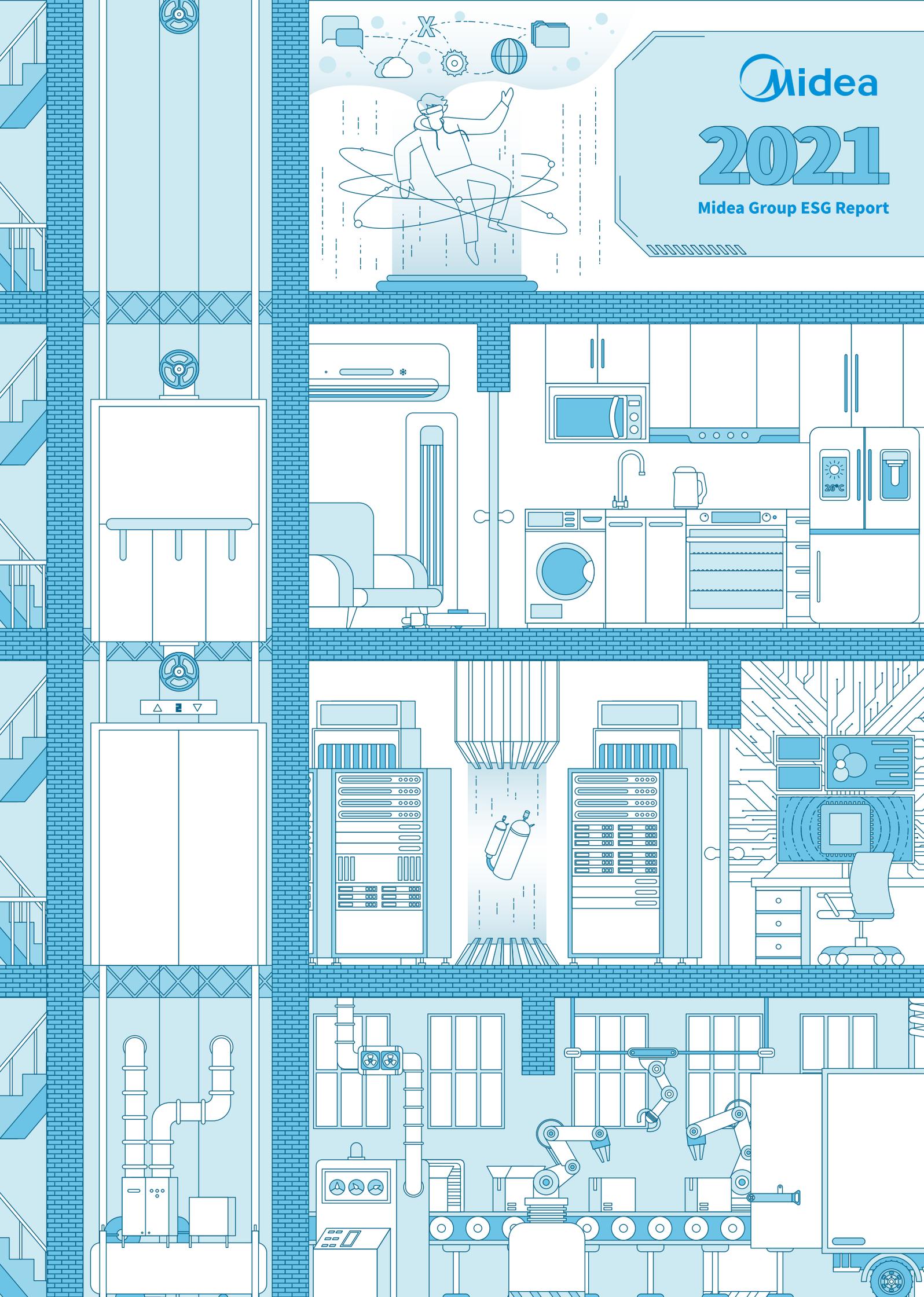
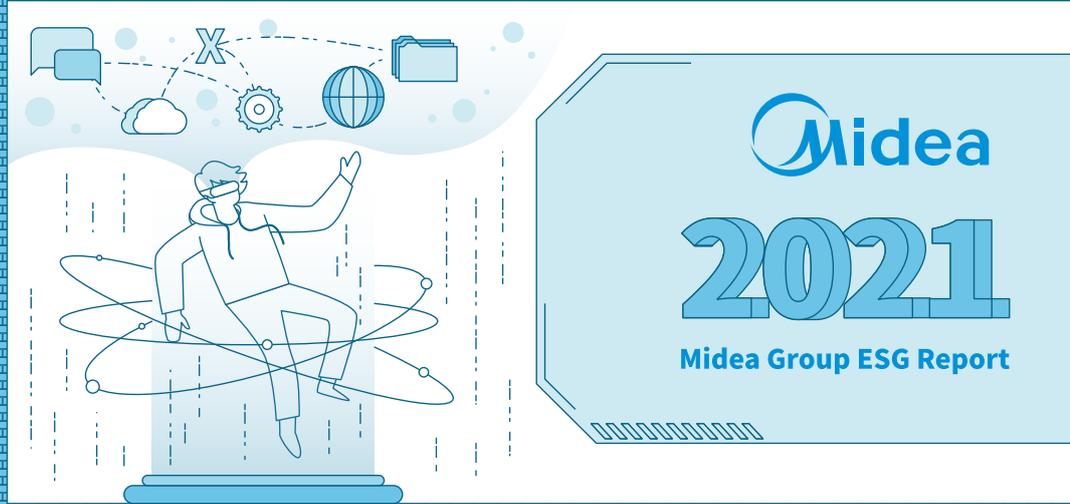


Midea

2021

Midea Group ESG Report



About this Report

This is the first ESG (Environmental, Social and Governance) report released by Midea Group, focusing on information related to our economic, social and environmental sustainability. Midea Group hopes this report will provide an opportunity to promote communication with our stakeholders so that we can build a better future together.

Reporting period

The reporting period is 1 January 1 2021 to 31 December 31 2021. Moreover, certain events mentioned in this report, whether from before or after the aforesaid period, are included for the sake of context and detail.

Scope of the report

The report covers Midea Group and its subsidiaries. For the convenience of expression, references to "Midea", "Midea" or "we" in the report refer to "Midea Group".

Nature of the data

The data and cases used in the report are summarized and counted from Midea's official documents, statistical reports and other documents.

Contents of the report

This report is free of misrepresentations and misleading statements, and Midea Group guarantees the truthfulness, accuracy and completeness of its contents. The amounts disclosed in the report are expressed in RMB unless otherwise indicated.

Standards of reporting

This report has been prepared in accordance with the Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI). Please refer to "GRI Content Index" on page 75 for the disclosure of each indicator used in this report.

Access to the report

This report can be downloaded from the official website of Midea Group. If you have any suggestions and comments on this report, simply send an e-mail to ir@midea.com. Your input will be appreciated.

ESG T N E T N C O C

Contents

01.

Executive's Message

03.

About Midea Group

09.

Company Management

- 10 / Governance Mechanism
- 13 / Compliance with the Law
- 14 / Anti-corruption

15.

Management of Sustainable Development

- 16 / Sustainable Development Concept
- 17 / ESG Key Issues Analysis
- 18 / Communication with Stakeholders

19.

Value Chain Management

- 20 / Responsible Procurement
- 22 / Conflict Minerals Management

25.

Environmental Management

- 28 / Green Design
- 32 / Green Purchase
- 33 / Green Manufacturing
- 37 / Green Logistics
- 40 / Green Recycling
- 41 / Green Services

47.

Products and Services

- 48 / Product Quality and Safety
- 53 / Technological Innovation
- 55 / User Service

57.

Talent Development

- 58 / Equal Employment and Equity
- 59 / Employee Welfare and Protection
- 60 / Employee Development and Communication
- 70 / Occupational Health and Safety

71.

Community Welfare activities

- 72 / Support Rural Revitalization
- 72 / Support Anti-pandemic Disaster Relief
- 73 / Care about Science and Technology Education
- 74 / Give Back to the Local Community

75.

