



2023

Midea Group Environmental,  
Social and Governance Report

Stock code: 000333

# Table of Contents

About this Report	03
Message from the Management	05
About Midea Group	07

## Reinforce Sustainable Development

Sustainable Development Strategy & Concept	14
Stakeholder Engagement	18
Compliance Governance	20

Digital Midea, Smart Industry	27
-------------------------------	----

## Appendix 133

Appendix I: Environmental Data	134
Appendix II: Social Data	136
Appendix III: GRI Index	139

## Protect the Blue Planet

Efforts to Address Climate Change	32
Promote Environmental Friendliness	36
Aim to Hold the Ecological Red Line	45
Make Sustained Efforts for Green and Low-Carbon Development	46



## Practice “Bring Great Innovations to Life”

Aspire to Drive Innovation and R&D	79
Endeavor to Standardize Product Management	85
Pursue High-Quality Customer Experience	103



## Build a Harmonious Community

Strive to Nurture Talents at Midea	49
Work Together to Build a Harmonious Society	71



## Jointly Create the Prosperous Ecology

Promote Smart Transformation	113
Jointly Create Sustainable Value	121
Contribute to Industry Development	129



## About this Report

This report is the third Environmental, Social and Governance ("ESG") Report issued by Midea Group Co., Ltd. (hereafter referred to as "Midea Group", "Midea" or "the Company"). Based on the principles of objectivity, transparency, standardization and comprehensiveness, the report details the sustainability management efforts and highlights of initiatives undertaken by Midea Group and its subsidiaries ("the Group" or "we") in 2023. We hope this report will provide an opportunity to promote communication with our stakeholders so that we can promote sustainable development together.

## Scope of the Report

This is an annual report covering the period from 1 January 2023 to 31 December 2023 (hereinafter referred to as "the Year" or "the Reporting Period"). Moreover, certain content mentioned in this report, whether before or after the Reporting period, are included for the sake of completeness.

Unless otherwise stated, the scope of disclosure in this report is consistent with the Midea Group 2023 Annual Report, with Midea Group as the subject of disclosure, covering all subsidiaries of the listed entity.

## Basis of Preparation

This report has been prepared in accordance with the Sustainability Reporting Standards (hereinafter referred as the "GRI Standards") issued by the Global Reporting Initiative (GRI). In preparing this report, we referred to principles of "accuracy", "balance", "clarity", "comparability", "completeness", "the context of sustainable development", "timeliness" and "verifiability", so as to determine what should be included in this report and how the information should be presented.

## Sources of Information

The information and data contained in this report are mainly derived from the official documents and reports of Midea Group, including internal statistics and publicly available information. The Board of Directors of Midea Group undertakes that there is no false record, misleading statement or material omission in this report, and is liable for the authenticity, accuracy and completeness of this report. Unless otherwise stated, all amounts disclosed in this report are denominated in RMB.

## Access to the Report

This report is prepared in both Simplified Chinese and English and is released electronically. In case of any inconsistency between the two versions, the Chinese version shall prevail. If you have any questions or comments regarding this report, please feel free to email us at [ir@midea.com](mailto:ir@midea.com).

## Message from the Management

In 2023, amidst the ongoing challenges of sluggish growth in the new economic cycle, technological competition, and global trade barriers, Midea Group standing at the historical milestone of its 55th anniversary, continues to confront these challenges with wisdom and courage. Adhering to the principle of "Stabilize Profit and Drive Growth", we further optimize our "1+3+N" business reach and corporate governance mechanisms, achieving historic breakthroughs in our development journey. Specifically, we have maintained stable performance in the Fortune Global 500, Forbes Global 2000, and Brand Finance Global Top 100 Tech Brands.

Guided by the three pillars of sustainable development: "the advanced nature of corporate governance, the continuous evolution of value concepts, and the spiritual growth of management", Midea Group upholds the vision of "creating a green global supply chain, providing green products and services, and building a green and better home for mankind," continuously improves the ESG system construction. Building upon the foundation of the ESG Committee, we have further established ESG sub-committees to comprehensively promote sustainable development work across all levels of the Group, relentlessly propose new ESG development goals, systematically conduct ESG training, and deeply integrate ESG into our corporate strategy and daily operations, thereby achieving high-quality development of ESG work.

Based on the three pillars, Midea focuses on four dimensions of ESG work: "Protect the Blue Planet, Build a Harmonious Community, Practice 'Bring Great Innovations to Life', and Jointly Create the Prosperous Ecology". We constantly advance our green strategy, optimize the global green industrial chain, enhance EHS management systems, and thus providing green and high-quality products and services to global users. We also advocate for diverse and inclusive cultural and talent values, strengthen employee care, enhance employee rights and interests, continually give back to the community, and thus promoting the development of harmonious communities. Moreover, we remain committed to the vision of "Bring Great Innovations to Life," steadfast in R&D investment, optimize R&D layout and talent structure,

develop smarter, healthier, and low-carbon products. And we respond to national policies while actively implementing recycling of waste products and green energy initiatives, vigorously promoting the transformation of brand-to-consumer sales and using the power of technology to make life better for hundreds of millions of users. We continue to collaborate with business partners to expand the radius of green development, grow together with suppliers in ESG management, and promote industrial transformation through proposing solutions such as green energy, making more contributions to China and global dual carbon goals.

Sustained high-quality development requires corporate to an entrepreneurial mindset and spirit of innovation. For over a decade, Midea has been continuously promoting digital transformation. Guided by the "Digital Midea 2025" strategy, we constantly achieve self-innovation and external empowerment through digital, intelligent, and green and smart industrial solutions., which is transforming from the ToC oriented business to the equal balanced development of both ToC and ToB businesses. This equips more enterprises with the capabilities of future transformation, while upgrading from traditional manufacturing to intelligent manufacturing.

Green and sustainable development has become a global consensus. Through the 2023 ESG report, we aim to deepen mutual understanding with all stakeholders, work together, and we welcome supervision and guidance from all sectors of society.

Looking ahead, Midea Group will continue to closely follow national strategies and international trends. True to the development vision of "Bring Great Innovations to Life", we will continuously enhance green development capabilities, create more green solutions, and embrace a greener and brighter future together with all of our employees, customers, shareholders, and partners!

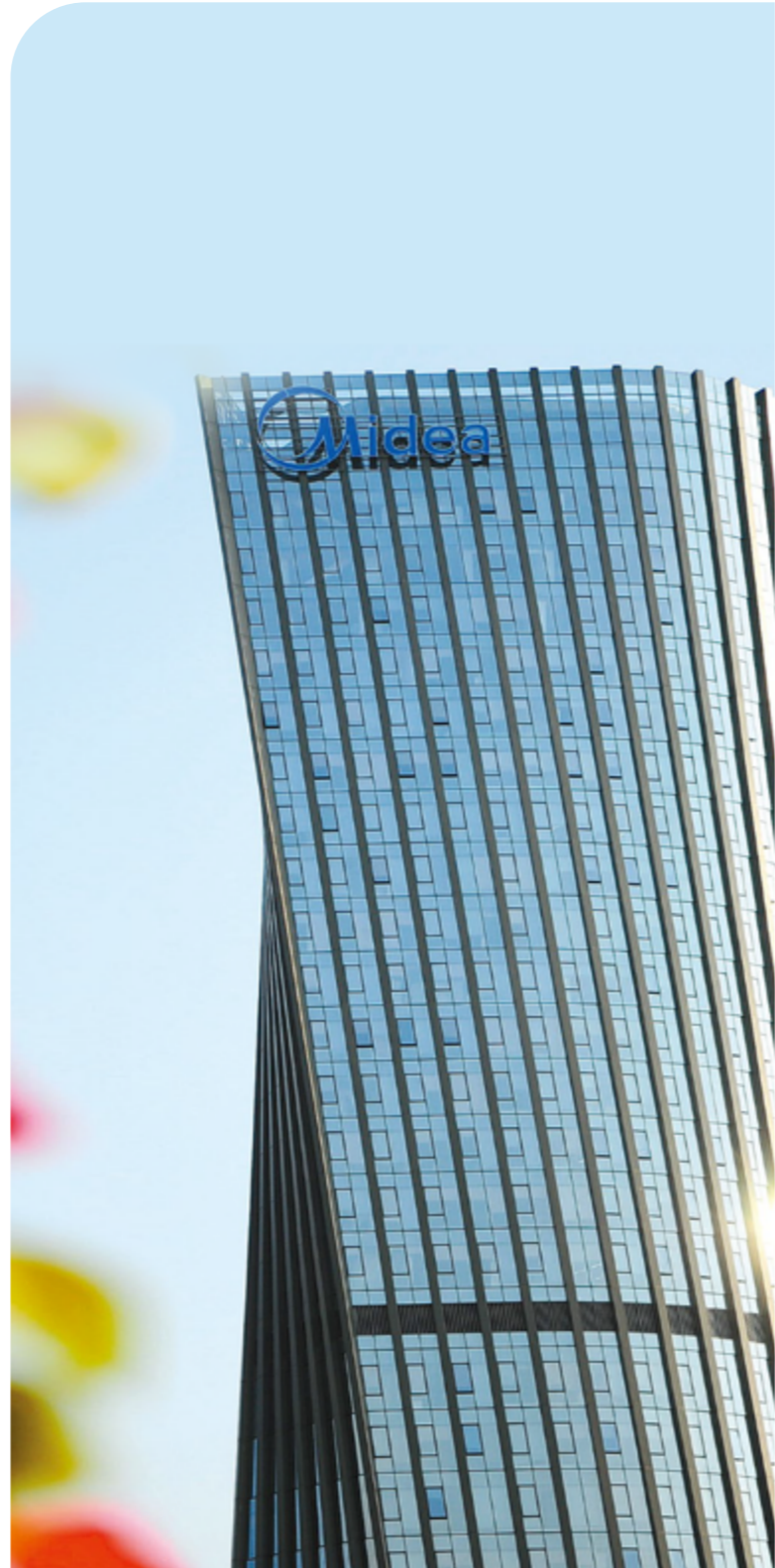


# About Midea Group

## Introduction to Business

Upon 55 years of development since it was founded in 1968, Midea Group (listed on the Main Board of Shenzhen Stock Exchange in China, stock code: 000333) has grown into a global tech-leading company comprising five businesses—Smart Home Solutions, Energy Solutions & Industrial Technology, Intelligent Building Technology, Robotics & Automation, and Innovation Business. Midea Group has boasted a diversified brand portfolio including Midea, Little Swan, Toshiba, WAHIN, COLMO, Clivet, Eureka, GMCC, Welling, Servotronic, Hiconics, CLOU, Winone Elevator, KUKA, Annto and WDM. By the end of the Reporting Period, Midea Group had 33 R&D centers, and 40 major manufacturing bases worldwide. Midea Group has more than 190 thousand employees around the world, of which more than 30,000 are based overseas. Our businesses covering over 200 countries and regions, providing products and services for more than 400 million users.

Under the background of double circulations, domestic substitution and industrial upgrading, Midea Group adheres to the strategic axis of "Technology Leadership, Direct To Customer, Digital Intelligence Drive, Global Breakthroughs". Following the operating philosophy of "creating a better life for everyone in the world", Midea Group continues to expand its smart home business. Meanwhile, Midea Group has taken active steps to develop and invest in cutting-edge technologies to fully promote its commercial and industrial solutions business. Meanwhile, Midea Group actively assumes responsibility for the environment, society and governance in the course of business, and practices the philosophy of sustainable development in business expansion. In this way, Midea Group aims to contribute to the sustainable development of the society through its unique and innovative products and services.



Businesses covering over **200** countries and regions

# **36** on the Brand Finance Tech 100 Rankings 2023

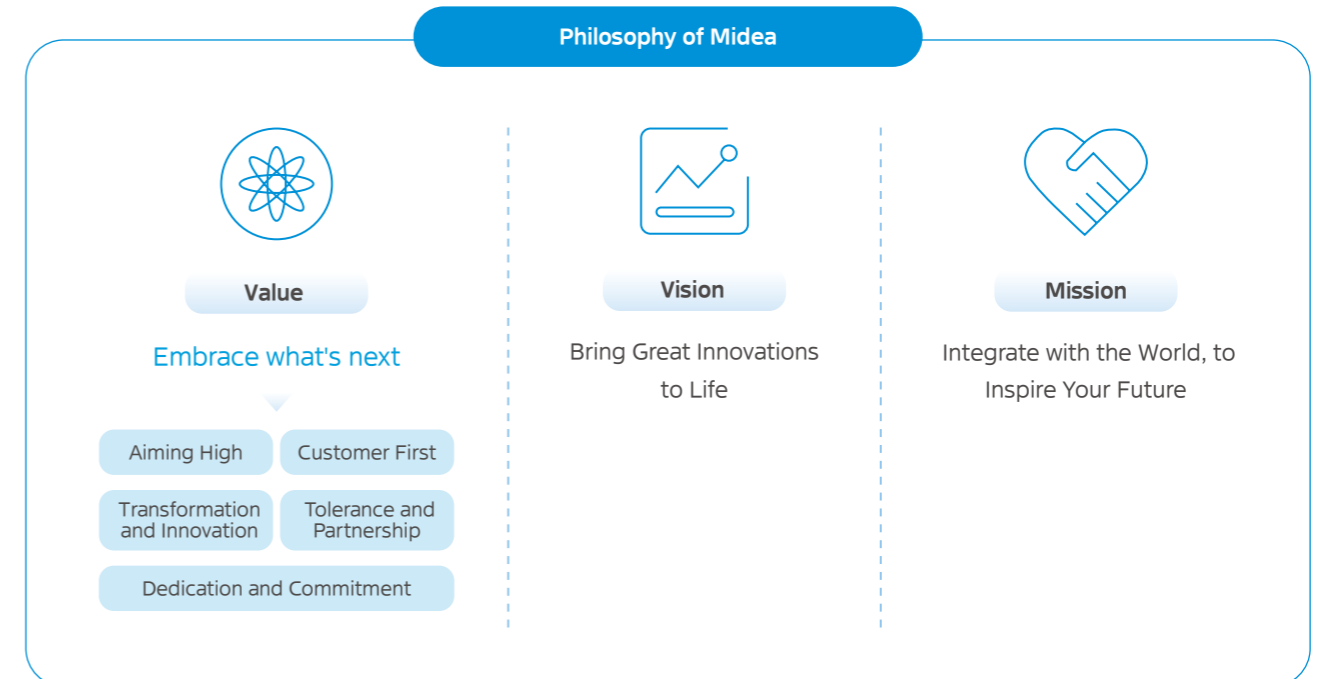
# **278** on the 2023 Fortune Global 500

# **82** on the Fortune China 500 list

# **199** on the 2023 Forbes Global 2000

Credit Ratings **Standard & Poor's A / Moody's A3 / Fitch A**

## Corporate Culture



## Accumulation in 2023

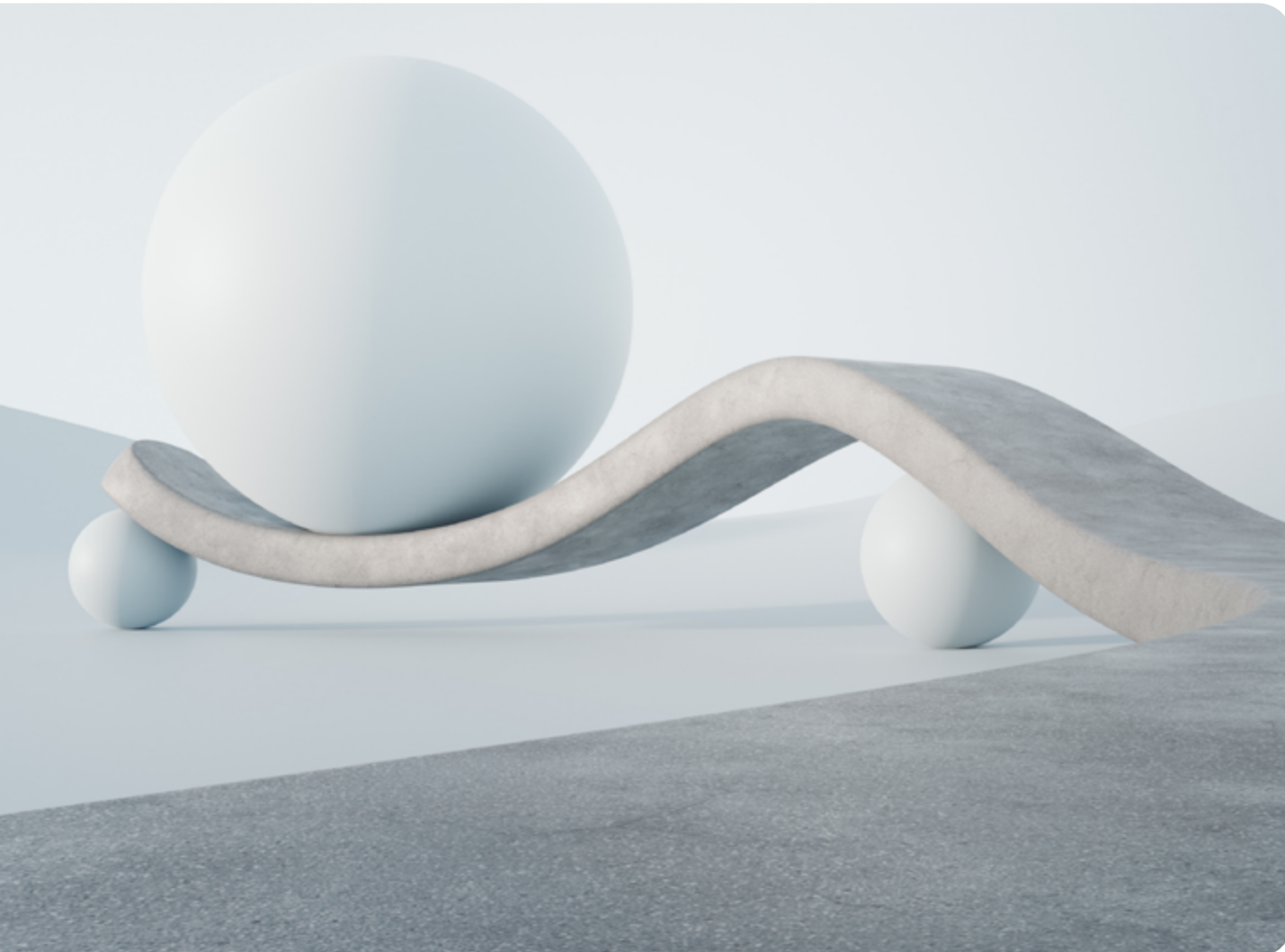
### Reinforce Sustainable Development



The three major business groups/divisions of Smart Home Solutions, Energy Solutions & Industrial Technology, and Intelligent Building Technology obtained **ISO 37301** Compliance Management System Certification

The integrity culture and anti-corruption education covers **100%** employees

Requiring our business partners, such as customers and suppliers, have signed the **Integrity Cooperation Agreement**



### Protect the Blue Planet



Invested over RMB **132** million in energy saving and emission reduction, promoting **1,875** energy-saving projects

The installed capacity of distributed photovoltaic power generation systems reached **280** MW, generating more than **220** million kWh of electricity, with the green electricity purchase of **7.439** million kWh

**28** factories certified with the National Green Factory Certification; **35** factories certified with ISO 50001 Energy Management System Certification; **37** factories certified with ISO 14001 Environmental Management System Certification

### Practice "Bring Great Innovations to Life"



R&D investment exceeded **14.5** billion, winning **10** national patent awards

Launched strategic and technological research cooperation with **124** domestic and overseas colleges

Recycling services comprehensively covered Chinese districts and counties as well as key township-level markets, with a total of **3.098** million discarded household appliances recycled

Conducted surveys on approximately **8** million users, achieving a user satisfaction rate of **98.56%**

### Build a Harmonious Community



Selected as one of **Forbes World's Top Companies for Women** in 2023

Launched the long-term incentive mechanism for **10** consecutive years, benefiting over **15,000** people-times

Invested RMB **2.4** billion in employee care, including the construction of employee dormitories, meal subsidies and others

Planned to donate RMB **140** million to support the education development of local community

### Jointly Create the Prosperous Ecology



**9** factories certified with National Green Supply Chain Management Enterprises

A total of **9** core bulk raw material suppliers, including hot-dip galvanized, aluminized zinc, stainless steel, aluminum ingots, etc., disclosed their product carbon emission data with the Group

Joined the **United Nations Global Compact (UNGC)**

Participated in the formulation and revision of **235** external technical standards, including **5** international standards, **70** national standards, **28** industry standards and **132** local and group standards

## Shareholder Interests

Protecting the rights and interests of shareholders and debtholders is the obligation of listed companies. Midea Group always follows the principles of compliance, equality and honesty, and takes the initiative to improve information disclosure and communication with investors. Besides, Midea Group provides timely and accurate information to the public, providing investors with a reliable basis for decision making.

### Information Disclosure

Midea Group strictly regulates its own information disclosure behavior. Specifically, Midea Group regulates the principles of information disclosure, content, responsibilities for information disclosure and confidentiality, and the process of assessment and disclosure in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Regulations on Information Disclosure of Listed Companies and other relevant laws and regulations, as well as the Articles of Association of Midea Group, the Regulations on Information Disclosure of Midea Group and other internal rules. This ensures the truthfulness, accuracy, completeness, timeliness and fairness of the information disclosed by Midea. The Group's information disclosure has obtained an evaluation result of A by Shenzhen Stock Exchange for four consecutive years.

### Investor Communication

At Midea Group, under the premise of complying with the information disclosure requirements, we strengthen communication with investors through multiple channels and answer the questions of the investors to the best of our abilities. We help minority investors strengthen their understanding of Midea Group through the investor relations section on the Company's website, the EasyIR platform of Shenzhen Stock Exchange, telephone hotlines, and emails. We set up an investor relations department, where dedicated personnel are assigned to handle investor relations-related affairs. Besides, we make full use of the characteristics of network technology to shortly, plainly and concisely disseminate the Group's information. Through online performance presentations, mini-videos of WeChat official account, easy-to-understand image combined with explanatory text, and online Reception Day for the investors, we help investors keep abreast of Midea Group's development and operational highlights. In 2023, we held a total of 4 General Meetings of Shareholders and 2 online performance presentations.

### Returns to Shareholders

Since its listing in 2013, Midea Group has insisted on giving back to its shareholders by developing a profit distribution policy. Midea Group promises to review its shareholder return plan at least every three years in light of the market situation, so as to ensure that the policy can provide reasonable, consistent and stable returns to shareholders. In paying both cash dividends and stock dividends while adhering to the principle of stable growth, we prioritize the distribution of cash dividends and specify that the cumulative profit distributed in cash shall not be less than 30% of the average annual distributable profit realized in the past three years. By the end of 2023, Midea Group had distributed cumulative cash dividends of over RMB 86 billion.

#### 2022 Shareholder Return Plan

The cash dividend per 10 shares was RMB **25**. The total cash dividend amount was approximately RMB **17.2** billion, accounting for over **58%** of the net profit attributable to the parent company for the year.

#### 2023 Proposed Shareholder Return Plan

A cash dividend of RMB **30** is proposed to be distributed per 10 shares, accounting for more than **61.6%** of the net profit attributable to the parent company for the year.

While stabilizing its dividend payout, we have continued to apply a series of stock option incentive instruments since 2014, to ensure that the interests of the Group, the shareholders, and the employees are well aligned.

#### By the end of 2023

We had launched **9** Stock Option Incentive Schemes, **7** Restricted Share Incentive Schemes, **8** Global Partner Stock Ownership Schemes, **5** Business Partner Stock Ownership Schemes, and **1** Core Personnel Stock Ownership Scheme.

In doing so, we have effectively built an equity structure that aligns the interests of the operating management, key personnel and all shareholders, and an incentive mechanism that balances long-term and short-term incentives and constraints.

Midea Group has continued to implement a series of share repurchase programs. The Company has launched seven repurchase programs since 2015, which were used for repurchasing and cancellation to improve earnings per share as well as the implementation of the Company's equity incentive plan and employee stock ownership plan, as a way to maintain the stability of the Company's market value and the interests of all shareholders.

#### As of 2023

The total amount of Midea's repurchase had exceeded RMB **27** billion.



## Reinforce Sustainable Development

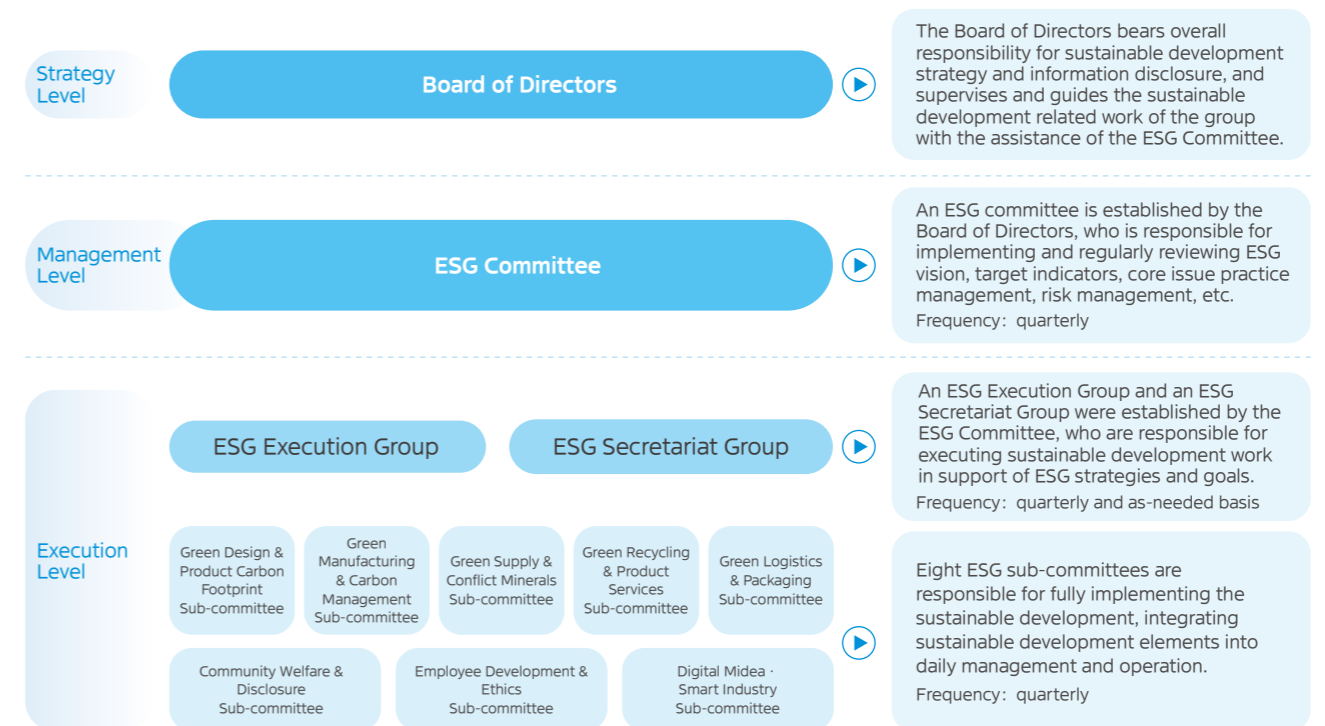
# Sustainable Development Strategy & Concept

Midea Group attaches great importance to sustainable development and actively manages the environmental and social impacts of its manufacturing and operating activities. We are committed to becoming a world's leader in smart home and an enabler of smart manufacturing. We also strive to integrate the concept of sustainable development into our corporate strategy, daily management and work, to achieve long-term and high-quality sustainable development.

## Statement by the Board

The Board of Directors of Midea Group assumes overall responsibility for sustainable development strategy and information disclosure. Our Board of Directors has set up an Environmental, Social, and Governance Committee ("ESG Committee"), which holds meetings on quarterly and as-needed basis to oversee, guide, and implement the Group's sustainable development work (including strategic planning, management structure, rules and implementation details, and performance). Additionally, an ESG Execution Group and an ESG Secretariat Group under the ESG committee were established to execute our sustainable development work in support of ESG strategies and goals. In September 2023, we developed and publicly released the Work Rules of the Environmental, Social, and Governance (ESG) Committee of Midea Group Co., Ltd., outlining the composition requirements, responsibilities, decision-making procedures, and rules of consensus of the ESG Committee, aimed at further enhancing the construction of Midea Group's ESG system.

Eight ESG sub-committees were established in January 2024 to ensure the top-down implementation of the sustainable development concept and integrate sustainable development factors into the Group's daily management and operations. These sub-committees are responsible for comprehensively promoting sustainable development of the Group's units at all levels. The ESG sub-committees meet quarterly to ensure the continued progress on ESG strategies and goals.



The ESG Governance Structure of Midea Group



With the authorization of the Board of Directors, the ESG Committee continues to improve the effectiveness of ESG strategies and goals on the basis of scientific assessments and rational planning. Combining market focus and hotspots, our own development strategy, and the results of stakeholder communication, the ESG Committee prudently assesses the potential ESG risks and opportunities faced by the Group and their potential impacts on the Group's long-term operations. On this basis, the ESG Committee prioritizes ESG issues and identifies our ESG management and reporting priorities for the Reporting Period.

The Group has established ESG management goals and performance indicators. Additionally, the management priorities and follow-up frequency of each sub-committee are determined according to the nature of the ESG issues. As the highest decision-making body for sustainable development management, the Board of Directors regularly reviews ESG performance and goals to ensure that appropriate and effective management policies are in place.

To strengthen the ESG capacity building of the Board of Directors and members of the sustainable development management structure, we conduct ESG training from time to time. During the Reporting Period, external experts were invited to conduct training on ESG development trends, ESG practices of listed companies, and suggestions on ESG planning, and more than 200 people participated in the training. Going forward, we will continue to strengthen the dissemination of ESG concepts, effectively integrating the principles of sustainable development into the Group's strategic planning and daily operations.

We have established a performance evaluation mechanism of sustainable development, incorporating sustainable development indicators into the performance evaluation of senior executives, including environmental, health and safety (EHS) management, compliance management, ESG thematic activities, quality management, and others. We continuously optimize the setting and evaluation mechanism of these sustainable development indicators in the compensation assessment, well aligning it with the Group's sustainable development strategy, so as to reinforce the implementation of sustainable development management.

## Sustainable Development Goals

Midea Group takes "the advanced nature of corporate governance, the advancement of value concepts, and the spiritual growth of management" as the three major cornerstones of sustainable development.. Starting from "Protect the Blue Planet, Build a Harmonious Community, Practice 'Bring Great Innovations to Life', and Jointly Create the Prosperous Ecology", we are building a green, safe, and stable supply chain for the world. Aiming to provide global users with green, intelligent, and easy-to-use products and services, Midea Group strives to promote the maintenance of a green, ecological, and sustainable community environment, and to work together with global users for building a green and beautiful home.



## Midea Group 2030 Sustainable Development Goals

As a global tech-leading company, we adhere to the concept of sustainable development. While supporting the United Nations Sustainable Development Goals (SDGs), we set the Midea Group 2030 Sustainable Development Goals, aiming to continuously improve the Group's ESG performance and respond to stakeholders' expectation while responding to global challenges and effectively support the long-term development of business operations. Midea also included the discussion on ESG issues and the progress of the following goals into the agenda of the monthly management meeting, with a view to the steady progress of the 2030 goal.

