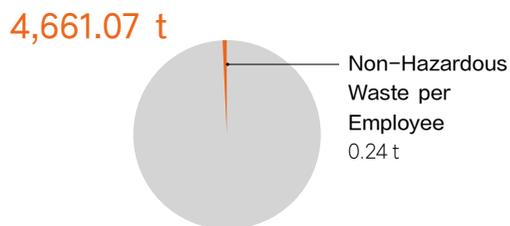
Main Office Areas in Mainland China



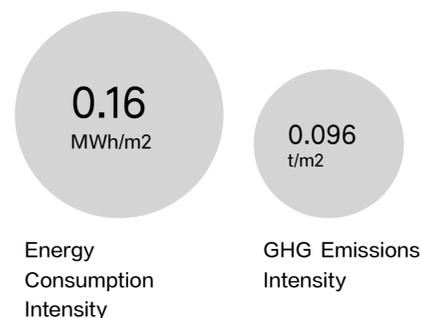
Hazardous Waste



Non-Hazardous Waste



Mi Homes in Mainland China



1. Total energy consumption is calculated according to the power and natural gas consumption and the conversion factors set out in the National Standards of the People's Republic of China the General Rules for Calculation of Comprehensive Energy Consumption, the national standard of the People's Republic of China. 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.

2. Due to its operational features, the significant air emissions of the Group are GHG emissions arising mainly from natural gas and electricity generated from fossil fuels. According to Measures for Administration of Carbon Emissions Trading (For Trial Implementation) issued by the Ministry of Ecological and Environment of the People's Republic of China, the inventory of GHG includes carbon dioxide, methane, nitrous oxide, sulfur hexafluoride, hydrofluorocarbons, perfluorocarbons and nitrogen trifluoride. The Group's GHG inventory includes carbon dioxide, methane and nitrous oxide. GHG emissions data is presented in carbon dioxide equivalent and the calculation is based on the 2019 Baseline Emission Factors for Regional Power Grids in China³ issued by the Ministry of Ecology and Environment of the People's Republic of China, and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories³ (2019 Edition) issued by the Intergovernmental Panel on Climate Change (IPCC). GHG emissions (Scope 1) arise mainly from the consumption of direct energy³ (natural gas) by the Group's operation. GHG emissions (Scope 2) arise mainly from the consumption of indirect energy³ (purchased or acquired electricity) by the Group's operation, which include the electricity consumption of main offices and self-operated Mi Homes in mainland China.

3. The Group's water resources come from the municipal water supply and the reclaimed water supply. In 2020, the Group had no issues in sourcing water.

PACKAGING



Total Packaging Materials for Finished Products



Intensity of Packaging Materials for Finished Products

Our people

Constant improvement through growth

Our people are central to our business and, as we grow, and sell our products across the globe, we are committed to being a truly world-class employer.

We are a young company growing fast – it is our mission to relentlessly build amazing products with honest prices to let everyone in the world enjoy a better life through innovative technology. We have built on brand based on trust, respect, the engagement we have with our fans and the joy we bring them. Our brand values of sincerity and passion permeate through our company and are upheld by all Xiaomi employees.

Xiaomi has employees in over 20 countries and territories in four continents. Just over 20,000 are in China and up to 1,500 are employed in other countries. During 2020, 94% of our employees were based in mainland China, Hong Kong, Macao and

DATA



Percentage of our employees based in China



Percentage of our employees based in Europe

7,885

Employees recruited in 2020

Taiwan, 5% in other parts of Asia and 1% in Europe.