Report Index



Executive's Message



In 2021, the world continued to face the challenges of the COVID-19 pandemic, the social and economic impact continued to ferment, and the external environment continued to undergo significant changes. Global warming has not fundamentally changed after a brief twist and turn, and low-carbon green development is undoubtedly a historic call for a better life.

This is a century of change. A falling leaf reveals the coming of the fall, and each leaf, each person can feel the changes of this great era. This year, facing a significant increase in the prices of bulk commodities, severe global shipping disruptions, continued tight energy supply and high prices, Midea still made it to the Fortune Global 500 list for six consecutive years and ranked No. 288 in 2021. As one of the world's largest technology groups, Midea is continuously transforming and upgrading its technology with comprehensive digitalization and intellectualization as the driving force. At the same time, Midea actively responds to the sustainable development goals of the "Decade of Action" program of the United Nations, with a great vision to "protect the planet and improve the lives and prospects of everyone". And as the advocate of "Bring Great Innovations to Life", Midea will continue its efforts in sustainable development, and will continue to move forward despite the challenges.

Great truths are always simple. While aiming high, Midea needs to find certainties amid uncertainties to build strengths. Midea's strategic focuses are "Technology Leadership, Direct to Users, Digitization & Intelligence Driven, and Global Impact", and the two fundamental business frameworks of "Household Consumer Market + Industrial and Commercial Market" has been put in place, with five business groups (the Industrial Technology Business Group, the Building Technologies Division, the Robotics & Automation Division, and the Digital Innovation Business). With that, Midea is able to boost continuing vitality and innovation across multiple dimensions and systems from core components, building energy saving to future factories.

We adhere to green development and are built to grow with hard work and determination to create products that are beyond this era. Midea will actively respond to the national goal of "peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060". With the six green strategies—green design, green purchase, green manufacturing, green logistics, green recycling and green services, we are actively working with the upstream and downstream industrial partners to drive sustainable growth. Meanwhile, we have significantly reduced our own energy consumption and increased the proportion of green energy used by Midea. We will respond to the national policy of green development and write a great chapter of high-quality and sustainable development.

We play our part as a corporate citizen, share growth with stakeholders, and truly put employees, users, customers and partners at the center of all things.. We assume social responsibility together with our suppliers to guarantee labor-related standards are met across the supply chain. We disclose information to the public with better transparency. Also, employee diversity is continuously improved, and global R&D, global production and global services are adhered to.

We boast high compliance in corporate governance, with sound systems to share responsibilities, rights and benefits, as well as encourage entrepreneurship. Additionally, we dare to reform, to challenge ourselves, to innovate and to change. Midea comprehensively strengthens risk management, follows the principle of fairness, justice and openness, continuously optimizes internally, and strives to create a healthy atmosphere within Midea.

This ESG report is aimed to disclose our environmental, social and governance practices and results in a more comprehensive, open and transparent manner, a showpiece of our real commitment to sustainable development. We hope this report can provide an opportunity for us to communicate with stakeholders in a more effective manner, systematically respond to their expectations and demands, and receive more public oversight, which are also what Midea should do as a public company.



165,799

Total number of employees

374,562

Total number of shareholders

6,986,563,844

Total shares issued

About Midea Group

Upon 53 years of development since it was founded in 1968 in Foshan City, Guangdong Province, Midea has grown into a global technologies group comprising five business segments—Smart Home, Building Technologies, Industrial Technology, Robotics & Automation, and Digital Innovation. At present, Midea Group has 35 R&D centers and 34 major manufacturing bases worldwide. It provides products and services for around 400 million users in over 200 countries and regions. And it boasts a diversified brand portfolio including Midea, Little Swan, Toshiba, WAHIN, COLMO, Clivet, Eureka, KUKA, GMCC, Welling, WINONE and WDM.

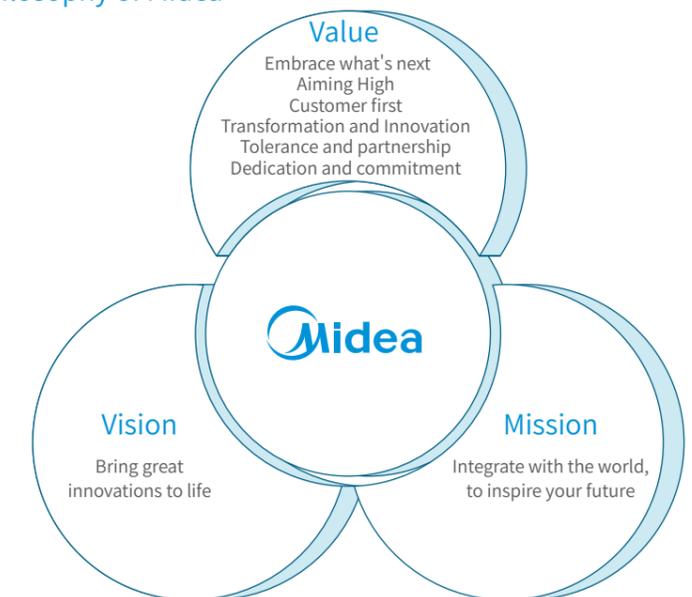
In 2021, the COVID-19 pandemic remained a serious problem for the world, and the political and economic environment became more complicated both at home and abroad. Uncertainties and challenges became the new normal. Against this backdrop, Midea delivered expected operating results, manifesting its resilience. In spite of the ever-changing external environment, technology-driven transformation remains the main theme of the current era. Midea adhered to the strategic focus with "Technology Leadership" as the core, promoted development both in the ToB and ToC business, as well as carried out transformation in both the domestic and overseas operations. With innovation, breakthroughs and planning as the keynote, it took the five business divisions into a new stage, and promoted the implementation of the strategic focus.

Midea jumped to No. 288 on the 2021 Fortune Global 500 list, moving up 19 places from the 2020 ranking. Midea ranked No. 39 on the Fortune China 500 list, the highest-ranking among the home appliance industry in the country for seven consecutive years. Midea ranked No. 33 on the "2021 BrandZ Top 100 Most Valuable Chinese Brands" list, with its brand value up 58% compared with 2020. In 2021, based on the diversified development of Midea and the enhancement of its brand competitiveness, Standard & Poor's ("S&P") upgraded Midea's credit rating to "A", which is the highest credit rating received by a domestic private manufacturer.

In January 2022, Midea established a green framework and promoted green finance to support Midea's green strategy by providing funding for projects that can deliver positive environmental impact. After S&P Global Ratings issued a second party opinion on the framework, Midea successfully issued USD450 million 5-year senior unsecured green bonds on 16 February 2022, with proceeds to be used for eligible green assets under Midea's green finance framework, including eco-efficient product design and development, energy-efficient and eco-efficient manufacturing and process transformation, development and production of core components for new energy vehicles, and operation of photovoltaic power plants. The proceeds will be used to finance eligible green assets under Midea's green finance framework, including eco-efficient product design and development, energy-saving and eco-efficient manufacturing and process transformation, R&D and production of core components for new energy vehicles, and operation of photovoltaic power plants. For green bonds, Midea has set up a special green finance task group to screen, review and approve qualified green assets/green expenditures. In addition, Midea will set up a special group responsible for the allocation and use of the funds raised, and will disclose the amount corresponding to the use of specific green projects in the ESG annual report every year.

Following the operating philosophy of creating a better life for everyone in the world, Midea Group actively assumes responsibility for the environment, society and governance in the course of business, and is committed to contributing to society through innovative products and services to create a better life and future together.