Sustainable Development Vision	Goal Description	Progress of the year	Goals for 2030
Protect the Blue Planet	GHG emission Intensity in Scopes 1 and 2 (tCO <sub>2</sub> e / per RMB 10,000 of output value)	0.061	0.040
	Number of factories certificated with Energy Management System Certification (units)	35	50
	Installed capacity of photovoltaic power generation system (MW)	280	500
	The Compliance Rate of wastewater, exhaust gas and waste emission (%)	100	100
Build a Harmonious Community	Number of training courses on "M-Learning" platform (units)	28,874	64,399
	Cumulative amount of "Employee Support Fund" (RMB million)	64.7	148.7
	LTIR per 200,000 hours	0.063	0.030
	Cumulative number of employees involved in the Midea Series of Public Welfare Activities Program (times)	500	10,000
Practice "Bring Great Innovations to Life"	Accumulated R&D investment since 2020 (RMB billion)	49.3	120
	The number of products for CO <sub>2</sub> emission accounting in product use stage (units)	4	100% coverage of major Midea Smart Home Solution categories
	Cumulative number of recycled products ('000 units)	4,150	50,000
Jointly Create the Prosperous Ecology	Coverage rate of sustainability performance assessment for new suppliers (%)	100	100
	Number of suppliers for SSC supplier empowerment (units)	301	1,000
	Due Diligence Rate of supplier controversial sourcing (%)	100	100

## Sustainable Development Milestone




<p>● <b>2022</b></p>	<p><b>Midea founded the ESG Committee.</b></p> <p>Midea coordinated and promoted environmental, social and corporate governance efforts to strengthen the sustainability of the Group.</p>
<p>● <b>2023</b></p>	<p><b>In 2023, Midea passed the UN Global Compact audit and formally joined it.</b></p> <p>Midea was selected on the 2023 Fortune China ESG Impact List</p> <p>Midea established the position of Chief Sustainability Officer.</p>
<p>● <b>2024</b></p>	<p><b>Midea established ESG sub-committees.</b></p> <p><b>Midea Building Technologies announced its commitment of the Science-Based Targets Initiative (SBTi).</b></p> <p><b>Midea released Sustainability Development Vision.</b></p> <ul style="list-style-type: none"> <li>⊙ Protect the Blue Planet</li> <li>⊙ Build a Harmonious Community</li> <li>⊙ Practice "Bring Great Innovations to Life"</li> <li>⊙ Jointly Create the Prosperous Ecology</li> </ul>



## Stakeholder Engagement

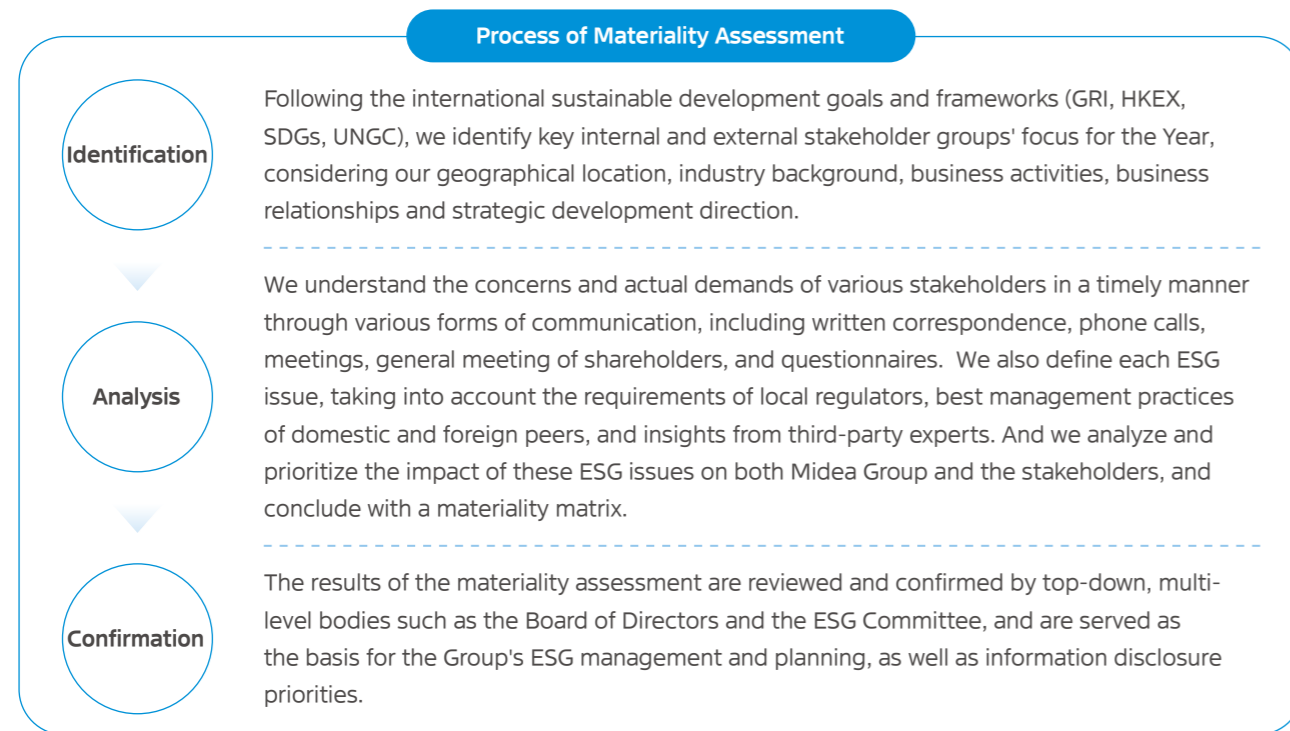
### Communication with Stakeholders

Midea Group attaches great importance to the expectations and demands of stakeholders. By establishing diversified communication channels with various stakeholders, we respond timely and improve relevant management, creating value for all parties actively.

Stakeholders	Demands and Expectations	Communication and Response
 <b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>⊙ Green development</li> <li>⊙ Corporate governance</li> <li>⊙ Compliant operation</li> <li>⊙ Information disclosure</li> <li>⊙ Shareholders' interests</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Promote green strategies</li> <li>⊙ Optimize governance structure</li> <li>⊙ Improve risk management and performance appraisal mechanisms</li> <li>⊙ Publish periodic reports and company announcements</li> <li>⊙ Provide reasonable returns on investment</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>⊙ Product innovation and development</li> <li>⊙ Information security and privacy protection</li> <li>⊙ Product quality and safety</li> <li>⊙ Product services and experiences</li> <li>⊙ Product accessibility</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Enhance technological innovation</li> <li>⊙ Establish systems and processes to protect customer privacy</li> <li>⊙ Optimize business processes</li> <li>⊙ Create intelligent and proactive services</li> <li>⊙ Improve product sales channels</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>⊙ Employee training and development</li> <li>⊙ Health and safety of employees</li> <li>⊙ Legitimate rights and interests of employees</li> <li>⊙ Diversity and equal opportunities</li> <li>⊙ Employee remuneration and benefits</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Build a perfect career progression channel</li> <li>⊙ Promote measures to ensure the occupational health and safety of employees</li> <li>⊙ Protect the rights and interests of employees</li> <li>⊙ Respect the diversity of the workplace</li> <li>⊙ Provide competitive remuneration and benefits</li> </ul>
 <b>Governments and regulators</b>	<ul style="list-style-type: none"> <li>⊙ Climate change</li> <li>⊙ Business ethics and anti-corruption</li> <li>⊙ Employment security</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Address climate change</li> <li>⊙ Abide by business ethics</li> <li>⊙ Create job opportunities</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>⊙ Supply chain management</li> <li>⊙ Fair procurement</li> <li>⊙ Co-development</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Improve the supplier admission review mechanism</li> <li>⊙ Review and empower supplier ESG management</li> <li>⊙ Strengthen cooperation and communication</li> </ul>
 <b>Partners</b>	<ul style="list-style-type: none"> <li>⊙ Industry development</li> <li>⊙ Mutual benefits and win-win outcomes</li> <li>⊙ Long-term and stable cooperation</li> </ul>	<ul style="list-style-type: none"> <li>⊙ Participate in the development of industry standards</li> <li>⊙ Promote Midea's smart industry</li> <li>⊙ Share development achievements</li> </ul>

## Materiality Assessment

To fully understand the concerns of stakeholders and better respond to their actual demands in our operation and development, Midea Group conducts a materiality assessment, taking into account multiple influencing factors comprehensively. This assessment aims to continuously improve the effectiveness of ESG management.



The Year, Midea Group has identified 23 ESG issues that have significant impact on Midea Group and stakeholders from environmental, social and governance aspects. These issues are classified as “very important”, “important” and “less important” according to their impacts.



## Compliance Governance

Compliance with the law is essential for the stable operation of enterprises, and good business conduct and code of ethics are the foundation for the long-term development of enterprises. Midea Group spares no effort to promote the establishment of compliance management systems and cultural systems, continuously improves anti-corruption and reporting mechanisms, and focuses on maintaining a positive and sound corporate image for setting an action benchmark for the industry.

## Corporate Governance

The advanced nature of corporate governance is one of the three cornerstones of Midea Group's sustainable development. The Group adheres to self-examination of corporate governance mechanisms from various perspectives, continuously improves these mechanisms, and promotes the transformation and innovation of corporate governance. We set up decentralized management policies in our functional departments, business groups, and divisions, and continually strengthen the regulatory framework for the group level companies and their subsidiaries.

## Decentralized Governance

To fully unleash organizational vitality and entrepreneurial spirit, the Group follows the principle of "delegating operational matters while controlling risks hierarchically." We formulate decentralization manuals at the primary level structure (such as functional departments, business groups, and divisions), and require operating units at the secondary level structure (such as product companies, operating bodies, domestic and overseas sales, etc.) to formulate decentralization manuals as needed. The decentralization manuals standardize the processes that require review, joint review, approval, and filing by superior departments, and clarify the management responsibilities of the chairman, vice presidents in charge, presidents of operating units, functional presidents, and heads of primary departments of operating units and above, aiming to achieve clear responsibilities and orderly decentralization. Relevant departments regularly conduct surveys on the actual operation of decentralization and revise the decentralization manuals accordingly.

## Group Company and Subsidiary Company Governance

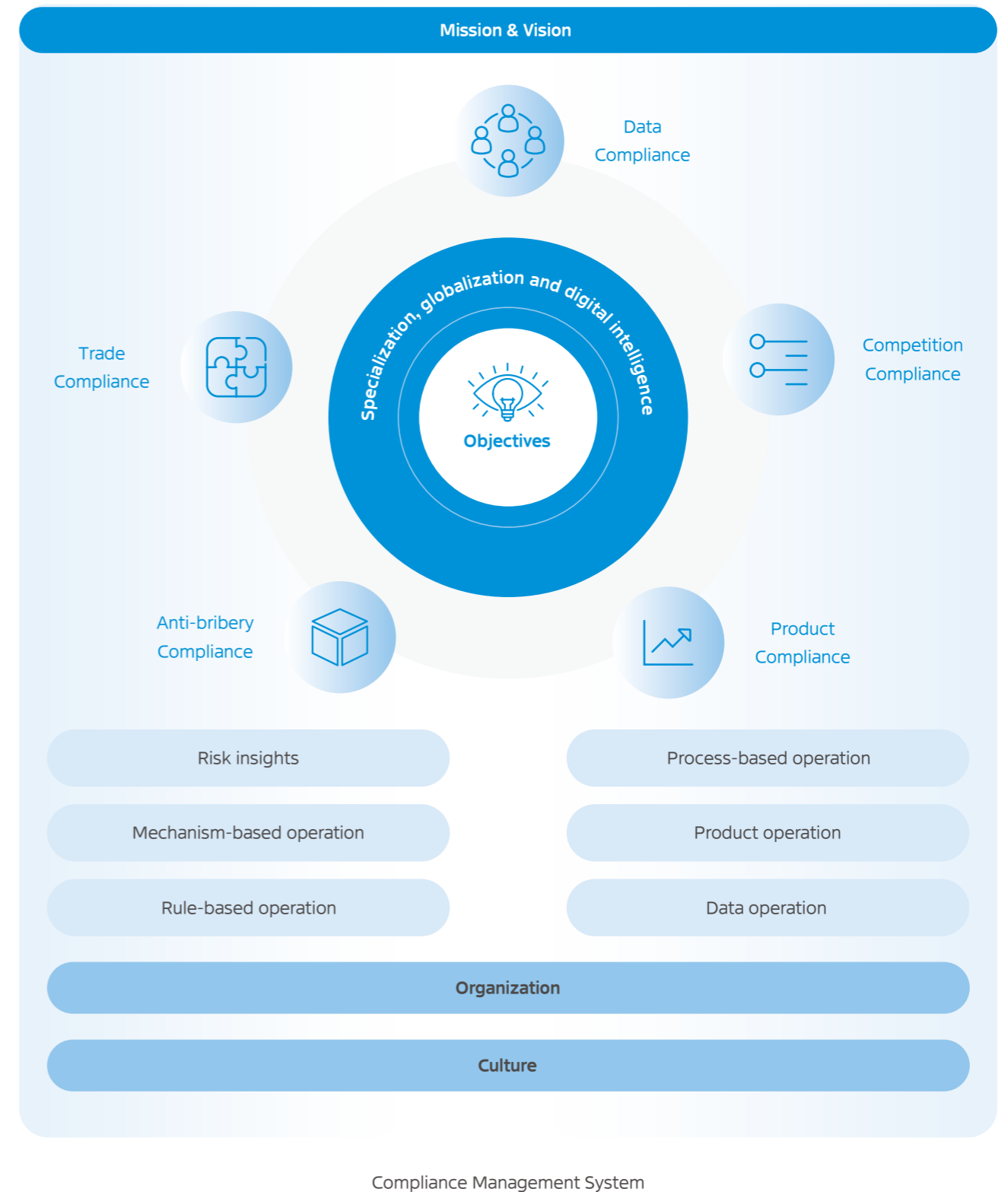
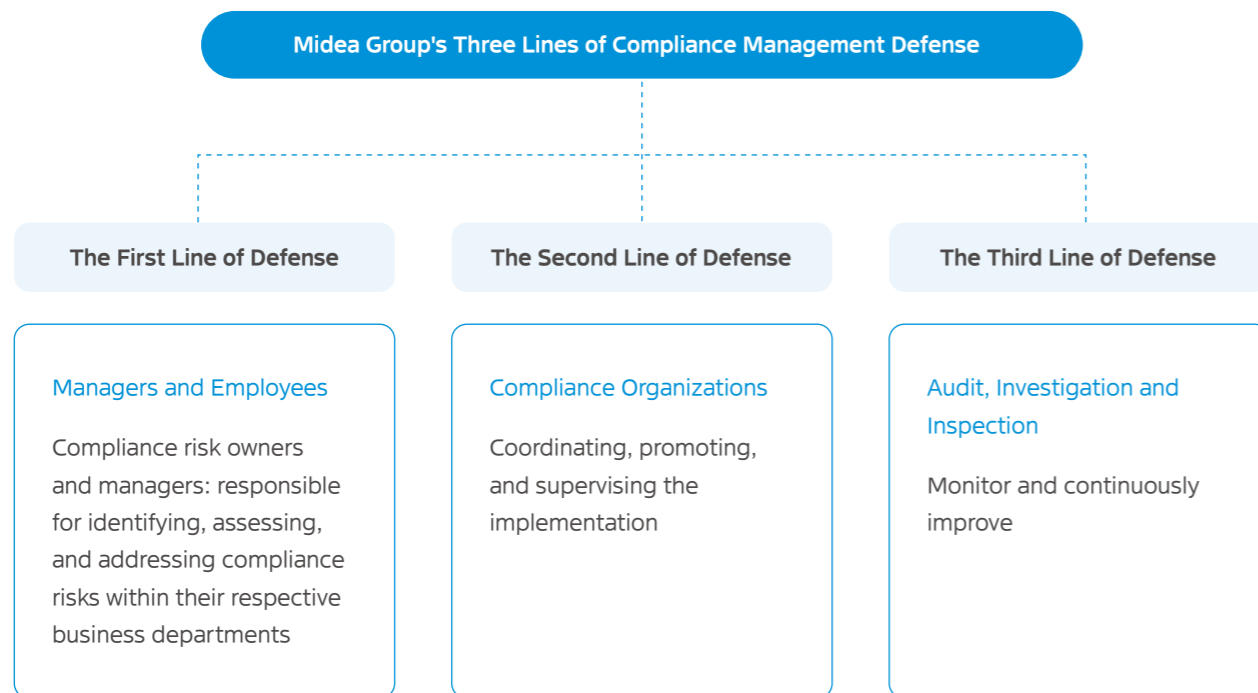
The Group owns multiple types of subsidiary companies, located in different countries and regions, subject to different legal jurisdictions. Depending on the business or corporate governance relationships of different companies, we classify subsidiary companies into first-class companies, second-class companies, innovative platform companies, overseas companies, special purpose companies, joint ventures, and equity companies. On the one hand, the Group regulates the corporate governance structure, management responsibilities, management content, management requirements, and accountability of group companies and their subsidiaries by formulating a series of Midea Group enterprise standards to achieve the management goal of "legal compliance, pragmatic efficiency, clear rights and responsibilities, and complete records". On the other hand, while adhering to universal provisions and minimum requirements, the Group implements different governance management requirements for its subsidiary companies. At the same time, we formulate corresponding management methods for matters such as the appointment of directors, supervisors, legal representatives, and general managers of group companies and their subsidiaries, company secretary management, board meeting management, company property management, and archives management, further strengthening the daily management of group companies and their subsidiaries without violating local laws and regulations where we operate.

## Compliance with the Law

Midea Group attaches great importance to compliance risk prevention and control and other management. Following the concept of "Midea's Development, Compliance Together", we continue to establish a sound compliance management system from three aspects, namely management structure, management system and operation mechanism, and cultural construction.

### Management Structure

By developing our compliance system through the three lines of defense, we continuously strengthen our efforts to implement our compliance risk identification, assessment, prevention and control and other related work. In this way, we strive to successively improve our compliance governance capabilities. In terms of specialized compliance organizations as the second line of defense, we have established Midea Group Legal Compliance Center, which is responsible for coordinating the development of group compliance management rules, mechanisms, and capabilities. Additionally, compliance task groups, such as Trade Compliance Task Group, Data Compliance Task Group, Competition Compliance Task Group, Product Compliance Task Group, and Anti-bribery Compliance Task Group have been established under the Compliance Center to improve our compliance system. To effectively implement the day-to-day compliance management, we have gradually established an integrated compliance management organization that combines functional compliance, national and regional compliance, and business group/division compliance. We have also appointed compliance officers at the business group/division and regional levels, and compliance representatives in business departments, branches and subsidiaries, and factories. These compliance officers and representatives are responsible for implementing the Group's compliance policies, reporting on material compliance risks, and conducting compliance training and education.



## Management Policies and Operating Mechanisms

Adhering to integrity in business operations, abiding by business ethics and complying with all applicable laws and regulations are the core concepts that Midea Group has always upheld. We have established and continuously improved internal systems to effectively implement internal compliance work.

In 2023, we have closely followed domestic and international regulatory trends, benchmarked industry compliance standards, and in line with the global business development of Midea Group, collaborated closely with various functional departments, regions, business groups/divisions, and other stakeholders to continuously optimize the construction and implementation of the compliance system. Among them, the Smart Home, Industrial Technologies, and Building Technologies have obtained ISO 37301 Compliance Management System Certification in the field of anti-monopoly and data protection.

In terms of trade compliance, Midea Group issued the Management Statement on Compliance with Sanctions and Export Control Regulations and implemented trade compliance risk governance projects based on actual business needs. In the areas of competition compliance and anti-bribery compliance, we further refined the Midea Group Antitrust Compliance Management Measures and the Midea Group Anti-Bribery Compliance Norms, provided specific compliance operation guidelines for different business scenarios based on business process optimization, so as to promote the implementation of compliance management work. For data compliance, we have set up a data protection office. In accordance with the internal rules already released, such as the Data Safety Management Measures and the Personal Information Protection Management Measures, the team set up several data approval processes, and conducted privacy compliance assessments in Europe, the United States, Vietnam, and other countries and regions. In addition, we continuously conduct data compliance self-inspection and audit of overseas official websites, IT systems, and apps as well as applets, complete data export security assessment declarations, and thus further strengthen and optimize the protection of relevant intelligent product data and personal privacy.

## Build a Compliance Culture

Midea Group is actively building a compliance culture. Our employees are offered law updates, case analysis, compliance tips, and policy analysis through the publicity service account "Midea Compliance", the Group's communication platform. This is to improve employees' compliance awareness and risk prevention capabilities. In addition, Midea Group also enhances compliance awareness through comprehensive and multiple channels such as regulatory updates and newsletters, special training, video courses, etc., to create a sound corporate compliance culture. In 2023, nearly 45 training sessions were conducted, covering various areas such as trade compliance, data compliance, anti-bribery, anti-monopoly, and foreign-related contracts to empower compliance professionals.



ISO 37301 Compliance Management System Certification



"Mideas Development, Compliance Together"

## Business Ethics

To promote a clean and upright corporate culture, Midea Group adheres to the highest ethical standards and professional ethics for compliant operations, and continuously improves systems, management measures, and cultural awareness concerning integrity in business practices. We firmly oppose any forms of commercial bribery, corruption, fraud, and other violations of business ethics, regularly conduct business ethics audits, and strictly control integrity risks. In order to construct clean and honest business civilizations, Midea Group participates in the formation of the Corporate Anti-Corruption Alliance and the Sunshine Integrity Alliance, and probes into the governance of internal corruption with more than 1,000 alliance members, thus jointly promoting the construction of a clean society.

## Management Policies

Adhering to the philosophy of honesty and integrity, the Group strictly follows the laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China. In addition, we have formulated the Midea Group Business Code of Conduct, which clearly defines norms such as fair competition, conflict of interest management, anti-corruption, anti-money laundering, insider trading, etc. And we consistently improve the Declaration and Disposal of Gifts Received, and the Management Measures for Accountability to guide and regulate employee behavior and implement the Group's integrity requirements.

To further strengthen the standardization and effectiveness of anti-corruption efforts, the Group has formulated the Management Measures for Integrity Reporting and improved the hierarchical reporting and investigation mechanism to ensure that the investigation is independent, objective, fair, and impartial. This will contribute to building a simple, transparent, fair, and just business ecosystem. In 2023, Midea Group did not receive any concluded bribery, fraud, corruption, or other lawsuits against the Group or employees.

## Business Ethics Audit


The Group attaches great importance to the internal control system and risk control. We address high-risk areas, identify and eliminate corruption and fraud risks based on annual audits covering all operations, thus firmly building a line of integrity prevention and control. During the Reporting Period, we conducted a survey on the integrity index involving all employees, who were asked to rate the Group's business integrity, institutional development, and the effects of anti-corruption practices. This survey helped us identify gaps in our integrity efforts, while showing an enhanced awareness of integrity and compliance among our employees, who actively monitor issues such as information falsification and fraud in the workplace and take initiative to stop and report such problems. In response to this survey, the Group has taken a series of special tasks, for emphasizing on the key role of Management in integrity practice. Any form of unethical behavior is prohibited under the principle of "zero tolerance". Through these efforts, we look forward to building a workplace that is open, transparent, full of integrity and honesty.


## Reporting Mechanism

Midea Group has established a sound complaint and reporting mechanism to encourage employees, suppliers and other stakeholders to report any unethical behavior that may occur or has occurred via various reporting channels, including the hotline, e-mail, letters, and online complaint platforms.

We give top priority to the confidentiality of the whistleblowers' identities and the contents reported, and resolutely crack down on any form of threat or retaliation, so as to effectively provide whistleblowers with protection from retaliation. Independent investigations are conducted in a strictly confidential manner. Those who are found to have violated regulations and discipline upon investigation will be disclosed, demoted or dismissed. Those who may have violated the law will be handed over to the Public Security Bureau according to the law.

### Reporting Channels

 **Hotline**  
(86) 757 2660 5599

 **E-mail**  
tousu@midea.com  
compliance@midea.com

## Building Integrity Culture

Midea is committed to strengthening the collaboration with internal and external stakeholders, actively implementing anti-corruption requirements, and raising anti-corruption awareness and vigilance among all parties through various measures. All of our employees, including part-time, contractors and suppliers are required to participate in business ethics training and promotion. Online and offline training, as well as diversified publicity and education activities, are conducted regularly on business code of conduct, employee code of ethics, supervision and reporting systems, and corruption cases. These activities aim to ensure that all relevant parties understand and comply with the Group's requirements and regulations regarding business ethics. Additionally, we require external partners such as customers and suppliers who engage in business and economic transactions with the Company to sign the Integrity Cooperation Agreement to build an anti-corruption partnership and jointly create an honest business environment.



### Training with the Theme of "Navigating Infinite Possibilities"

In January 2023, the Group conducted a training with the theme of "Navigating Infinite Possibilities". Case interpretation, fraud risk warnings throughout the business process, and Midea Group's self-statement and reaffirmation of exemption system were used to encourage employees to maintain their integrity and conduct legal and compliant business. The training covered front-line sales employees, key personnel, and management from the kitchen and water heater divisions, with more than 500 participants.



Training with the Theme of "Navigating Infinite Possibilities"

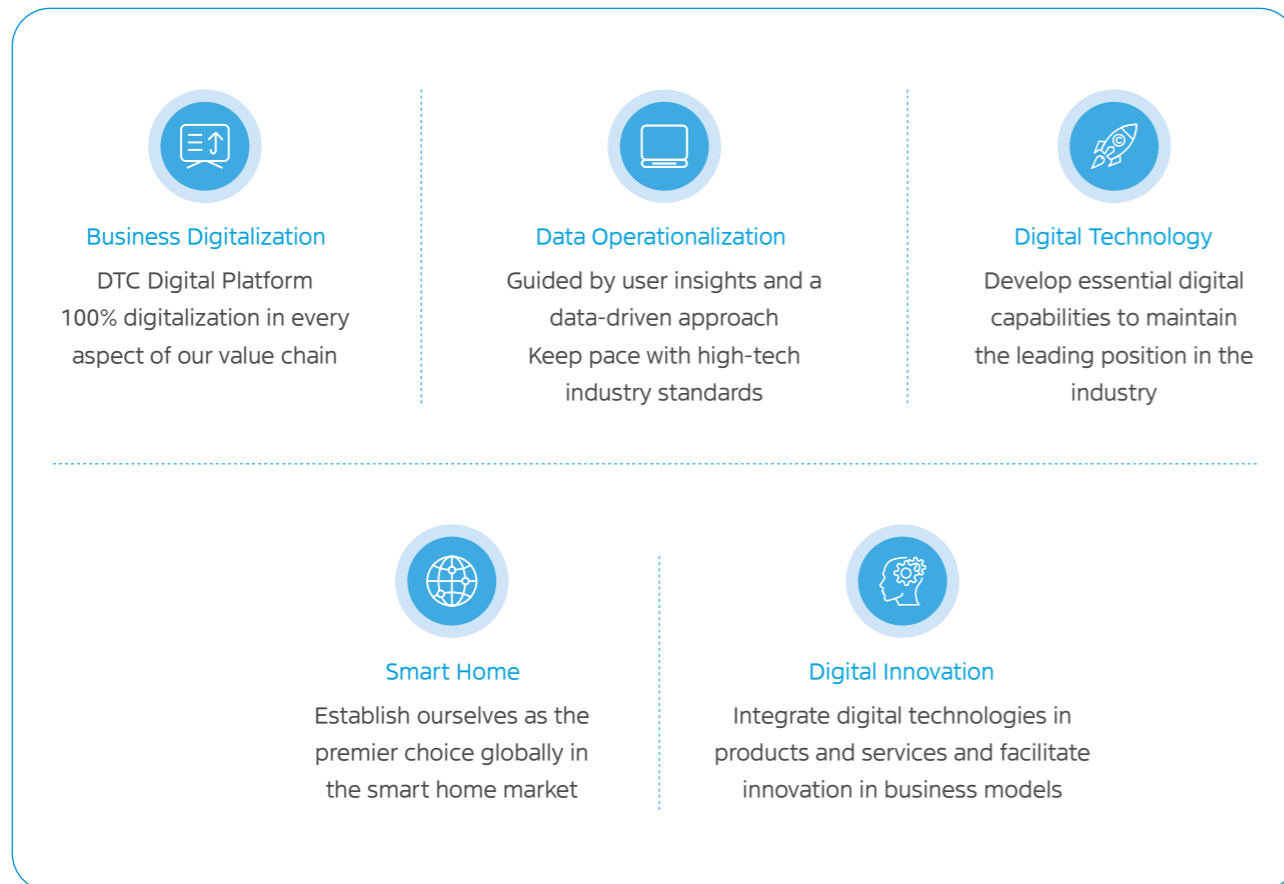


### Integrity Training

In July 2023, the Group's audit department conducted integrity training for all management. Through the analysis of recent typical corruption cases, complaint hotspots, and the disclosure of the Midea Group's Semi-Annual Integrity Governance Report, the business risks of the Group were highlighted. Additionally, management was asked to take the lead in advocating a culture of integrity and set an example by abiding by the Group's integrity requirements, so as to create a clean and upright workplace.

# Digital Midea, Smart Industry

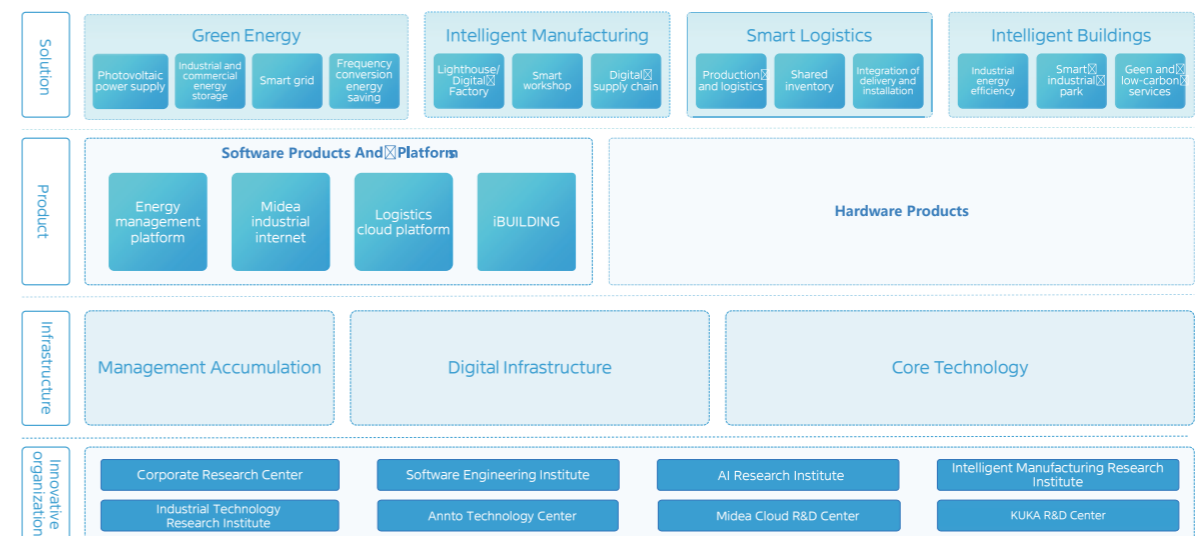
Facing the new trends and strategic directions in global and national industrial development, Midea Group has bravely embarked on a transformative journey. Building upon years of experience in digitalization and technological capabilities, we have innovatively unveiled the "Digital Midea 2025" strategy, which aims to empower other enterprises and industries to improve their quality and performance by providing digital, intelligent, and green solutions and services.



"Digital Midea 2025" strategy

Under the guidance of the "Digital Midea 2025" strategy, Midea Group is restructuring its value chain and business models based on nearly a decade of industrial practice experience and technological capabilities. Transitioning from our traditional role as a product and hardware vendor, we are now positioning ourselves as a provider of integrated smart industrial solutions. This strategic shift aims to lead and empower the global transformation towards intelligent industrialization.

Midea Group's smart industrial solutions are mainly divided into four modules according to service scenarios: green energy, intelligent manufacturing, smart logistics, and intelligent buildings. We provide industrial enterprises/parks and other organizations with integrated solutions and services tailored to their needs. These solutions and services include green energy production configuration, digitalization upgrade for manufacturing, efficient logistics and supporting services, and smart green low-carbon production, office, and living environments. At the same time, the Group provides strong support for continuous innovation, development, and iterative upgrades of smart industrial solutions through hardware and software products, digital infrastructure, and innovative organizational structures.



Midea Group's Smart Industrial Solutions

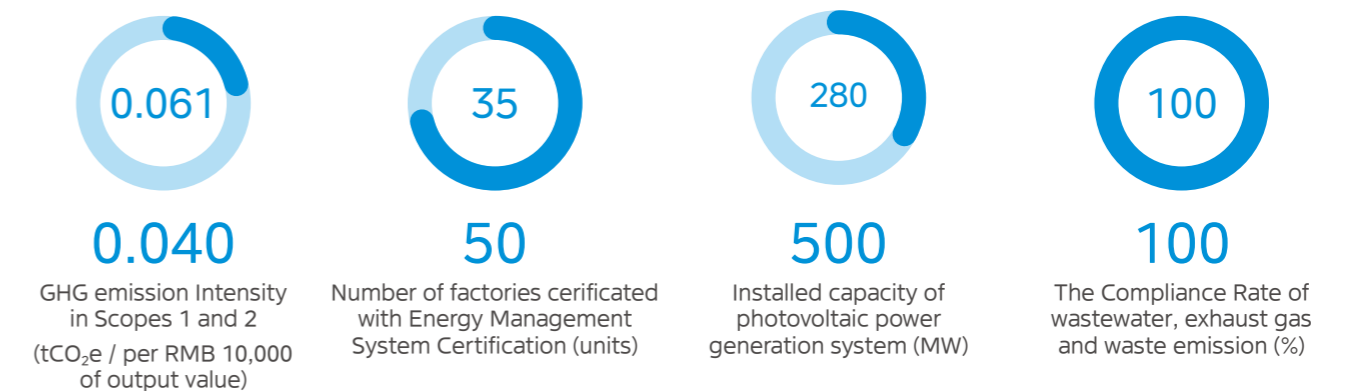


## Protect the Blue Planet

Pursuing the vision of a community with a shared future for mankind, Midea Group continues to strengthen the green management work, and work with stakeholders to address climate and environmental challenges with the influence of Midea Group on promoting green development. Through these joint efforts, we are contributing to the protection of the blue planet, and moving towards a greener and more sustainable future.

To achieve the vision of "creating a green global supply chain, and providing green products and services to build a green and better home for mankind", and to respond to the national "3060" strategy, we have released the "Green Strategy" for Midea Group, with "green design, green purchase, green manufacturing, green logistics, green recycling, green services" as the six pillars, to promote green transformation within the industry. During the Reporting Period, we continued to take strategic actions, and made remarkable progress in the six pillars.