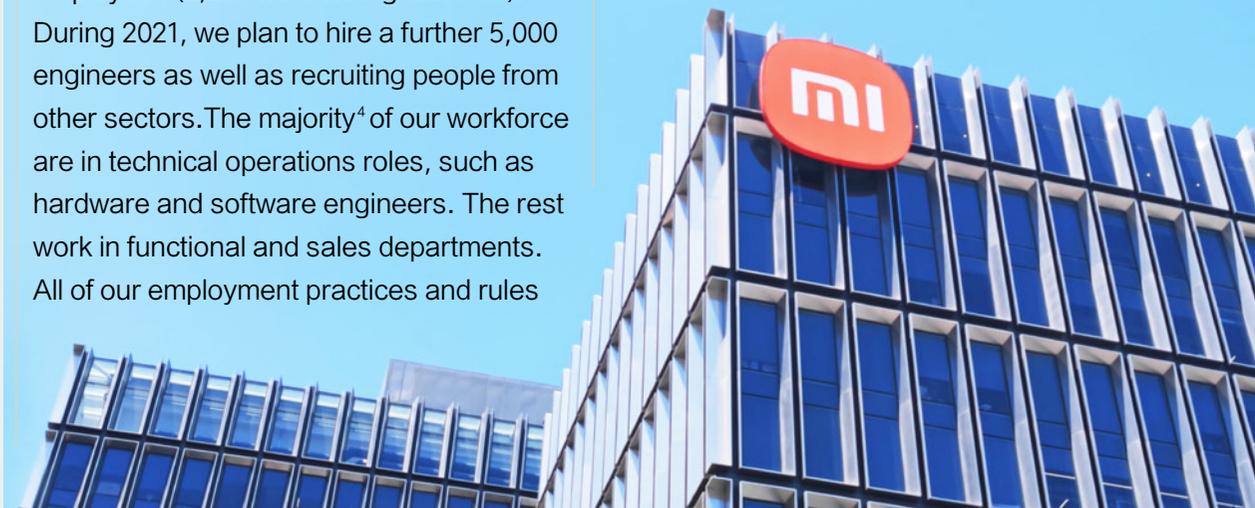
In Europe, we have offices in Spain, Italy, France, Germany, the UK, Poland, Finland and the Netherlands, making it our largest region after China and India by the number of employees. As we continued to grow globally, we have more than doubled (+160%) the number of employees in Europe over the past year and expect to increase this number going forward.

In 2020, we recruited 7,885 permanent employees (2,210 were new graduates). During 2021, we plan to hire a further 5,000 engineers as well as recruiting people from other sectors. The majority⁴ of our workforce are in technical operations roles, such as hardware and software engineers. The rest work in functional and sales departments. All of our employment practices and rules

are strictly compliant with the laws and regulations of the countries and territories in which we work.

As a large company operating in many countries, we believe that we should be held to a high international standard in all our locations. We also want to be impactful in the way we deliver our people strategy, with an eye to current and emerging worldwide trends. Therefore, we have ensured that our approach to our people strategy is aligned with the United Nations Sustainable Development Goals.

⁴ 73% of 2,400 graduate recruits, hired in 2019, were in technical operations roles



Constant improvement through growth
continued

A GLOBAL PEOPLE STRATEGY

We are focused on using our employment practices to contribute to relevant United Nations Sustainable Development Goals. As such, our policies promote the good health and wellbeing of our employees SDG 3, the provision of a quality education SDG 4, the commitment to providing decent work and economic growth SDG 8, and the reduction of inequalities SDG 10.

During 2020, we have:



Granted a total of 137,947,024 award shares to selected participants covering 4,686 issues SDG 10



Provided diverse vocational, management and career development training for employees SDG 8



Promoted employee diversity across 20 countries and territories SDG 5



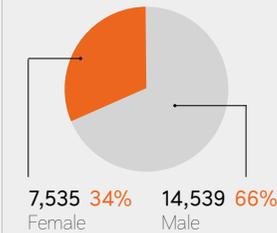
Implemented the new Mi Project Emergency Response Manual to maintain high levels of health and safety including supporting employees during the Covid-19 pandemic SDG 3

Across all our locations, regardless of laws, we respect every employee's dignity and individuality. We guarantee a safe and comfortable workplace for all our employees. We forbid discrimination and bullying in all its forms, and we forbid forced labor, exploitative behavior, and child labor, both in our business and down our supply chain. We have established procedures to ensure this doesn't happen, including the Code of Conduct.

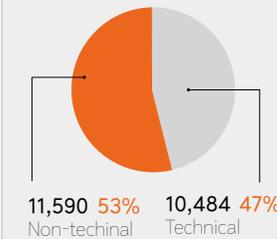
TOTAL WORKFORCE BY REGION



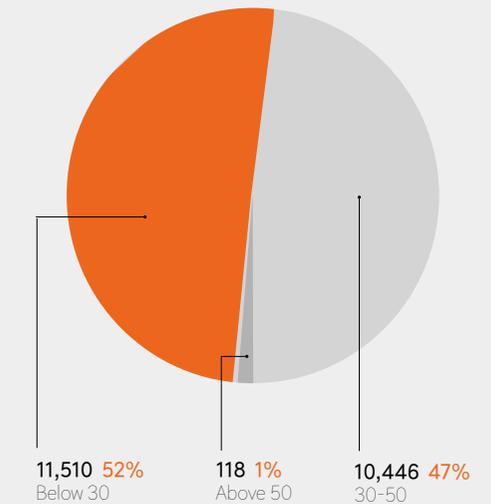
GENDER



EMPLOYMENT TYPE



AGE



As a key deliverable of our people strategy in 2020 we created an all-company Employee Handbook to ensure that crucial policies are consistently understood and applied across all our locations. We also revised our Code of Conduct to keep afresh our values and behaviors.