Philosophy of Midea



Awards

 <p>Science and technology awards</p>	Name of awards	Awarding unit
	Second Prize of National Sci-Tech Progress Award (Residential Air Conditioner)	State Council
	2021 Science and Technology Progress Award (2 first prizes, 11 in total)	China National Light Industry Council
	2021 Geneva International Invention Award Gold Medal (Midea Freshness Pro Artistic Floor-Standing Air Conditioner KW200, Midea iColor Wall Mounted Air Conditioner XT100, Midea Xiaofangwu Dehumidifier DM)	Committee of Geneva International Invention Exhibition
	Special Commendation Gold Medal of the Geneva International Invention Award 2021 (Midea U-shaped Window Air Conditioner)	Committee of Geneva International Invention Exhibition
 <p>Quality/service awards</p>	Name of awards	Awarding unit
	China Quality Award	The Fourth China Quality Award Selection and Commendation Committee
	National Demonstration Enterprise of Product and Service Quality Integrity	China Association for Quality Inspection
	Preferred Brand of Air Conditioners for National Government Procurement in 2020	Committee of National Government Procurement Gathering Annual Meeting
	2020 National Best Service Provider for Government Procurement of Air Conditioners	Committee of National Government Procurement Gathering Annual Meeting
 <p>Design awards</p>	Name of awards	Awarding unit
	Red Dot Award ¹	German Design Council.
	International Design Excellence Awards ²	Industrial Designers Society of America
	PIN UP Design Awards ³	Korea Association of Industrial Designers
 <p>Environmental awards</p>	Name of awards	Awarding unit
	Low-carbon & Eco-friendly Technology Leadership Award	United Nations Environment Programme
	UN Montreal Protocol 30 Years Outstanding Contributor Award	United Nations Environment Programme
	Outstanding Contribution Award for Energy Efficiency and Environmental Protection	United Nations Industrial Development Organization
 <p>Human resources awards</p>	Name of awards	Awarding unit
	Best Employer Brand Award	LinkedIn
	China Hu Liangwei TOP Employer	Lagou
	Extraordinary Employer of the Year	Liepin

¹The Residential Air Conditioner Division, the Refrigerator Division, the Laundry Appliance Division, the Midea Microwave & Cleaning Appliances Division, the Kitchen and Water Heater Appliance Division, and COLMO AI-powered Home Appliances

²The Residential Air Conditioner Division, the Laundry Appliance Division, COLMO AI-powered Home Appliances

³The Midea Microwave & Cleaning Appliances Division, COLMO AI-powered Home Appliances

2021 ESG highlights

ENVIRONMENTAL

Midea Group's "Green Strategy" was released

4,350,532

tons

Waste reduced compared to 2020

3,623,980

tons

Water consumption reduced compared to 2020

10.1%

Consumed energy renewable

160

MW

Exceeding 160MW installed capacity of photovoltaic power projects

SOCIAL

11,710

Quality and safety related certificates obtained so far

RMB 367 million

2021 overall EHS investment

41

International standards formulated/revised accumulated

514

National standards formulated/revised accumulated

277

Industrial standards formulated/revised accumulated

98.1%

Customer satisfaction rate

763,359

Midea's internal training attendance

RMB 3000 million

Cumulative investment on social development

200+

Support projects

GOVERNANCE

A mature management system of professional managers has been put in place

RMB 69.5 billion

accumulative distributed cash dividends

26

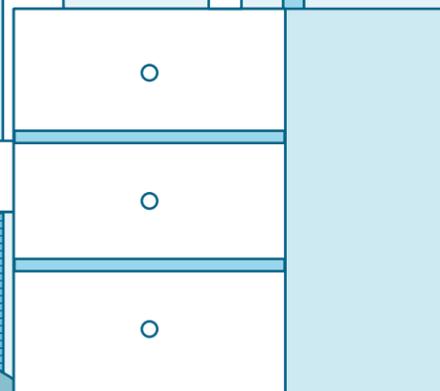
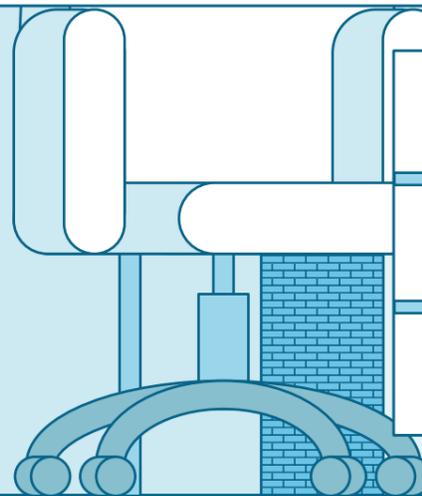
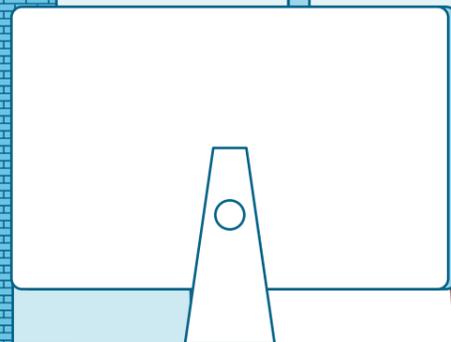
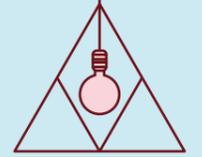
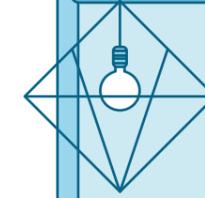
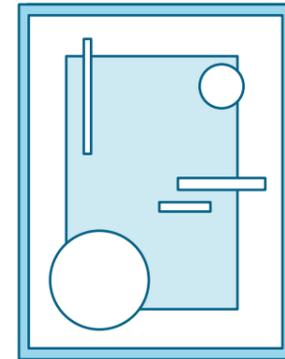
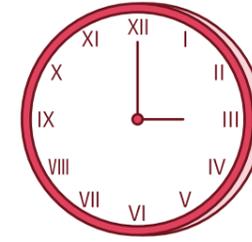
ESG key issues analysis were conducted and 26 key issues were identified

Six red lines for supplier social responsibility was defined

"Conflict-free Minerals Pledge" was required for suppliers to sign

GOVERNANCE

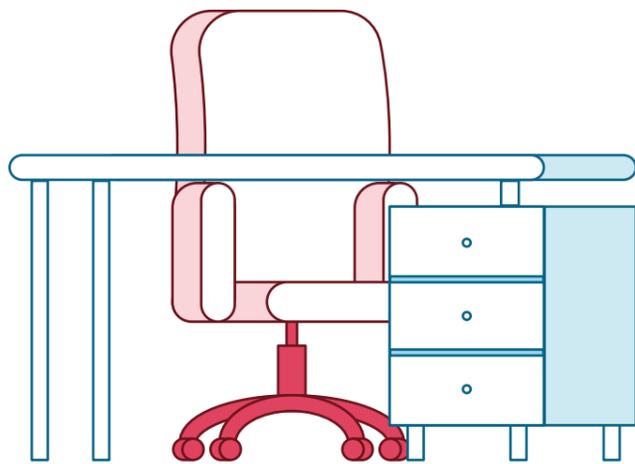
SUSTAINABLE OPPORTUNITIES





Company Management

While pursuing performance growth, Midea Group continues to deepen its bottom line of responsibility and actively fulfills its responsibilities in corporate governance, board governance, protection of shareholders' rights and interests, risk management and anti-corruption, in order to lay a solid foundation for Midea's sound development.



Governance Mechanism

Governance structure

Midea Group attaches importance to the building and improvement of the governance structure. At present, in accordance with the existing laws, regulations and rules, Midea Group has established a modern corporate governance system, including the general meeting of shareholders, the board of directors and its special committees and the supervisory committee, as well as the corresponding rules of procedure and management systems. Meanwhile, Midea values the building of the governance structure and centralized and decentralized systems. A mature professional manager mechanism has taken shape. Midea provides a platform for professional managers to exercise and grow through the business division system, and has established an appraisal system on the basis of its target-oriented responsibility system to ensure orderly corporate governance.