### Midea Group 2030 Sustainable Development Goals and Progress





**Green Design**

We continue to invest in the research and development of the most energy efficient and environmentally friendly refrigerant products.

In 2023, Midea Air Conditioner made new breakthroughs in R290, with the new product Efficlina having an energy efficiency far higher than the highest energy efficiency grade A+++.

We build the carbon parameter database covering the whole lifecycle to provide underlying data support for the low-carbon transformation of products, and actively conduct product carbon audits, trying to independently build a Midea internal accounting platform for product carbon footprints.

**Green Purchase**

We work with a number of industry leaders to develop and apply green and low-carbon materials.

In 2023, we made breakthroughs in the main components of air conditioner external units, with ultra-low carbon household appliances featuring hot-dip galvanized products. The Laundry Appliance Division established a traceable, closed-loop supply chain network, which significantly reduced carbon emissions. Additionally, we completed the research on detergent box parts with 50% recycled materials and achieved the Global Recycled Standard (GRS) certification<sup>1</sup>.

**Green Manufacturing**

We incorporate green concept into the medium- and long-term plans for sustainable development on a progressive basis, and continue to improve the green manufacturing system based on the organizational plan for green manufacturing, so as to improve our green manufacturing capacities.

In 2023, Midea RAC Factory in Thailand was awarded the Thailand National Green Factory Status; the installed capacity of distributed photovoltaic power generation systems in Hefei Factory of the Laundry Appliance Division reached 22.83 MW, generating 23.18 million kWh of electricity per year, using 30.42% of the green power, and achieved the National Green Factory and Anhui Green Factory Certifications. As of the end of the Reporting Period, Midea Group had possessed 28 national green factories.

Six Pillars

Create a green global supply chain, and provide green products and services to build a green and better home for mankind

Vision

Midea Group's "Green Strategy"

Objectives

Achieve carbon peak by 2030 and carbon neutrality by 2060

Six Pillars

**Green Logistics**

We remain committed to the green intelligent logistics strategy, and have established a green intelligent logistics system integrating green transportation, green storage and green packaging, helping the whole industry chain improve quality and efficiency and reduce carbon emissions.

In 2023, Midea Group applied automation and other technological tools to build the intelligent production logistics system, which enables standardized, intelligent and automatic process in each logistics scenario. The Household Air Conditioner Division of Midea Group upgraded the packaging materials by developing packaging materials such as high density polyethylene (HDPE) and expanded polypropylene (EPP) that can be easily recycled. For communities without recycling and disposal facilities, Midea Group also developed compostable biodegradable packaging materials based on polybutylene adipate terephthalate (PBAT) as the substrate.

**Green Recycling**

We are building the digital green recycling system for the entire supply chain network and actively pursuing the national recycling target arising from extended producer responsibility.

In 2023, we completed the recycling of 2.6 million waste appliances ahead of schedule, representing an increase of 151% from 2022.

**Green Services**

We have launched the intelligent industrial solutions to lead and empower the digital and intelligent transformation of upstream and downstream industries and partners, thus promoting the carbon reduction and digital empowerment in the whole value chain.

In 2023, with the strength of Midea Group's digital efforts and technical capabilities, we launched our intelligent industrial solutions.

# Efforts to Address Climate Change

Climate change is a common challenge facing the world. Addressing climate change and promoting the global transition to green development have built the broadest global consensus. Governments, enterprises and social organizations are taking positive actions. Midea Group continues to contribute to global climate governance, and will actively respond to climate change as an inherent requirement for the realization of sustainable development and a responsibility to promote the human community with a shared future.

Midea Group refers to the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to further identify climate change risks and opportunities related to our own operations. We implement measures to respond to climate change, contribute to global climate change governance, and comprehensively promote the Group's sustainable development.

Midea Group manages climate change issues through our ESG governance structure and management procedures. The Board of Directors established processes and mechanisms for climate-related risk management, clarifying the responsibilities of management in assessing and managing climate risks and strengthening climate change management. At the same time, the Board of Directors takes climate issues as a specific topic to regularly discuss and review the work related to climate risks and opportunities in the Group.

In addition to requiring the ESG Committee to report regularly to the Board on ESG issues, we have established a Green Manufacturing and Carbon Management Sub-committee under the ESG Committee. The sub-committee manages and implements regular climate change-related work and urges all departments to identify relevant risks, take countermeasures, and include these tasks into their key annual work plans.

The Group continues to pay attention to the impact of climate change on our business operations. We identify climate change risks relevant to the Group and track the impact of these risks on corporate financing capacity and cash flow. We also formulate countermeasures to improve our ability to adapt to climate change.

Our climate change risks are mainly divided into physical risks from extreme weather events and transition risks to a low-carbon economy. The related impacts and countermeasures are as follows:



<sup>1</sup> The GRS is an international, voluntary, full product standard that sets out requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions. The goal of the GRS is to increase use of recycled materials in products and reduce/eliminate the harm caused by its production.

**Climate Change Risks**

- ⊙ **Energy shortages:** Resource shortages caused by climate change may disrupt energy supplies, affecting the production and business continuity of the Group.
- ⊙ **Health and safety risks:** Changes in weather patterns lead to extreme heat, which can negatively affect the health of workers who work in high temperature continuously.
- ⊙ **Tightened policy:** As the globe vigorously develops a circular economy, certain countries and regions are imposing increasingly strict requirements on product packaging, such as restricting plastic packaging or levying taxes on disposable plastic packaging. This may increase the Group's costs of product packaging and export.

**Midea's Countermeasures**

- ⊙ **Implement energy management:** Pay continuous attention to the energy structure of business operation areas, promote electricity saving measures, attach importance to the development and application of energy saving and emission-reduction technologies, improve energy efficiency, and reduce operating costs.
- ⊙ **Develop emergency response plans:** In response to extreme weather events, the Group has formulated extreme weather emergency response plans according to actual operating conditions, and regularly organize emergency drills for personnel.
- ⊙ **Track the policies and regulations:** Continuously pay attention to the policies and regulations related to climate change and dual carbon goals, and promptly adjust the operation plan according to the latest policies and development trends.

**Climate Change Opportunities**

- ⊙ Continue to develop and/or expand low-emission products and services to gain more market share and consumer favor; gain more investment opportunities in the capital market to generate more revenue.

**Midea's Grasp of Opportunities**

- ⊙ Continue to refine Midea's green services to provide green solutions for internal and customer needs.
- ⊙ Stick with the "Green Strategy", promote green design, and develop green and low-carbon technologies and products to meet the expectations of the market and consumers.

We integrate the concept of addressing climate change into the Group's "Green Strategy". Under the management requirements of "checking our emission status, formulating standards, reviewing results, conducting strict appraisals, and ensuring goal achievement," we have formulated the action plan and divided our path to carbon neutrality into four stages so that we can gradually advance our work toward dual carbon goals.

**"Green Strategy" Action Plan**

<p><b>Stage 1</b> Early planning for steady peaking</p>	<p>⊙ Early planning of green energy and other measures for steady peaking by 2030.</p>
<p><b>Stage 2</b> Initial replacement with green power for carbon emission reduction step by step</p>	<p>⊙ Gradual increase of green power usage and decrease of GHG emissions for carbon emission reduction by 2040.</p>
<p><b>Stage 3</b> Wide use of green power for significant carbon emission reduction</p>	<p>⊙ Wide use of green power for significant carbon emission reduction by 2050.</p>
<p><b>Stage 4</b> Making joint efforts to achieve carbon neutrality</p>	<p>⊙ Make joint efforts to achieve carbon neutrality by 2060.</p>

Source control is an important part of Midea Group's move towards carbon neutrality. We continuously improve our carbon management system. And we standardize our carbon management by formulating corporate carbon management policies. Through comprehensive carbon audits, we aim to understand the current status of the Group's carbon emissions. Adhering to the principle of "prioritizing green power generation while cutting emissions with carbon offset as supplement", we continuously promote the use of green power, and comprehensively reduce GHG emissions in Scopes 1 and 2 through energy conservation, consumption reduction, and carbon reduction in processes. We also continuously promote the use of environmentally friendly refrigerants and the R&D of high-efficiency products. In addition, we comprehensively reduce GHG emissions in Scope 3 through measures such as developing high-efficiency products, recycling green power, using green materials, and promoting GHG emission reductions in our supply chain. At the same time, we will gradually promote the use of the Science Based Targets initiative (SBTi) tools to comprehensively evaluate and verify the rationality of our carbon management targets.

Midea Group Business Groups / Divisions	The GHG Emissions in 2023 <sup>2</sup> (tCO <sub>2</sub> e)		
	Scope 1	Scope 2	Scope 3
<b>Smart Home Solutions</b>	<b>903,338</b>	<b>856,085</b>	<b>4,015,000</b>
Midea Residential Air Conditioner Division	672,762	241,711	3,060,000
Midea Refrigerator Division	143,847	202,017	274,000
Midea Laundry Appliance Division	9,033	80,026	681,000
Midea Kitchen and Water Heater Appliances Division	37,446	112,304	/
Midea Microwave and Cleaning Appliances Division	26,911	122,297	/
Midea Home Appliances Division	13,339	97,730	/
<b>Energy Solutions &amp; Industrial Technology</b>	<b>56,603</b>	<b>379,534</b>	<b>/</b>
<b>Intelligent Building Technology</b>	<b>57,665</b>	<b>45,086</b>	<b>945,000</b>
<b>Total Emissions</b>	<b>1,017,606</b>	<b>1,280,705</b>	<b>4,960,000</b>

<sup>2</sup> The Scope 1 and Scope 2 GHG emissions boundary includes Midea's 8 business divisions and 48 factories. The Scope 3 GHG emissions boundary includes 4 phases of product use for typical domestic sales.

## Promote Environmental Friendliness

Midea Group works hard to reduce consumption and promote resource efficiency. Besides perfecting and upgrading environment management system, we continue to strengthen waste and emission management, and actively undertake the corporate mission of green and low-carbon development, thus continuously contributing to the construction of a beautiful China. As of the end of the Reporting Period, Midea Group had possessed 28 national green factories.

### Energy Management

The Group strictly abides by the Energy Conservation Law of the People's Republic of China and other laws and regulations of the countries and regions where we operate. We have formulated and implemented the Energy Management Measures of Midea Group and other relevant systems. We continuously standardize energy management, and make unremitting efforts to maximize energy efficiency.

#### Energy Management System

Adhering to the energy management policy of "compliance, energy conservation, wisdom and de-carbonization", we continue to build and certificate energy management system, optimize Midea energy and carbon platforms, and implement energy saving and emission reduction measures. At the same time, we have improved the organizational structure to fulfill our responsibilities. We continue to monitor energy-related indicators and follow up on abnormal situations in a timely manner to support the Group's energy-efficient operations. By the end of the Reporting Period, a total of 35 factories of Midea Group had obtained ISO 50001 Energy Management System Certification.

Energy compliance is the foundation of Midea Group's energy management. We continue to implement compliance management requirements through initiatives such as motor management, power quality assurance, and energy metering. Moreover, we regularly carry out internal and external energy audits, actively assess energy management and consumption, and conduct targeted energy improvement work to fully safeguard the Group's energy compliance management.

#### Strengthening Energy Management

Midea Group strengthens energy saving management with technology. Focusing on energy saving in process, equipment, power and digitization, we continue to accelerate process breakthrough in various fields, including injection moulding, sheet metal, spraying, electronic and compressed air for energy saving, gas-to-electricity conversion, and photovoltaic energy storage. Through specific benchmarking cases of technical practice, we are able to empower our Group. In addition, we have set up a technical expert group, carried out cross-departmental collaboration and adopted enabling management to ensure the effective implementation of energy-saving technologies while achieving innovative breakthroughs.

#### During the Reporting Period

We implemented **1,875** energy conservation projects and invested more than RMB **132** million in energy saving and emission reduction.



#### Midea Building Technologies ("MBT") Division Joins the SBTi

GD Midea Heating & Ventilating Equipment Co., Ltd. of MBT, officially announced its signing of the Business Ambition for 1.5 °C Commitment Letter issued by SBTi. In regard to this, MBT continues to promote sustainable development:

- ◎ In response to climate change, MBT will continue to use green and recycled materials and refrigerants with low global warming potential (GWP), and develop a green supply chain system;
- ◎ In terms of the efficient use of resources, MBT will (1) promote a circular economy and recycle production wastewater; (2) recycle the refrigerant of products returned for repair; (3) build zero-waste workshops; and (4) reduce the use of plastic packaging;
- ◎ In terms of equal development, MBT will strengthen the supply chain by providing green services (development and certification consulting of carbon management platform and green supply chain system), and encourage key suppliers to achieve national-level green supply chain certification;
- ◎ In terms of green design, MBT will establish the green and sustainability review for new products. The company will conduct a comprehensive review of all products during their design to ensure that they comply with environmental regulations and meet the requirements of being green and low carbon, energy efficient and environmentally friendly.

In the future, Midea Group will continue to promote efforts to address climate change, save energy, and reduce emissions. Based on MBT's experience in setting practical emission reduction targets and implementing emission reduction plans, we will comprehensively promote the sustainable development of the Group.



MBT Division Joins the SBTi



**Process Energy Saving - Spraying Cancellation to Color Plate Project**

To address the issue of high pollution and high energy consumption during the spraying process, we carried out the "Spraying Cancellation to Color Plate Project" in the laundry appliance factories in Wuxi and Hefei, replacing the ordinary galvanized plates used in the product shells with coated color steel plates. This ensures that products do not require re-spraying upon leaving the factory, which fundamentally eliminates the energy consumption caused by the spraying process. It is equivalent to reducing carbon emissions by more than 8,200 tons per year.



**Equipment Energy Saving - Gas-to-Electricity Project for Drying Furnaces**

During the Reporting Period, Shunde Factory, a branch of Midea Group producing cooking and food preparation appliances, carried out the "Gas-to-Electricity Project for Drying Furnaces". To address the issues of high energy consumption and poor safety in the factory, this initiative makes full use of automatic welding waste heat for drying and cleans the cavities with high-speed centrifugal fans and air knives under electric heating. After the renovation, the factory's natural gas consumption decreased by 33% and carbon emissions reduced by 1,511 tons.



**Digitized Energy Saving - Extreme Compressed Air Control Project**

During the Reporting Period, the energy saving renovation for air compressors was implemented at Midea Group Wuhu Welling with hybrid models as the mainstay, complemented with combined first-level building-based power. We made efforts in system design, selection and data simulation analysis according to the 61% power transmission efficiency requirement. And we applied advanced intelligent control systems to ensure optimal operation. This digitized energy saving renovation helped Wuhu Welling achieve energy savings of up to 25%.



**Power Energy Saving - "Embroidery Spirit" Photovoltaic Project**

During the Reporting Period, Midea Group Shunde Welling was selected as 2023 "Embroidery Spirit" model for the distributed photovoltaic project by Yangcheng Evening News. Low carbon energy renovation was conducted in Shunde Welling from the perspective of green and low-carbon optimization on the energy supply side and energy efficiency management improvement on the energy use side. The Shunde plant was first constructed in the 1990s, so the roof could not directly support the PV modules. To solve this problem, we continued to look for a solution, carried out a detailed assessment of the roof structure, and finally confirmed the roof reinforcement program through constant communication with the construction company, laying the foundation for the subsequent PV laying. By the end of the Reporting Period, Welling deployed 10 MW distributed photovoltaic and 4 MW energy storage. We have completed the grid connection of the entire project, which is expected to generate 11.4 million kWh of electricity and reduce carbon emissions by approximately 7,000 tons per year.

We continue to use clean energy and promote energy transition of Midea Group by laying distributed photovoltaic and purchasing green electricity.

**During the Reporting Period**

Midea Group built distributed photovoltaic power generation systems, which had generated more than **220** million kWh electricity with **280** MW installed capacity. Green power purchasing was **7.439** million kWh. In the future, Midea Group will accelerate to build a clean, low-carbon, safe and efficient energy system.



**Midea Chongqing Factory Parks Roof Distributed Photovoltaic Power Generation Project**

The two parks of Midea Chongqing Factory deployed distributed photovoltaic power generation systems on the roofs of production plants for self-generation and self-use and excess electricity for the national grid. The distributed photovoltaic power generation project in the two parks was connected to the grid at full capacity in 2023. It is expected to generate 277 million kWh of electricity within 25 years of the full life cycle of the photovoltaic system, with an average annual power generation of 11 million kWh, equivalent to saving about 3,379 tons of standard coal per year, and reducing annual carbon emissions by about 7,928 tons.



Successful Connection to the Grid of Midea Chongqing Industrial Parks Photovoltaic Project

## Environmental Management

Midea Group strictly abides by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, and other local laws and regulations. Besides, the Group has formulated and continuously improved environmental management policies applicable to the places where we operate. And we have established and regularly approved the EHS management system.

### Environmental Management System

Based on the principle of "complying with laws and regulations, achieving pollution prevention, creating a green environment, and building a beautiful Midea", we have ensured the sound operation of the environmental management in the EHS governance structure, management system, system review and certification. In this way, we continue to build a resource-conserving and environment-friendly enterprise.



**EHS Governance Structure**


Midea Group's Safety Management Committee is the highest governing body for EHS affairs within the Group. It is responsible for making regular decisions regarding EHS-related matters, including environmental protection, production safety, occupational health etc., and for supervising, evaluating and assessing EHS management. The Director of Quality and Intelligent Manufacturing serves as the Director of the Safety Management Committee, leading the committee's activities. The Group has also set up the Safety Management Committee Office as the daily management body for EHS work, which reports regularly to the Safety Management Committee. Each business group/division has established an EHS governance structure tailored to its own operations to implement the EHS policies, objectives and other management requirements.



**EHS Management System**

Midea Group continuously identifies applicable EHS laws, regulations and other requirements. Based on this, we regularly review and improve our EHS management policies, standards and performance requirements each year, taking into account the best EHS practices in the industry and characteristics of our business. We have established a five-level EHS system, like the Manual of Midea Group EHS Management Control Framework. By doing so, we have specified the consistency requirements from the aspects of EHS management boundary, EHS process control and EHS data recording, providing guidance for the standardization of EHS management. In addition, following the principle of "One Midea, One System and One Standard", we continue to integrate the Group's EHS technical standards, by constantly establishing EHS technical standards and audit standards in key areas, to further standardize and systematize the Group's EHS management.

Moreover, we have established an EHS information management platform to collect and analyze EHS data to evaluate the current status of EHS management and identify potential risks of EHS. Therefore, we may realize rapid perception and control of EHS-related matters, real-time monitoring, advance warning and pre-control, joint disposal and regulation, system evaluation and automatic control. Then we will finally achieve the goal of integrated management of "safety, environmental protection and fire control".



**System Review and Certification**

We require each business group/division to conduct its own annual EHS review to comprehensively evaluate the operation of the EHS management system from the implementation of EHS procedural documents, EHS compliance, and EHS target outcomes. Additionally, at the group level, we conduct EHS review on each business group/division annually, which mainly covers the implementation of the EHS management policies and key EHS work. In response to issues identified in the review, we actively take appropriate measures to continuously improve the Group's EHS management.

While steadily constructing EHS system, we actively participate in third-party certifications, to assist each factory to attain environmental management system certification. By the end of the Reporting Period, 37 factories had obtained ISO 14001 Environmental Management System Certification.

## Water Resources Management

The sustainable management of water resources is one of our core tasks to promote "Green Strategy" and protect the blue planet. We have set the 2030 Sustainable Water Resources Management Goal, aiming to establish a sustainable water management system in all water-stressed areas and production sites in key watersheds by 2030. During the Reporting Period, the Group did not have any deficiency in water sourcing.

We always follow the four basic principles of "sustainable water intake and water resources protection in watersheds, water resources recycling, water footprint tracking on products, and promotion of healthy water in communities". We conduct water management programs across all operations of the Group to achieve sustainable water use and water improvement by protecting water resources in the watersheds where we operate, improving water use efficiency and reducing wastewater discharge at production sites, providing water-saving products to consumers, and providing water purification products to communities in need of healthy drinking water. By the end of the Reporting Period, a total of 10 factories of Midea Group had completed the water conservation evaluation.




**Sustainable Water Resources Management**

**Water Resources Protection in Watersheds**

- ◎ Paying continuous attention to water management in the watersheds where we operate, and fully considering the impact of the operations on local water resources before building plants.

**Water Resources Management in Production and Operation**

- ◎ Actively carrying out wastewater recycling and reclaimed water reuse projects to improve the efficiency of water resources use.
- ◎ Developing and optimizing water-saving technology and equipment in production, actively adopting water-saving equipment and renovating existing production equipment to save water.
- ◎ Cooperating with third parties, including city, district, town and village governments and other water users to encourage the use of factory water for urban greening and road cleaning.



**Sustainable Water Resources Management**

**Water Efficient Products**


- ◎ Designing products to be more water efficient. Achieving better water conservation and lower water consumption while improving product use efficiency through process innovation, technology upgrading and other measures.

**Healthy Drinking Water in Communities**

- ◎ With Midea's core water purification technology, providing more people with healthier and safer drinking water through various products such as water purifiers.

**Water Resources Management in Production and Operation - Midea Hefei Laundry Appliance Factory**

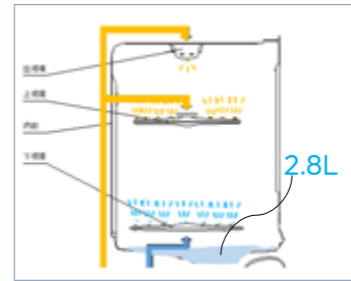
To achieve the target of 100% water recycling in manufacturing, we continue to drive the recycling of water resources in manufacturing with Hefei Laundry Appliance Factory as a pilot factory. And now breakthroughs have been achieved in this area. While reducing water consumption, we reused, reallocated and recycled water to optimize our water resources management. By doing this, we have established a self-sufficient sustainable model of water resources management. By the end of the Reporting Period, Hefei Laundry Appliance Factory had saved more than 240,000 tons of water. Adopting the ultrafiltration technology, the test center with the highest water consumption in manufacturing laundry appliances had recycled and reused more than 85% of test water.



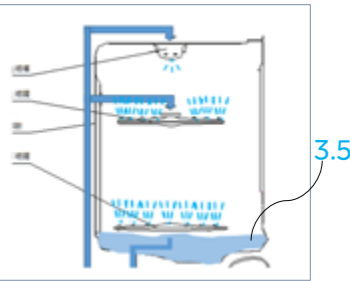
Sustainable Water Management Platform of Hefei Laundry Appliance Factory

**Water Efficient Products - Dishwashers with First-Level Water Efficiency**


Based on the concept of water conservation and environmental protection, we have innovatively adopted the water diversion and throttling technology in our dishwasher products. The technology through the precise shunt valve control system to accurately control the water flow into the dishwasher, according to the actual cleaning needs to optimize the water distribution and flow size, and through the use of water diversion and throttling technology and adjust the speed of the pump motor, to achieve the operation of transient pipeline injection of water to reduce the amount of water, and thus achieve the effect of saving 20% of the effect of water.



2.8L



3.5L



Technical Scheme for Dishwashers with First-Level Water Efficiency



**Healthy Drinking Water in Communities - Midea Solution to "Whole House Healthy Drinking Water"**

Committed to providing healthy drinking water in communities, we took the initiative in promoting the "3 zeros" filtration technology of "zero additive, zero scale inhibitor and zero stale water" in the industry, and set the standard of "zero stale water" in the water purifier industry. On this basis, we conduct further research on mineral drinking water. With "fine mineral" and "fresh mineral" technology, our water purifiers can maintain the balance of minerals in water by purely natural filtration and adsorption. We guarantee that our purifiers are free from added scale inhibitors, minerals, or hazardous substances contaminated during the collection, filtration and transportation of natural water to provide clean and healthy water and restore the water quality at local sources. With our core water purification technology, we make more people accessible to healthier and safer drinking water. And we are dedicated to safeguarding the health of more people in drinking water.



Standard Setter for Zero Stale Water

**Zero-Waste Factory Construction**

Midea Group pursues the sustainable development and holds the philosophy of circular economy. The Group sticks to the 3R Principle of "Reduce, Reuse and Recycle" to reduce waste at source, and recycle and reuse resources. Midea Group also minimizes the landfill and advances the construction of zero-waste factories. By the end of the Reporting Period, Midea Group had 3 provincial zero-waste factories and 2 zero-waste-to-landfill factories.

**Reduction of Leftover Materials at Source**

Following the "Reduce" concept, we optimized the production process and parameters in Hefei Economic Development Zone Factory of Refrigerator Division to improve discharge stability during this year. We have embraced trimming-free production, which largely reduces waste and improves production efficiency. As a result, we reduced scrap materials by 14.6%.

**Midea Group's Two Factories Receive Authoritative "Zero-Waste Factory" Certificate**

During the Reporting Period, Midea RAC Shunde Factory obtained the Zero Waste to Landfill Management System Certificate, becoming the first factory in the global domestic air-conditioning industry and the first factory under the Midea Group to get the diamond level certification. Meanwhile, Midea Group Welling obtained the Zero Waste to Landfill Management System Certificate, becoming the first factory getting the three-star certificate within Midea Group and among the global mechanical and electronic industry. Starting from the waste full life cycle management, Shunde Factory and Welling are committed to source reduction, reuse and landfill reduction, and continues to promote the reduction of waste at source and the utilization of resources, so as to carry out the Group's mission of sustainable development in a practical manner.



Zero-Waste Factory Certificate Awarding Ceremony

**Waste and Emission Management**



**Wastewater Management**

Wastewater generated in the Group's production and operating processes mainly includes domestic wastewater and industrial wastewater. We have established sewage discharge management policies and classified wastewater into different types. Domestic wastewater and industrial wastewater are pretreated by septic tanks and factory sewage treatment stations respectively. Wastewater that meets the standard is then discharged to municipal sewage treatment network and sewage treatment plant. Moreover, we are actively optimizing the existing wastewater treatment process, to improve the treatment effect. We are also promoting the diversion of rainwater and sewage from the old plants, wastewater treating equipment upgrading, to reduce the overall discharge of wastewater in a comprehensive way, and strengthen its management.



**Exhaust gas Management**

In accordance with our internal requirements, the Group strictly processes exhaust gas generated in our plants, to ensure that it is well treated by the exhaust gas treatment device before discharge, to prevent air pollution.



**Waste Management**

In addition to establishing internal waste management policies in compliance with applicable laws and regulations in the regions where we operate both domestically and internationally, we also strictly abide by the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, and do not export e-waste to any non-OECD countries. The non-hazardous wastes generated by the Group mainly include general waste and domestic waste. General waste is collected and disposed of by qualified third parties after classification in the factory; domestic waste is entrusted to local sanitation departments for disposal. For hazardous wastes, we supervise and manage their collection, storage and transportation and disposal, and entrust qualified third-party hazardous waste disposal agencies for disposal.

## Aim to Hold the Ecological Red Line

Midea Group pays close attention to biodiversity protection in business development and operation. Regular assessments are carried out to assess the ecological impact of business operations. And we also conduct various biodiversity conservation projects to fulfill sustainable development commitments.



### Protecting the blue island of Africa

Midea Group implements the "Green Strategy". We innovate green technology and environment-friendly products tailored to local needs. For example, corrosion-resistant products are promoted to adapt to the local island climate in Mauritius and other South African regions. Additionally, we promote environmental protection projects, and work with locals, volunteers, partners and other groups to carry out beach cleanup activities to help preserve local biodiversity, and jointly protect the blue island. This case was selected as "2023 Top Ten Cases of International Image Building in China" and "Cases of New Silk Road", demonstrating Midea Group's green responsibility.



Beach Cleanup Activities



### Beach cleanup City Walk for "Ocean Carbon Cycle Plan"

Midea Building Technologies held the beach cleanup City Walk activity for "Ocean Carbon Cycle Plan". Our employees, together with volunteers and community residents, formed a carbon search team to clean up the beach. They collected plastic bottles, plastic bags and other wastes on the beach, to protect the blue coastline. After the event, we also donated money to marine projects to protect the marine ecosystem and the home of ocean life.



Ocean Carbon Cycle Plan

## Make Sustained Efforts for Green and Low-Carbon Development

Midea Group issued its first green bonds of USD 450 million in 2022 to support the "Green Strategy". By the end of the Reporting Period, 100 % of the proceeds of the green bonds had been used for eligible green assets under Midea's green financing framework. The table below shows how the proceeds were allocated to eligible green assets.

Eligible Green Asset Class	Amount of Proceeds Allocated		Environmental Benefits of Eligible Green Asset
	RMB (million)	Equivalent USD (million)	
Ecologically efficient product design and development	1,505	212	In 2023, Midea Air Conditioning once again achieved a breakthrough in R290 technology. The Efficlina new product adopts the environmentally friendly natural refrigerant R290, which is fluorine-free, chlorine-free, and low-carbon. According to calculations, compared to models using R32 refrigerant with the same power, this product can reduce emissions by approximately 0.447 tons of carbon dioxide equivalent. Calculated based on the carbon sequestration of 0.015 tons per tree per year, this is equivalent to the annual carbon dioxide absorption of approximately 30 trees.
Transformation of energy- and ecology- efficient manufacturing and process	997	141	We are comprehensively advancing the construction of a green manufacturing system. By the end of the Reporting Period, 28 factories had obtained National Green Factory Certification, and 9 factories were recognized as "National Green Supply Chain Management Model Enterprise". All manufacturing factories have improved their energy management systems and obtained ISO 50001 certification. By the end of the Reporting Period, 35 factories had obtained ISO 50001 Energy Management System Certification.
Operation of photovoltaic power plants and construction of renewable energy projects	92	13	We continue to expand our presence in clean energy. During the Reporting Period, the Group's distributed photovoltaic power generation system generated over 220 million kWh of electricity, with an installed capacity of 280 MW, which was equivalent to a reduction of 158,947 tons of carbon emissions, and the amount of green electricity purchased was 7.439 million kWh.
R&D, production of core components of new energy vehicles and project construction	594	84	The construction of the Anqing manufacturing base for new energy vehicle components has been completed, and products such as compressors and valve islands have achieved mass production in the factory area.
<b>Total</b>	<b>3,188</b>	<b>450 /</b>	

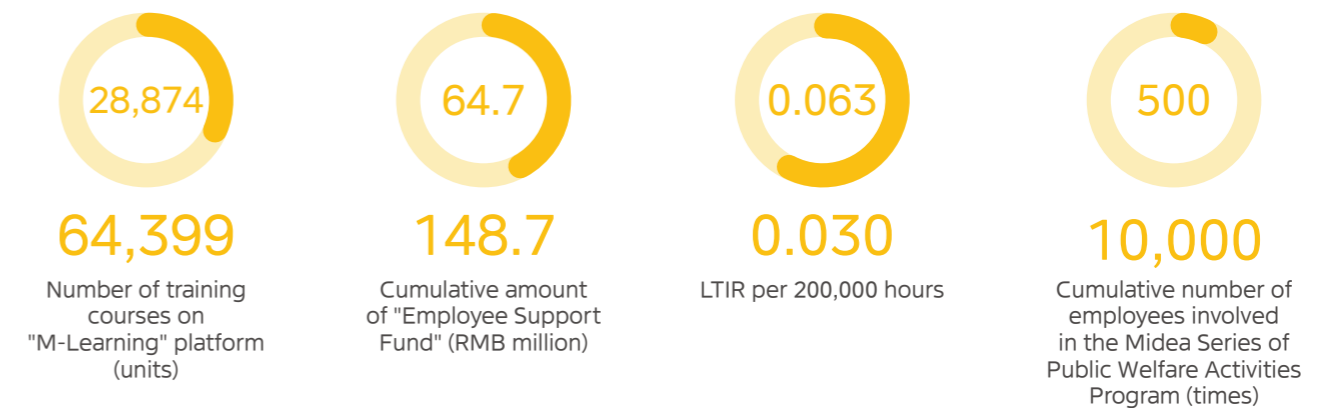




## Build a Harmonious Community

As a responsible corporate citizen, Midea Group, while pursuing our own development, actively shares the fruitful results of corporate development with employees, the public and other groups. The Group adheres to an open human resource system, promotes the development of employee diversity, and aims to create an organizational culture of diversity, equality and harmony. Meanwhile, we are actively engaged in the development of the local community and takes practical measures to contribute to society, thereby creating sustainable value in a responsible manner.

### Midea Group 2030 Sustainable Development Goals and Progress



## Strive to Nurture Talents at Midea

Midea Group always upholds the management concept of "being people-oriented, driving employee diversity, and promoting fairness, openness and inclusiveness". The Group constantly optimizes its talent structure, and has established a comprehensive talent management system from four dimensions, including protection of employee rights and benefits, talent introduction and development, employee communication and care, and employee health and safety, to support employees to realize their self-worth and facilitate their growth.

### Protection of Employee Rights and Benefits

At Midea, we respect differences and willingly accepts employees' unique experiences and diverse backgrounds. The Group respects and actively safeguards the rights and interests of each employee, and continues to maintain a diverse, equal and harmonious working atmosphere, so that each employee can better unleash their potential and create more possibilities.