The handbook was launched after an all-employee consultation in April 2020. It standardizes adherence to our values across all locations and provides a clear way for employees to air grievances and have problems addressed.

CASE STUDY

OUR CULTURE

Xiaomi is focused on being the most user-centric mobile internet company in the world, and many of our employees were fans of our products before joining us. We are all passionate about pushing the boundaries of technology to create a better world for everyone. As a company, we have a flat management structure designed to encourage collaboration and creativity. Outside work, we have plenty of employee clubs, organizations and events, ranging from sports clubs to our annual 'Mi Idol' talent competition.

Constant improvement through growth
continued

TALENT ATTRACTION, TRAINING AND DEVELOPMENT

As a company, our day-to-day work is to design and market great products. That's why talent attraction, training and development is such an important part of our strategy. We rely on our people and their skills to make us what we are.

Talent attraction

Despite the pandemic, we continued to recruit through the whole of 2020. We hired almost 8,000 people in 2020. We recruited at all levels. We took on more than 2,000 graduate recruits after receiving 160,000 applications.

Across the whole of our business, from operations to innovation, and from R&D to marketing, talent development is central to our success and the competitiveness of the company. We are keen to attract top talent and hold this as a key priority in the development of our new international headquarters in Shenzhen.

All our employees have access to an extensive range of training courses covering culture, science, technology, management and general professional development.

DATA



Percentage
increase in top level
recruitment in 2020

2,210

Number of graduates
recruited in 2020

12,000+

Number of
employees trained at
our in-house training
center in 2020

57,598

Numbers of hours
training delivered
at our in-house
training in 2020

Our in-house training center

As part of our commitment to training, we have set up an in-house training center, where we provide tailored development in a campus environment. This is in addition to our local training provisions. In 2020, more than 12,000 employees were trained there, including the Annual Leadership Program, which covers 2,940 managers, and the center delivered 57,598 hours of learning.

The training center offers a number of prestigious programs for new starters and managers.

- Our 'YOU' program (Young, Outstanding, Unique) is a six-month training scheme that provides all-round development for graduates. 2,198 completed the program in 2020.
- The 'Spark Camp' is our training program aimed at newly promoted managers. It lasts three months and trains hundreds of managers a year. In 2019, it trained almost 400, and in 2020, 908 managers completed

the course. It aims to help new managers improve their skills and become excellent leaders, through goal achievement, people management, and team building.

In 2020, we overhauled our system for evaluating and promoting employees to ensure impartiality. We now run two promotions rounds a year, a general round and one for outstanding employees.

The number of promotions available each year is calculated by Human Resources based on the company's growth.



**2,198 GRADUATES
COMPLETED THE
PROGRAM IN 2020**

Constant improvement through growth continued

DIVERSITY, INCLUSION AND ENGAGEMENT

Our guiding principles

We treat all our employees equally

We respect the dignity and personality of all our employees

We promote equal opportunities for all

Recruitment and employment

All of our recruitment is firmly meritocratic. For both recruitment and compensation, we do not take account of ethnicity, age, marital status, religious belief or any other defining characteristics.

We have an award-winning program⁴ in place to provide disabled people with employment and provided jobs for 185 disabled people in 2020. More than 40 visually impaired people are working as speech recognition assistants for Mi AI Speakers. The project involves identifying and categorizing voice commands using headphones and screen-reading software.

We established a talent strategy group this year which is responsible for core and strategic positions in the Group, as well as providing research to inform on best practice in talent and organizational development.

⁴ 2019 winner of the 'Enterprise Award for Caring for and Helping the Disabled' awarded by the Beijing Social Security and Employment Service Center for the Disabled

DATA

137,947,024

Number of award shares granted to participants of the employee equity incentive scheme



Percentage of employees who agree with Xiaomi's values



Percentage of employees who like the team atmosphere at Xiaomi



Benefits and incentives

We continually improve our benefits for all employees beyond local social insurance and welfare regulations.