Board governance

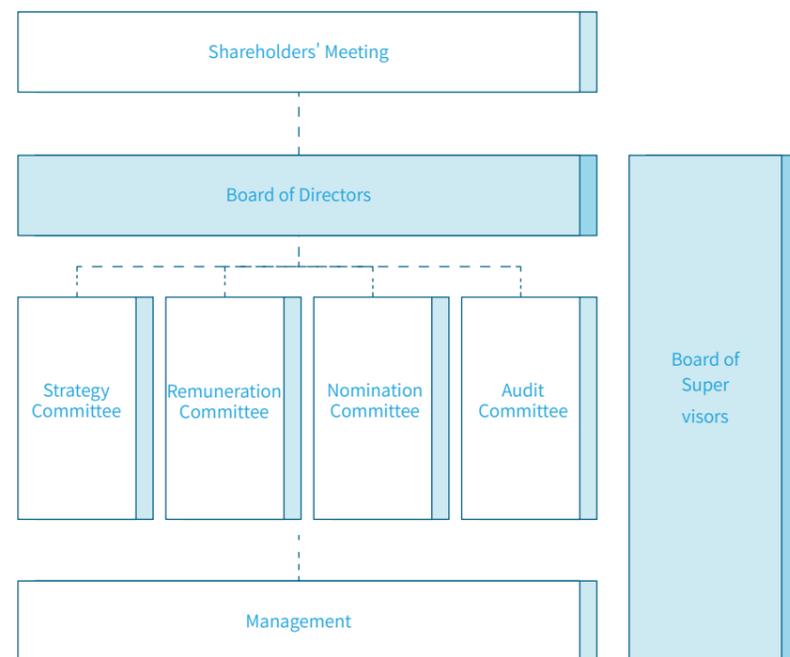
Midea Group is an A-share listed company. Midea's board of directors currently consists of 9 directors, including 3 independent directors; 1 of the 3 members of the supervisory committee is an employee supervisor; over half of the directors of the special committees are independent directors; and the chairpersons of the audit committee, the remuneration and appraisal committee and the nomination committee are independent directors. Midea revises and improves its management systems and the decision-making mechanism of the Board of Directors/Executive Committee, establishes a clear and transparent collective deliberation and decision-making mechanism for better corporate governance.

In 2021, 4 general meetings of shareholders, 12 board meetings, 7 meetings of the supervisory committee, 3 meetings of the audit committee, 4 meetings of the remuneration and appraisal committee and 3 meetings of the nomination committee were held to ensure that major decisions were legitimate, compliant, true and valid.

All along, Midea has been committed to cultivating a professional, reliable and loyal management team to ensure the healthy operation and sustainable development of Midea. Midea's senior management personnel have an average working time of over 15 years in Midea. With a profound knowledge of Chinese and the global household appliance industry, they also have a deep understanding of the industry environment and corporate management.

In order to encourage its core management to take responsibility for Midea's long-term value and growth, Midea has established the full decentralization system and the performance-oriented appraisal and incentive system. Midea has approved the Salary Management System for the Directors, Supervisors and Senior Executives, and established a Remuneration Committee to manage the management's remuneration. The remuneration of the management consists of basic annual payments and performance-related annual payments: the basic annual payment remains stable. Performance-related annual payment is related to the completion rate of corporate profit, the assessment result of target responsibility system and the performance evaluation structure of their own department. Such a remuneration system can ensure that it serves Midea's strategy, and shall be adjusted with Midea's operating conditions in order to meet Midea's development requirements. From the remuneration management concept of "combination of incentives and constraints", Midea also set the remuneration "red line". If a member of the senior management team fails to meet certain employment conditions or goals, or violates Midea's red line, he or she will be required to return the remuneration previously received to Midea.

During the Reporting Period, Midea has carried out appraisals of senior management members on the basis of its target-oriented responsibility system and the appraisal result was reflected in the annual performance-based incentive rewards.



RMB
69.5 billion

Accumulative distributed cash dividends over

RMB
24.5 billion

Accumulative share repurchased over

Shareholder interests

In order to share growth with shareholders, Midea gives high priority to shareholder returns and rewards shareholders with real benefits while maintaining a steady operating performance and increasing profitability.

Since the Group listing in 2013, Midea has distributed cash dividends more than RMB 69 billion, with over 40% of the net profit attributable to shareholders of Midea being distributed as cash dividends every year. Midea reviews its shareholder return plan at least every three years to ensure a consistent profit distribution policy and protect investor interests.

While stabilizing its dividend payout, Midea has continued to implement a series of share repurchase plans. Following the completion of a RMB4 billion share repurchase in 2018, Midea launched three share repurchase plans since 2019 for its equity incentive schemes/employee stock ownership schemes to maintain the stability of Midea's market value and the interests of all shareholders. As at 31 December 2021, Midea has used over RMB13.6 billion for the share repurchases during the year, with a total share repurchase over RMB24.5 billion since listing.

In addition, to ensure that the interests of shareholders and Midea's management are aligned, Midea has developed a series of long-term stock option incentive plans. In 2021, Midea launched the Eighth Stock Option Incentive Scheme, the Fifth Restricted Share Incentive Scheme, the Seventh Global Partner Stock Ownership Scheme and the Fourth Business Partner Stock Ownership Scheme, which have helped, in a more effective manner, to align the long-term interests of senior management and key personnel with that of all shareholders.

Cash Dividend Distribution after Listing (BN)

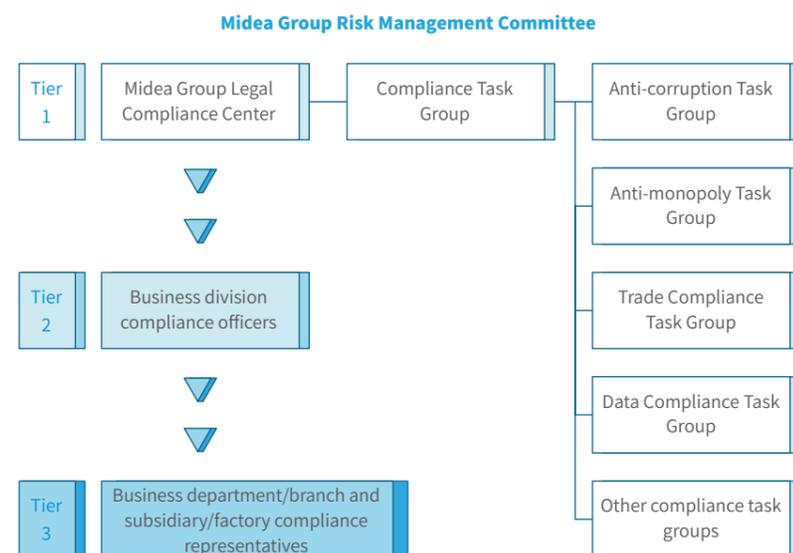


Compliance with the Law

Compliance is a key component of sustainability of enterprises. Midea Group attaches importance to compliance and observes business ethics. We promote comprehensive compliance management under the guidance of the goal of "Development of Midea, Compliance". By strengthening compliance system and cultivating compliance culture and awareness, Midea actively improves Midea its compliance level to ensure the health and sustainability of development.

Compliance organizational structure

In 2020, Midea Group Legal Compliance Center and a professional compliance management team were established, which are responsible for improving the Group's compliance management system and special management of material compliance risks. Meanwhile, business unit compliance officers and business unit compliance representatives are appointed in business units to form a three-tier compliance structure. By empowering the three lines of compliance defense, compliance is realized in the daily work.



Compliance in key areas

At the Group level, Midea has formulated management systems in six major areas: anti-unfair competition, anti-monopoly, data compliance, trade compliance, anti-commercial bribery and anti-money laundering, based on the "risk map" summarized globally, and has set up special compliance working groups headed by special compliance officers to promote day-to-day compliance risk management on the business frontline in an orderly manner.

For data compliance, Midea has set up a data protection office and a data compliance working group to serve as the lead agency for data compliance control. Midea has released the Data Safety Management Measures, Personal Information Protection Management Measures and other systems, and set up several data approval processes to implement data compliance through a series of initiatives. In addition, Midea has released the IoT Privacy White Paper, continuously conducted data compliance self-inspection and audit of apps and applets, organized data compliance publicity training and workshop, and strengthened internal data compliance awareness.