### Equal Employment

The Group strictly abides by the Labor Law of the People's Republic of China and other laws and regulations relevant to the operations at home and abroad, and complies with the United Nations Global Compact (UNGC) and other requirements related to human rights protection. At the same time, the Group has formulated and is continuously optimizing the Management Measures for Recruitment and Assignment of Midea Group and other management policies, explicitly prohibiting discrimination in recruitment, among other relevant management requirements, so as to establish a sound and compliant employment management system, and fulfill our mission of corporate citizenship.

The Group opposes and prohibits the use of child labor and forced labor. We spare no efforts to strengthen the employment review of employee recruitment, onboarding approval and registration, and implement compliant employment management regulations. During the Reporting Period, Midea Group had no violations involving child labor or forced labor.

Besides, the Group follows the principle of equal pay for equal work, provides equal opportunities in recruitment, remuneration, benefits, promotion and other aspects of employment. Every employee is treated equally with broad space for development. During the Reporting Period, we were awarded a number of honors, including "Global Talent Magnet Employer" by LinkedIn, "2023 Extraordinary Employer" by Liepin, "2023 Most Wanted Employer" by Maimai, and "Youth-friendly Employer Brand" by Ciwei.



LinkedIn "2023 Global Talent Magnet Employer"

### Diversity and Inclusiveness

The Group continues to track and manage employee diversity data, and fully respects employees of different ages, races, genders, nationalities and physical conditions. The Group also resolutely puts an end to any form of discrimination or harassment based on nationality, region, race, ethnicity, gender, age and other factors, and sets up clear channels for reporting discrimination and harassment incidents. Once the above behaviors are found, the Group will strictly take corrective or disciplinary measures to ensure equality and safety for employees in the workplace.

The Group respects and cares for female employees. We provide antenatal leave, caring parking spaces and other benefits for pregnant employees, set up exclusive mother-and-baby rooms for lactating employees, and provide support for mothers returning to work after pregnancy. In order to support employees to better fulfill their responsibilities as parents or family caregivers, we also provide maternity leave, paternity leave, childcare leave and other benefits. In addition, we actively help people with disabilities, and provide the disabled with positions that utilize their talents while meeting business requirements.

In order to cultivate a multi-cultural environment, we have promoted diversity and inclusiveness through training and thematic activities on a regular basis. We put efforts to enhance employees' awareness and understanding of diversity, equality and inclusiveness, such as organizing "3 · 8 International Women's Day Salon" to encourage female employees to express and appreciate themselves. Meanwhile, we regularly carry out cross-cultural communication activities to create opportunities of interaction among employees from different countries and regions. We also provide overseas employees with skills upgrading support and guidance to facilitate their development. During the Reporting Period, Midea Group was recognized for its support for female employees and leaders, and was selected as one of Forbes World's Top Companies for Women.

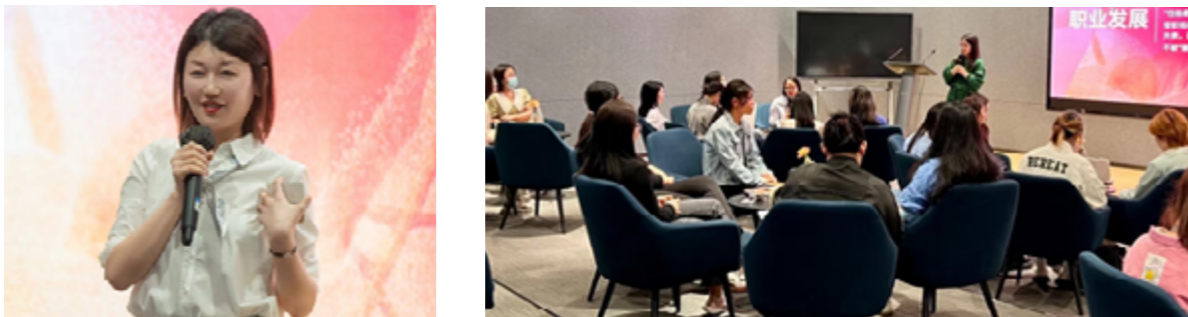


Diversified Employee Team



### "3 · 8 International Women's Day Salon" Activity

In the early stage of the "3 · 8 International Women's Day Salon" activity, we promoted it through the Women's Day themed video "We Women". The Group also launched an activity for collection of articles entitled "Women I Appreciate", inviting all employees to actively participate and share their ideas. During the activity, we invited female managers to share their personal experiences in the form of salon talk from the perspectives of personal growth, family, and career development. The Group further fostered an equal, harmonious and inclusive corporate atmosphere through flash mobs, such as flower distribution, and body building courses including fitness courses.



Salon Talk and Sharing



### Inviting Thai Employees to Visit China to Enhance Cultural Collision and Fusion

The household air conditioner sector of Midea Group launched the first session of the "Thai Employees Visiting China" project. Employees from both countries seized the opportunity to communicate across regions, languages and cultures, accelerating the Group's cultural building of diversity and inclusiveness. Meanwhile, the project gave overseas employees an opportunity to improve their skills through one-on-one tutoring and broaden their horizons, bringing more creative and innovative ideas to this cultural communication trip.



Pictures of Learning and Communication

## Introduction and Development of Talents

Following "Midea's talent standards", we refine the talent development strategy, and conduct talent needs analysis based on business requirements. The Group persists in promoting diverse recruitment, and selects talents on a global scale. Moreover, a future-oriented talent management system has been put in place, integrating talent reviews, performance assessments, and training and development. By doing so, we can ensure joint progress and success for both Midea Group and our employees.

### Talent Recruitment and Review

We attract and allocate talents in an open and inclusive manner. We have established and implemented management policies such as the Management Measures for Recruitment and Assignment of Midea Group to standardize the hiring and onboarding processes. Through diverse recruitment channels, we continuously carry out talent recruitment and improve the talent structure.

#### Diverse Recruitment Channels



#### Campus Recruitment

- © We actively engage in campus recruitment, attracting outstanding new graduates through internship, creative competitions, on-campus recruitment presentations and other activities to boost Midea's employer brand.
- © For current students at various universities, the Group established the "Midea Youth" internship program, providing high-quality internship opportunities to students worldwide in project-based formats.
- © For recent graduates on campus, the Group created the "Midea Star" program, offering extensive growth and opportunities based on our experience in grooming graduates.



#### Social Recruitment

- © The Group also expands the social recruitment channels by partnering with recruitment platforms and well-known headhunters to broadly attract talents.
- © Meanwhile, the Group has set up exclusive high-end talent recruitment sites in overseas regions such as the United States and Japan, continuously introducing high-end talents with diverse backgrounds.



#### Internal Recruitment

- © We offer internal opportunities for employees, creating the "Midea Talent-spotter" section on internal recruitment platform to support employees' job transfer in line with their career development, and to explore broader growth space.

Midea Talks: Feedbacks from Our Employees



**Yuxuan**  
Zhejiang University, Product Manager

"July is the season when gardenias bloom, and your arrival, one after another, symbolizes 'joy', the flower language of gardenia, filling the vibrant summer with hopes and happiness. Open your mind, maintain the curiosity and desire to explore that come from youth, and bravely step on the path you wish to take. After all, there is no road in life that is taken in vain. Every step counts."



**Ivy**  
Xiamen University, HRBP of Dubai Branch

"Joining Midea International, with the help of colleagues, I have gained a lot in the field of human resources. During my work, I had the opportunity to participate in human resources projects across the entire Group and globally, working with colleagues from over twenty countries. Midea International, international opportunities and challenges, is an endless source of motivation for continuous efforts."



**Parveen**  
University College London, Operations Manager

"In the past two years, Midea has offered unlimited possibilities. I have witnessed our revenue soaring a hundredfold, and experienced my own transformation from a fresh graduate to a module leader."

We attach importance to establishment of a tiered talent pool, continuously strengthening the talent reserve through talent reviews to align with the Group's long-term strategic needs. Midea conducts the special activity of talent review twice a year, evaluating the current status of core talents, unifying the mode of talent management, and aligning talent management standards. Based on these reviews, the Group dynamically adjusts its talent review results through regular performance observations and 360-degree evaluations to ensure the results are objective, fair, and accurate. Additionally, the Group actively utilizes talent reviews to provide targeted development programs for different types of talents.

Targeted Development Programs (Examples)

Select talents to work abroad to gain overseas practical experience

Select talents to participate in key projects that match their skills

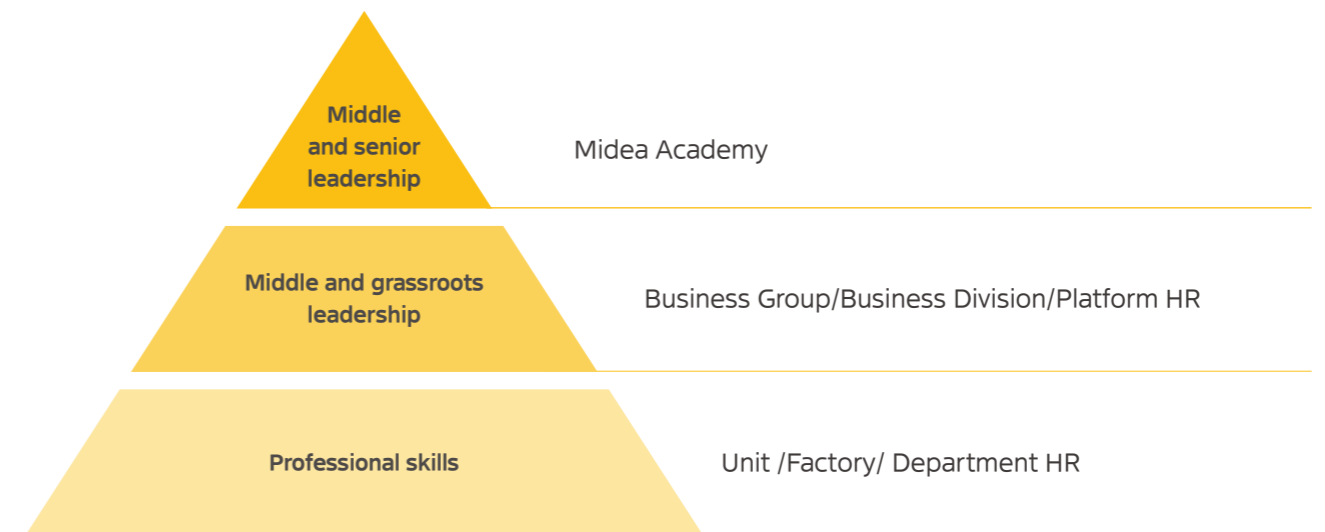
Select talents to participate in job rotation in different departments, professions, and countries

Moreover, Midea Group, to maintain team stability, develops talent retention plans and takes measures regarding remuneration and benefits, training and development, and employee communication to reduce turnover. We also conduct exit interviews and sampling follow-ups to analyze the reasons for leaving and make targeted improvements.

Talent Development and Support

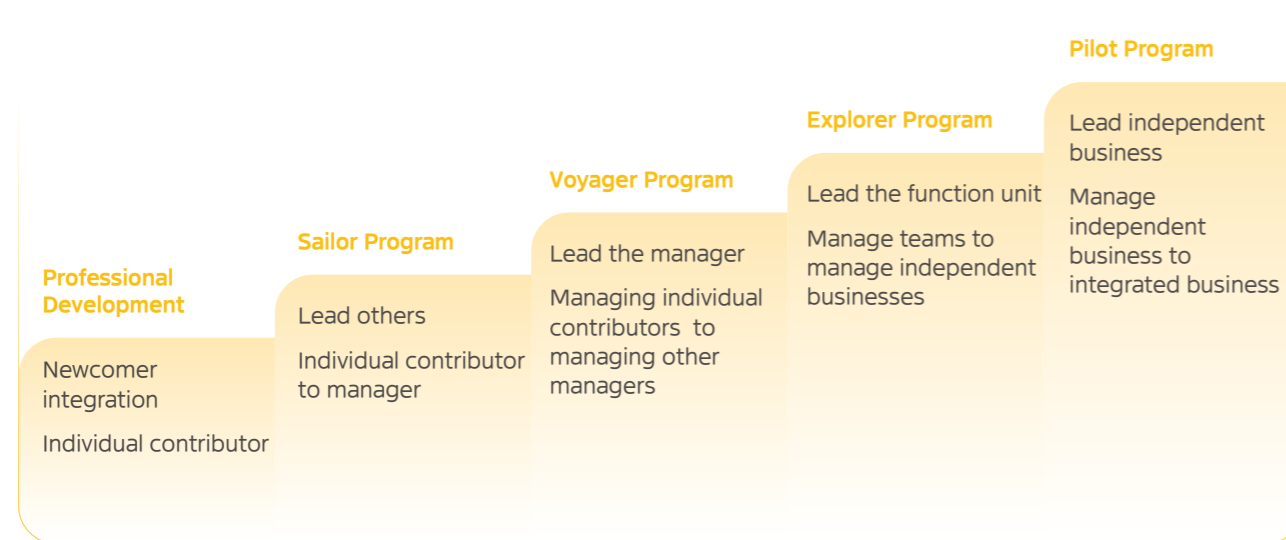
Midea is dedicated to fostering a corporate culture of lifelong learning, and continuously refining a multi-level talent development system for better career advancement to support the sustained and efficient self-improvement and growth of employees at all levels. The Group has established management policies such as the Training Management Measures to standardize training methods and content, clarify training responsibilities, and comprehensively strengthen training management. Such efforts will assist talents to achieve rapid growth, maintain creativity, and gain competitiveness on Midea's global stage, leading the way in cutting-edge technology and building a better world together.

In terms of employee development, Midea offers a multi-channel talent development system and has established a three-level Midea talent cultivation system composed of Midea Academy, business group/business division/platform HR, and unit/factory/department HR. Based on strategic and business needs, as well as employee demands, and considering different stages of employee development and business challenges, we provide corresponding training programs, such as new employee onboarding training, professional skills training, and management capability enhancement training.



The Three-Level Midea Talent Cultivation System

Midea Academy, as the center to cultivate talents, is positioned as Midea's corporate university for lifelong growth, and focuses on building an "employee growth platform + strategic implementation platform + knowledge management platform". With the help of five empowerment centers, Midea Academy supports the learning and growth of all Midea employees.



Midea Leadership Development Stages and Training Programs

Midea encourages self-directed learning among employees and has established the M-Learning platform to comprehensively strengthen their professional competence. The M-Learning platform has combined multiple functional scenarios such as online learning, online exams, live streaming, learning journeys, and face-to-face teaching, managing knowledge, trainees, instructors, and certification in an integrated manner. Moreover, the Group has integrated training on anti-corruption, environmental health and safety into the M-Learning platform, requiring all new employees to engage in comprehensive learning. We adopt a training approach that relies primarily on online learning and supplemented by offline practices to reinforce employees' understanding of compliance, health and safety.

**By the end of the Reporting Period, through M-Learning**

We had developed **28,874** courses, with certified **7,232** internal instructors;  
 supported **1,724,910** people-times in learning, totaling **908,094.9** learning hours;  
 provided anti-corruption training to **47,976** people-times, totaling **9,275.2** hours;  
 and offered EHS courses to **163,917** people-times, totaling **20,439.1** hours.

Midea Group, adhering to the dual strategies of "bringing in" and "going globally", fully promotes global and diverse talent training projects. For groups such as dispatched professionals and overseas leaders at local, we apply a variety of methods including classroom learning, factory visits, market research, and cross-cultural communication to further build a diversified talent team. Training programs such as the Global Product Manager Training Camp (GPMC), Global Manufacturing Pilot Camp (GMPC), and Golden Seed enhance trainees' capabilities through a cycle of "learning, practice, application, and evaluation." These programs not only impart professional knowledge, but also promote cross-cultural communication, supporting employees' all-around growth.



**Building Leadership - "Voyager" Program**

The "Voyager" Program is designed to "reach new heights and lead Midea's sustainable development," and serves as a core training program within Midea Group's leadership series for mid-level and high-level reserves. The program, based on the challenges and ability development requirements of Midea's four major strategic focuses for managers, promotes cross-boundary and cross-company learning to facilitate the transformation of core high-potential thinking and broaden their horizons.

During the Reporting Period, we launched a year-long "Voyager" Program, which included offline training, online learning, role model visiting, thematic discussions, experience summary, and discussions in private board meetings. For the 108 selected leaders, the six training sessions focused on individual, team, corporate, and market business challenges, and were organized around four dimensions including "Learn - Knowledge and Skills", "Practice - Cross-Boundary Thinking", "Share - Case Studies", and "Apply - Efficient Application". Combining business challenges and personal growth demands, the program comprehensively assisted trainees in adapting to new roles, learning new methods, developing new capabilities, and facing new challenges.



On-Site Training of the "Voyager" Program



**Quick Integration, Rapid Growth - New Employee Onboarding Training Program**

During the Reporting Period, the Group conducted a four-day orientation training for 1,921 new employees globally, focusing on three modules of "About Midea", "I am in Midea", and "A Promising Future". The chairman, CTO, CFO, CPO, vice presidents, and other senior executives were invited to engage in face-to-face discussions and Q&A sessions with new hires. Besides, there were multiple activities, including a "Growth Market" designed, managed, and operated by new employees, and a "Midea Story Time" wrote, directed and performed by new hires. New employees were allowed to unleash their energy and showcase themselves, demonstrating their sense of mastery and innovative thinking, and revealing Midea's culture of "unlimited growth".



Onboarding Training of New Employees

Additionally, Midea Group places a high emphasis on employee professional development, and has established and implemented the Continuing Education Management Policy of Midea Group to standardize further education for employees, and encourage and support them to enhance their professional qualifications and obtain higher degrees. According to management requirements, the Group supports all employees to obtain professional qualification certifications (such as ACCA and Legal Professional Qualification) and pursue further education (such as professional master, doctorate, MBA, EMBA and other degrees), and offers subsidies to those who obtain these certifications or degrees to enhance their professional competence. During the Reporting Period, we invested more than RMB 5.8 million to help our employees enhance their professional skills in all aspects.

## Talent Remuneration and Incentives

Midea Group has established and strictly implemented the Performance Management Measures of Midea Group, continuously standardized performance management, and optimized the goal-oriented performance evaluation accountability system. From the perspective of performance objective and planning, communication and coaching, phased summaries, evaluation and feedback, and improvement plans, the Group conducts annual assessments of employees' work performance every year, so as to support the personal improvement of employees.

### Main Steps of Performance Evaluation



**Set Performance Goals**

- Utilize multiple goal management tools, including but not limited to Key Performance Indicators (KPIs) and Objectives and Key Results (OKRs), and apply different tools for employees of different grades and functions to set tailored goals;



**Performance Implementation and Coaching**

- Encourage managers to maintain regular communication with the team, track progress towards goals, and provide timely coaching and support for any work-related issues;
- Encourage managers to hold regular formal interviews with employees and record the key points from the talk in a digital system to support employee growth;
- In the early stages of onboarding, promotion, or interdepartmental transfer, managers shall provide performance coaching to help employees adapt to new environments for a better performance;



**Performance Evaluation and Feedback**

- Adhere to the principle of objectivity and fairness, the regular performance evaluations shall be carried out based on employees' annual achievements, capabilities and performance, and other indicators;
- The evaluation process includes performance appeal, allowing employees with concerns about the results to file appeals, in a bid to protect employee rights and interests;



**Application and Improvement of Assessment Results**

- The performance results will affect employee remuneration and incentives, promotion and development, and talent training. Additionally, based on performance evaluation outcomes, the Group provides improvement suggestions to employees for better growth and development.

Following the Remuneration Management Measures of Midea Group, the Group aims to provide employees with competitive and internally fair compensation and benefits based on job value contribution and professional capability. We have established a salary structure consisting of fixed and variable income for all employees (including non-officers and non-sales staff), with variable income linked to individual performance and other factors, so as to motivate employees and maximize their personal value. The Group also develops a salary increase plan with reference to industry salary level, our business performance, employee development, and performance contributions, so as to share development achievements with employees.

Under the strategy of "Technology Leadership", the Group has established comprehensive innovation incentive mechanism (including project awards, salary subsidies, and other diverse incentive options) for management, business, and technical roles to encourage innovations and breakthroughs. Since 2014, Midea Group has launched the long-term incentive mechanism for 10 consecutive years, including a Core Personnel Stock Ownership Scheme and a Restricted Share and Option Incentive Scheme, to improve the long-term incentive mechanism and advocate the value of common growth. As of the end of the Reporting Period, Midea's long-term incentive plan had benefited over 15,000 people.

#### Partner Stock Ownership Scheme

- 8 terms of Global Partner Stock Ownership Schemes
- 5 terms of Business Partner Stock Ownership Schemes
- For core management personnel who play an important role in the Group's overall performance and medium- and long-term development

#### Restricted Shares

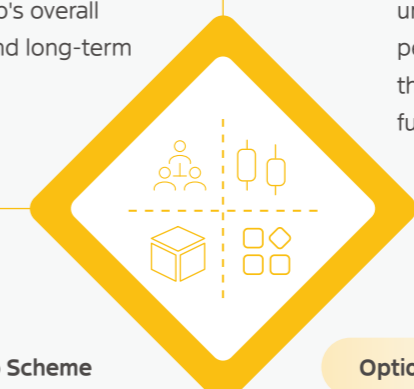
- 7 terms of Restricted Shares
- Incentives given to about 2,200 people-times
- For senior management who have primary management responsibility for units and departments and other core personnel who have a direct impact on the Group's operating performance and future development

#### Core Personnel Stock Ownership Scheme

- 1 term of Core Personnel Stock Ownership Scheme
- Incentives given to about 150 people-times
- For core management personnel who play an important role in the Group's overall performance and medium- and long-term development

#### Option Incentive Scheme

- 9 terms of Option Incentive Schemes
- Incentives given to about 12,500 people-times
- For the Group's R&D, manufacturing, quality and other scientific and technical personnel and related middle management personnel





"Focus · Practicality · Leadership", the 28th Technology Month Activity of Midea Group

The Technology Month Activity of Midea Group, initiated in 1996, has been successfully held for 28 years. It serves as a platform to showcase Midea's strength in technological innovation and facilitate exchanges among scientific and technical personnel, presenting Midea's emphasis on technology and technological talent. By the end of the Reporting Period, nearly RMB 500 million was awarded, with the highest award for project reaching RMB 5 million and that for individual exceeding RMB 1 million. During the Reporting Period, the Group introduced the "New Technology Star" award to recognize young R&D personnel making significant technological breakthroughs, in a bid to encourage and promote the growth of young talents of scientific research.

In 2023, the 28th Technology Month centered on the theme of "Focus · Practicality · Leadership", focusing on the promotion of generic and collaborative technology projects of next-generation refrigeration, next-generation odor elimination, home brain, energy storage, and the world's highest energy efficiency. It demonstrates our determination of leading the industry and escorts the Group's core strategy of "Technology Leadership". As the future force of Midea's digital transformation, the "New Technology Star" will help Midea Group march towards a globally leading industrial enterprise and technology group.



"New Technology Star" Award Ceremony

## Employee Communication and Care

We maintain open communication and trust our members. Midea advocates cross-level and borderless communication. The Group has built up open, equal, and diversified channels for communications, and encourages employees to take ownership to drive development of the Group. Additionally, we have established an attractive benefits system and organized a variety of care activities to help employees live better lives and work more effectively. In 2023, the Group invested about RMB 2.4 billion in employee care, including the construction of employee dormitories and employee meal subsidies.

### Employee Communication

We value communication with employees and are constantly refining our communication and feedback mechanism. To collect employees' suggestions for our development, the Group has opened the "Chairman's Direct Line" as a platform for direct communication with the chairman. Various themed activities and employee symposium (e.g., "Day for Tea" and "Open Talk Café") are arranged from time to time to listen to their voices. Furthermore, we constantly improve our internal online forums, maintain and upgrade Midea's employee community platform "Midea Talks", where employees can anonymously or openly pose questions and suggestions about products, services, and life.

Employees can make complaints against problems and misconduct at work through the special whistleblower mailbox and hotline. After receiving a complaint, we will conduct an appropriately assessment, and refer the complaint incident to the relevant department. In addition, we strictly protect the information of whistleblowers, complainants and others who provide relevant investigation information. Any retaliation is prohibited.



"Day for Tea" Activity



"Open Talk Café" Activity





**Midea News**

Midea News, as the main publication of Midea Group, has a history of nearly 31 years. It reports on the strategic orientation of the Group, the voice of the employees and other contents, and serves as a platform for Midea's employees to understand our trends and express their own views. By the end of the Reporting Period, Midea News had published its 508th issue.



508th Issue of Midea News



Midea News had published its

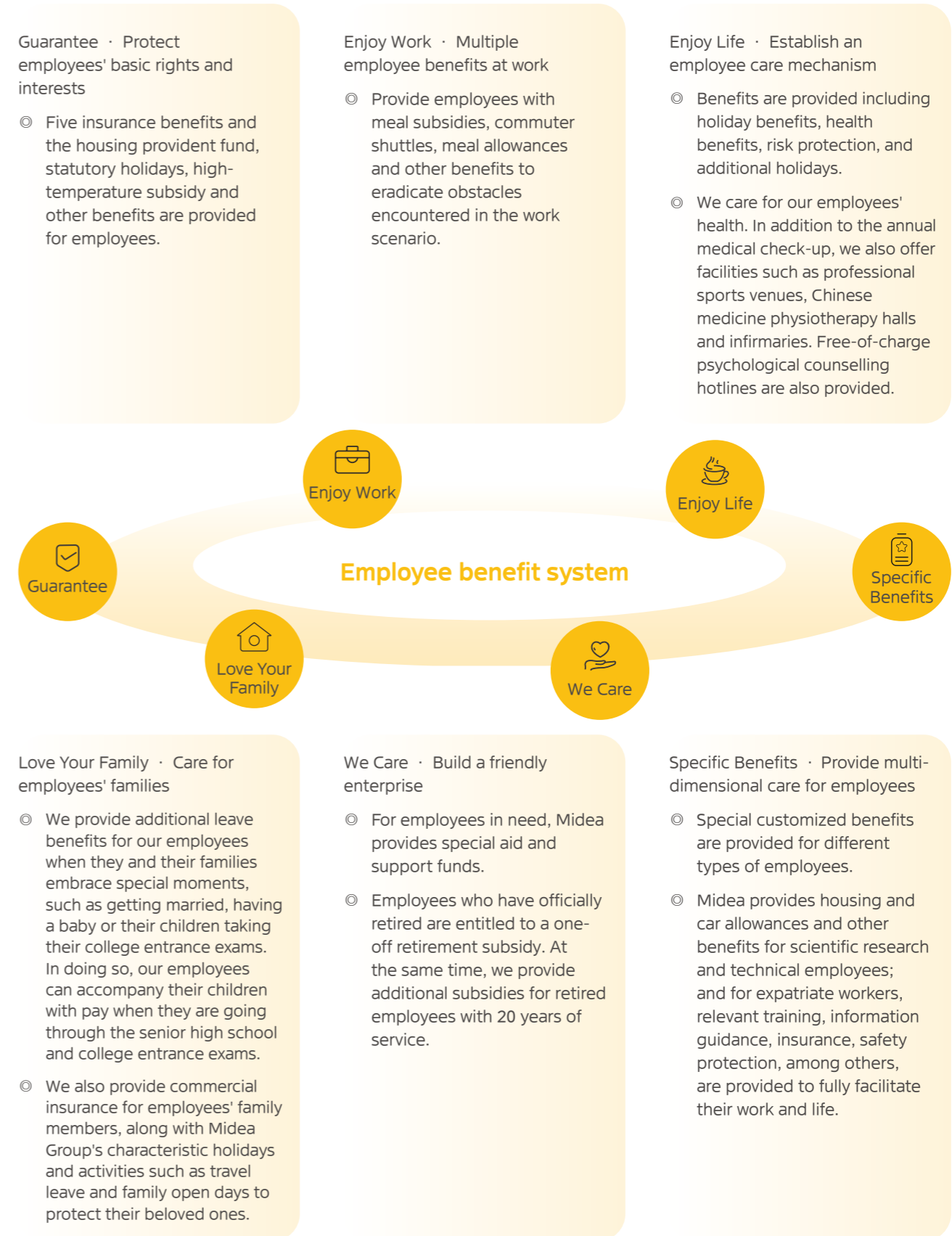
**508** th issue

To effectively protect the rights and interests of employees, we have established trade union organizations in compliance with the law. These unions serve as a link between management and employees, maintaining close communication with employees. Union representatives negotiate with the company on behalf of employees regarding labor compensation, working hours and rest breaks, insurance benefits, occupational safety and health, professional training, and other matters. Collective agreements are signed to protect the rights and interests of the labor force.

Besides, as employee engagement matters, we conduct annual surveys on how well they are engaged. Based on the results, we evaluate management effectiveness and formulate and implement improvement measures accordingly. During the Reporting Period, we conducted the 2023 Engagement Survey for all employees around the world, who were evaluated from the perspective of "engagement" and "organizational support". We analyzed the results in a timely manner and took improvement measures to address identified issues. We implemented targeted improvements through key projects and tracked progress. The aim was to enhance employees' happiness at work.

## Employee Benefit and Care

Midea Group cares for every employee, and provides diversified non-compensation benefits for all employees by establishing the Welfare Management Measures and other management systems, and implementing the welfare system and care system. We have established an employee welfare system that covers six sections, namely, "Guarantee", "Enjoy Work", "Enjoy Life", "Love Your Family", "We Care", and "Specific Benefits". This welfare system aims at continuously rewarding employees for their contributions.





**More Care for Employees · Employee Support Fund**

Midea Group established the "Employee Support Fund" in 2007. This fund was set to provide assistance to employees and their immediate family members over medical expenditures on critical diseases or accidents. In this way, we can better support our employees, so that they can feel a stronger sense of belonging. Over the years, "Employee Support Fund" has become a long-term program that effectively creates love, care, and enthusiasm for the corporate atmosphere. By the end of the Reporting Period, Midea's "Employee Support Fund" had helped 218 employees and paid out more than RMB 19.22 million in support funds.

We require each management department to formulate a systematic daily employee care program and a standardized new employee care program according to the management reality. The program is implemented in multiple dimensions of employee work and life. Specific measures include the establishment of gyms and the construction of garden factories to promote communication among employees and enhance their happiness thus team cohesion.



Library



Gym



Badminton Court

We encourage our employees to actively cultivate and develop their personal interests outside of work. Diverse employee care activities are provided to help them better balance work and life. Currently, Midea Group has 11 core associations along with more than 20 recreational interest groups independently operated by our employees. Regularly-held cross-divisional cultural and sports activities help to create a warm and harmonious atmosphere in the Midea community. During the Reporting Period, we conducted over 100 employee association activities, including Midea Group Basketball Cup, Football League, Table Tennis Tournament and other sports events. Besides, there were various cultural and recreational activities such as reading and sharing sessions, photography competitions and band performances.



**Love and Harmony · The 32nd Group Wedding Ceremony**

In 2023, 30 couples from Midea Group and various business divisions of Midea tie the knot on the same day with the blessings of their relatives, friends and colleagues. With the theme of "Love and Harmony", this group wedding integrated the culture of Midea and Lingnan. And it showed the "inheritance" and "innovation" of Midea Group's 32 years of collective wedding activities while blessing the couples with a future full of "harmony and beauty".



Group Wedding Ceremony

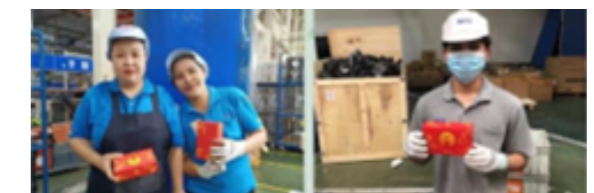


**Special Activities to Celebrate the Mid-Autumn Festival**

To welcome the Mid-Autumn Festival, the Residential Air Conditioner Division organized a musical party, where employees and their families could share the full moon under the "Moon Landing Project · Cross the Boundary". Midea Thailand Washing Machine Factory held the Mid-Autumn Festival singing competition, and carried out on-site lottery, band performance, moon cake distribution and other activities. This not only made employees feel the sense of happiness more intuitively, but also further promoted traditional Chinese culture.



Singing Competition



Mooncake Distribution Activity

In addition, we work to build a harmonious and enterprising corporate culture by interviewing outstanding employees in various positions, uncovering and sharing their stories.

**Midea People**

- © The program is based on interviews with employees, demonstrating the excellent performance of Midea Group's employees at work and their positive attitudes in life by means of "character stories". During the Reporting Period, we published more than 19 related articles, including stories of new employees, existing employees, outstanding individuals, and excellent teams.



**Program "A Few Facts about Midea"**

- © The program focuses on the insight into the current situation within the Group, in particular the working conditions of employees and the problems and challenges they encounter at work, and will put forward practical suggestions for improvement. This program helps us to better understand the needs and expectations of our employees, which can serve as an important reference for subsequent management decisions.