We provide all our employees with medical and accident insurance. We also provide supplementary subsidized insurance policies for employees and their family members.

Employees are also entitled to free annual health checks and birthday benefits.

In addition, it is our policy to provide our employees with equity in the company to allow them to share in our growth. In 2020, the board granted a total of 137,947,024 restricted stock units (RSU) to participants of the employee equity incentive scheme covering 4,686 issues. This covers a wide range of people who contribute to the Group and includes full- and part-time employees, consultants, distributors and joint venture partners.

“ We provide employees with equity to allow them to share in our growth ”

Employee engagement

We conducted our latest employee engagement survey in October 2020. 98% of our employees said they agreed with Xiaomi's values and were willing to strive for higher goals and greater challenges. 95% of employees said that they liked the team atmosphere. These high scores are consistent with results from recent years.

The survey was carried out using a confidential online questionnaire so that employees are encouraged to provide honest feedback. All employees of at least six months standing were surveyed, and the active participation rate was more than 85%.

Constant improvement through growth continued

HEALTH AND SAFETY

Our employees are our most valuable asset and their health and safety is of primary importance to us.

We guarantee all employees a safe and comfortable working environment. To help provide this, we have set up a series of emergency response procedures to deal with public security incidents, fires, accidents, natural disasters, and failures of equipment and facilities. We also have local provisions in place to deal with specific safety issues in all the countries in which we work. For example, in India we provide transport for all female employees working beyond 8pm. As our employees are mostly office based, the majority of at-work injuries are caused by slips, trips and falls.

In 2020, we rolled out an Employee Assistance Program to provide long-term welfare advice and support to employees. Through this service, we also offer mental health training and counselling to employees who need it.

Covid-19

During the global coronavirus pandemic of 2020, we made sure that our employees could continue to work in a safe environment and that, where possible, they and their family members were looked after. All employees were given passes for medical treatment and advice that they could share with family members. This included online registration for appointments, online appointments with doctors and an easier process for settling health insurance claims.

When it was safe to do so, employees returned to work in a protected and positive environment where we took



“
During the pandemic, all our employees were given passes for medical treatment

measures to safeguard their wellbeing by ensuring the wearing of masks, disinfecting premises, and implementing a daily system reporting on employees' temperatures and symptoms. All employees' temperatures were taken before they could access company premises.

We also took great care to ensure the health and safety of employees who were working abroad at the start of the pandemic. In one such case, a group of nine young employees were stranded in India, and we made sure they were looked after safely before they were repatriated.

CASE STUDY

HELPING LIBRARIES AND SCHOOLS IN YUNNAN, CHINA

In September 2020, for the fifth year running, Xiaomi supported libraries and schools in China by donating educational materials and digital resources.

This year, we focused our investment (over RMB 1.0 million [\$0.14 million]) on Binchuan County, Yunnan, an area in need of economic and educational development.

As part of the project, six 'Xiaomi libraries' and six 'Xiaomi calligraphy classrooms' were set up for Binchuan primary and secondary schools.

The classroom donation included educational equipment such as computers and whiteboards, and teaching resources such as books, calligraphy stationery and video courses.

Xiaomi paid for books, laptops, smart blackboards and calligraphy teaching tools. It also funded video resources and courses for preschool, primary and secondary students.

DATA

Amount donated to Binchuan County, Yuman [\$0.14 million]



6

Number of local 'Xiaomi libraries' created for Binchuan primary and secondary schools

Our supply chain



Growing responsibly

It is our goal to improve everybody's lives through technology. We know that we cannot achieve that alone, so we work with our suppliers across the world to bring our objective to life.

Our supply chain is large and complex as our product range is wide, including items as diverse as smartphones, fitness bands, washing machines, TVs, scales, and air purifiers. A variety of suppliers provide components and services in the manufacturing process of our products. Therefore, it is of particular importance for us to ensure the sustainability and ethics of our suppliers, and that they match ours, both as a business and as a global corporate citizen.

Our commitment to the responsibility of our supply chain helps contribute to the following United Nations Sustainable Development Goals:



Growing responsibly
continued

AN OVERVIEW OF OUR SUPPLY CHAIN

Xiaomi designs and markets great consumer electronics products. The vast majority of our manufacturing is done by third-party component-suppliers and assemblers. It means that we are dependent on various suppliers, mostly in China but some elsewhere, for the success of our business.