Midea issued guidelines to guide legal compliance in the area of advertising and promotion

In May 2021, Midea updated and released the Compliance Guidelines for Advertising and Promotion Behavior of Midea Group, and conducted compliance self-inspection and audit work related to advertising and promotion materials. Meanwhile, it introduced a third-party professional organization's publicity compliance self-inspection tool for each unit to self-inspect on publicity materials, so as to ensure the legal compliance of the Company in advertising, brand promotion, public relations and We Media.

Compliance promotion and training

According to the above-mentioned key areas, in 2021, Midea has carried out several offline and online compliance training activities, of which the online training covers all employees. The training covers various fields such as trade system compliance, data compliance, anti-monopoly and anti-unfair competition compliance, etc. In particular, training on compliance methodology for ISO37301 compliance system construction was also organized.

Midea actively uses multiple channels to promote compliance awareness to all employees. Midea has created a service number "Midea Compliance", which has released more than 60 compliance newsletters so far, covering current news, legal hotspots, new law express, case analysis, and group policy analysis. Meanwhile, we regularly explain key cases or legislative developments on the major compliance areas through Weekly and Monthly Compliance Newsletter on Midea Connect; we also publish compliance updates in Chinese and English to provide tips on compliance points.

Compliance certification

Midea Group actively responds to the national policy and has been working deeply in the field of compliance for many years, and has passed many compliance certifications such as TRUSTE, ISO27001 ISO37301 and APEC CBPR.

In 2021, BSI, the world's most authoritative standardization body, released the latest international standard ISO 37301:2021 Compliance Management System - Requirements and Implementation Guide to encourage and support Chinese enterprises to implement compliance system based on risk appetite and business priorities, by areas and phases, to demonstrate compliance management capability to relevant parties and meet the Board of Directors' requirements for organizational governance. After a rigorous audit by BSI, Midea Group has successfully obtained the ISO37301:2021 international standard certification of compliance management, which covers the anti-monopoly and data protection compliance management of Midea Group's smart home, industrial technology and building technologies business operations in China. This is the first ISO37301:2021 international standard certification of compliance management issued by BSI in China, which is also a full affirmation of Midea Group's compliance construction.



Anti-corruption

As a multinational enterprise group, Midea always abides by the laws and regulations of the countries or regions where it operates in conducting its business and commercial activities, and prohibits any form of commercial bribery. Midea continued to improve its anti-corruption system and repeatedly emphasized integrity and fairness through special anti-corruption measures, case notification, publicity and education, so as to create a transparent and honest business environment.

In 2018, Midea introduced the Code of Business Conduct of Midea Group, which emphasizes the importance of complying with the local country's laws and fighting against unfair competition through "no commercial bribes", "no bribing government officials" and "political donations, charitable donations and sponsorships". Meanwhile, Midea has developed systems in various areas such as marketing, supply chain, human resources, and finance to ensure integrity in different areas of work. The existing systems include Management Measures for Accountability, Six Red Lines for Professional Managers, Ten Prohibitions in the Marketing Field, Integrity Cooperation Agreement, etc.

In 2021, Midea further issued the Notice on the Prohibition of "Greeting" Interference in Business and Other Improper Actions and Notice on Further Increasing the Reporting Incentive Policy to encourage partners to take the initiative to report and build a line of integrity. Midea conducts independent investigations into reports from employees, partners and others, and keeps all information and materials reported confidential.

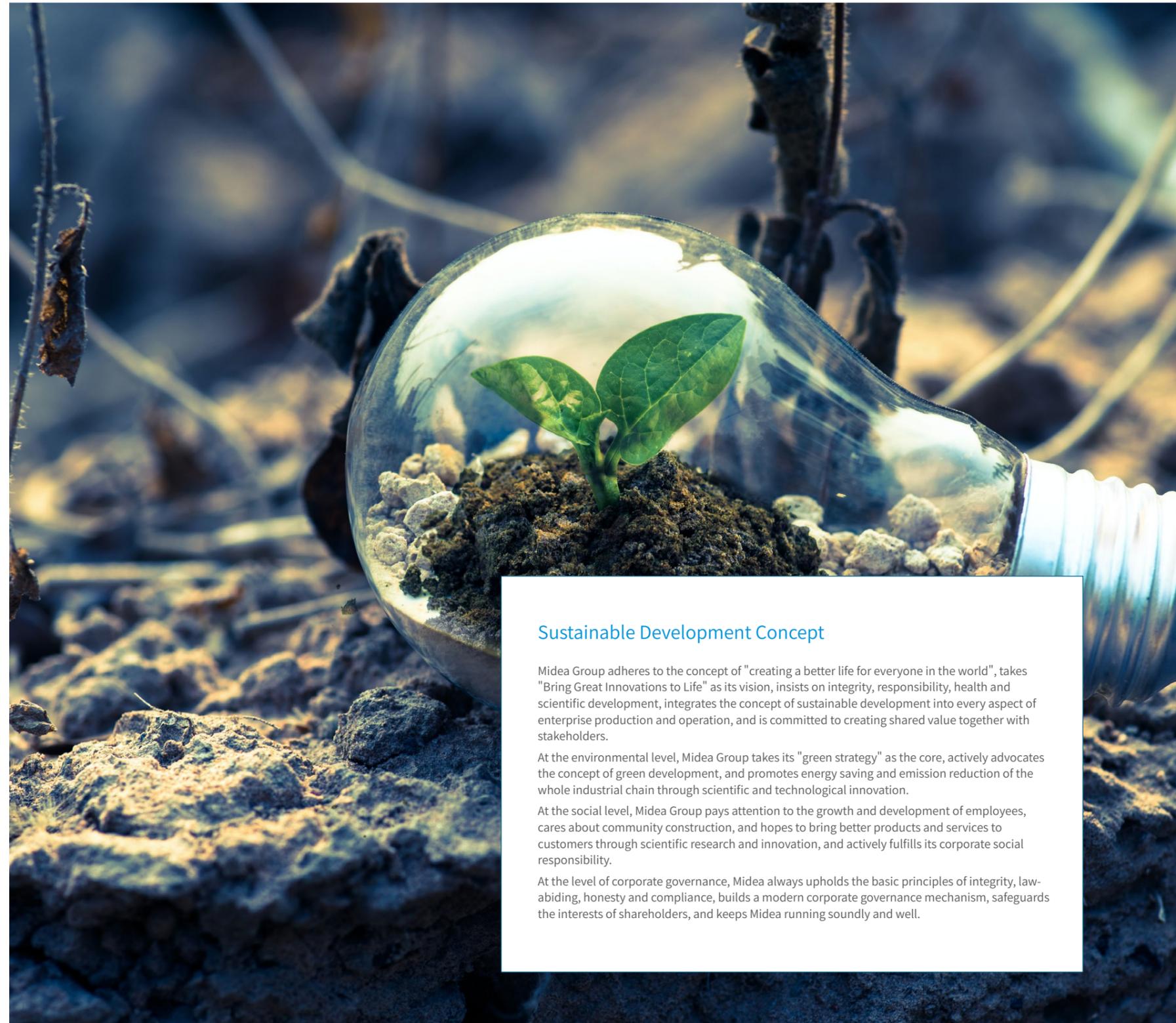
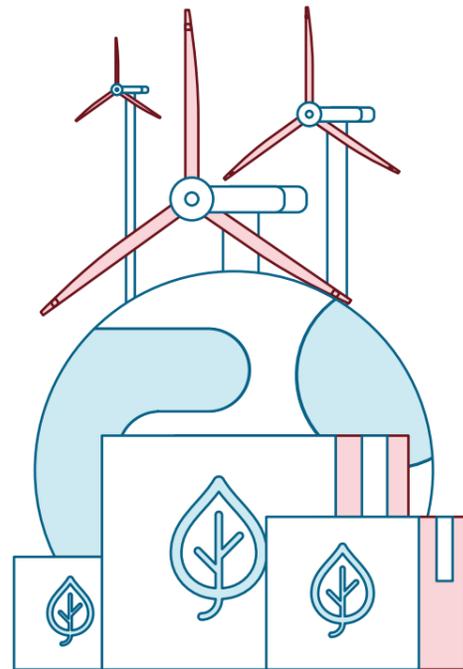
The Anti-bribery Compliance Management Code of Midea Group Partners

- Under any circumstances, improper financial transactions with Midea's employees are prohibited.
- Do not invite or allow Midea's employees to join the stock.
- Do not offer bribes to Midea's employees.
- Do not receive Midea's employees in violation of the law.
- Do not privately greet Midea's employees to seek benefits or cooperation opportunities.
- Report directly to the Group Integrity Office for all violations such as soliciting bribes, asking for equity, unfair cooperation opportunities, asking for payment to Midea employees.