## Employee Health and Safety

Midea Group adheres to the concept of "employee first" and establishes and improves the occupational health and safety management system to protect the health and safety of employees. We strictly abide by the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other applicable laws and regulations related to occupational health and safety in the domestic and overseas regions in which we operate. Guided by internal health and safety management concept, Midea Group organizes training and cultural activities to help build a health and safety culture that ensures the physical and mental health of employees.

## Safety Concept and System

Adhering to the occupational health and safety management policy of "full participation, full responsibility, prevention first, intrinsic safety, continuous improvement, and recurrence prevention", Midea Group establishes and continuously improves the occupational health and safety management system. Besides, ongoing efforts are made to ensure the effective and efficient operation of the system, and to better manage occupational health and safety issues. By the end of the Reporting Period, a total of 53 factories of Midea Group had obtained ISO 45001 Occupational Health and Safety Management System Certification.

Safety committees have been set up in the headquarters as well as each subordinate business group/business segment and product company to take charge of the management of production safety and occupational health of the Group. According to the requirements the Law of the People's Republic of China on Work Safety, to make safety a team effort, we have set up factory safety sub-committees, including equipment protection and upgrade safety sub-committee, logistics safety sub-committee, and other committees to consolidate the safety responsibility system. During the Reporting Period, Midea Group's total EHS investment exceeded RMB 400 million, with no general production safety accidents, and a lost time injury rate per 200,000 hours of 0.063, which was at the international advanced level, and a decrease of 16.1% compared to 2022.

**During the Reporting Period**

Midea Group's total EHS investment exceeded RMB **400** million, with no general production safety accidents, and a lost time injury rate per 200,000 hours of **0.063**, which was at the international advanced level, and a decrease of **16.1%** compared to 2022.

## Health and Safety Management

Midea Group vigorously promotes the safety management mechanism of "safety compliance, risk investigation and hidden danger management". By deeply integrating the safety production management and lean manufacturing and focusing on the accident prevention and process risk control, Midea Group forms an all-round and full-coverage grid management mode, which can effectively protect the life and health of employees and enhance their safety awareness.

We control process, equipment, R&D and other risks to ensure the intrinsic safety of equipment protection, the safety of material sources, the ergonomic stability of the process, and the controllability of the front end of assembled components, so as to minimize safety risks. Meanwhile, with continuous improvement to the emergency management system, we have formulated internal emergency management system to define the emergency organization and its responsibilities, and established a comprehensive emergency plan to guide and standardize the emergency rescue, and enhance the emergency disposal capability.

**Equipment Upgrade · Electrical Safety Improvement Project of the Laundry Appliance Division**

An electrical fire monitoring system is added to continuously monitor the residual current, temperature and other parameters related to electrical fire hazards in the system. When the parameter of the monitoring device in the protected line exceeds the alarm set threshold, an alarm and control signal is triggered to eliminate the electrical fire hazards caused by the residual current.

**Process Transformation · Intrinsic Safety Project of the Industrial Technologies Business Group**

In order to eliminate the safety risks posed by oil-based paints that are flammable, explosive, toxic and harmful during the production process, we carry out process transformation and use advanced and environmentally friendly water-based paints to fully protect health and safety.

To prevent, control and eliminate occupational hazards, we carry out regular detection and evaluation of occupational disease hazard factors in our factories every year. In this way, we can identify hazards factors that have the potential to cause harm in the workplace and determine appropriate ways to control and eliminate these hazards, thereby protecting the health and safety of employees. At the same time, we organize regular occupational health and safety examinations and carry out pre-job, on-the-job and off-the-job occupational health and safety examinations for employees in positions involving occupational disease hazards, so as to continuously monitor the health of the employees. In addition, we care about the mental health and safety of employees and take various measures to help them stay physically and mentally healthy. These measures include setting up an exclusive mental health care hotline for employees, launching mental health counselling and lectures, and organizing mental health knowledge popularization and other activities.



Mental Health Literacy Materials

**Foster a Safety Culture**

We push ahead with our efforts to foster a safety culture by organizing various activities such as lean safety week, EHS training camp, internal and external training, which focus on EHS professional management team building, EHS general skills development, and management EHS leadership building. Through these, we enable all employees to become well aware of safety issues. We also carry out activities such as Suggestions for "Near-Miss" Approach and EHS Hidden Danger in Photo to encourage employees to report potential safety hazards, thus promoting health and safety awareness in the workplace. During the Reporting Period, Midea Group conducted 620,658 inspections, with 606,500 hidden hazards detected and eliminated, and employees identified a total of 673,642 hidden hazards.

**During the Reporting Period**

Midea Group conducted **620,658** inspections, with **606,500** hidden hazards detected and eliminated, and employees identified a total of **673,642** hidden hazards.



# Work Together to Build a Harmonious Society

Midea Group has always been actively practicing corporate social responsibility, collaborating with charity partners, and actively responding to the rural revitalization strategy through innovative models such as village-enterprise cooperation and the Midea series of activities. We continue to support local education, inspire the scientific ideals of the next generation, and contribute new momentum to social development. Internally, we continuously cultivate a culture of philanthropy, encouraging employees to participate in charity activities, fostering kindness, nurturing talent, and contributing to the construction of a harmonious society.

## Promote the Development of Local Community

In active response to the national rural revitalization strategy, Midea Group empowers rural construction and development with its own experience and resource advantages. We have adopted the village-enterprise cooperation model to stimulate rural vitality and promote rural development. In January 2024, we signed a "village-enterprise co-construction, village-village pairing" tripartite cooperation agreement with Huanglong Village in Beijiao and Baiqiao Village in Gaozhou, outlining six implementation plans. We will leverage our resource advantages to empower the "Baiqiao Lychee" brand construction, focusing on creating a lychee customization theme park, and contribute modern corporate strength to the "High-quality Development Project for Hundreds of Counties, Thousands of Towns, and Ten Thousand Villages" and rural construction.

We continuously focus on education and implement the plan of "talent first, education first". By strongly supporting public education and introducing high-quality educational resources to communities, we have effectively addressed the needs of children of high-level talents for high-quality educational resources. In addition, we run Midea series of public welfare activities and rely on science and technology to support rural science and technology education and safeguard children's scientific and technological dreams.



### Midea Group Supports the Development of Community Education and Introduces High-quality Educational Resources

Midea Group collaborates with the Shunde District Government and the East China Normal University to establish schools, has planned to donate RMB 140 million to support the Shunde Midea School affiliated to East China Normal University, and the Midea High School affiliated with the Second Affiliated Middle School of East China Normal University, meeting the demand for high-quality high school education resources in local communities.

As of the end of the Reporting Period, Midea Group had successfully cooperated with the East China Normal University to establish a school that provides high-quality educational resources for primary, junior and senior high school levels. The school will provide more than 6,000 primary, junior and senior high school places, supporting the development of high-quality education in the community.



Shunde Midea School Affiliated to East China Normal University



### Midea Series of Public Welfare Activities

#### "Midea - Science for All Program" Contributes to Rural Education Development

In May 2023, Midea Group organized a visit to the No.1 Primary School in Guansuo Street, Guanling Buyi and Miao Autonomous County, Anshun City, Guizhou Province, as part of its "Midea - Science for All Program" series. Midea Group donated funds to help the school build a science laboratory and provided 600 science experiment kits to help more students experience the beauty of science and technology. In addition, Midea Group invested RMB 1 million to support scholarship activities in Guizhou Qiandongnan Prefecture. In this way, teachers and students are motivated to adhere to the original mission of education and contribute to the high-quality development of local education.



Midea - Science for All Program

#### "Midea - Public Welfare Science and Technology Study" Safeguards Children's Scientific and Technological Dreams

In August 2023, Midea Group, together with Yixin Social Work Service Center, launched the project of "Midea - Public Welfare Science and Technology Study". 23 children were invited to visit Foshan Science Museum and Midea Global Innovation Center. We invited expert teachers to explain scientific knowledge to children, guide them to do scientific experiments, and stimulate their curiosity and interest in science.



Midea - Public Welfare Science and Technology Study

## Devote to Public Welfare

We continue to promote the construction of public welfare culture, and carry out various public welfare activities at home and abroad. With our own business and technical advantages, we promote the construction of facilities and popularize the concept of health. We also help develop the local and overseas communities where we operate, to build a harmonious society.



### Mengyu Public Welfare Program Safeguards "Children with Autism"

In July 2023, Midea Air Conditioner launched the "Midea Lotso Mengyu Public Welfare Program", and donated Lotso air conditioners to the Riyuexingchen Autistic Children Growth Support Center in Zhejiang Province. This program aims to provide assistance to autistic children and raise social awareness and concern for them at the same time. At the kick-off meeting, we organized a painting exhibition and charity sales for autistic children, set up a popular science exhibition, and invited professionals to explain ASD spectrum disorders. The event has effectively built a bridge between autistic children and the society.



Midea Lotso Mengyu Public Welfare Program



### Voluntary Blood Donation Conveys Love and Hope

In September 2023, employees of Midea Group actively responded to the call for voluntary blood donations and participated in related activities. A total of 464 participants successfully donated 147,500 ml of blood to help patients in urgent need of blood. Midea's employees conveyed true love and hope with their kind actions.



Employees of Midea Group Participated in Voluntary Blood Donation

### Community Public Welfare Activities in the Asia Pacific Region

The Thailand factories participated in many charity activities organized by local communities, donated electrical appliances, drinking water, sporting supplies and school supplies to five schools.



Thailand Factory Donation Activities

Philippine employees visited local children's welfare institutes as part of their public welfare activities, donated books and played interactive games with children.



Philippine Children's Welfare Institute Activities

All employees in Singapore volunteered at local nursing homes and donated household appliances.



Volunteering Activities in Singapore Nursing Homes

Midea Indonesia sponsored school team activities to promote harmonious community development.



Indonesian School Team Activities

Malaysian employees went to remote communities to donate household appliances to indigenous people in need, and organized eco-tourism projects to promote community cultural development.



Assistance Activities for Remote Areas in Malaysia

Community Public Welfare Activities in North America

- ⊙ Worked with the New York City Football Club to donate more than 400 products including mini refrigerators, portable air conditioners, microwave ovens and dehumidifiers to the Bronx Homeless Shelter Center;
- ⊙ Collaborated with community public welfare organizations to collect and distribute warm winter clothing to those in need;
- ⊙ Cooperated with youth development public welfare organizations to prepare Thanksgiving dinners and toys for teenagers;
- ⊙ Worked with local community welfare organizations in Alaska to provide energy efficient household appliances to families in need of special care.



Donation of Electrical Appliances

# 03



## Practice "Bring Great Innovations to Life"

True to the corporate vision of "Bring Great Innovations to Life", Midea Group provides intelligent, green products and the best service experiences for global customers through its globalized R&D layout, comprehensive product lifecycle management, and quality service system. We are committed to becoming a global brand leader and creating a better life and future for the world.

### Midea Group 2030 Sustainable Development Goals and Progress



120

Accumulated R&D investment since 2020 (RMB billion)



100% coverage of major Midea Smart Home Solution categories

The number of products for CO<sub>2</sub> emission accounting in product use stage (units)



50,000

Cumulative number of recycled products ('000 units)

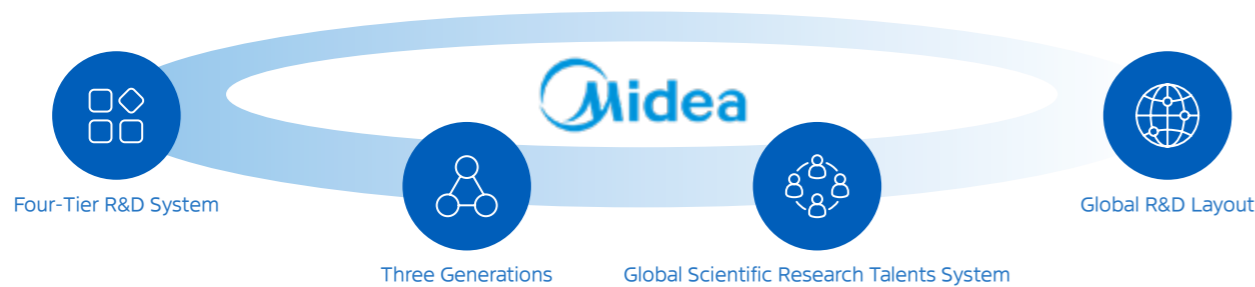


# Aspire to Drive Innovation and R&D

Midea Group adheres to the "Technology Leadership" strategy. Through a global R&D layout, a perfect intellectual property rights management system and an extensive university-enterprise research cooperation at home and abroad, Midea Group is building a globally competitive R&D and innovation mechanism.

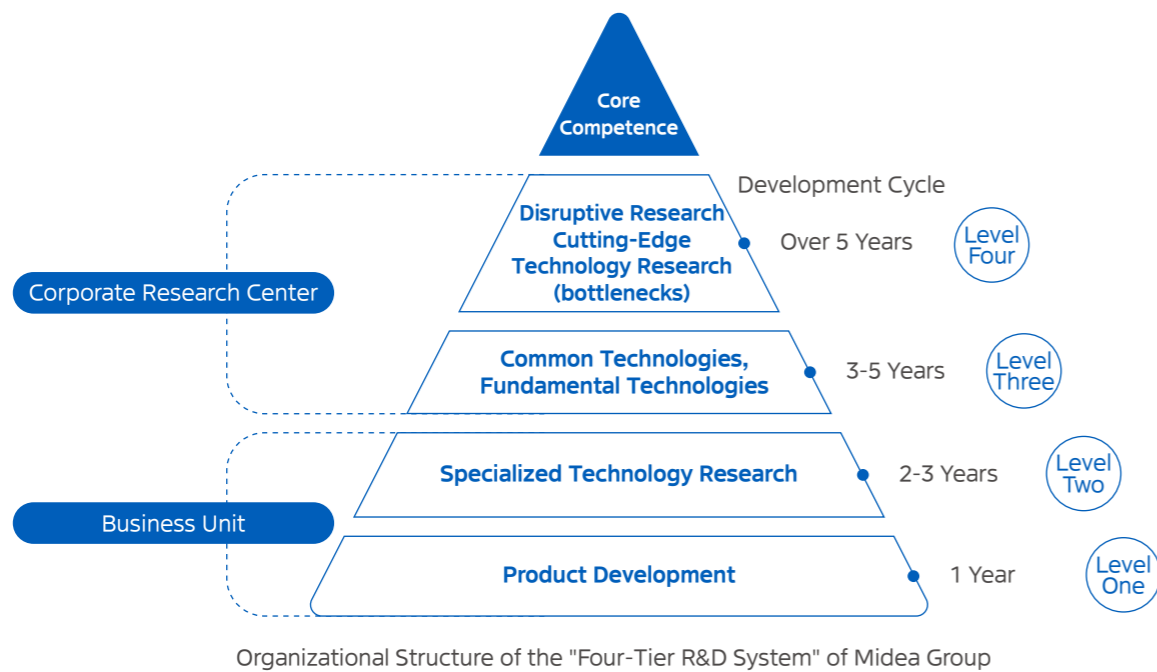
## R&D System

To better support R&D and make innovation more efficient and sustainable, Midea Group has built an industry-leading R&D system integrating the "Four-Tier R&D System", the "Three Generations", the "Global Scientific Research Talents System" and the "Global R&D Layout".



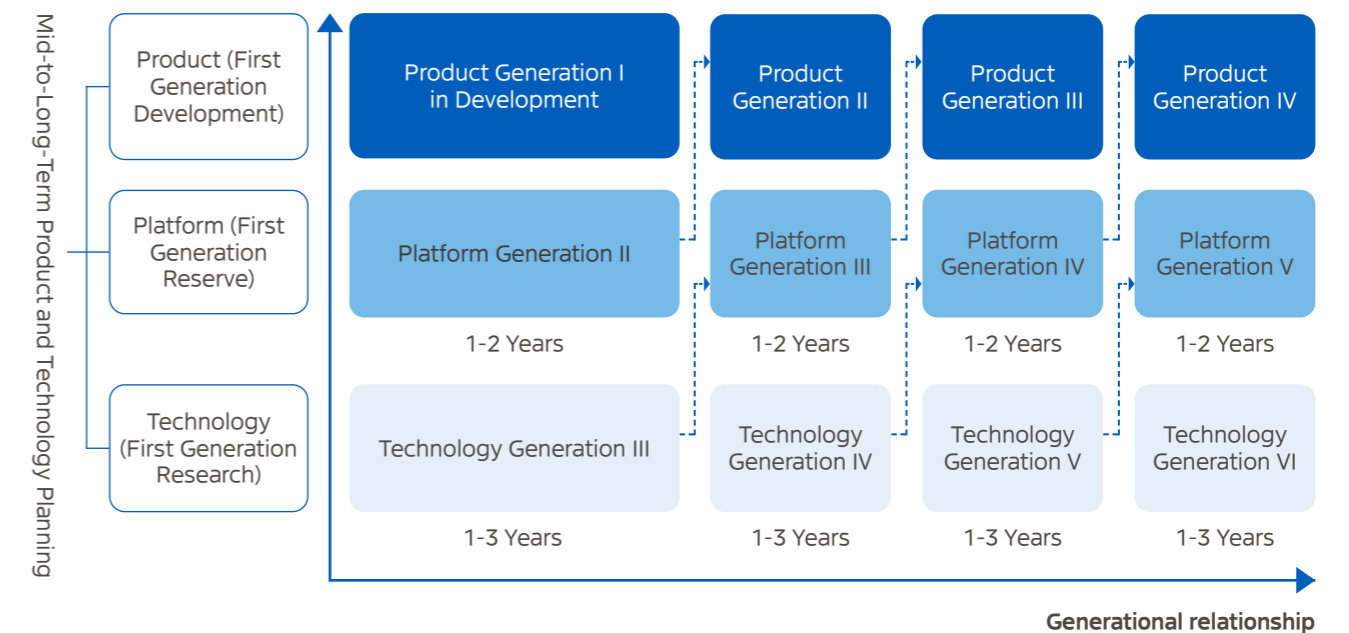
## Four-Tier R&D System

The organizational structure of the "Four-Tier R&D System" enables the separation between technology researches and products development at the organizational level. By doing so, resources can be invested in future-oriented products and technologies, thus achieving a balance between long-term strategies and short-term operations.



## Three Generations

The technical framework of the "Three Generations" consists of the technology research generation, platform reserve generation and product development generation. It enables effective interlocking among user portraits, brand matrices, product platforms, core selling points and technologies. Therefore, the framework has created synergy for the entire system, further enhancing innovation and efficiency in product development.



Technical Framework of the "Three Generations" of Midea Group

## Global Scientific Research Talents System

Midea Group is committed to attracting R&D talents around the world by virtue of the "2+4+N" global R&D network<sup>3</sup>. We establish R&D scale advantages, and at the same time realize local R&D according to local conditions and user needs in different markets. At present, there are more than 23,000 R&D personnel in the technical team of Midea Group. Among them, over 5,000 have a master degree or doctorate degree, and about 500 are senior foreign experts. These foreign experts are Academia Europaea Fellows, IEEE Fellows, IET Fellows, ACM Distinguished Scientists, Silicon Valley Senior Scientists, etc.

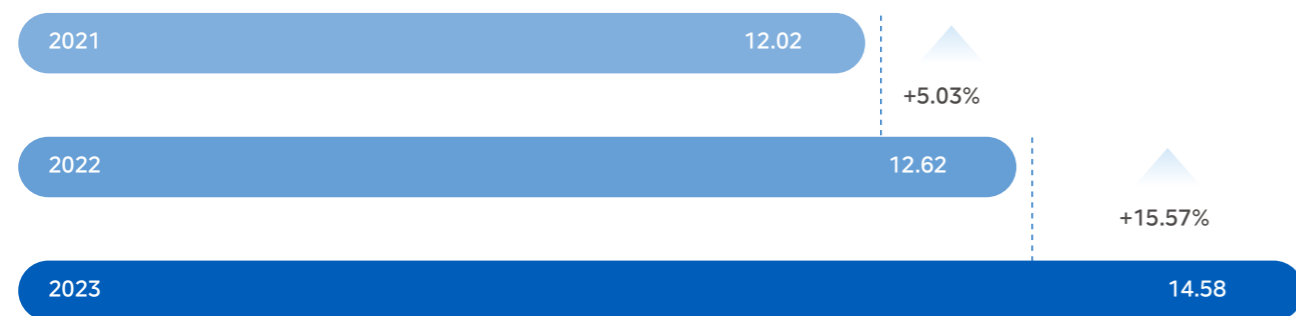
<sup>3</sup> Global R&D Network of "2+4+N": "2" refers to the two domestic full-category R&D bases located in Guangdong and Shanghai; "4" refers to the four overseas full-category R&D bases in the US, Germany, Italy and Japan; and "N" refers to single-category R&D centers established across the globe by business groups/divisions and units as needed.

## Global R&D Layout

By continually accelerating and deepening the global R&D layout and technological ecosystem, Midea Group has set up 33 research centers in 11 countries worldwide. At home, Midea Group takes the Global Innovation Center in Shunde HQs and the Shanghai Global Innovation Center as the core and has 16 national platforms such as the national certified enterprise technology center, national industrial design center, and national postdoctoral research station. While overseas the Group owns research centers in the USA, Germany, Japan and Italy as its main force of research and development to fully exploit to the regional technological advantages of each center, integrate global R&D resources, form a global technology R&D ecosystem with complementary advantages, and systematically build a global R&D landscape with talent density and pool guided by the "Technology Leadership" strategy.

### R&D Investment

RMB Billion



## Innovation Capability

Midea Group is fully aware that protecting intellectual property rights is protecting its own innovation capability. By now, Midea Group has built an intellectual property rights management system with high-value patents as the core. In addition, Midea Group has also actively established in-depth research cooperation with universities at home and abroad to continuously enrich its innovation reserves.

### Intellectual Property Management

Midea Group strictly abides by the applicable local laws and regulations on intellectual property rights, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. Besides, Midea Group has also formulated and implemented policies such as the Patent Management Measures of Midea Group and the Detailed Rules for Patent Agency Management of Midea Group to standardize patent quality management.



We attach great importance to the protection of our intellectual property rights. We not only embed patent nodes in the R&D project management system to build an infringement identification mechanism, but also include intellectual property protection clauses in contracts with external parties. In this way, we ensure that our own patent rights are not arbitrarily infringed.



We also fully respect the intellectual property rights of others, and carry out R&D in a lawful and compliant manner. We embed patent risk investigation nodes in the R&D project management system and regard patent risk investigation as an important part in R&D. By strictly controlling intellectual property management from the R&D process, we have avoided infringing upon the legitimate rights and interests of others.

Besides, Midea Group plays an active part in promoting the certification of the intellectual property rights management system. By doing this, Midea Group keeps improving the intellectual property rights management system, and enhancing our ability to create, use and protect intellectual property rights.

### The Reporting Period

A total of **29** entities of Midea Group successfully passed the certification, supervision and audit of the Enterprise Intellectual Property Management (GB/T 29490-2013). Among them, **3** entities passed the initial certification, **17** entities passed the supervision and audit, and **9** entities passed the recertification.

As at 31 December 2023

Midea Group had applied for over **100,000** valid patents worldwide, and maintained more than **80,000** valid patent licenses.

The Reporting Period

Midea Group had applied for more than **10,000** patents worldwide, with over **10,000** authorized.

Midea Group won **10** national patent awards, including **2** silver awards and **8** excellence awards, and **21** provincial patent awards in total.

In addition, we regularly conducted promotion, training and exchange activities on intellectual property rights to comprehensively improve the Company's management on intellectual property rights.

**Sharing and Exchanges on Intellectual Property Rights**

In July 2023, Midea Group held the "Sharing and Exchanges on Intellectual Property Rights". All members from the intellectual property rights system of Midea Group and business leaders from intellectual property rights cooperation institutions at home and abroad shared and exchanged ideas on topics concerning "How to Improve Patent Quality" and "How to Achieve Leadership and Global Breakthrough in Intellectual Property Rights".



Sharing and Exchanges on Intellectual Property Rights

University-Enterprise Cooperation

Adhering to the "Technology Leadership" strategy, Midea Group actively promoted R&D capabilities fostering and technological deployment both at home and abroad. In China, Midea Group launched strategic and technological research cooperation with universities including Tsinghua University, Shanghai Jiao Tong University, Zhejiang University, Chinese Academy of Sciences, Harbin Institute of Technology, Xi'an Jiaotong University, Huazhong University of Science and Technology, South China University of Technology; Meanwhile, Midea Group is conducting basic research collaborations with overseas universities such as UIUC, Purdue University, The University of Sheffield, University of Minnesota System, UC Berkeley. By the end of Reporting Period, Midea Group has established strategic, project, and technological research cooperation with 124 domestic and overseas universities.

**Research Cooperation with Universities**

In March 2023, on the occasion of the second anniversary of signing the strategic cooperation agreement between Midea Group and Shanghai Jiao Tong University, Midea Group and the Sino-US Global Logistics Institute of Shanghai Jiao Tong University jointly issued the White Paper on Supply Chain Digital Intelligence. The White Paper on Supply Chain Digital Intelligence discusses the needs and challenges of supply chain development in the new era from the perspectives of policy, market and technology, and proposes the future development direction of supply chain in terms of integration, intelligence, collaboration, service and greening. Besides, the White Paper also summarizes the methods and application scenarios of digital and intelligent technology in current logistics and supply chain areas, and shares the experience on supply chain digital intelligence by case studies.



Release of the White Paper on Supply Chain Digital Intelligence

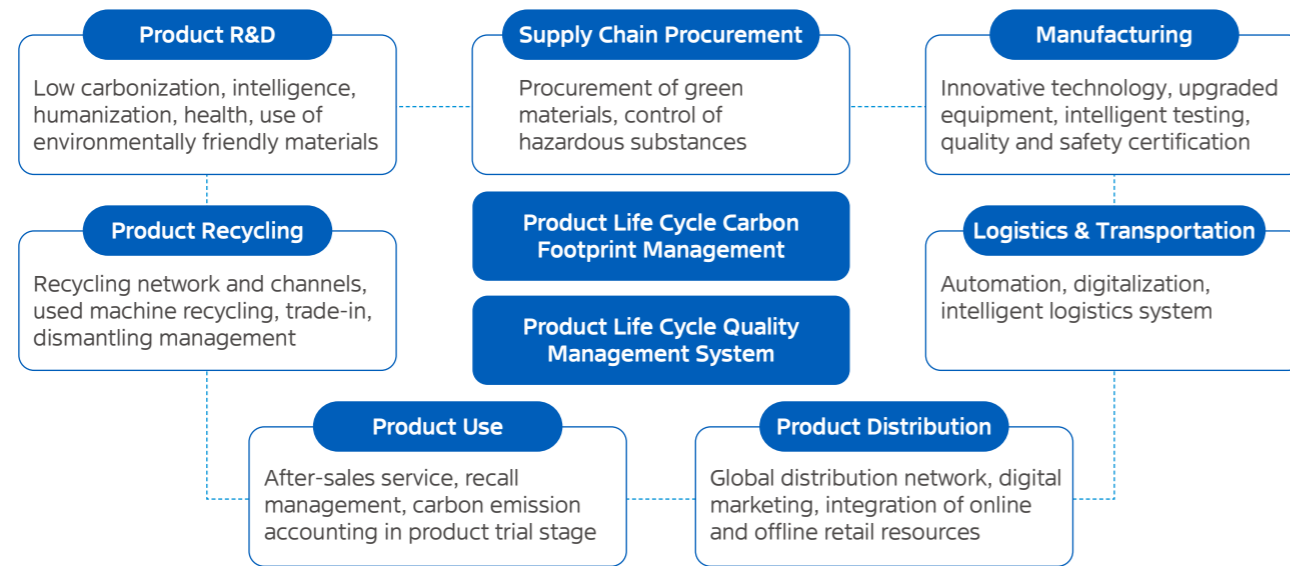
In July 2023, Midea Group worked with Chongqing University, Tsinghua University and other universities and enterprises to launch a program named Key Technologies, Equipment and Application of Low-carbon Heating and Air Conditioning for Buildings in the Yangtze River Basin. The program addressed the difficulties in low operating efficiency, high energy consumption, severe frost and poor thermal comfort of air supply in winter for the Yangtze River basin in need of heating and cooling. Therefore, the program was granted the First Prize for Scientific and Technological Progress of Chongqing Sci-Tech Award.



First Prize for Scientific and Technological Progress of Chongqing Sci-Tech Award

# Endeavor to Standardize Product Management

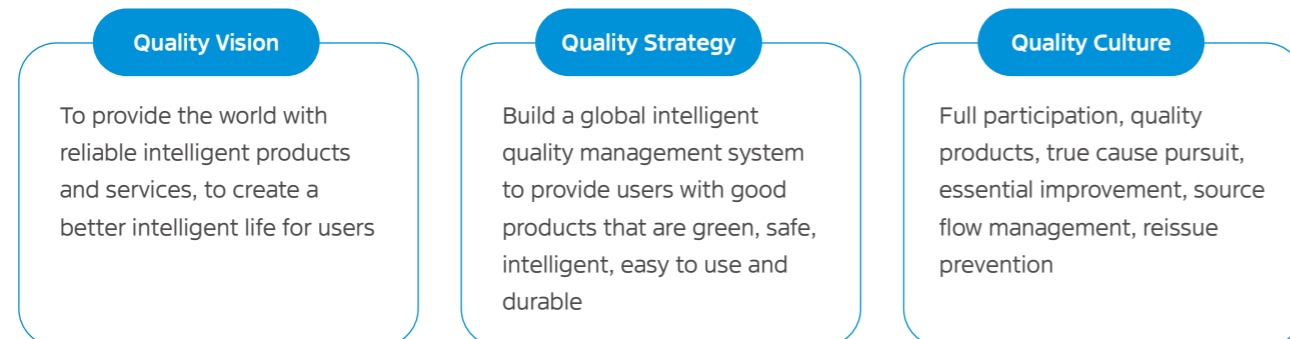
Midea Group adheres to the concept of "Creating a Better Life for Everyone in the World", focuses on core business and products, integrates the concept of sustainable development into every aspect of product life cycle management, and is committed to creating shared value together with stakeholders.



Product Life Cycle Management

## Product Life Cycle Quality Management System

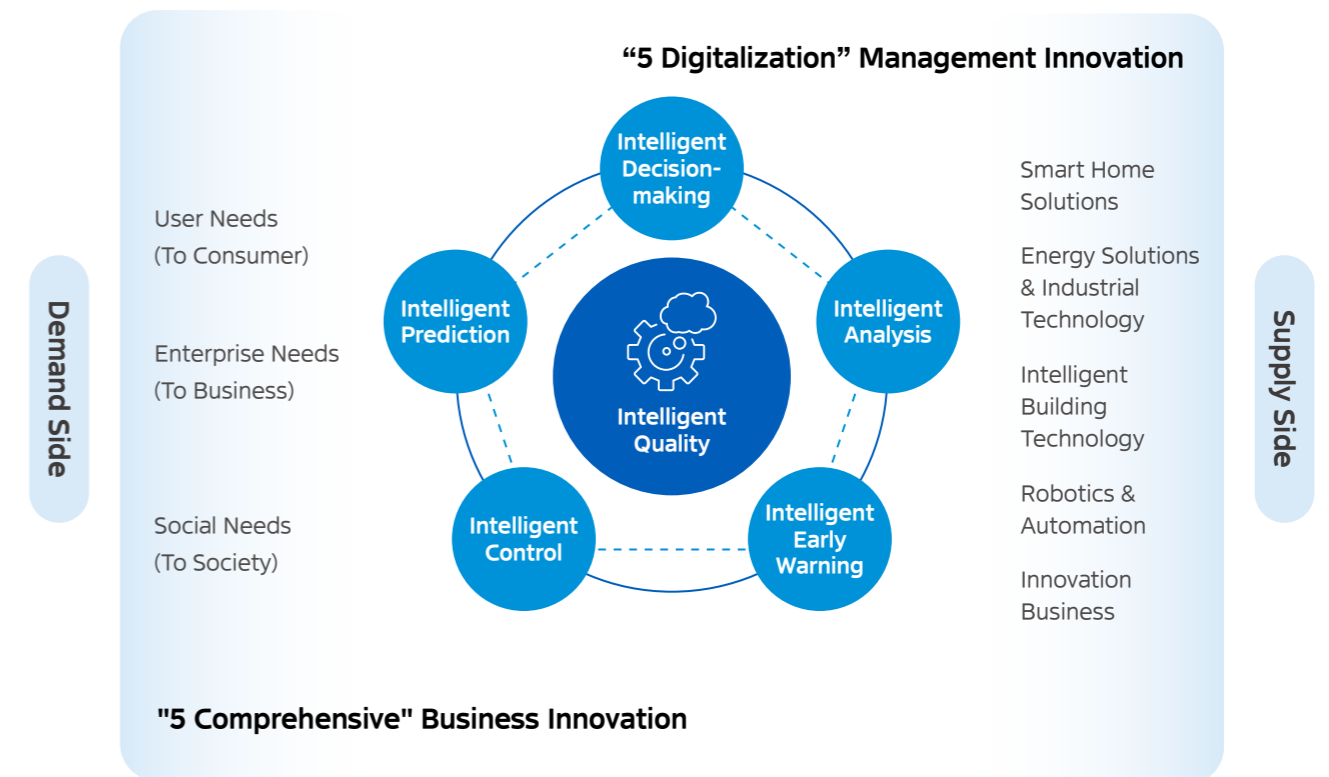
Midea Group adheres to the four strategic focuses of "Technology Leadership, Direct To Customer, Digital Intelligence Drive and Global Breakthroughs", clarifying quality vision, quality strategy, and quality culture in conjunction with user needs.