We have identified that our supply chain is a material risk to the business, so we are constantly monitoring specific risks to improve the resilience of our operations. Stated risks range from macroeconomic factors to world crises, such as the Covid-19 pandemic of 2020. We have contingency plans in place and are constantly looking to build resilience into our supply chain in markets where we operate. For example, we have recently expanded some of our manufacturing capacity in India and Indonesia, creating jobs and decent work in these areas.

As a company that is heavily reliant on our suppliers, we are in a position to influence them to improve their own operations. And, over the last few years, we have been increasing our focus on improving the environmental impact of our supply chain and have audited our core suppliers and provided them with recommendations to improve their performance.

As well as having multiple suppliers, we also have multiple business streams. As a matter of practical necessity, the supply chains of different products are managed separately, but always with reference to the sustainability performance of our suppliers.

“
During the pandemic
we accelerated our
plans to expand
online sales



2020, AN EXTRAORDINARY YEAR – OUR COVID-19 RESPONSE

While 2020 had its own particular challenges, we continued to make strides to improve the robustness and sustainability of our supply chain.

At the start of the outbreak in 2020, the supply of our products was severely affected as our suppliers were unable to work. After the period of lockdown in China, members of our senior team visited manufacturing partners across China to discuss how production could safely start again. In partnership with our suppliers and the government, we were able to help recruit new employees where needed and provide Covid testing, isolation services, and protective equipment. Through these efforts, production was started again with close monitoring of the health and safety of employees to prevent the spread of the virus.

In Europe, during the pandemic, many stores closed, affecting our route-to-market. We accelerated our plans to improve and expand our online sales to ensure our customers had easy and safe access to our products.

Our supplier code of conduct

We hold our suppliers to high standards of behavior and expect them to adhere to all local laws and international standards and conventions. It is also our policy to make acceptance of our higher ESG standards an important consideration when choosing new suppliers.

We adhere to the RBA (Responsibility Business Alliance) Code of Conduct and JAC (international telecommunication union audit co-operation organization), the telecom industry sustainable supply chain guidance, and international standards SA8000, ISO14001 and ISO45001. From these, we have drawn up a Supplier Social Responsibility Code of Conduct (the Code) that we expect our suppliers to adhere to.

The Code covers all key aspects of good practice including human rights, pay and conditions, anti-discrimination, occupational health and safety, environmental protection and chemicals management, business ethics and whistleblower protection. Suppliers are expected to train their employees to adhere to our Code and regularly conduct self-assessments to demonstrate compliance.

If an audited supplier falls short of our standards, we inform them and ask them to draw up a rectification plan and remedy the problem within four months. They must provide us with monthly improvement reports until the situation has been rectified.

Growing responsibly
continued

DUE DILIGENCE AND ASSESSMENT OF SUPPLIERS

At Xiaomi, we have a passion for building technological products to improve lives. We actively support the global movement towards building a low-carbon society and protecting the environment, and we work closely with our suppliers to make sure they do too, and to help them when they don't.

We have a full-time team that evaluates and tracks suppliers' adherence to our standards, auditing it over a complex range of categories. Over time, this has allowed us to build a list of preferred suppliers according to ESG criteria.

SMARTPHONES

For our smartphone supplier stream, we have developed Supplier Social Responsibility audit procedures which are closely related to the guidance given by the RBA.

We routinely audit the following suppliers: those who are our core suppliers, those whose audit results were below our requirements in the previous year, and a selection of new suppliers. In 2020, we audited 40 out of 46 key suppliers included in our audit plan.

If a supplier is unable to comply with our audit standards, we are unable to work with them until they rectify the issues identified. We did this with one such supplier this year, and once they rectified an issue related to the management of waste gas, we were able to include them again in our supply chain base.



IoT products

Our IoT products supply chain runs through a customized supplier relationship management (SRM) software system. This manages the entire lifecycle of every supplier transaction. Suppliers can submit their own applications, automatically complete audits, transfer purchase orders, and complete all necessary documentation within the system. This ensures that the purchase execution process is efficient, controllable and compliant.