Sustainable Development Management

Midea believes that sustainable development is closely related to Midea's strategy and that only by adhering to the concept of sustainable development will Midea be able to build a long-lasting business. Therefore, Midea Group strives to develop and carry out business activities while working together with stakeholders to practice the concept of sustainable development and create shared value.



Sustainable Development Concept

Midea Group adheres to the concept of "creating a better life for everyone in the world", takes "Bring Great Innovations to Life" as its vision, insists on integrity, responsibility, health and scientific development, integrates the concept of sustainable development into every aspect of enterprise production and operation, and is committed to creating shared value together with stakeholders.

At the environmental level, Midea Group takes its "green strategy" as the core, actively advocates the concept of green development, and promotes energy saving and emission reduction of the whole industrial chain through scientific and technological innovation.

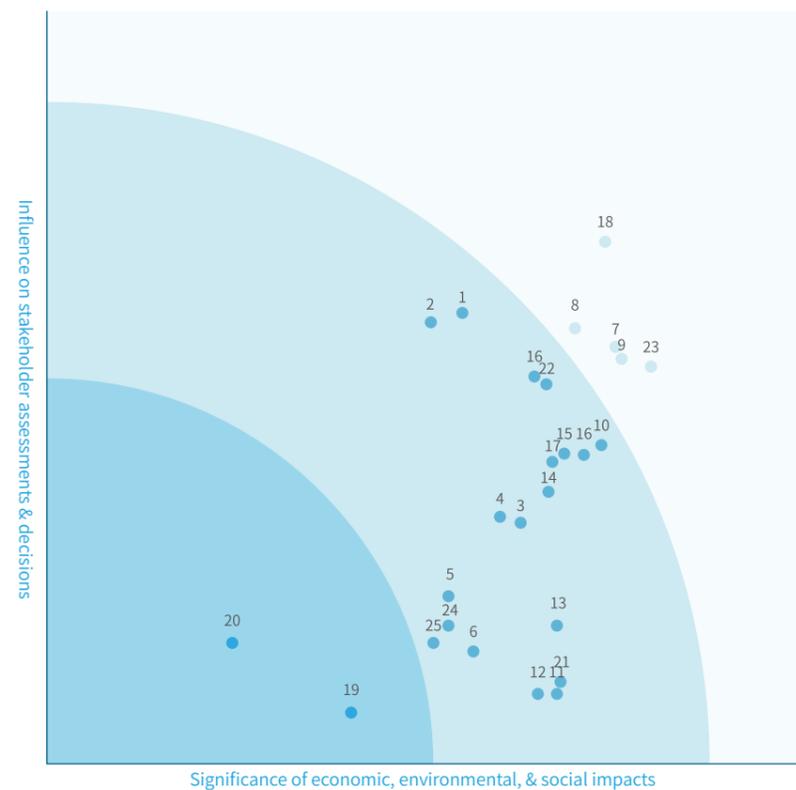
At the social level, Midea Group pays attention to the growth and development of employees, cares about community construction, and hopes to bring better products and services to customers through scientific research and innovation, and actively fulfills its corporate social responsibility.

At the level of corporate governance, Midea always upholds the basic principles of integrity, law-abiding, honesty and compliance, builds a modern corporate governance mechanism, safeguards the interests of shareholders, and keeps Midea running soundly and well.

ESG Key Issues Analysis

In 2021, in order to further improve ESG management and practice, Midea carried out ESG key issues analysis as an important reference basis for ESG governance and information disclosure of Midea.

Through the process of sustainable development background analysis, stakeholder identification, topic identification and questionnaire research, Midea identified 26 key ESG topics, and then scored the 26 topics according to their importance in two dimensions: "the importance of economic, environmental and social impacts" and "the impact on stakeholder assessment and decision" making to form the ESG key topics matrix.



Highly substantive topics

- 7 Green products
- 8 E-waste
- 9 Social responsibility management of supply chain
- 18 Product quality and safety
- 23 Compliance with the law

Medium substantive topics

- 1 Carbon emission
- 2 Climate change
- 3 Resource saving/recycling
- 4 Waste management
- 5 Water resource utilization
- 6 Green operations
- 10 Health and safety of employees
- 11 Employee training and development
- 12 Remuneration and Benefits
- 13 Diversity and equal opportunities
- 14 Information security and privacy protection
- 15 Science and technology innovation
- 16 Client experience
- 17 Accessibility of products and services
- 21 Corporate governance
- 22 Business ethics and morality
- 24 Board governance
- 25 Shareholder equity
- 26 Anti-corruption