Under the guidance of quality vision, quality strategy and quality culture, Midea Group has built a "5 comprehensive + 5 digitalization" intelligent quality management model integrating digital operation system and innovative management tool as well as methodology, and realized the digital intelligence transformation across the whole process covering planning, R&D, manufacturing, marketing and services.

## Building a Better Life

Providing globally trusted smart products and services, creating a better and smarter life for users



## "5 Comprehensive" Business Innovation



Digital intelligence drive empowers smart manufacturing by Midea, leading the transformation and upgrading of China's manufacturing industry



Midea Intelligent Quality Management Model



Quality Management System Development Stage

### Product Life Cycle Carbon Footprint Certification

Midea Group is actively engaged in the product life cycle carbon footprint certification, from raw material acquisition, production, distribution, use, recycling to disposal. Midea Group's 9 categories of products (namely residential ACs, laundry appliance, refrigerator, electric water heater, microwave oven, induction stove, oven, VRFs, and heat pump) have obtained more than 40 product carbon footprint certificates.



List of Product Carbon Footprint Certificates

## Product Research And Development

Guided by Midea Group's sustainable innovation and R&D system, Midea Group focuses on user needs by conducting technology innovation and product development from multiple perspectives such as low-carbon, intelligent, user-friendly and healthy, and constantly launches many innovative industry-leading products.

### De-carbonization

#### R290 Efficlima Residential AC

The product uses fluorine-free, chlorine-free, low-carbon and environmentally friendly natural refrigerant R290. It is estimated that compared with the use of R32 refrigerant model in the same power segment, a R290 Efficlima Residential AC of refrigerant replacement reduces emissions of about 0.447 tCO<sub>2</sub>e. This is estimated based on the carbon fixation of a tree (0.015 tons per year) and it is equivalent to the amount of carbon dioxide 30 trees absorb in a year. At the same time, R290 Efficlima Residential AC is equipped with high-efficiency equipment such as high-efficiency compressors, high-efficiency motor control and high-efficiency bionic axial flow fans. It is third-party certified to be far more energy efficient than the highest energy efficiency A+++ rating in the existing EU energy labelling regulations.



TÜV SUD Certificate

#### KWING Magnetic Bearing Centrifugal Chiller

The product is equipped with a number of core technologies such as integrated mechatronics and control design, magnetic bearing control technology, permanent magnet synchronous motor technology and AI adaptive technology. Assuming the product lifetime of each KWING magnetic bearing centrifugal chiller to be 20 years, every 1,000 chillers can reduce 27,750 tons of standard coal consumption and 69,250 tons of carbon dioxide emissions. By the end of 2023, the product had obtained Energy Conservation Certification, AHRI certification<sup>4</sup>, CRAA certification, etc.



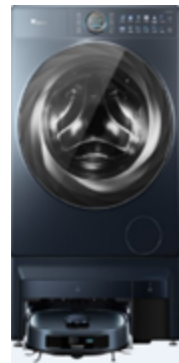
KWING Magnetic Bearing Centrifugal Chiller

<sup>4</sup> AHRI Certification, The Air-Conditioning, Heating, and Refrigeration Institute, is a product quality certification system in the HVAC industry established in North America and is one of the most authoritative certification bodies globally.

Intelligent

8B Dual Washing Stations

The product is a pioneering cross-border combination of laundry appliance and vacuum cleaner robot, which solves the inconvenience of taking and putting clothes in laundry appliance, and the problem of vacuum cleaner robot occupying too much space. It also solves the vacuum cleaner robot's water supply issue through the laundry appliance's water pipe and drainage system. At the same time, the product is also equipped with intelligent functions such as AI stain recognition, laundry process automatic reminder, one-button control by mobile APP. During the Reporting Period, the product had won international awards such as the Red Dot Design Award and the iF Design Award.



COLMO Dual Washing Stations



Red Dot Design Award



iF Design Award

Midea Navigator Series 3rd Generation Residential Central Air Conditioner

The product uses three key intelligent technologies of perception, interaction and decision making to build a whole-house smart air system with super sensor, smart central control screen and AI decision-making system as carriers. It also provides users with more intelligent and convenient services through multi-dimensional interaction methods such as large screen control, voice control and APP control. With excellent performance and smart technology, the product was successfully selected for the "2024 Global Top Brands" list and won the "Whole-House Smart Air Solution Gold Award".



Midea Navigator Series 3rd Generation Residential Central Air Conditioner

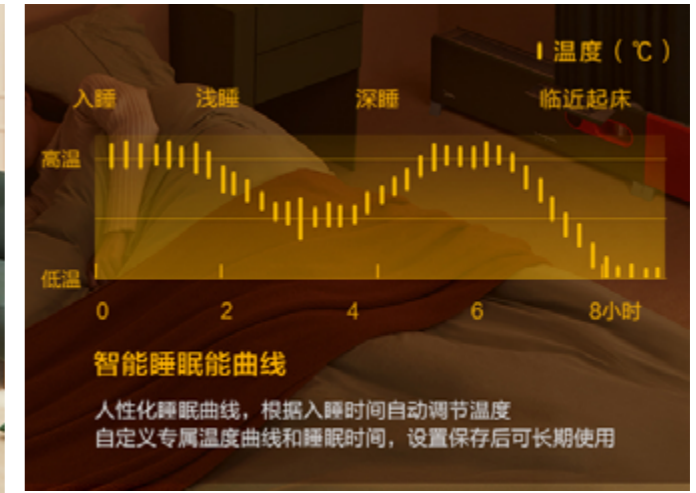


Whole-House Smart Air Solution Gold Award

User-friendly

Double Engine Heater HDW22PD

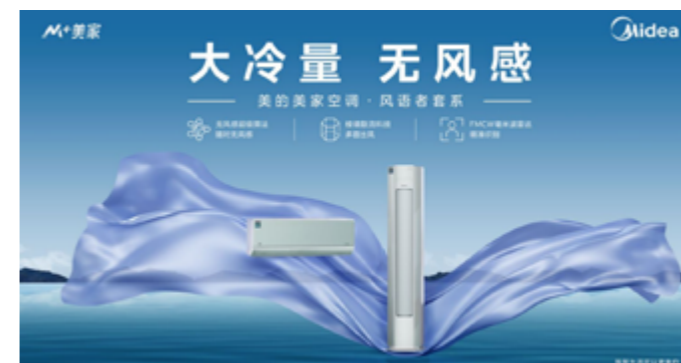
Starting from diversification of use scenes, intelligent function and humanized design, the product is innovatively designed to be assembled together or taken apart to be used in different scenarios. At the same time, the product is programmed with a humanized sleep curve detector and can automatically adjust the temperature according to the time of falling asleep.



Double Engine Heater HDW22PD

Midea Whisperer Series Air Conditioner

Starting from the elderly users' needs of intelligence, comfort and ease of operation, the product achieves 0.10m/s ideal wind speed through precise speed control, cold volume and wind amplitude. In this way, the elderly does not feel direct cold air blowing even when they are facing the vent. This effectively solves problems of joint pain and knee swelling caused by direct cold air blowing for the elderly. With comfortable wind, intelligent sensing, air cleaning and other age-friendly and user-friendly performance, the product won the "Heart-to-Heart Companion - Smart Home Appliances First Prize", providing high-quality solutions to protect the health and life quality of the elderly.



Midea Whisperer Series Air Conditioner



Heart-to-Heart Companion - Smart Home Appliances First Prize

Healthy

**Mini Microwave, Steaming, and Baking Integrated Machine**

The product adopts the "no-fat and low-salt technology" cooking algorithm that combines waterfall steam with coal fire, which can effectively reduce the content of fat and salt in the process of food cooking. According to the test results of authority institutions, when using this product to roast high-fat meat, the rate of fat reduction can be increased by 48%.



Mini Microwave, Steaming, and Baking Integrated Machine

**WAHIN Ultra-thin Sugar Control Refrigerator**

The product has a built-in punk health cabin. Through the exchange of the cold and hot ends of the built-in Thermo Electric Cooler (TEC), the digestible starch inside the food can be gradually converted into an indigestible resistant starch. In this way, sugar control is achieved, which is suitable for diabetes, hyperlipidemia patients and people losing weight. Tested by the professional testing organization SGS, the resistant starch in the rice stored in our refrigerator is 78% higher than that in the untreated rice.



WAHIN Ultra-thin Sugar Control Refrigerator

At the same time, Midea Group is also actively developing environmentally friendly materials that can be recycled. We consider environmental protection and sustainability of components, finished products and packaging materials at the design stage.

- ◎ Midea pool heat pump product shell is composed of more than 50% post-consumer recycled materials (PCR materials). It received the world's first pool heat pump recycled material content certificate from TÜV SÜD.



TÜV SÜD Recycled Material Content Certificate

- ◎ Midea residential AC starts innovation from packaging materials. Media Group develops easily recycled high-density packaging materials manufactured with high-density polyethylene (HDPE) and foamed polypropylene (EPP). For consumption areas without recycling and disposal capacity, degradable packaging materials manufactured with polylactic acid (PLA) and poly (butylene adipate-co-terephthalate) (PBAT) are developed to further enhance eco-friendly characteristics in our product packaging.
- ◎ Midea laundry appliance begins innovation from its packaging design. Midea Group develops and uses honeycomb carton instead of the traditional double corrugated carton. In this way, we achieve a 32.9% reduction in paper consumption and 50% reduction in glue consumption.



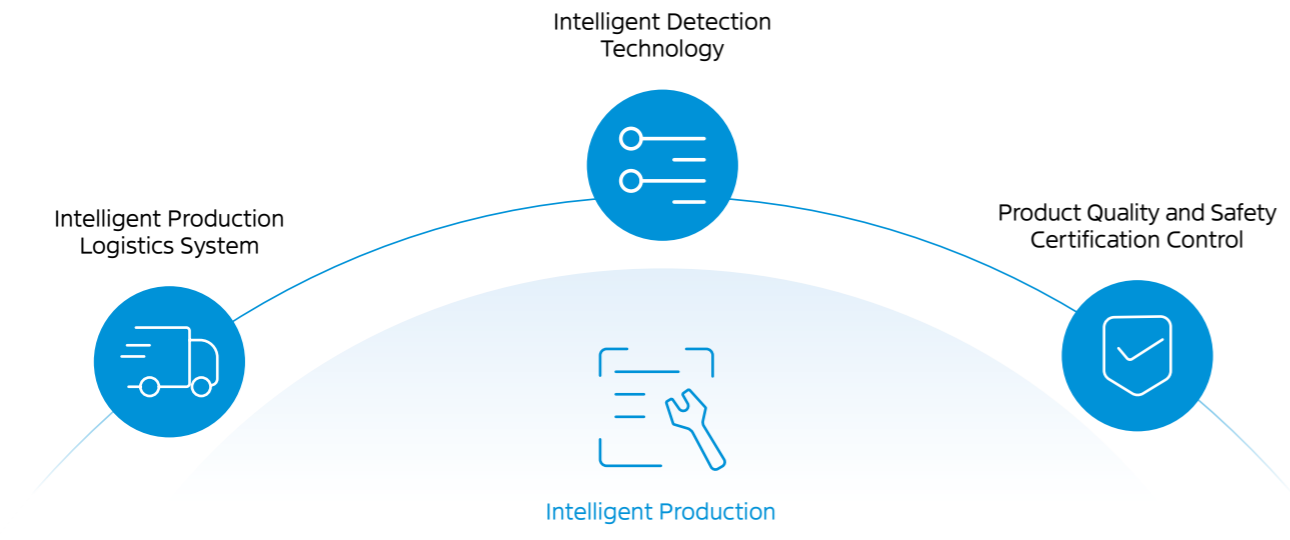
Double Corrugated Carton



Honeycomb Carton


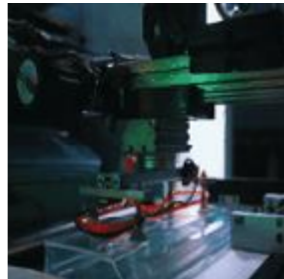
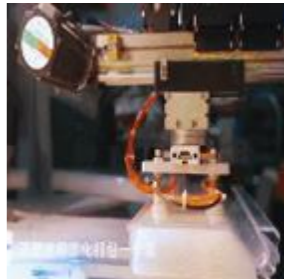
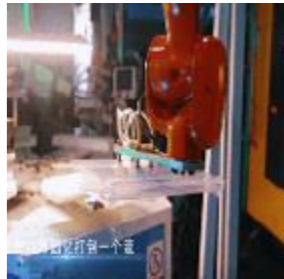




# Production

Midea Group practices the concept of intelligent and high-quality production through the creation of intelligent production logistics, the use of intelligent testing technology, product quality control and safety certification measures. In these ways, we achieve efficient, high-quality and sustainable production development.



## Intelligent Production Logistics System

Midea Group uses automation and digital technology to actively build an intelligent production logistics system through the deployment of AGV intelligent handling robots, CTU picking robots, intelligent conveyor lines and three-dimensional storage systems. We standardize the "unload, upload, enter, exit" process, and make the process intelligent and unmanned. We also improve production efficiency by solving the production pain points of numerous transfers and stations, long distance and excessive inventories.

<p><b>Automatic gripping</b></p>  <p>Robot coverage</p>	<p><b>Automatic mold feeding</b></p>  <p>In-line precision positioning</p>	<p><b>Automatic machining</b></p>  <p>Processing automation</p>	<p><b>Automatic loading</b></p>  <p>Standardization of small parts</p>
<p><b>Automatic dustproofing</b></p>  <p>Elimination of manual sets</p>	<p><b>Automatic carrying</b></p>  <p>Standardization of large parts</p>	<p><b>Automatic storage</b></p>  <p>Intelligent automated lineside warehouse</p>	<p><b>Automated outbound warehousing</b></p>  <p>Intelligent automated lineside warehouse</p>

Intelligent Production Logistics System



### Intelligent Detection Technology

- ◎ **Intelligent operation action detection:** AI algorithm analyzes employees' operation actions in real time. If employees have wrong operations or omit certain steps during operation, an alarm will be triggered immediately.
- ◎ **Product weight intelligent detection:** It automatically identifies the product model and records the product weight, and then compares the product weight with the standard value set by the system. If there is a great deviation from the standard value, it indicates that there might be product quality issues.
- ◎ **Intelligent inspection of product appearance:** The intelligent robot can identify whether the LOGO is consistent with the product model through AI vision, and accurately measure the key appearance size of the product through laser positioning.
- ◎ **Intelligent inspection of product interior parts:** Through the AI platform, the integrity of the product interior parts is automatically detected to determine whether there are any missing interior parts.

### Product Quality and Safety Certification Control

Midea Group sets strict product quality and safety certification control requirements, requiring all products to pass quality and safety certification tests before production, and obtain safety certifications. Under the strict control requirements, Midea Group products have obtained a number of product quality and safety certifications in different countries at home and abroad.



Midea Group Product Quality and Safety Certification List

## Product Distribution

Adhering to the "Direct To Customer" strategy, Midea Group has established a global online and offline product distribution network covering more than 200 countries and regions in Asia, North America, South America, Europe, Africa and Oceania. We have more than 14,000 sales personnel, and established partnerships with more than 80,000 distributors. At the same time, insisting the principle of market-oriented and user-centered, we have prospectively established global user research network, a localized consumer and market insight organization and a digital marketing ecosystem. We will continue to optimize the product distribution system around the needs of users around the world and changing consumption habit trends.

#### Online Distribution Channels

- ◎ E-commerce and third-party online platforms such as JD.com, Tmall and Pinduoduo, and Midea's own shopping platform M-Smart

#### Offline Distribution Channels

- ◎ National retailers, regional retailers and regional distributors

To make us more approachable to users, streamline sales channels, and promote marketing digital transformation, we launched the Midea Cloud Sales Platform. It digitally connects a wide network of retailers directly, enabling retailers to order products directly from us and learn about new products to boost sales. At the same time, we can track retailers' sales and inventories in real time through the Midea Cloud Sales Platform, and respond to changes in consumer preferences and market demands in a timely manner.

#### Midea Cloud Sales Platform Core Abilities

- ◎ **Commodity whole chain management:** We build a whole chain process covering commodity information import, sales attribute management, commodity layout and ordering. This achieves commodity whole chain visualization management, and improves the efficiency and value of commodity channel marketing.
- ◎ **Whole chain visualization of the order system:** To better meet the market demand, we realize the order visualization management by sharing order information among brands, dealers, distributors and stores. We also improve delivery efficiency and value chain operation efficiency and achieve fine management of products and services in order to improve overall marketing competitiveness.
- ◎ **Closed-loop management for marketing expense budget:** We create a channel that connects the process of market expense budget, end-to-end cost flow and settlement. In this way, we promote the standardization and digitalization of cost budget, and match the cost budget process with business objectives, achieving refined cost control and therefore improving the efficiency of resource input and output.
- ◎ **Multi-level purchase-sales-inventory system:** Through the establishment of account books and purchase and sales relationships, we establish a channel connecting brand owners to dealers, distributors and stores, as well as the direct end-to-end connection between brand owners, channel operators and stores. Therefore, we managed to carry out refined operation of marketing channels.
- ◎ **Multi-level and diversified promotional activities:** We support the development of personalized promotional activities. Brand owners can release promotional activities directly to the store to achieve diversified promotional activities and multi-level promotional activities.
- ◎ **Well-developed and flexible pricing system:** With a well-developed and flexible pricing system, we support the multi-level independent pricing by regions, customers and categories, to meet the needs of distributors from various channels and pricing strategies.

As online and offline market integration accelerates, we conduct retail transformation according to users' needs and experiences by referring different levels and features of distribution channels and the changing trend of users' needs and payments, constantly integrate online and offline retail resources and optimize product distribution system.

- © **Strengthening the retail capacity of stores and improving the whole-chain experience:** Utilize digital marketing tools such as Midea Cloud Selling Platform and Midea Home Delivery mini-program to restructure the retail system of stores, and assist stores in conducting online and offline promotions to attract and retain more customers.
- © **Actively entering the lower-tier market:** Fully present in core shop booths, and keep upgrading terminal standards to provide fast and professional shopping experience. Improve the quality of consumption and keep unleashing new consumption potentials in the lower-tier market through consumption policies such as trade-in and marketing strategy such as vouchers.
- © **Focusing on retail shopping experience:** Launch quality product marketing activities based on brand reputation, customer flow and retail sales with product experience as its core. Conduct product tour exhibition in markets at all levels, and leverage active service as a breaking point to facilitate distribution channels covering public, private and membership sectors.
- © **Strengthening consistent experience for end consumers:** Improve the e-commerce distribution capacity and off-premise sales ability of the offline stores by integrating online capabilities of Midea Mall, SmartHome APP and Midea Service and promoting the retail platform - Midea Smart Home integrating online and offline services. Ensure that consumers get the same shopping experience at terminal shops as at e-stores.

Additionally, we accelerate the promotion of our brand in the global market. We intensify the brand penetration ability in key overseas markets through multiple dimensions, including offline in-store experience, salesperson teams construction, social media promotion and whole-house solution marketing. Moreover, we cooperate with world-renowned chefs and influencers to explore diversified interactive selling scenarios and arrange various live-streaming modes, thus building a resource pool for overseas marketing. In addition, we sponsor renowned overseas soccer clubs and sport events, improving brand exposure through cooperation with Manchester City F.C., New York City F.C., Sport Club Corinthians Paulista, and the AFF Championship. Consequently, we improve our local marketing and global reputation.

## Product Use

Midea Group attaches importance to the user experience in product use. Midea Group continuously improves the after-sales service coverage and service capacity, and establishes a holistic recall mechanism. Meanwhile, we are working on measuring the CO<sub>2</sub> emissions of the main products to better understand the situation and reduce emissions.

### After-Sales Services

Midea Group strictly abides by the "Three Guarantee Provision"<sup>5</sup> in the Law of the People's Republic of China on the Protection of Consumer Rights and Interests to provide after-sales services for consumers, and has established extensive service points around the world. As of the end of 2023, we had more than 6,000 domestic after-sales service points and approximately 5,000 overseas. For consumer end (C end) users, our after-sales services include delivery, installation, maintenance, return and replacement, and value-added services such as partial renovation and cleaning. Users can use Midea's WeChat Official Account and mini-program, online M-Smart platform, and 400 hotline to reserve engineer for door-to-door services. We also provide service and repair manuals, parts removal, replacement videos, and 365-day replacement for certain small household appliances. For business and industrial solution end (B end) users, we arrange professional teams for installation, maintenance and other services, sparing no effort to improve users' loyalty and build trust with extraordinary services.

Additionally, we conduct regular training and service quality assessment for after-sales service personnel to improve their knowledge and skills and ensure the quality of after-sales services.

### Product Recall Management

Midea Group develops and implements the Measures for Product Defect Assessment and Recall to standardize product defect assessment mechanism and recall process. When discovering possible existence of product defects in quality and safety in the market, we actively take measures to recall the circulating defective products as soon as possible to reduce the risk of use. There were no product recalls due to safety and health problems during the Reporting Period.



<sup>5</sup> Three Guarantee Provision: Guarantee for repair, replacement and refund.

## Carbon Emission in Product Use

To better understand the CO<sub>2</sub> emissions of products in use that have already been sold, and to standardize the caliber and method of CO<sub>2</sub> emissions accounting, we select four typical domestically sold products to calculate the CO<sub>2</sub> emissions in product use stage. In the future, we will gradually promote full CO<sub>2</sub> emissions accounting of main products in use. And we will plan precise carbon reduction approaches for products in use according to the actual situation.

Product Category	CO <sub>2</sub> Emission from Product Use (in '000 tons) <sup>6</sup>
Typical Residential Air Conditioner Products	3,060
Typical Refrigerator Products	274
Typical Laundry Appliance Products	681
Typical Commercial Multi-split Products	945

Meanwhile, we actively implement all kinds of measures to reduce CO<sub>2</sub> emissions from product use where our operations comply with rules and regulations:

◎ **Reducing paper manuals:** Provide paper manuals (simplified version) and e-manuals (full version) for room air conditioners according to the international requirements. By simplifying paper manuals, each manual can be reduced by five A4 pages. According to related statistics on product sales, 12 thousand tons of A4 paper can be saved every year. If it takes 10 20-year-old trees to produce 1 ton of paper, 120,000 20-year-old trees can be saved from being cut down.



Scan a QR Code to Get Digital Instruction for Use and Installation (Full Version)

◎ **Cancelling remote control device equipment:** HDY22L heater is no longer equipped with remote controller, reducing 119,000 of remote controller production, namely 238,000 batteries, thus further reducing pollution and CO<sub>2</sub> emission from product use.

◎ **Adopting environmentally friendly refrigerant:** From 2021 to 2023, Midea Group sold 3.75 million R290 refrigerant products including split air conditioner, mobile air conditioner, and dehumidifier, compared with R32, R134a and R410A refrigerant products. The replacement with R290 refrigerant products realizes 1.63 million tCO<sub>2</sub>e decrease, which is equivalent to one-year CO<sub>2</sub> absorption of 1.93 million hectares of Amazon rainforest<sup>7</sup>.

<sup>6</sup> CO<sub>2</sub> Emission from Product Use=product sales \* annual comprehensive power consumption \* grid emission factors \* life expectancy, in which the comprehensive power consumption is the national standard working condition test result; grid emission factors are taken from the Notice on the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Industry in 2023-2025 (EIA Climate Letter [2023] No. 43), released by the General Office of the Ministry of Ecology and Environment; the life expectancy is based on the Safe Useful Life for Household Electrical Appliances Part 3: Room Air Conditioners and other rules.

<sup>7</sup> Carbon sequestration was calculated at 0.8433 tons/year per hectare, in reference to Hubau, W. et al. Asynchronous carbon sink saturation in African and Amazonian tropical forests. Nature 579, 80-87 (2020).

## Product Recycling

Midea Group consistently responds to national policies such as the Extended Producer Responsibility Plan and the Notice on Encouraging Home Appliance Manufacturers to Undertake Recycling Targeted Responsibility. Furthermore, Midea Group develops and implements the Green-Recycling-Appliance Recycling Service Management Scheme of Media Group, the Notice on Reiterating On-Store Green Recycling Requirements, and the Notice on Clarifying Rules for the Recycling of Used Consumer Equipment. Therefore, Midea Group clarifies the scope, content and procedure of product recycling, realizing a closed whole-chain recycling loop from user - Midea Group - dismantling plant.

### Scope of the recycling program

All categories of Midea Group's own brand products, and air conditioners, refrigerators, laundry appliances, water heaters and TV products from other brands.

### Standards of the recycling program

A unified product recycling standard is adopted within Chinese Mainland, and product recycling standards in overseas regions (including Hong Kong/Macao, China) are subject to local regulatory requirements.

Midea Group is building a nationwide recycling network through online and offline platforms. Users can realize the old machine recycling and trade-in through the offline dealer stores; or reserve the door-to-door recycling service through Midea's WeChat Official Account and Mini Program, Meiyunshou (Midea Cloud Recycling) Mini Program, Midea Home Service Mini-Program and the 400 Customer Service Hotline, so professionals will visit to dismantle and recycle; for those of higher residual value and can be easily dismantled, users can take-back them by the way of mail-in.

### As of the end of 2023

Midea Group's recycling services **comprehensively covered** Chinese districts and counties as well as key township-level markets.

There were over **45** million users registered on Midea's WeChat Official Account and Mini Program.

### The Reporting Period

Midea Group has recycled **3.098** million of obsolete household appliances including televisions, refrigerators, laundry appliances, and air conditioners, exceeding the annual target of **2.6** million.

Midea Group provided all kinds of services to over **100** million users.

To guide consumers to develop a sense of proper use and replacement, Midea Group recycles and disposes of used home appliances in a formal and environmentally friendly way. We conducted online and offline trade-in theme campaigns throughout the Year, such as Lunar New Year's Shopping Festival, Shopping in March, Midea Fans Festival, Cooling Down Festival, House Furniture Festival and Midea Green Action. Through promotions such as green trade-in coupons, cross-category trade-in and 365-day replacement, Midea Group provides credit against a new purchase and real benefits for consumers, effectively fulfilling our producer responsibility and promoting a green lifestyle.



Poster for Trade-in Series Theme Campaign

In 2023

Midea Group's trade-in campaign was held in over **15,000** communities and villages, covering more than **38,000** stores with trade-in subsidies of over RMB **200** million, benefiting over **3.6** million users.

☐

**Midea Green Action wins "the Prize of Excellence in Sustainable Development"**

The China Household Electrical Appliance Association and the magazine China Appliance jointly held the first "China Household Appliance Sustainable Development Summit". Experts and leading enterprises in the sustainable development of household appliance gathered to discuss the direction of industrial sustainability and share green and low-carbon experiences.

At the forum, Midea Green Action was demonstrated, showcasing Midea Group's excellence in promoting low-carbon living and fulfilling its mission. Different from the traditional trade-in within one category such as "replacing old air conditioner with a new one", Midea Group created "cross-category trade-in" by establishing "green household appliance stock". Given its innovative practice in recycling household appliances, Midea Green Action was awarded "the Prize of Excellence in Sustainable Development" by the magazine China Appliance.

Midea Green Action Wins "the Prize of Excellence in Sustainable Development"

For the dismantling end, Midea Group cooperates with 45 dismantling enterprises on the national List of Enterprises Subsidized by Waste Electrical and Electronic Products Disposal Fund<sup>8</sup> to achieve the procedure-based dismantling of waste appliances from various channels for resource reuse, energy conservation and emission reduction, and green circular economy development. We strictly inspect dismantle partners' qualifications, such as Waste Electrical and Electronic Products Disposal Qualification Certification from the environmental protection authorities, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and International E-waste R2 Certification. Furthermore, Midea Group became a shareholder of Fuyang Dafengye Renewable Resources Co., Ltd. (listed in the List of Enterprises Subsidized by Waste Electrical and Electronic Products Disposal Fund) during the Reporting Period, and provided financial support for its new base construction. Midea Group also supported its "Internet+ Recycling" capability and systems for its technology and capacity upgrading to further implement Midea Group's responsibility for manufacturers' recycling business.

<sup>8</sup> The dismantling enterprises on the List of Enterprises Subsidized by Waste Electrical and Electronic Products Disposal Fund shall strictly abide by the Administrative Regulations on Recycling and Disposal of Waste Electrical and Electronic Products, and the Guide for Auditing the Dismantling of Waste Electrical and Electronic Products and other national policies on the dismantling of electrical and electronic products. Such companies are required to be audited by a third party on a regular basis and to publish the audit report.

# Pursue High-Quality Customer Experience

Adhering to the "customer-oriented" concept, Midea Group constantly improves the marketing management mechanism. In detail, we continuously strengthen pre-sales, sales and after-sales services, and strictly implement the management requirements for data security and privacy protection to bring users better service experience.

## Responsible Marketing

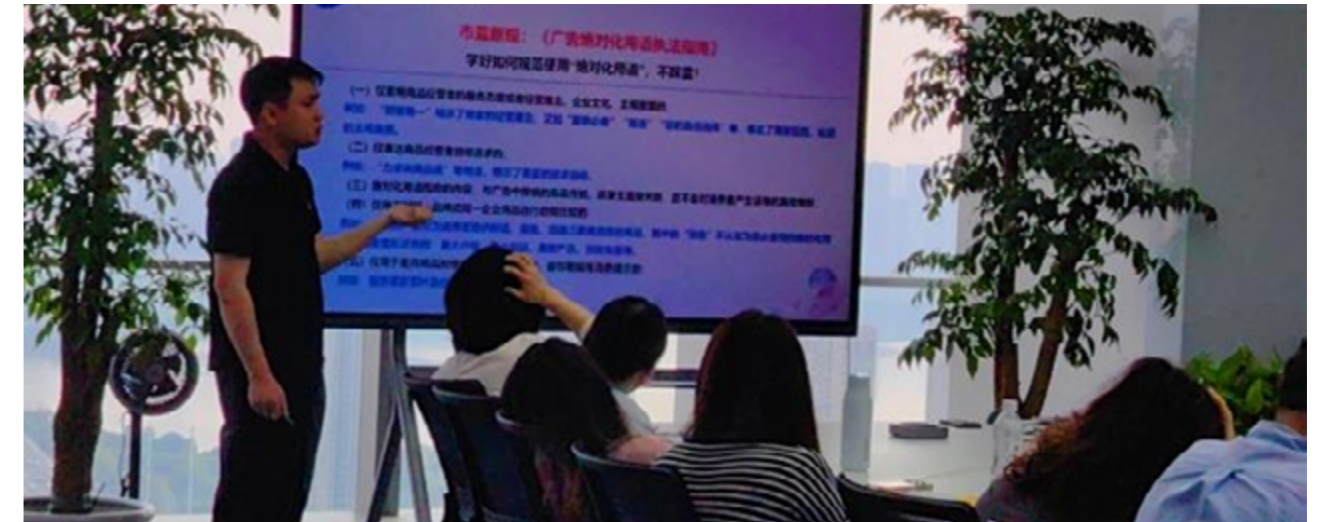
Midea Group always strictly abides by the Advertising Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, the Cybersecurity Law of the People's Republic of China, the Measures for the Administration of Internet Advertising and other relevant laws and regulations as well as industry standards for domestic marketing. The Group has formulated and implemented the Compliance Guidelines for Advertising and Promotion Behavior, the Ten Prohibitions in the Marketing Field, the Compliance Management Requirements for Online Business, and the Risk Warnings, Management Requirements for Domestic E-commerce Promotions and other policies and regulations. By doing so, we define the compliance red line for advertising, price promotions, on-site and off-site livestreaming, service operations, and other activities in both online and offline marketing, ensuring compliance with the law.

In terms of external publicity and review, the Group's legal department and relevant business groups/divisions conduct compliance review of all marketing materials before release in accordance with policies and regulations. By doing so, we are able to identify, correct and rectify problems or errors in a timely manner, to avoid that the released marketing materials involve any infringement or violations of the Advertising Law.

### Provisions for approving external publicity information (illustrative)

- ◎ All advertising and marketing materials shall be approved before release;
- ◎ Absolute terms such as most, best, first, and top, shall not be used;
- ◎ False or misleading marketing by means of fictitious transactions, fabricated user comments, etc. shall not be allowed;
- ◎ It is prohibited to make premium sales or make false and inaccurate statements about the types, probability, maximum amount, total amount, quantity, quality, or the winning methods of prizes;
- ◎ Unauthorized images, fonts, comics, videos, portraits of others, and popular IPs shall not be used;
- ◎ Advertisements that violate good social climate, such as promoting racism and sexism, and damaging national dignity, shall not be published.