Growing responsibly
continued

CONFLICT MINERALS

Conflict minerals are those which are at high risk of being related to armed conflicts or human rights abuses. They include minerals such as gold, tin, tungsten and tantalum. Xiaomi has promised not to purchase or use conflict minerals in its products that directly or indirectly fund armed groups in the Democratic Republic of the Congo (DRC) and its adjacent countries and requires its suppliers to abide by this commitment. We take all necessary measures to trace the origin of minerals used in products. We require our suppliers to investigate the origin of conflict minerals contained in their products following the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance: towards Conflict-free Mineral Supply Chains and the Responsible Minerals Initiative (RMI) audit guidelines. If suppliers refuse to supervise the source of minerals or cannot determine the conflict-free status of minerals, we may consider suspending our cooperation with them.

WORKING TOGETHER

As well as expecting our suppliers to adhere to our ethical standards and sustainability policies, we also share learning and best practice by asking them to attend training sessions and inviting them to workshops and seminars. A general training session with our smartphone suppliers, for example, covers topics such as CSR management, supply chain risk, risk response and brand management. In 2020, due to Covid-19 restrictions around the world, we ran fewer training sessions than we had planned, but we expect to make up for it in the future.



CASE STUDY

SHARING BEST PRACTICE WITH SUPPLIERS

During 2020, Xiaomi ran a workshop to share environmental best practice in 14 factories in Guangdong, China.

Employees at the factories completed seven training modules over six months and then underwent an on-site audit from Xiaomi.

The training is designed to help our suppliers have a better understanding of what they can do to meet our CSR standards and reduce the carbon intensity of their operations.

The topics covered are:

- Green supply chain management
- Green design and green production
- Green sales and recycling
- Identification and assessment of environmental risk factors and chemical management training
- Energy management of electronic industry (material flow)
- Water resources management in electronic industry
- Greenhouse gas emission accounting and control
- Green information platform construction and environmental information disclosure

Actions for 2021

- We will review all new smartphones and smart TVs to ensure they meet the new European energy efficiency requirements by 2023.
- Additional CSR requirements added to audits of new factories.
- Going forward, audits will be carried out at a whole factory level rather than at a Xiaomi product level to give a greater level of oversight of processes and reduce the associated CSR risks.

Our community contribution

Our approach to contributing to the community

Since the day our company was set up in 2010, we have been committed to helping the community by making charitable donations and supporting projects through employee volunteering.

In 2020, we donated a total of RMB 141.0 million (\$20.4 million) to charity.

As we grow as a company and expand around the world, we evaluate and reevaluate what our strategy should be in every location in which we operate. Our strategy focuses on helping to alleviate poverty, contribute to education, help people with disabilities, and swiftly respond to disasters.

In 2020, as the Covid-19 pandemic spread across the globe, it was obvious that our community response should be to help fight the disease. We made donations of cash and goods worth a total of RMB 80 million (\$11.6 million), helping people in more than 15 countries.

We are committed to contributing to the following United Nations Sustainable Development Goals:



COVID-19 RESPONSE

The Covid-19 pandemic meant 2020 was a year like no other. And, while it affected all areas of our business, it had a major effect on our community engagement policy and how we look after our communities at home and abroad.

During the pandemic, Xiaomi, our employees and the Beijing Xiaomi Foundation, made donations in cash and goods worth more than RMB 80 million (\$11.6 million).

As of July 15, 2020, Beijing Xiaomi Foundation received monetary donations totaling over RMB 27 million (\$3.9 million), of which more than RMB 12 million (\$1.7 million) came from our executives and employees.

Our communities at home

We have donated supplies to combat the virus since the start of the pandemic. We donated pads, thermometers and smart washing machines to hospitals based in Hubei Province, and have made cash donations to various charity funds and organizations.

Working with the Beijing Xiaomi Foundation, we donated non-invasive ventilators, protective clothing, and other protective materials and electronic products to the Beijing government and designated local hospitals. Some of our equipment was sent to the Wuhan Union West Hospital, which played an essential role in Wuhan during the most difficult period of the pandemic.

In November 2020, Beijing Xiaomi Foundation gave five sets of dual infrared thermometers to Pishan Farm in Hetian District, Xinjiang Uygur Autonomous Region for the farm's epidemic prevention, a donation worth more than RMB 2.3 million (\$333,000).



DATA



Donations received (\$3.9 million) by the Beijing Xiaomi Foundation

DONATIONS OF MEDICAL SUPPLIES

Our international communities

As of July 15, 2020, the Beijing Xiaomi Foundation had donated medical supplies such as masks, protective clothing and respirators to 14 countries including Italy, Spain, Japan, Korea, Indonesia and Myanmar. This donation is worth RMB 5.9 million (\$854,000).