Low substantive topics

- 19 Intellectual property management
- 20 Promotion of industry development

Communication with Stakeholders

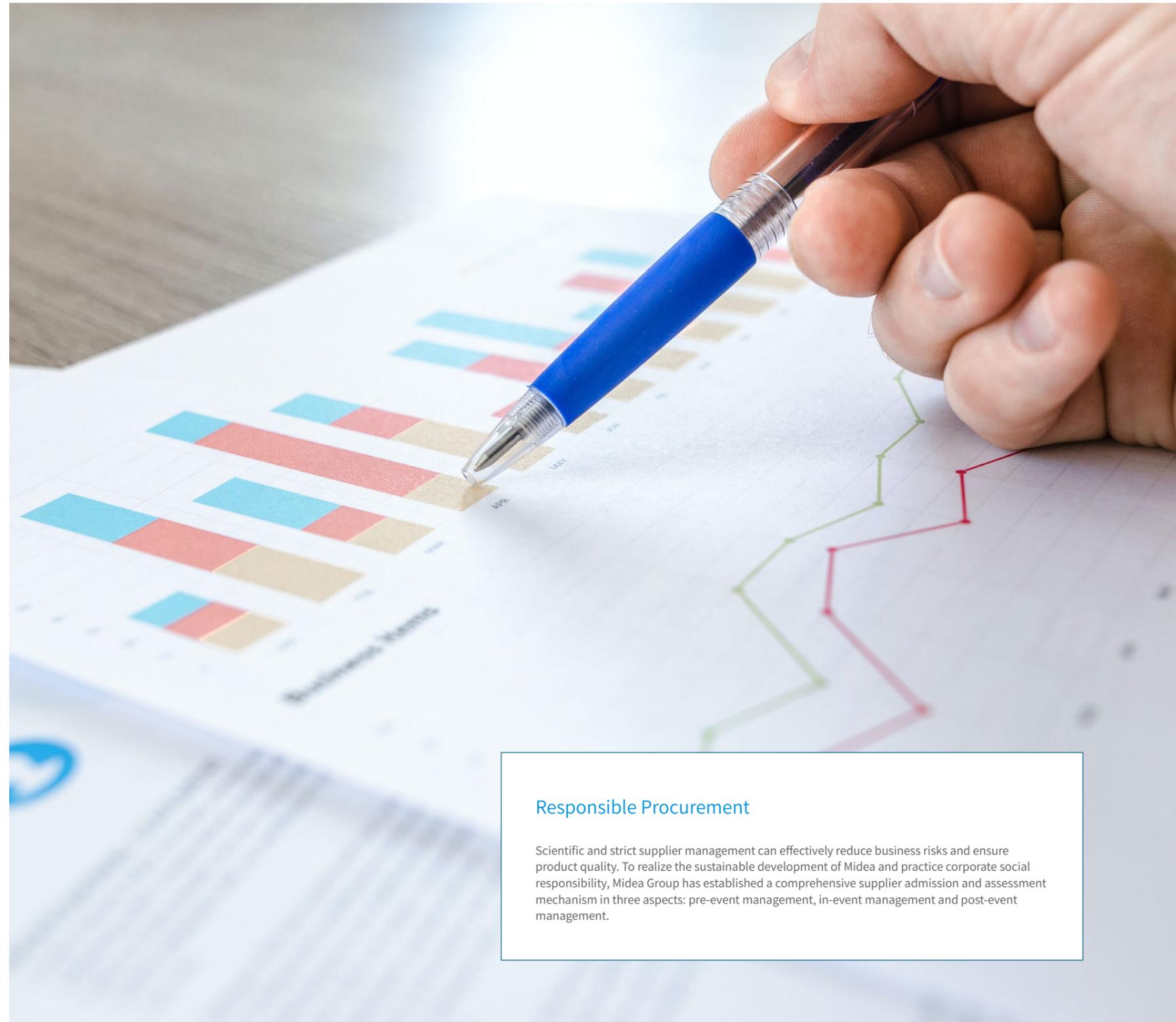
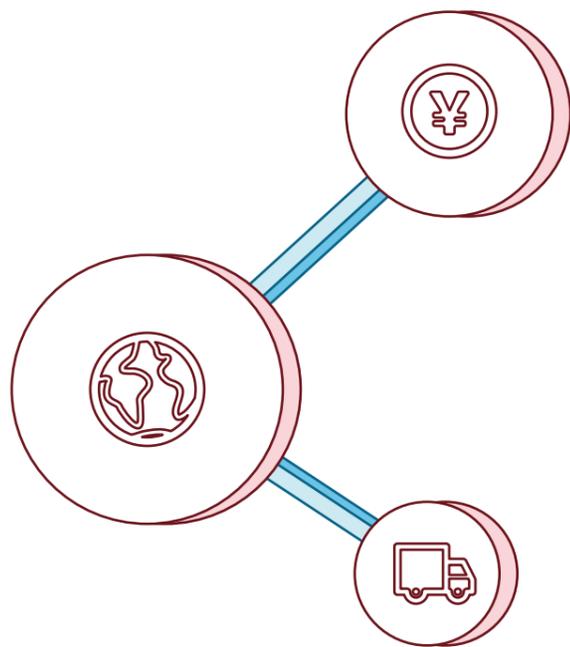
Midea Group attaches great importance to the communication with stakeholders. In its daily operation, Midea Group has established a regular communication mechanism and interaction with stakeholders, and responds to the demands of stakeholders in an open and transparent manner.

Stakeholder	Expectations and demands	Response and communication
 Governments and regulators	<ul style="list-style-type: none"> • Compliance with the Law • Tax payment according to laws • Anti-corruption • Employment security • Green development 	<ul style="list-style-type: none"> • Operation in compliance with laws and regulations • Respond to national policies • Abide by business ethics • Create job opportunities • Promote energy conservation and emission reduction • Development of green production • Research and development of energy-saving green products
 Investors and shareholders	<ul style="list-style-type: none"> • Corporate governance • Information disclosure • Shareholder equity 	<ul style="list-style-type: none"> • Improve risk management mechanism • Optimize governance structure • Transparency in information disclosure • Protection of shareholders' rights and interests
 Employees	<ul style="list-style-type: none"> • Legitimate rights and interests of employees • Remuneration and benefits of employees • Diversity and equality • Health and safety of employees • Career development 	<ul style="list-style-type: none"> • Protect the rights and interests of employees • Provide competitive remuneration and benefits • Respect the diversity of the workplace environment • Promote measures to ensure the occupational health and safety of employees • Build a perfect career development channel
 Customers	<ul style="list-style-type: none"> • Product and service experience • Privacy protection • Product accessibility 	<ul style="list-style-type: none"> • Provide quality products and services • Establish systems and processes to protect customer privacy • Improve product accessibility
 Suppliers	<ul style="list-style-type: none"> • Fair procurement • Co-development • Mutual benefit and win-win result 	<ul style="list-style-type: none"> • Standardize the procurement process • Supplier evaluation and audit • Supplier social responsibility management • Promotion of industry development
 Partners	<ul style="list-style-type: none"> • Honest cooperation • Fair and just • Industry development 	<ul style="list-style-type: none"> • Sharing development achievements • Build a community of interest with partners • Promotion of industry development



Value Chain Management

Carrying out the whole value chain management is an important part for enterprises to assume social responsibility and achieve sustainable development. Midea Group actively works together with suppliers to integrate the concept of sustainable development into the whole value chain of products by formulating a perfect evaluation mechanism of suppliers' social responsibility and building an industrial chain system that is transparent, safe, agile, remarkably cost-effective and sustainable



Responsible Procurement

Scientific and strict supplier management can effectively reduce business risks and ensure product quality. To realize the sustainable development of Midea and practice corporate social responsibility, Midea Group has established a comprehensive supplier admission and assessment mechanism in three aspects: pre-event management, in-event management and post-event management.

Pre-event management

In terms of supplier admission, Midea continuously optimizes the management system and establishes a supplier corporate social responsibility (CSR) system review mechanism to assess and constrain suppliers. Meanwhile, Midea also clarifies the fulfillment of social responsibility and accountability requirements of suppliers during introduction phase through the Material Supplier Cooperation Agreement of Midea Group, the Midea Supplier Code of Conduct and other documents and systems and build a self-assessment mechanism to urge suppliers to self-inspect on social responsibility.

Supplier Corporate Social Responsibility (CSR) System of Midea Group

To implement effective supervision and management of suppliers, Midea has established a supplier social responsibility system to examine supplier before introduction and during cooperation, based on ISO14001, ISO45001, Responsible Business Alliance (RBA), Supply Chain Sustainability Audit (JAC), Supply Chain Social Responsibility Management System Guide (IPC1401) and other related internationally recognized management systems, industry standards and regulations such as national safety, environmental protection, occupational health, and fire protection.

The evaluation system starts from five aspects: labor rights, occupational health and safety, environmental protection, business ethics, and management system, and is designed to manage and supervise all direct trading suppliers (including OEM/ODM product assembly suppliers, parts suppliers, and raw material suppliers), including the evaluation of suppliers' CSR management system, conflict minerals, social responsibility goals and action plans, and other related contents.

In-event management

Based on Midea Group's supplier CSR system, routine reviews are conducted for qualified suppliers on labor compliance and other content, and the review results are disclosed.

Based on the routine evaluation results and the comprehensive performance of suppliers, Midea classifies and grades the social responsibility risks of suppliers, and conducts on-site evaluation of some high-risk suppliers. Through qualification check, random check of accounts (child labor situation, wages, working hours, etc.), records and documents of system propagation, and on-site observation and inquiry, suppliers' responsibilities fulfillment will be scrutinized and strive to build a responsible procurement chain together.

Focusing on "control of hazardous substances, energy saving, carbon reduction and green manufacturing empowerment", Midea establishes a green supply chain system that takes into account environmental impact and resource efficiency. Midea promotes the management of carbon footprint/carbon emission of suppliers, gradually forms the carbon management standard of suppliers, and actively supervises the clean production of upstream partners in the supply chain.

Post-event management

Midea Group has drawn six red lines for suppliers' social responsibility during supervision, in which the key contents such as labor rights, business ethics and environmental protection are clearly elaborated and incorporated into Material Supplier Cooperation Agreement of Midea Group and Midea Supplier Code of Conduct.