Meanwhile, the Group strengthens the awareness of responsible marketing among employees in relevant positions through online and offline training, sharing and analysis on typical cases in work groups, and special posters to improve the marketing management.



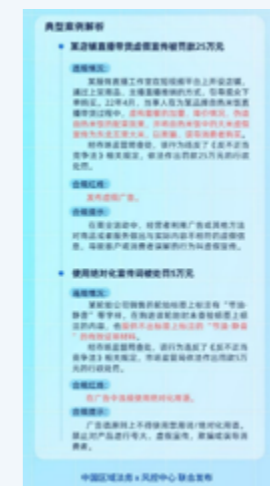
Marketing Compliance Training at the Livestreaming Base



Responsible Marketing Poster



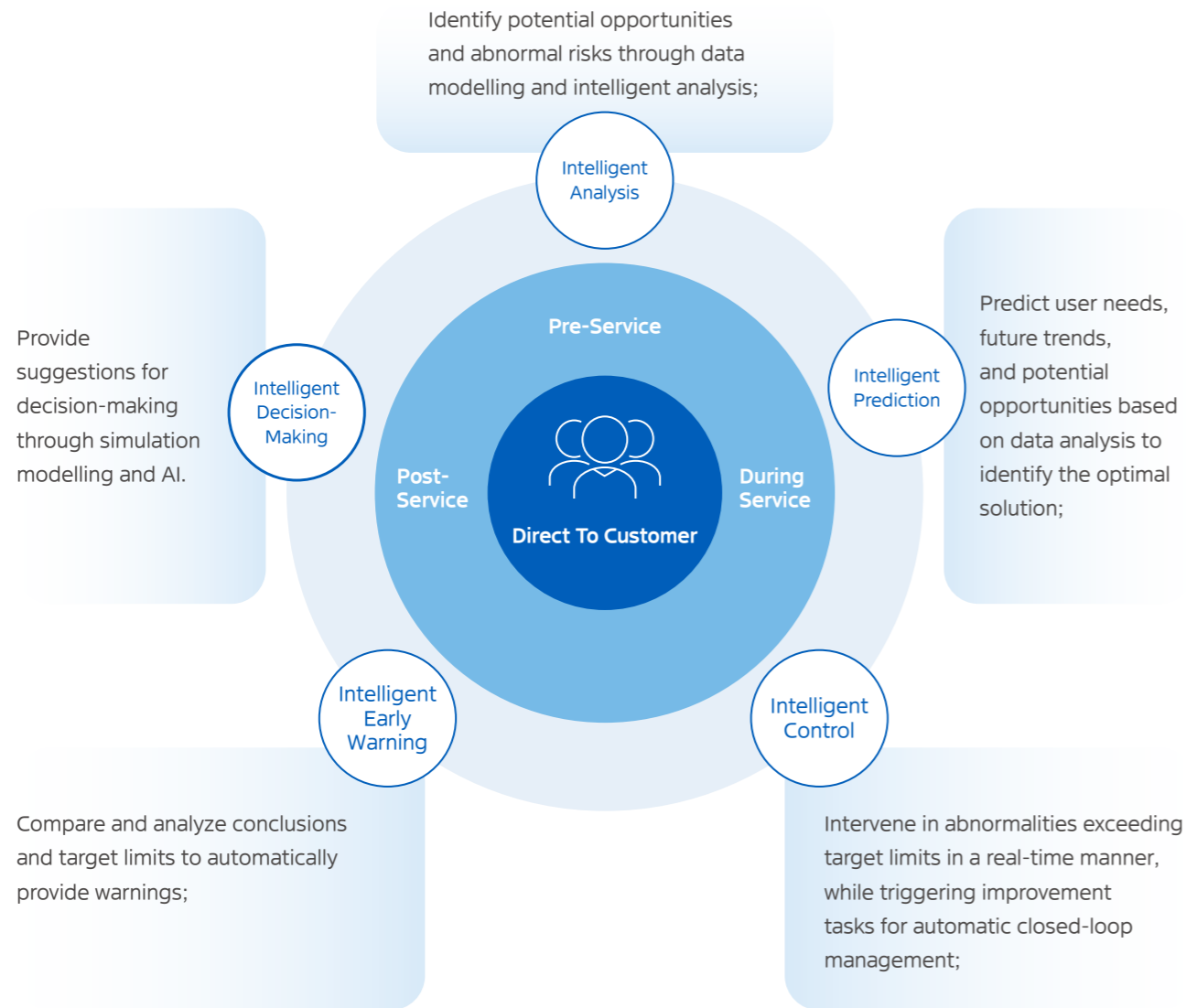
Typical Marketing Case Sharing and Analysis



## Customer Service

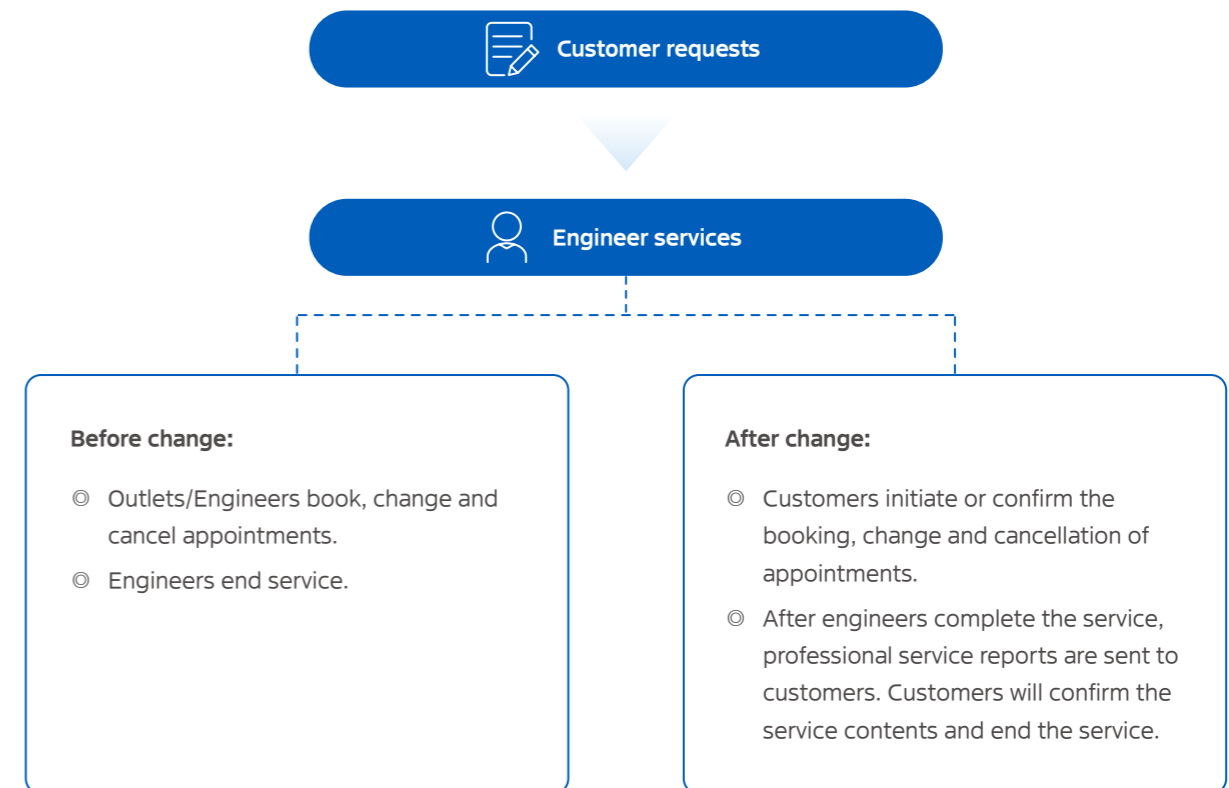
Midea Group constantly improves user experience, and strengthens pre-sales, sales and after-sales services, committed to building a high-quality user service system. The Group has formulated and implemented policies and regulations such as the Measures for the Administration of the Whole-Process Service, the Measures for the Administration of Work Orders and the Measures for the Administration of Upgrading Information. By doing so, we regulate and standardize the working mechanism of the whole-process user service.

Midea Group launches "5 Digitalization", a new digital and intelligent service model around the "Digital Intelligence Drive, Direct To Customer" strategy, aiming to meet user needs. By utilizing digital and intelligent means, the Group improves user service in an all-round manner, optimize service processes, and enhance service efficiency and experience to provide more warm-hearted services.



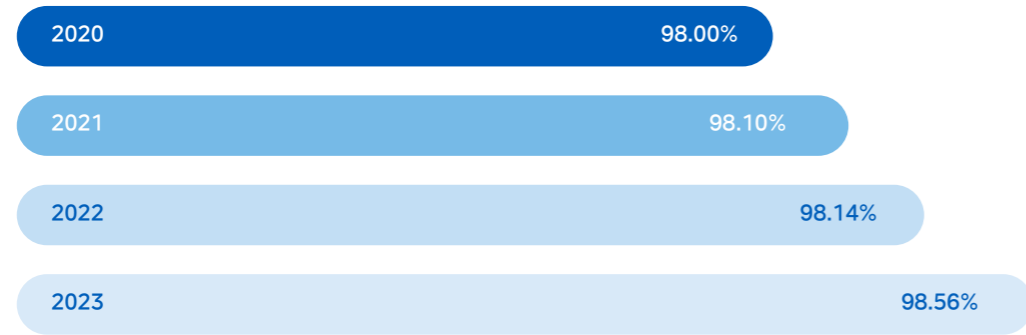
We have established effective channels for user communication and complaints in time. Users can consult or complain through 7\*24 free 400 customer service hotline, Midea service official account, mini program, and other channels. For product installation demand, we will make an appointment with the user for home installation within 24 hours as required. For product maintenance demand, we will communicate with the user about the problem and make an appointment for home treatment within 48 hours. For user complaints, we will respond within 2 hours and communicate with the user about the solution.

During the Reporting Period, we reconstructed traditional customer service processes, that is, "starting from customers and ending up with customers", so that customers are more actively involved in key service processes. By restructuring, we have further strengthened the timeliness and quality control of the service processes, increased the difficulty of making false documents and reduced the difficulty of implementation at service outlets.



Midea Group regularly carries out user satisfaction survey every year, and organizes a list of common problems based on the results to launch special improvements. During the Reporting Period, we conducted a survey of about 8 million customers, and the customer satisfaction rate reached 98.56%.

Customer Satisfaction



Midea Group understands that the professional capability of customer service personnel is the key to better serve customers. For this purpose, we have established a comprehensive training mechanism, and carried out a variety of training and skills competition programs to comprehensively strengthen customer service personnel's professional capability.



Engineer Certification Training

We have conducted long-term certification training for home service engineers. Four major certification training sessions, namely outlet technical supervisor certification, engineer authorization certification, technical instructor certification and high-level engineer certification, were carried out. Through such certification training, we have fully explored and developed internal senior engineers and technical instructors to continuously improve the professional skills and service quality of engineers. By the end of the Reporting Period, 180,000 engineers had completed the certification training.



Engineer Certification Training Site



The Fourth "Diamond" Skills Competition

A total of more than 35,000 engineers nationwide participated in the Fourth "Diamond" Skills Competition, of which 182 engineers stood out in the finals, competing in professional skills and exchanging service experience. Through the competition, they were able to better serve customers.



The Fourth "Diamond" Skills Competition



400 Hotline Service Personnel Training

We conducted more than 1,800 training sessions for our 400 hotline customer service personnel, totalling 55,000 training man-hours. Such training mainly included service standards, core selling points of different categories, branding techniques, membership system, core new product features, 315 consumer rights and interests, peak season empowerment, and winter anti-freezing. These training sessions had enriched the customer service knowledge and improved service quality of hotline service personnel in all aspects.



400 Hotline Training Site

## Information Security and User Privacy

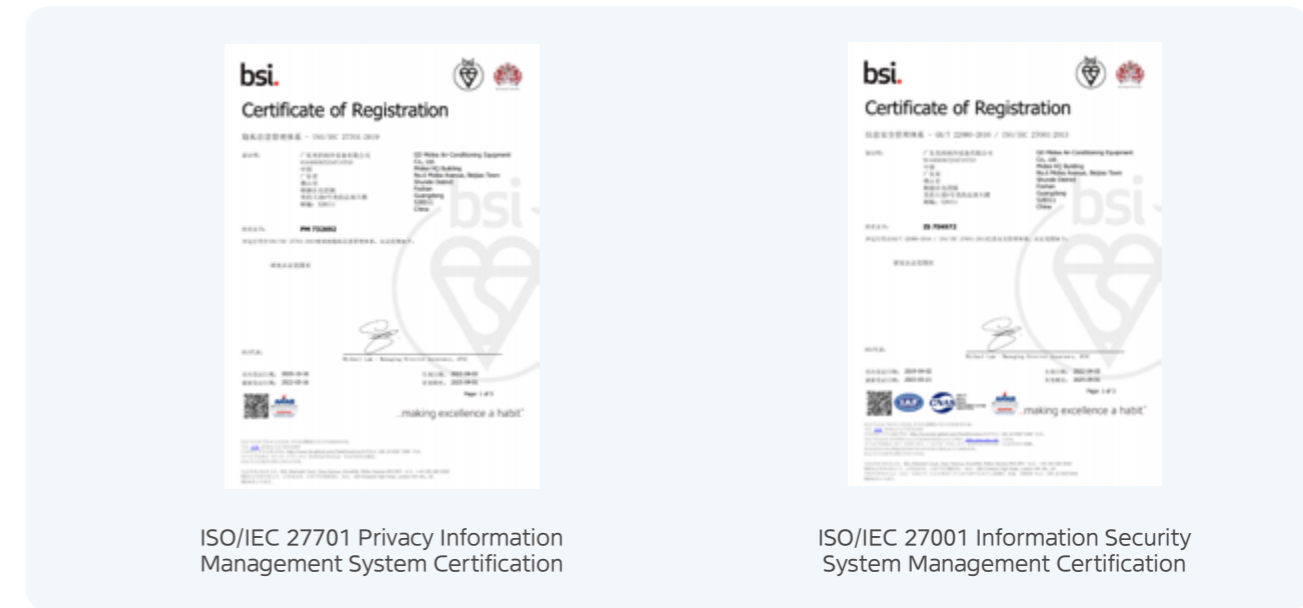
Midea Group attaches great importance to information security and privacy protection. The Group strictly complies with the Data Security Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China, the General Data Protection Regulation (GDPR), the California Consumer Privacy Act (CCPA) and other applicable laws and regulations in places where we operate. Midea Group has formulated and implemented a number of internal policies, such as the Personal Information Protection and Management Measures and the Data Leakage Incident Management Guidelines. By doing so, we standardize the processes and requirements for managing personal information throughout the lifecycle, the responsibilities for personal information protection management, the mechanism for assessing the impacts of data protection, the responding mechanism to the rights of the data subject, the procedures for responding to and disposing of data leakage incidents, and the regular audits for personal information protection.

Midea Group has established a four-level organization to manage data security and privacy protection, consisting of the data protection office, security and privacy protection departments, data protection representatives from each business division, and relevant employees from business divisions for specific implementation. Responsibilities of each organization are as follows:

- Data protection office:** Comprised of Midea Group's Legal Data Compliance Officer, Information Security Officer, and Head of the Digitalization Office, it is responsible for guiding and overseeing the Group's information security and privacy protection. In detail, the office is responsible for formulating policies related to information security and privacy protection, following up on regulations and standards issued by regulators in this regard, identifying data security and privacy risks, and advancing the construction of the culture of privacy protection;
- Information security departments:** Responsible for the implementation of the Group's data security and privacy protection strategy. As a bridge between the data protection office and business divisions, they are also responsible for assessing impacts on data protection, raising privacy and security awareness, and promoting the acquisition of industry-related privacy and security certifications;
- Data protection representatives:** As a bridge between security and privacy protection departments and employees of various business division, they are responsible for communicating relevant policies issued by the data protection office, assisting employees of business divisions in information security and privacy protection activities, as well as evaluating and reviewing the effectiveness of the activities;
- Relevant employees from each business division:** Responsible for implementing and monitoring information security and privacy protection activities. If a data leakage occurs, they will promptly report it to the data protection representative.

Midea Group strictly adheres to the principles of "lawfulness, legitimacy, and necessity" in the protection of personal data. We have specified that only the personal data necessary for the provision of services is collected. In order to provide better product experience, we minimize the collection of the necessary personal data of customers. In addition, to safeguard data privacy, we prioritize local processing of users' personal data to reduce the risk of data leakage.

As of the end of the Reporting Period, Midea Group had obtained ISO/IEC 27701 Privacy Information Management System Certification and ISO/IEC 27001 Information Security System Management Certification. In addition, SmartHome App had passed the Mobile Internet Application (App) Security Certification. During the Reporting Period, Midea Group's information systems did not experience any major cybersecurity risk incidents or major data leakage, tampering, destruction or loss incidents.



ISO/IEC 27701 Privacy Information Management System Certification

ISO/IEC 27001 Information Security System Management Certification



Mobile Internet Application (App) Security Certification

In addition, in order to enhance the awareness of privacy protection among all employees, reduce the occurrence of privacy security incidents, and ensure the compliance and daily operations, we regularly conduct information security and privacy compliance training for employees through the internal training system "M-Learning". Such training covers privacy protection laws and regulations and relevant industry standards, internal policies and systems for privacy protection, identification of general data and sensitive data, and daily work norms related to privacy protection.





# Jointly Create the Prosperous Ecology

Midea Group works with partners to move towards a greener, more efficient, smarter and better future.

## Midea Group 2030 Sustainable Development Goals and Progress



100

Coverage rate of sustainability performance assessment for new suppliers (%)



301

Number of suppliers for SSC supplier empowerment (units)



100

Due Diligence Rate of supplier controversial sourcing (%)

# Promote Smart Transformation

Following the "Technology Leadership, Digital Intelligence Drive" strategy, Midea Group integrates information, network and smart technologies with cutting-edge manufacturing and sustainable energy-saving methods in the industrial filed. With this integration, the Group has launched smart industrial solutions covering green energy, intelligent manufacturing, smart logistics, intelligent buildings and other fields. By doing so, Midea Group aims to lead and empower the digital and intelligent transformation of upstream and downstream industries and partners.

## Green Energy

Midea Group has adopted a green energy solution throughout the value chain covering supply, allocation, consumption, control and management around "SGLS"<sup>9</sup>. With green energy supply, energy storage technology, energy digitization, high efficiency and energy distribution, we help many enterprises save energy and reduce carbon emissions and ensure their energy security and efficient supply.

	Distributed Photovoltaic Solution for Industrial Parks	Industrial and Commercial Energy Storage Solution	Energy-Efficient Frequency Conversion Solution
Response to Pain Points	<ul style="list-style-type: none"> <li>With significant energy consumption, industrial parks face the pressure brought by dual carbon commitments, carbon trading, and carbon tax.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial parks face challenges such as expanding price gap between peak and off-peak and the energy transformation.</li> </ul>	<ul style="list-style-type: none"> <li>Pumps in metallurgy, chemical, electric power, municipal water supply and mining industries suffer from high load power consumption.</li> </ul>
Description	<ul style="list-style-type: none"> <li>The distributed photovoltaic power generation system is built on the roof of the industrial park, the parking shed and the building lighting facade for self-generation and self-use. The excess electricity can be contributed to the national grid.</li> </ul>	<ul style="list-style-type: none"> <li>The energy network architecture is constructed in the industrial park for coordinated control of industrial and commercial energy storage based on the energy storage network interface to support diverse energy integration.</li> </ul>	<ul style="list-style-type: none"> <li>The high and low voltage inverters with high energy efficiency are applied to machinery processing, water pumps, air conditioning, elevators, conveyors and other equipment to smoothly start the equipment motor, accurately control the motor speed and output power, and reduce energy waste and expenditures.</li> </ul>

<sup>9</sup> SGLS, an acronym for "source, grid, load and storage", is an integrated solution.

## Haifeng AGC Energy Storage and Frequency Conversion Project of Guangdong Power Grid Corporation

To respond to the national energy storage policy and meet the demand for high-quality frequency conversion services in the current power market and energy structure of Guangdong Power Grid Corporation, Midea Group helped complete Haifeng AGC Energy Storage and Frequency Conversion Project. This project is equipped with direct scheduling and leverages new self-developed group control management technology and system, to improve the regulation rate, regulation accuracy and reduce the response time. As of the end of the Reporting Period, the project's charge capacity and discharge capacity had totaled 138,607,000 kWh and 119,006,000 kWh respectively.



Haifeng AGC Energy Storage and Frequency Conversion Project

## Energy-Efficient Frequency Conversion Solution for an Iron and Steel Group in Shandong

In 2023, Midea Group assisted an iron and steel group in Shandong in implementing an energy-efficient frequency conversion solution. A number of electromagnetic stirrers were upgraded, comprehensively improving automation of the mixing process. Through the project, we helped the group reduce energy consumption by about 15% and improved metal melting rate and yield by about 13% and 1% respectively.



Electromagnetic Stirrer Upgrade

## Intelligent Manufacturing

Midea Group summarizes end-to-end solutions for lighthouse/digital factories and smart workshops at home and abroad throughout the value chain. We have helped enterprises at home and abroad build hundreds of digital factories, digital workshops and smart workshops to improve quality and efficiency and reduce delivery costs, delivery time, and energy consumption.

	Lighthouse/Digital Factory Solution	Smart Workshop Solution
Response to Pain Points	<ul style="list-style-type: none"> <li>Production lacks efficient and overall planning. It's hard to implement lean production, with low scheduling efficiency, serious waste of energy, low efficiency in collaboration and detection, and difficulty in quality traceability.</li> <li>Product lifecycle management is less standard, with experience-based program verification, missing data or data silos, and low efficiency in intelligence and decision-making.</li> </ul>	<ul style="list-style-type: none"> <li>The labor-based manufacturing, with low efficiency, high consumption and poor quality, is difficult for quality and efficiency improvement.</li> <li>The operation environment for manufacturing is increasingly complex and operations require higher speed and precision.</li> </ul>
Description	<ul style="list-style-type: none"> <li>From the three dimensions of digitalization, lean operation and automation, enterprises are empowered to build an end-to-end lighthouse/digital factory throughout the value chain to improve the control and management efficiency of the entire production process.</li> </ul>	<ul style="list-style-type: none"> <li>Through the whole-process digital design, AI detection and automation technology, the solution can help reduce manual labor and inventory areas and improve energy efficiency.</li> </ul>



### Smart Workshop Solution for FAW-Volkswagen

Midea Group assisted FAW-Volkswagen Foshan Branch's battery factory to build a smart workshop, aiming to reduce manual labor through automation, digitize equipment and processes, and realize intelligent management of energy consumption. By implementing KUKA Flexible Systems and introducing 101 KUKA robots on the battery shell welding line and the battery packaging line, the factory achieved an annual output of 150,000 battery packs in a single shift and 300,000 battery packs in a double shift. The overall automation rate reached 82%, ranking among the best in the world's high-voltage battery field.



FAW-Volkswagen Smart Workshop's Automatic Battery Assembly Line



### Digital Transformation Project of AIMA Technology Factory

In the context of the promotion of the new national standards, the upgrading of consumption and the call for green and low-carbon travel, Midea Group and AIMA Technology entered into a long-term strategic partnership. With years of digital transformation experience and advanced technologies such as big data, 5G, industrial Internet, we helped AIMA Technology build a digital factory featuring high quality, fast delivery and low costs. Transitioning from Make-to-Stock (MTS) to Make-to-Order (MTO) production and achieving 100% online order coordination led to a roughly 15% increase in overall operational efficiency and a 30% increase in hourly output for AIMA's factory.



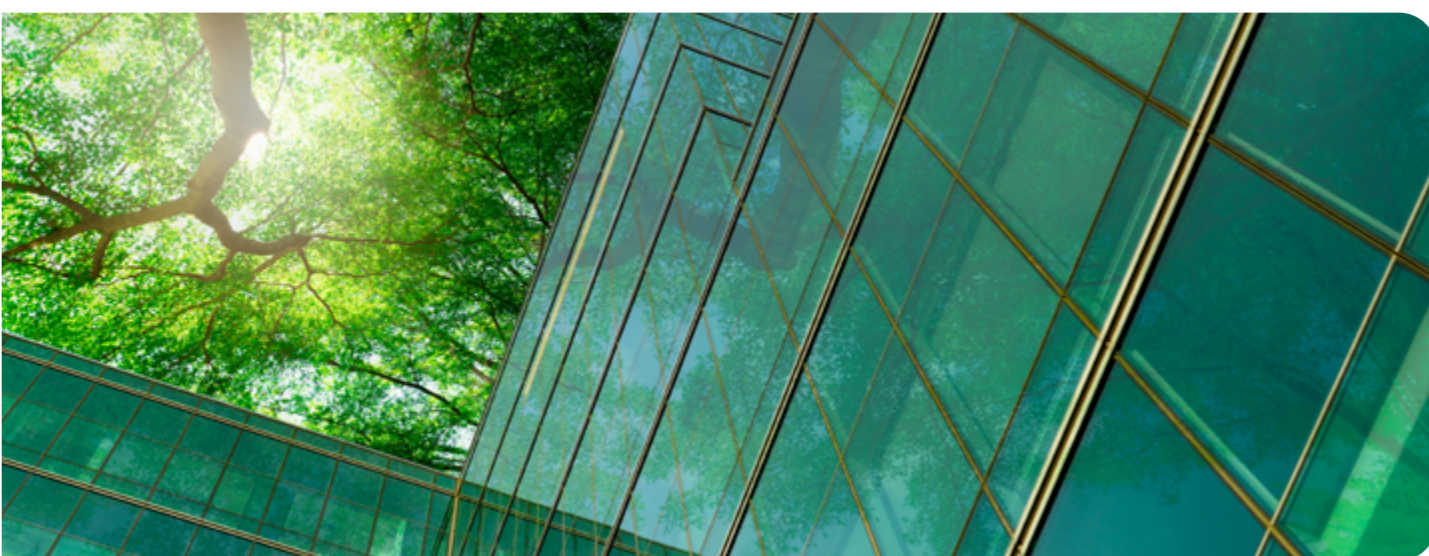
Midea Group and AIMA Technology Entered into a Long-Term Strategic Partnership

## Smart Logistics

Based on the unique model of "1+3" integrated supply chain services<sup>10</sup>, Midea Group has created a smart logistics solution with its own characteristics. We analyze the challenges in different logistics stages, including pick-up, packaging, direct shipping, transshipment, warehousing, delivery and installation. Our aim is to help enterprises shorten supply chains, reduce inventory, minimize loss and accelerate delivery, thus improving efficiency, cutting costs and promoting sustainable logistics practices.

<sup>10</sup> "1" refers to "full link", and "3" refers to "production and logistics", "shared inventory", and "delivery-installation integrated service".

	Production and Logistics Solution	Shared Inventory Solution	Solution for Integration of Delivery and Installation
Response to Pain Points	<ul style="list-style-type: none"> <li>Lengthy production and logistics pathways, high carbon emissions, low warehousing efficiency and large inventory occupancy result in overall high costs.</li> <li>The incoming logistics for industrial goods is opaque, and preemptive quality checks are unfeasible, resulting in excess inventory and wasted waiting times.</li> </ul>	<ul style="list-style-type: none"> <li>Traditional supply chain involves multi-level distributors, resulting in higher costs.</li> <li>The changing market, higher user requirements, and shorter product lifecycle make the cost control over the supply chain more important.</li> </ul>	<ul style="list-style-type: none"> <li>The distributor has no disassembly capacity, and the installer lacks the ability to transport used equipment, which leads to a gap in performance services and long waiting time for the end customer.</li> <li>The cost of deploying third-party installers/ self-built teams nationwide is high.</li> </ul>
Description	<ul style="list-style-type: none"> <li>The whole process of production and logistics is upgraded through logistics model reform, lean management, intelligent transformation, digitalization, warehousing automation, and integration of transportation and packaging.</li> </ul>	<ul style="list-style-type: none"> <li>The integrated supply chain and digital upgrading enables inventory sharing, intelligent allocation, production and marketing coordination, in order to reduce inventory and shorten the delivery time.</li> </ul>	<ul style="list-style-type: none"> <li>Digital and intelligent systems are applied to build a high-quality integrated service network for delivery and installation to enhance market penetration.</li> </ul>



### Automated Warehousing Solution of VX Logistics

In 2023, Midea Group assisted VX Logistics in developing the Swisslog automated warehousing solution for its Tianjin Dongjiang Port Cold Chain Park. This has comprehensively improved the operational efficiency of the Park. As a result, the Park received the LEED Platinum certification for green building. The solution helped cold stores achieve 100% autonomous operations. Even under the constant temperature environment of -18°C, the operational efficiency reached 190 pallets per hour, with a maximum capacity of 324 pallets per hour, which is 2-3 times the efficiency of manual operation.



Swisslog Automated Warehousing System

### The Shared Inventory Solution Helped Tsingtao Brewery Cut Costs, Improve Efficiency and Reduce Carbon Emissions

Midea Group helped Tsingtao Brewery transform from a multi-segmented to an integrated supply chain. Midea Group streamlined the shipment of products by merging sales, dealer and e-commerce warehouses into a single regional distribution center. This change enables direct shipments from the production site to the center and then directly to the terminal or users.

The implementation of the shared inventory solution resulted in a 60% reduction in warehouse space, 50% faster delivery, 50% higher inventory turnover, 60% lower carbon emissions for Tsingtao Brewery in Henan, significantly reducing costs and increasing efficiency.



Comparison of the Supply Network Before and After the Implementation of the Shared Inventory Solution

## Intelligent Buildings

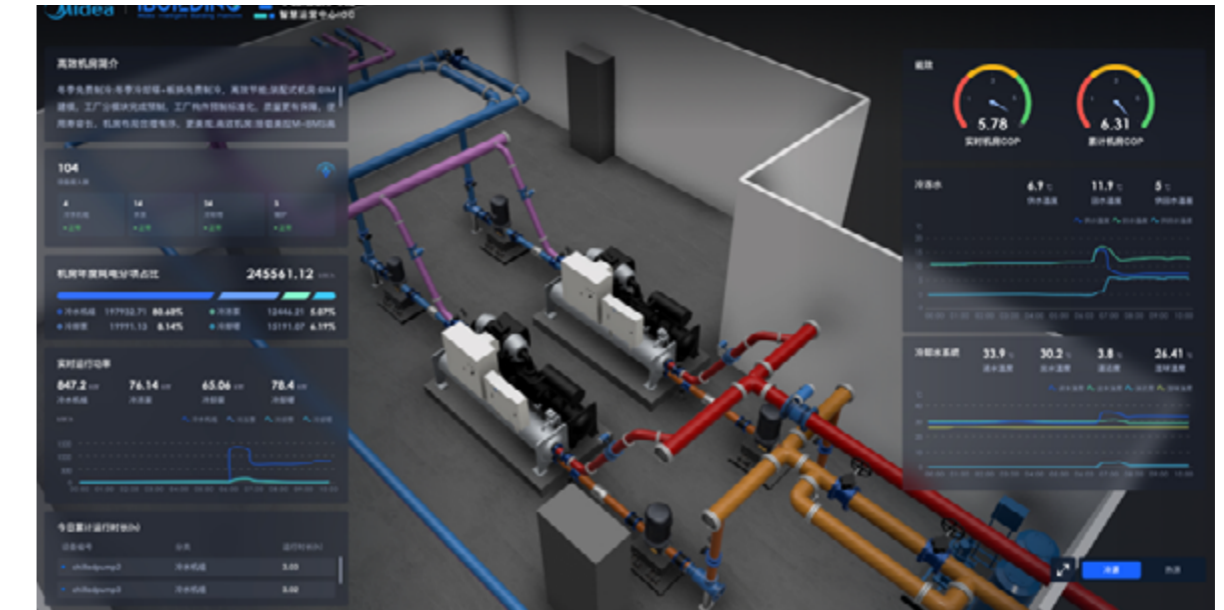
Based on in-depth analysis of pain points of current industrial parks and buildings, Midea Group has launched three sub-solutions under the smart building solution, namely, industrial energy efficiency, green and low-carbon services, and smart parks. Those targeted solutions are designed to address the difficulties faced by customers in the low-carbon, green and smart transformation of industrial parks and buildings.