In March, as the pandemic took hold in Europe, we donated tens of thousands of FFP3 face masks to the Italian government, for the severely affected Veneto region. We also sent supplies to France Spain, the UK and Poland.

When schools in Europe had to close and move to online lessons, many vulnerable students did not have the devices to be able to take part. Xiaomi Spain donated 1,000 smartphones to the Spanish Ministry of Education to be distributed to children across the country.

Across Asia, we donated supplies to South Korea, including 200,000 surgical masks, 100,000 N95 standard masks, 10,000 protective suits, and 10,000 protective masks, in partnership with Wuhan University.

And, working with Shanghai Foresight Fund, we donated more than 100,000 surgical masks to Tokyo.

DATA

Items donated by Xiaomi in partnership with Wuhan University to South Korea



STRATEGIC AREAS OF SUPPORT

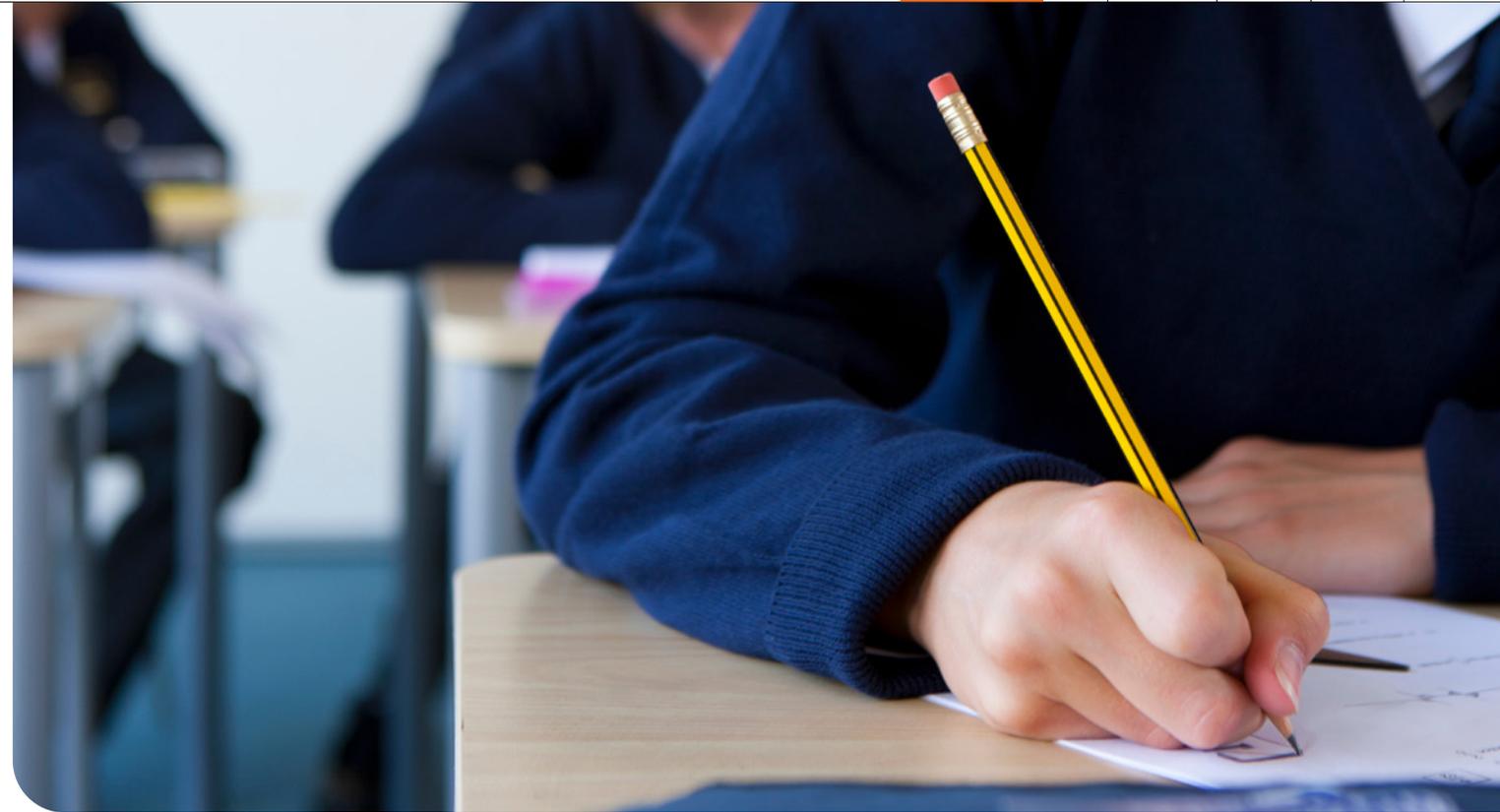
While 2020 has been different from other years, our commitment to supporting our communities is long-standing. As well as providing donations, we also encourage employee volunteering and fundraising. However, in 2020 because of the pandemic, we did not want to put the health of our employees at risk, so we suspended community activities. They will resume as soon as it is safe to do so. In the meantime, we focused on providing donations and gifts in kind.

As a fast-growing company that is also expanding internationally, we think it is important to pay attention to the needs of the different communities that we operate in. To help us do this, we have four strategic themes that we think are universal and can help people in all our communities. These are poverty alleviation, contributing to education, supporting people with disabilities, and disaster relief.

Poverty alleviation

It is important to us, that where we can, we support those at risk of poverty and in great need. Within China, there are some sectors of society and some provinces that we take care to support, and the same is true in times of need in our European markets.

In 2020, Xiaomi supported many poverty-stricken areas by offering cash donations and employment opportunities. In May 2020, Beijing Xiaomi Foundation donated RMB 2 million (\$290,000) to the Hubei Provincial Poverty Alleviation Fund, supporting poverty alleviation projects across 454 villages in Hubei with average donation amount of RMB 2,000 (\$290) per person.



DATA



Value of donation from Beijing Xiaomi Foundation to Hubei Poverty Alleviation Fund (\$290,000)

Contributing to education

At Xiaomi, we believe having an education is one of the most important things for everyone. We have a focus on supporting educational projects all over the world to help children of school age and supporting older children into university education, with a focus on Science, Technology, Engineering and Math (STEM) subjects, which are so vital to our industry.

In 2020, we set up the Xiaomi Education Fund and provided it with RMB 50 million (\$7.2 million) to help low-income students attend ten of the most prestigious universities in China. We helped low-income families in Wuhan access higher education by providing students with RMB 5,000 (\$723) annual grants per person.



We pay attention to the needs of communities we are in

DATA



Value of Xiaomi Education Fund set up in 2020 (\$7.2 million)

Supporting people with disabilities

We strongly believe that opportunity should be an equal right, and we strive for equality in access to technology. Throughout our product development process, we make sure that accessibility functions are implemented on our devices. Equally, we want to make sure that people with additional needs can use technology and we therefore run specific programs to support the development of these skills to enable and assist the use of technology.

In 2020, we ran a donation and education program in Gansu, China to help people with visual impairments benefit from technology and smart products. As well as donating smartphones and smart speakers, we have also set up teaching programs to educate people how to use them.



We strive for equality in access to technology

Disaster relief

It is imperative to us that we support those suffering due to natural disasters and other catastrophic events. We want to be able to provide help in the immediate aftermath of floods or earthquakes, for example.

In early 2020, Yunnan suffered a severe drought - the worst it had experienced in almost ten years. We helped with a project to provide drinking water, donating RMB 250,000 (\$36,100) to supply 18 village groups, helping a total of 2,491 people.

DATA



Amount donated to supply 18 villages with drinking water following a severe draught in Yunnan province (\$36,100)



CASE STUDY

XIAOMI SMARTPHONE DONATION BOOSTS TEACH FOR INDIA

Our Xiaomi colleagues in India are currently in the process of donating 2,500 brand new smartphones to children in communities most affected by the pandemic so they can access online lessons.

We are running this initiative in partnership with Teach For India, who are working to ensure children get continuity of education as communities go in and out of lockdown.

The smartphones have been donated by Xiaomi and our retail and distribution partners in the region.



We have always believed in making technology accessible to every Indian”
Muralikrishnan B, COO of Xiaomi India

“We are very grateful to our retail partners who have come together with us to pledge 2,500 smartphones under this CSR initiative. Children’s education is a cause we will continue to work towards”



Thank you for
reading our report

If you have any feedback please
contact us at mi-esg@xiaomi.com