	Solution for Industrial Energy Efficiency	Smart Park Solution	Green and Low-Carbon Service Solution
Response to Pain Points	<ul style="list-style-type: none"> <li>Difficulties in balancing production efficiency and environmental protection;</li> <li>Difficulties in shifting isolated equipment savings to systematic and digital energy conservation.</li> </ul>	<ul style="list-style-type: none"> <li>Industrial parks with large spaces and complex functional areas usually have the problems of low energy efficiency, inadequate management of equipment and facilities, and many safety hazards.</li> </ul>	<ul style="list-style-type: none"> <li>Difficulties in collecting data from complex sources of carbon emissions;</li> <li>Multiple carbon emission standards, inconsistent carbon calculation standards and lack of carbon management tools.</li> </ul>
Description	<ul style="list-style-type: none"> <li>Introduce advanced equipment and technology, improve equipment operation modes, and rationally schedule and manage energy use to maximize energy utilization and achieve green transformation of the enterprise.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct real-time monitoring and analysis of equipment operation status and park operation and production through IoT and big data, timely detect and resolve problems in the production and operation process and reduce energy consumption in the park to ensure production stability and safety.</li> </ul>	<ul style="list-style-type: none"> <li>Provide a carbon management platform that realizes the digitalization of the whole process of "limiting-sourcing-calculating-reporting" from carbon inventory to carbon verification to meet the carbon management needs of different business departments of the enterprise.</li> </ul>



## Energy Efficiency Solution for Ningbo Metro

Supported by the integrated iBUILDING, a digital building platform, an energy saving control system combining high-efficiency machine rooms, intelligent wind system, intelligent environmental control, and other technologies, Midea provided an energy efficiency solution for the first phase of Ningbo Metro Line 6 project. With the solution, the comprehensive energy consumption was reduced by more than 30%.



iBUILDING - Intelligent Operation Center of Ningbo Metro Line 6

## Smart Park Project of Douyin Group

Midea Group completed the overall delivery of the intelligent renovation project of Shanghai Douyin Group's New Jiangwan Town office park, covering an area of 280,000 square meters. More than 28,000 devices and over 200,000 data points have all been accurately put into operation. The park is expected to achieve an increase of about 30% in operational efficiency, a decrease of about 10% in comprehensive energy consumption, an increase of about 15% in utilization rate of parking spaces, and a decrease of about 5% in total carbon emissions year on year (approximately 567 tCO<sub>2</sub>e). The estimated economic benefits can reach approximately RMB 10 million per year.



iBUILDING-Douyin Group Smart Park Operation and Management Center

# Jointly Create Sustainable Value

Midea Group continuously strengthens the risk management of the supply chain by applying the full life cycle management mechanism of suppliers and cooperates with partners to implement responsible procurement. While fulfilling the Group's relevant requirements, we also support the sustainable development of suppliers to establish a responsible ecological chain for win-win cooperation and sustainable development.

## Full Life Cycle Management of Suppliers

Abiding by laws and regulations such as the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, and the Bidding Law of the People's Republic of China, we have developed and implemented the Material Supplier Management Manual, the Midea Supplier Code of Conduct and other internal management policies to improve the supplier management system. Moreover, we constantly improve the supplier management efficiency by leveraging the hierarchical and classified supplier management mechanism and full life cycle management including supplier selection, access and assessment. Meanwhile, we conduct annual on-site reviews of all high-risk direct suppliers and raw material suppliers. During the Reporting Period, we conducted on-site evaluation of 1,672 suppliers to continuously strengthen the quality and social responsibility management of suppliers.

We attach great importance to the prevention of supply chain risks, and maintain the stability of supply chain through classified management of supply chain risks. We also use the global supplier cloud (GSC), integrating supplier sourcing, evaluation and other functions, to realize information management and control of the whole process from supplier introduction to exit. Additionally, we implement the supply chain system requirements in the GSC to achieve end-to-end transparent and systematic control.

### Supplier Sourcing

We conduct supplier sourcing according to the Group's operation needs, and clarify the sourcing requirements by analyzing sourcing needs. In addition, we conduct sourcing evaluation for potential suppliers and assess suppliers' business qualification, and the environmental impact of their production. Suppliers who pass the evaluation will become candidate suppliers for our Group.

Meanwhile, in the process of supplier sourcing, we categorize potential suppliers based on business models and the nature of channels and set specific management standards and requirements accordingly in subsequent supplier access and assessment to enhance supplier management.

### Supplier Admission

We have set strict standards for supplier admission. We conduct admission review for selected suppliers based on the requirements of the admission standards and the Midea Supplier Code of Conduct. The review covers production capacity, quality management, and environmental protection. Through qualification checks, we thoroughly understand the qualification of selected suppliers and ensure they meet our compliance standards. During the Reporting Period, we conducted admission review for 996 suppliers in accordance with the review process.



Conducted admission review for

**996** suppliers

### Supplier Assessment

We conduct supplier assessment from two dimensions: supplier performance assessment and risk management assessment. For supplier performance assessment, we have established related regulations and procedures, such as the Supplier Social Responsibility Review Instruction, the Supplier Quality Management Procedure Outline, and the Supplier Comprehensive Performance Model. Moreover, we comprehensively assess supplier performance in quality management and social responsibility management through desk review and on-site evaluation every year.



**Quality management**

We conduct on-site evaluation for suppliers that have received quality warnings, experienced batch accidents, or faced sudden major abnormal situations during performance assessment. Additionally, we require suppliers to strictly inspect raw materials and components, and conduct third-party monitoring when necessary, to ensure supply quality.



**Social responsibility management**

We conduct on-site evaluation to assess the adequacy and effectiveness of suppliers' management systems related to labor rights, health and safety and social responsibilities. As part of the assessment, we employ a one-vote veto mechanism to encourage their active engagement in social responsibilities.

For supplier risk management assessment, based on factors such as operational management risk, quality risk, social and environmental risks, we categorize suppliers into high-risk, medium-risk, and low-risk, taking into account the characteristics of the supplied products, industry traits, and country risk associated with the origin of raw materials. Concurrently, we establish a supplier risk management platform, organize risk management scenarios, perform risk identification, assessment and response, and continuously enhance the risk control of high-risk suppliers. During the Reporting Period, we developed a risk list by categorizing 24 risk items.



Categorized risk items

24



To ensure the openness and transparency of the assessment process, we have detailed the specifics of supplier evaluation in the procurement cooperation agreements signed with suppliers. This includes assessment contents, frequency, process, and management requirements related to social responsibility management. Additionally, we will notify suppliers of the time of the assessment in advance via email or the GSC system announcement to improve the efficiency of on-site work. In addition, we will disclose the assessment contents and results to ensure the supplier's right to know.

### Tiered Supplier Management

Based on the supplier assessment results, the Group employs tiered management for suppliers. In response to issues identified in supplier assessment, we require suppliers to implement rectification plans, ensuring that all necessary corrections are completed within a designated timeframe. After the plans are fully implemented, we verify that the corrective actions have been carried out in line with our standards.

When suppliers face significant quality issues or repeatedly experience the same type of quality problems, we mandate suppliers to collaborate with the Group for on-site investigation, and analyze root causes. An analysis and rectification report will be provided within one week. At the same time, we have established a red and yellow card mechanism. Based on monthly quality evaluation of supplier's materials, we determine the outcomes marked with a yellow or red card, and accordingly impose supply restrictions or terminate our cooperation with suppliers. Suppliers who receive red cards are not introduced for 5 years.

For non-conformities identified in social responsibility management assessment, suppliers should, upon receiving the Follow-up Form for On-Site Review Non-conformities, perform root cause analysis for the non-conformities, and submit plans for corrective actions and preventive measures. They also set the completion time of the plans, and take corrective actions.

## Supplier ESG Practice

Midea Group collaborates with suppliers to continuously implement ESG management practices. We are committed to integrating sustainable development principles with procurement practices in our daily operations. We strive to cooperate with suppliers in an environmentally conscious, honest, and corruption-free approach. Additionally, we control hazardous substances in products at the source of procurement to ensure the health and safety of our products, and to ensure that the sources of minerals used in our products are not implicated in human rights disputes. By the end of the Reporting Period, a total of nine factories of Midea Group were selected as "National Green Supply Chain Management Model Enterprise".

In the Midea Supplier Code of Conduct, we clearly outline requirements for suppliers in areas such as business ethics, labor rights and human rights, health and safety, and environmental stewardship. By enforcing a rigorous supplier admission assessment process, we ensure the qualification of our suppliers. In addition to quality management of suppliers, we highly value suppliers' ESG performance. Under equal conditions, we give preference to suppliers with ISO 50001, ISO 45001, IPC 1401 as well as other system certifications, and good labor management performance.

### Green Procurement

We integrate safety, environmental protection, and recycling principles into our procurement process. We relentlessly enhance our green procurement standards and systems, taking into full account suppliers' environmental protection management practices. We aim to continually reduce the environmental impact of the materials we purchase. Moreover, we proactively optimize production technologies and broaden our procurement of low-carbon and energy-efficient products. We work with suppliers to promote environmentally friendly products and enlarge our collective environmental contributions.

We create an internal management responsibility matrix focused on supplier environmental review evaluation, energy management evaluation, supplier green empowerment, and carbon inventory. By advancing the tracking and evaluation of ESG-related indicators within our supply chain, we continuously enhance our supply chain carbon emission management and help develop green supply chain capabilities. In 2023, we continued to motivate suppliers to carry out carbon inventory. A total of 9 core bulk raw material suppliers, including hot-dip galvanized, aluminized zinc, stainless steel, aluminum ingots, etc., disclosed their product carbon emission data with the Group, and several suppliers formulated plans for product carbon emission accounting.



#### Midea Group Partnered with Baowu Steel to Explore the Use of High-Strength Steel in the Home Appliance Industry

Midea Group, together with its supplier, China Baowu Steel Group Corporation Limited, established a joint laboratory to promote the replacement of conventional soft steel with high-strength steel in home appliances, including residential air conditioners, refrigerators, laundry appliances, water purifiers and range hoods. In 2023, we purchased more than 6,000 tons of high-strength steel to achieve a lightweight structure of home appliances. Compared to conventional soft steel materials, we expected to reduce carbon emissions by over 2,280 tons.

## Integrity Procurement

Midea Group continues to fortify integrity procurement practices in the supply chain. As a founding member of the China Enterprises Anti-Fraud Alliance and the Sunshine Integrity Alliance, Midea Group maintains strict compliance with all applicable laws and regulations in the course of business activities. And we are dedicated to upholding high standards of integrity, compliance, and sustainable development.

In the Midea Group Business Code of Conduct and other management policies, we have clarified integrity standards for the supply chain. We enforce standardized procurement bidding procedures and a rigorous anti-corruption oversight system to govern the conduct of employees involved in procurement. Moreover, we mandate all customers, suppliers and other external partners engaging in business and economic transactions with the Group to sign integrity agreements. These measures ensure honest and clean conducts in business activities and provide comprehensive prevention and control of corruption risks within procurement processes.

Meanwhile, we constantly strengthen our suppliers' own anti-corruption management, requiring all suppliers to have anti-corruption policies and programs to verify compliance. In addition, to bolster employees' integrity awareness, we hold multiple integrity training sessions each year, encompassing all staff involved in procurement, to enhance their business ethics.



#### Business Group/Division Conducted Integrity and Compliance Training for Employees in Factory Procurement Positions

In 2023, the business group/division's risk management leader conducted a specialized integrity and compliance training for all employees in procurement roles at the dishwasher factory. The training focused on publicizing integrity accountability standards and red lines, and employees were required to have compliant and clean conducts in business transactions, to foster a culture of integrity.

## Controversial Sourcing Management

Midea publicly declares that we will not purchase or support the use of any controversial sourcing that directly or indirectly finances or supports areas affected by armed conflict. We have established a controversial sourcing management mechanism, delineated the associated risk prevention and control processes, and hereby implemented controversial sourcing management.

We use the global supplier cloud (GSC) platform to fully identify suppliers involved in controversial sourcing risk, and require suppliers to report the origin attributes of materials to avoid purchasing raw materials from relevant regions involved in human rights violations, illegal trade, financing violence and other issues. We contractually bind suppliers to the use of minerals by requiring them to specify in the Midea Group Material Supplier Cooperation Agreement that the sources of minerals used in manufacturing our products do not involve controversial sourcing.

Furthermore, we utilize the Responsible Minerals Initiative - Conflict Minerals Reporting Template (RMI-CMRT) Questionnaire to conduct due diligence on suppliers engaged in related mineral raw materials. In 2023, we conducted due diligence and investigation on 279 high-risk suppliers who might have utilized tantalum, tin, gold, tungsten, and mica. The investigation results were 100% compliant.

## Hazardous Substance Management

Midea Group strictly conducts hazardous substance management, and controls the use of hazardous substances in products from the procurement source, to ensure product safety. We strictly abide by relevant international and domestic laws and regulations, and require all purchased raw materials and components to comply with the requirements of EU's Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive), and Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH Regulation), and China's Administrative Measures for the Restriction of the Use of Hazardous Substances in Electrical and Electronic Products.

We have formulated internal rules and regulations such as the Guidelines for the Management of Hazardous Substances in Products, the Map of Hazardous Substances Regulations, and the List of High-Risk Material Baselines. A special team is established to carry out hazardous substance management. We always pay attention to the updates and changes of relevant laws and regulations, and promptly introduce the latest regulations into internal specifications to ensure that purchased raw materials and components meet relevant requirements. Each business group/division sets up a regulatory interpretation team to collect and interpret regulatory requirements. The team also conducts regular trainings to promote regulatory requirements, to avoid risks arising from delays in obtaining regulations.

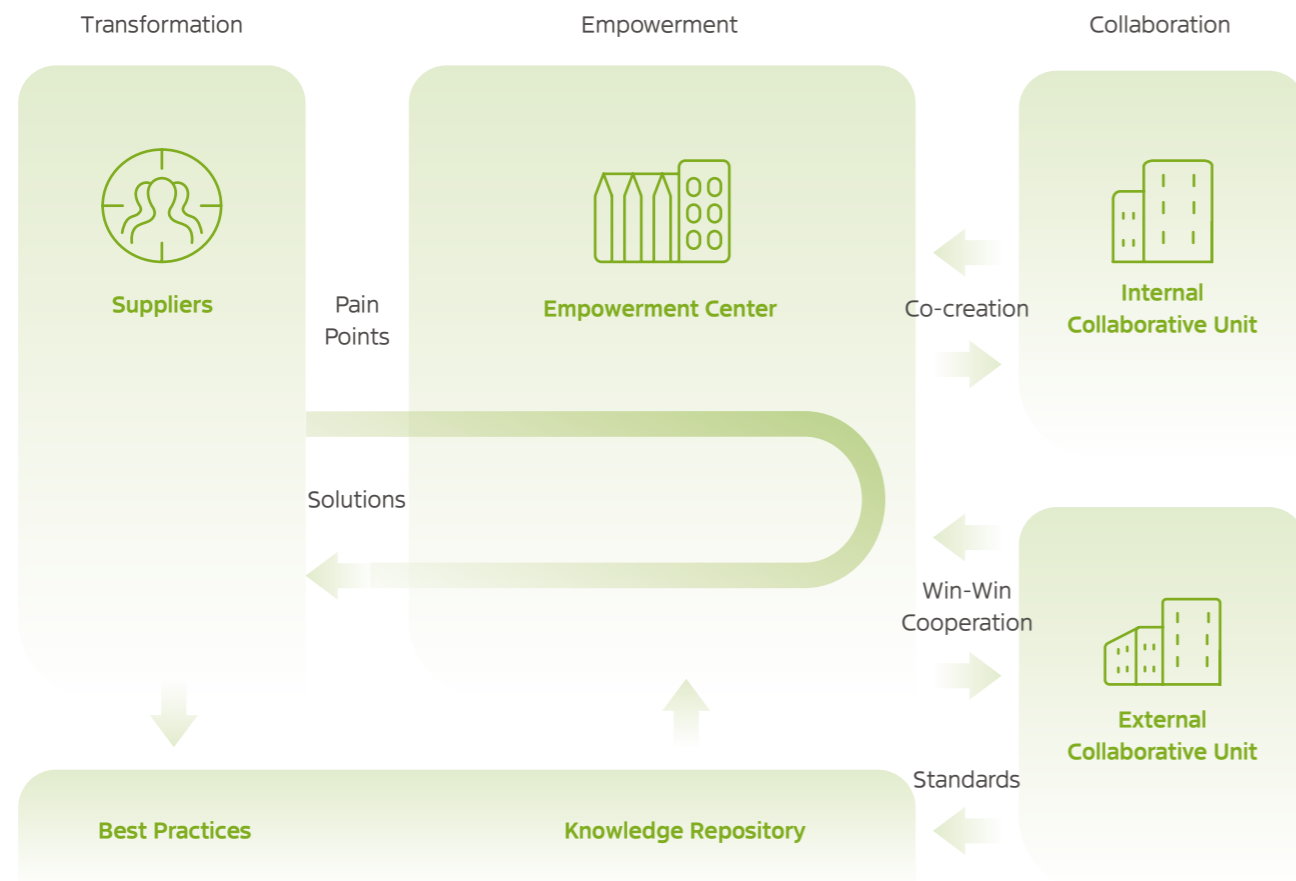
Besides, we strengthen the detection of hazardous substances. We require suppliers to provide test reports for hazardous substances, and also improve our own laboratory testing capabilities. In terms of laboratory testing, the chemical analysis laboratory of the business group/division has obtained the Accreditation on Laboratory approved by the CNAS (China National Accreditation Service for Conformity Assessment) to ensure testing capabilities. Additionally, the laboratory cooperates with third-party testing agencies to conduct data benchmarking, ensuring accurate and reliable test data and accurate management of hazardous substances.



## Supplier Empowerment

While promoting our own innovation and development, we further strengthen communication and cooperation with suppliers. Based on our own development process, we have established a supplier empowerment system. We also share the high-quality resources accumulated in the development process with supplier partners through our empowerment center, thus enabling supply chain value creation and joint growth with supplier partners.

### Supplier Empowerment System



We conduct supplier training annually, including quality management, quality improvement, energy conservation and carbon reduction, environmental compliance, anti-corruption and other topics to fully empower supplier development. In 2023, Midea Group established supply and empowerment support groups to provide on-site guidance to suppliers on quality improvement. Through empowerment-based support and guidance, suppliers were supported to accumulate methods, improve management practices, and enhance quality control capabilities.



### Refrigerator Division Trained Suppliers on Hazardous Substance Management and Environmental Regulations

In order to ensure that suppliers keep abreast of the latest regulations on hazardous substance management, Midea Group's Refrigerator Division conducted two trainings on hazardous substance control and environmental regulations for all suppliers in 2023. The latest regulations related to hazardous substances and environmental protection were further explained through material presentation, case sharing, and other forms. After the training, Q&A and exam sessions were organized to reinforce learning.



Hazardous Substance Management and Environmental Regulation Training



## Contribute to Industry Development

Midea Group is committed to fostering industry ecosystem and promoting sustainable development across the industry through cooperation and exchange.

In May 2023



Midea Group officially joined the United Nations Global Compact, reinforcing our commitment to global sustainable development.

## Industry Communication and Cooperation

Midea Group showcases our best practices and innovative achievements at international forums and industry events. By leveraging synergies with our partners, we establish mutually beneficial relationships and jointly drive industry progress.



### Midea Building Technologies at the 28th United Nations Climate Change Conference (COP28)

In December 2023, Meng Tao, a specialist of Midea Building Technologies, participated in COP28 China Corner's Side Event. He delivered a keynote speech themed "Smart Technology Empowering Energy-Efficiency Buildings", showcasing the innovative achievements of Midea Building Technologies in low-carbon buildings.



Midea Building Technologies at COP28



### Collaborative Exploration of Smart Building Ecosystems with Industry Partners

In April 2023, Midea Building Technologies cooperated with excellent domestic building automation enterprises to hold the "New Ecosystem · Limitless Automation - 2023 China Building Automation Development Forum". We analyzed the challenges and development directions of the building automation industry, shared experience and achievements and discussed the current application and future development of building automation industry in China.



New Ecosystem · Limitless Automation - 2023 China Building Automation Development Forum



### Strategic Partnership with the American Institute of Architects to Build Green and Low-carbon Buildings

Midea Air Conditioner announces a strategic partnership with the American Institute of Architects (AIA) under the theme of "Build Green". Midea Air Conditioner collaborates with architects, builders and other partners. With respective professional advantages, this partnership focuses on promoting the application of air source heat pumps for low-carbon heating, thus contributing to global emission reduction.

Additionally, we actively promote technological development and industry progress through in-depth cooperation with suppliers and joint research on low-carbon processes, eco-friendly materials, and other innovative applications.



**Midea Group Conducts Research on the Application of Medium Alumina Zinc-Aluminum-Magnesium Coating with Suppliers**

The Midea Residential Air Conditioner Division works with suppliers to explore the use of medium alumina zinc-aluminum-magnesium coatings in products. The application of the coatings in residential air conditioners improves the corrosion and scratch resistance of product components and reduces the frequency of component replacement, thus enhancing the environmental performance of products.



**The Business Group/Division Works with Suppliers to Explore the Use of Post-consumer Recycled (PCR) Materials**

Midea Group focuses on promoting PCR materials globally to reduce environmental pollution. In 2023, Midea Group worked with suppliers to test and evaluate the application of PCR materials in products, completed the technical reserves of PCR materials, and built a recycling system for plastic materials.



**Midea Joins Hands with Green Recycling to Build a Closed-Loop Recycling Industrial Mode for Waste Household Appliances**

Midea Group and Jiangxi Green Recycling Co., Ltd. jointly conduct the recycling, dismantling and processing of waste electrical and electronic products. By establishing a closed-loop recycling system for additive materials, we reduce the use of low-value and difficult-to-recycle materials in household appliances, improve manufacturing processes conducive to recycling, and increase the efficiency of resource recovery. In 2023, the closed-loop recycling industrial mode was selected as one of the first excellent cases of standardized recycling and reuse of electrical and electronic products, and received relevant honorary credentials.



Honorary Credential

## Standard Development

Midea further implements the "3+1" standardization strategy of "Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out". And a two-tier (Group-business divisions) standardization management system as well as a parallel dual-drive model of "standard innovation + product innovation" have been put in place. Midea Group aims to transform innovative achievements into advanced technical standards and is committed to contributing to the improvement of industry standards.

The standards we have participated in the formulation and revision cover a wide range of areas, including performance, safety, comfort, green, low-carbon, intelligent, nutrition and health.

**As of December 31, 2023**

The Group participated in the formulation and revision over **1,700** external standards, including over **50** international standards and nearly **600** national standards.

**During the Reporting Period**

Midea Group participated in the formulation and revision of **235** external technical standards, including **5** international standards, **70** national standards, **28** industry standards and **132** local and group standards.

**Standards we have participated in the formulation and revision include:**

Specific Rules for Carbon Footprint Accounting of Household Electrical Appliances - Room Air Conditioners

Household and Similar Refrigerating Appliances - Clean and Health

Accounting Methods for Carbon Efficiency Ratio of Products - Room Air Conditioners

Carbon Neutralization Technology - Technical Specification for Evaluation of Low Carbon Operation of Intelligent Household Appliances Series of Standards

Product Carbon Footprint - Product Category Rules - Air Conditioners

Green Supply Chain Management of Household Appliances Series of Standards



Appendix

# Appendix I: Environmental Data

## GHG Emission Data

Indicators	2023	2022	2021
<b>Total emissions (tCO<sub>2</sub>e)</b>	<b>2,298,311</b>	<b>1,505,877</b>	<b>1,712,766</b>
<b>Emission intensity (tCO<sub>2</sub>e / per RMB 10,000 of output value)</b>	<b>0.061</b>	/	/
<b>Scope 1</b>	<b>1,017,606</b>	<b>129,400</b>	<b>136,721</b>
Fossil fuels (diesel, petrol, natural gas etc.)	141,518	129,400	136,721
Refrigerants (process emissions)	851,446	/	/
Others	24,642	/	/
<b>Enterprise operational emissions <sup>11</sup></b>	<b>1,280,705</b>	<b>1,376,477</b>	<b>1,576,045</b>
Electricity (market-based)	1,241,421	1,376,477	1,576,045
Steam, heating, and cooling (purchased)	39,284	/	/
<b>Scope 3</b>	/	/	/
Business travel	/	/	/
Employee commuting	/	/	/
Others	/	/	/
<b>Carbon removal</b>	/	/	/
Carbon offsets	/	/	/
<b>Product lifecycle emissions</b>	<b>4,960,000</b>	/	/
Purchased goods and services	/	/	/

<sup>11</sup> In 2023, enterprise operational emissions are counted more than in previous years, with the addition of refrigerant (process emissions) as well as steam, heating and cooling (purchased). The GHG emissions (Scope 1) mainly come from primary energy consumption of fixed equipment, vehicles and staff canteen, while the GHG emissions (Scope 2) mainly originate from consumption of purchased electricity and heat and steam. The above data is sourced from invoices for related expenses and production statements. The GHG emission factors of electricity are subject to the "Notice on the Management of Greenhouse Emission Reporting for Enterprises in the Power Generation Industry from 2023 to 2025" issued by the Ministry of Ecology and Environment of the People's Republic of China. The GHG emission factors of outsourced heating power refer to the National Development and Reform Commission's "Guidelines on Accounting Methods and Reporting of Greenhouse Gas Emissions by Enterprises (Trial)". Other GHG emission factors refer to IPCC 2006 "Guidelines for National Greenhouse Gas Inventories (Trial)", etc.

Indicators	2023	2022	2021	
Product lifecycle emissions	Transportation of goods (upstream and downstream)	/	/	/
	Product use <sup>12</sup> (use of sold products)	4,960,000	/	/
	End-of-Life treatment of sold products	/	/	/
<b>Total Scope 3 emissions (enterprise operational and product) (tCO<sub>2</sub>e)</b>	<b>4,960,000</b>	<b>/</b>	<b>/</b>	
<b>Total GHS emissions (after applying offsets) (tCO<sub>2</sub>e)</b>	<b>7,258,311</b>	<b>1,505,877</b>	<b>1,712,766</b>	

## Other Environmental Data

Indicators	Unit	2023	
Exhaust emissions	NO <sub>x</sub> emission	Tons	58.31
	SO <sub>x</sub> emission	Tons	50.94
	Volatile organic compounds (VOC)	Tons	196.21
	Particulate matter (PM)	Tons	145.71
Waste	Total hazardous waste	Tons	16,312.36
	Intensity of hazardous waste	Tons/ per RMB 10,000 of output value	0.0004
Use of energy <sup>13</sup>	Total comprehensive energy consumption	MWh	2,882,032
	Total direct energy consumption	MWh	700,287
	Total indirect energy consumption	MWh	2,181,745
	Energy consumption intensity	MWh/ per RMB 10,000 of output value	0.0187
	Petrol consumption	Liter	42,473.33
	Diesel consumption	Liter	213,375.98
Use of Water Resources	Compressed/pipeline natural gas consumption	m <sup>3</sup>	64,474,458
	Total water consumption	Tons	18,093,481
	Intensity of water consumption	Tons/per RMB 10,000 of output value	0.4842

<sup>12</sup> The GHG emissions (Scope 3) boundary includes four stages of product use for typical domestic sales.

<sup>13</sup> In 2023, the types of energy consumed by the Group include consumption for fixed equipment, official vehicles, staff canteens, purchased electricity and purchased heat, and the sources of the above data are the relevant invoices or production statements. The energy consumption coefficient refers to the conversion factor provided by the International Energy Agency and the national "General Rules for Calculating Comprehensive Energy Consumption (GB/T 2589-2020)".

## Appendix II: Social Data

Indicators	Unit	2023	
Employee headcount	'000 People	199	
By gender	Male	'000 People	139
	Female	'000 People	60
By region	Chinese Mainland, Hong Kong, Macao and Taiwan	'000 People	164
	Overseas	'000 People	35
Employee type	Aged 30 and below	'000 People	86
	Aged 31 to 40	'000 People	70
	Aged over 40	'000 People	43
By employment type	Full-time	'000 People	196
	Part-time	'000 People	3
By employee category	Management <sup>14</sup>	'000 People	4
	Non-management employees	'000 People	195
Employee diversity	Minority employees	'000 People	13

<sup>14</sup> Management consists of 181 people in senior management and 4,245 people in middle management.

Indicators		Unit	2023
Employee turnover rate <sup>15</sup>	By gender	Male	% 29.29
		Female	% 10.84
	By age	Aged 30 and below	% 26.79
		Aged 31 to 40	% 8.71
		Aged over 40	% 4.64
	By region	Chinese Mainland, Hong Kong, Macao and Taiwan	% 37.66
Overseas		% 2.48	
Employee training and development <sup>16</sup>	Coverage of trained employees by gender	Male	% 68.29
		Female	% 31.71
	Coverage of trained employees by employee category	Senior management	% 0.18
		Middle management	% 2.47
		Non-management employees	% 97.35
	Average training hours by gender	Male	Hours 5.37
Female		Hours 5.27	

<sup>15</sup> The employee turnover rate is calculated based on the number of employees who left during the year divided by the number of employees on board at the end of the reporting period.

<sup>16</sup> The scope of employee training and development statistics includes data related to Midea Group's employees in China.

Indicators		Unit	2023	
Employee training and development <sup>16</sup>	Average training hours by employee category	Senior management	Hours 24.40	
		Middle management	Hours 53.80	
		Non-management employees	Hours 4.09	
	Employee training coverage		%	100
	Suppliers	Number of suppliers by region <sup>17</sup>	South China	/ 178
			East China	/ 231
Central China			/ 47	
North China			/ 17	
Northeast China			/ 2	
Northwest China			/ 0	
Southwest China			/ 20	
Hong Kong, Macao and Taiwan			/ 2	
Overseas			/ 3	
Product liability	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	
	Service satisfaction	%	98.56	

<sup>17</sup> The scope of statistics on the number of suppliers by region includes only the top 500 suppliers in terms of purchase amount in the Year.

# Appendix III: GRI Index

Midea disclosed the information referenced in the following index table in the current year by reference to the GRI Standards.

GRI Standards		Page number (s)
General Disclosure		
	2-1 Organizational details	7
	2-2 Entities included in the organization's sustainability reporting	3
	2-3 Reporting period, frequency and contact point	3-4
	2-4 Restatements of information	3-4
	2-7 Employees	136
	2-14 Role of the highest governance body in sustainability reporting	14
<b>GRI 2: General Disclosure 2021</b>	2-18 Evaluation of the performance of the highest governance body	14-15
	2-19 Remuneration policies	14-15
	2-22 Statement on sustainable development strategy	14-15
	2-26 Mechanisms for seeking advice and raising concerns	25
	2-27 Compliance with laws and regulations	21
	2-28 Membership associations	129
	2-29 Approach to stakeholder engagement	16
Material Topics		
<b>GRI 3: Material topics 2021</b>	3-1 Process to determine material topics	19
	3-2 List of material topics	19
Economic Performance		
<b>GRI 201: Economic Performance 2016</b>	201-2 Financial implications and other risks and opportunities due to climate change	32-34
	201-3 Defined benefit plan obligations and other retirement plans	63-66
Indirect Economic Impacts		
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	71

GRI Standards		Page number (s)
Anti-corruption		
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	24-26
<b>GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	24-26
	205-3 Confirmed incidents of corruption and actions taken	24
Anti-competitive Behavior		
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	24
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	24
Materials		
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	92
<b>GRI 301: Materials 2016</b>	301-1 Materials used by weight or volume	135
Energy		
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	36-38
	302-1 Energy consumption within the organization	135
	302-3 Energy intensity	135
<b>GRI 302: Energy 2016</b>	302-4 Reduction of energy consumption	135
	302-5 Reductions in energy requirements of products and services	37
Water and Effluents		
<b>GRI 3: Material topics 2021</b>	3-3 Management of material topics	40-42
	303-1 Interactions with water as a shared resource	40-42
<b>GRI 303: Water and Effluents 2018</b>	303-2 Management of water discharge- related impacts	40
	303-3 Water withdrawal	135

GRI Standards		Page number (s)
Biodiversity		
GRI 3: Material topics 2021	3-3 Management of material topics	44-45
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	44
Emissions		
GRI 3: Material topics 2021	3-3 Management of material topics	99
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	134
	305-2 Energy indirect (Scope 2) GHG emissions	134
	305-3 Other indirect (Scope 3) GHG emissions	134
	305-4 GHG emissions intensity	134
	305-5 Reduction of GHG emissions	134
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	135
Waste		
GRI 3: Material topics 2021	3-3 Management of material topics	42-43
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	42-43
	306-2 Management of significant waste-related impacts	42-43
	306-3 Waste generated	135
Employment		
GRI 3: Material topics 2021	3-3 Management of material topics	49
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	137
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63-66

GRI Standards		Page number (s)
Occupational Health and Safety		
GRI 3: Material topics 2021	3-3 Management of material topics	67-70
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	68
	403-2 Hazard identification, risk assessment, and incident investigation	68
	403-3 Occupational health services	69
	403-5 Worker training on occupational health and safety	70
	403-6 Promotion of worker health	69
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	69
	403-10 Work-related ill health	69
Training and Education		
GRI 3: Material topics 2021	3-3 Management of material topics	54-58
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	137
Diversity and Equal Opportunity		
GRI 3: Material topics 2021	3-3 Management of material topics	50-51
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	136
Non-discrimination		
GRI 3: Material topics 2021	3-3 Management of material topics	50-51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	50
Marketing and Labeling		
GRI 3: Material topics 2021	3-3 Management of material topics	103-104
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	103





2023 Environmental, Social and Governance Report



Midea Group  
Official Website



Midea Group  
Official WeChat