Midea implements regular review that covers all the cooperative suppliers (including OEM/ODM product assembly suppliers, parts suppliers, raw material suppliers) with direct transactions, and for those who violate the red line, Midea will restrict the supply ratio, cancel the cooperation and other punishment according to the severity of the circumstances; the use of child labor, forced labor is a veto item, and the cooperation will be terminated once found.

The supply chain's red line requirement for suppliers is the core of responsible procurement, and Midea views it as an important factor in awarding and extending supplier contracts, incorporating it into the supplier social responsibility system, the Material Supplier Cooperation Agreement, Midea Supplier Code of Conduct and other documents to further clarify the supplier labor management terms and recourse requirements. For suppliers in cooperation, Midea also actively conducts respective training to improve suppliers' awareness of fulfilling responsibilities. In 2021, Midea has carried out several trainings for suppliers on labor management entities.

Meanwhile, Midea actively encourages suppliers to use clean energy including solar energy, wind energy and hydrogen energy and plans to introduce more suppliers that use new energy technology. Gradually raise the standards of clean and low-carbon production for suppliers under the premise of ensuring the stability of Midea's supply chain.

Six red lines for suppliers of Midea Group to fulfill their responsibilities

- Prohibit the use of any form of child labor, forced labor, and any form of violence, verbal abuse, corporal punishment or sexual harassment against employees.
- Prohibit the payment of employees' wages below the local minimum wage standard.
- Prohibit any form of bribery, extortion and kickbacks.
- Prohibit any serious safety and environmental incidents, such as work-related accidents, major fire and explosion accidents, serious environmental pollution accidents.
- Prohibit any serious mass incidents.
- Prohibit the enterprise to be ordered by the government to restrict the review, stop production and rectification, stop construction, etc. due to its own violation of relevant national laws and regulations.

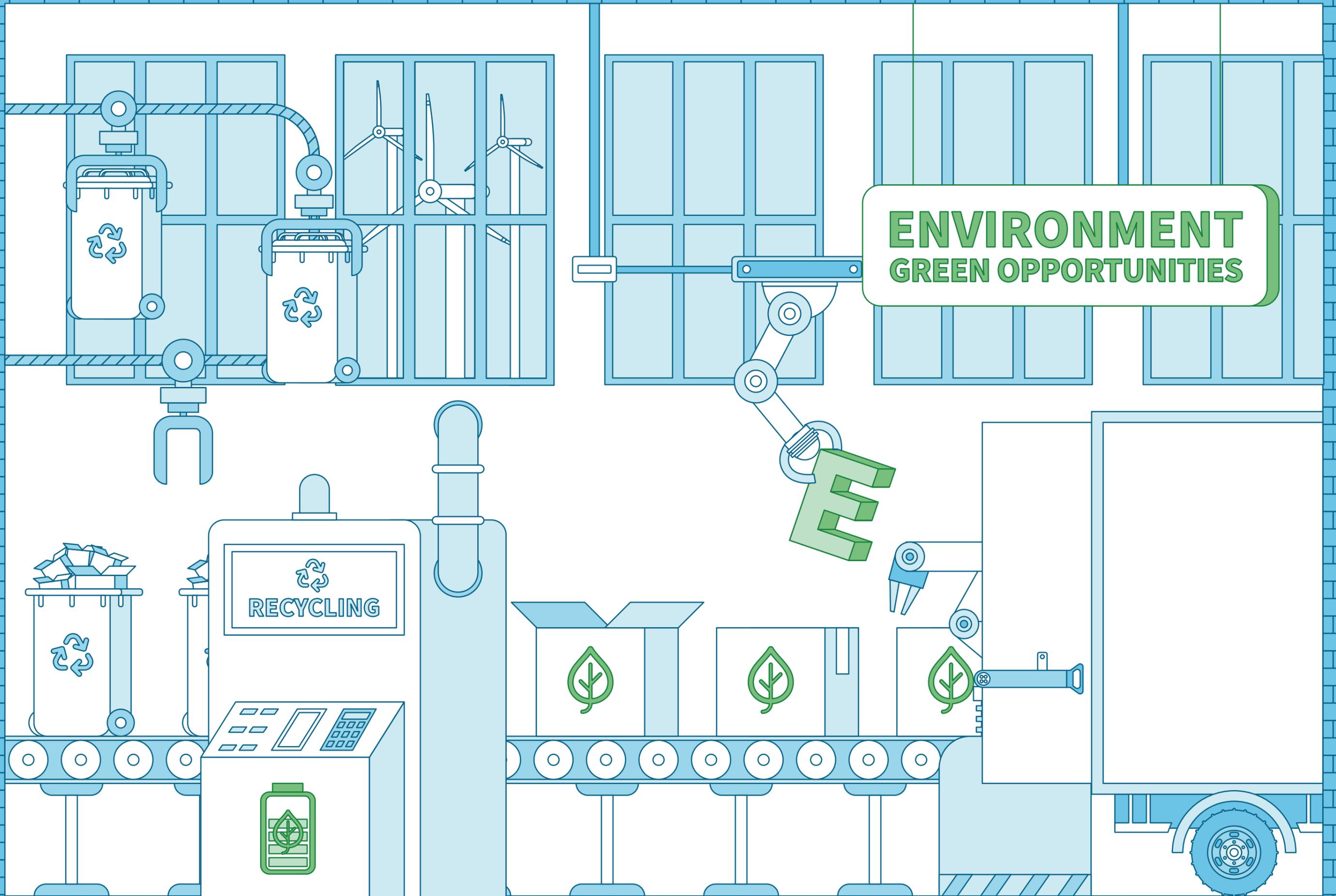
Conflict Minerals Management

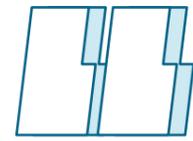
Midea takes the issue of conflict minerals seriously to avoid conflict or human rights violations caused by the minerals procured. Relevant evaluation clauses were established in the supplier admission and daily evaluation, and explicitly requires suppliers to sign a "Conflict-free Minerals Pledge" covering raw materials such as tantalum, tin, gold and tungsten. Meanwhile, Midea publicly declares that it will not purchase or support the use of any conflict minerals that directly or indirectly finance or support areas affected by armed conflict, and conducts due diligence on the use of conflict minerals in the supply chain using the RMI-CMRT questionnaire.

Midea also uses the global supplier cloud (GSC) platform to manage the number and geographical location of suppliers in real-time through IT technology, and requires suppliers to report the origin attributes of materials to trace the origin of incoming materials for production and avoid purchasing raw materials from relevant regions involved in human rights violations, illegal trade, financing violence and other issues to ensure the safety and reliability of Midea's supply chain system.

ENVIRONMENT GREEN OPPORTUNITIES

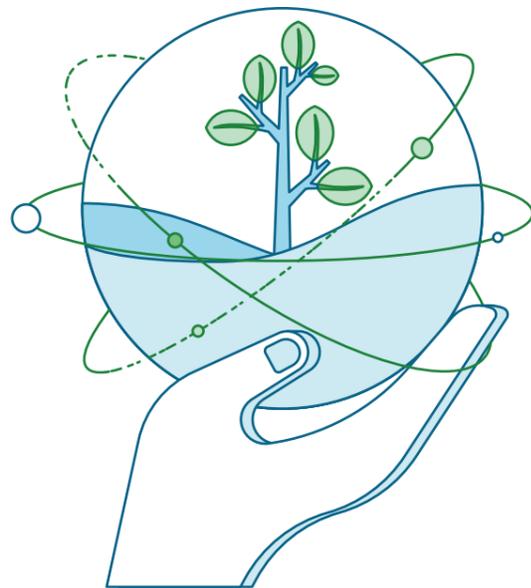
E





Environmental Management

Midea Group is committed to integrating the concept of green environmental protection into every aspect of the Group's production and operation. In 2021, in order to actively respond to the national carbon peak and carbon neutrality strategy, Midea Group released the "Green Strategy" and set the Group's carbon peak and carbon neutral targets, in order to make continuous efforts to achieve the vision of "building a green and better home for mankind".

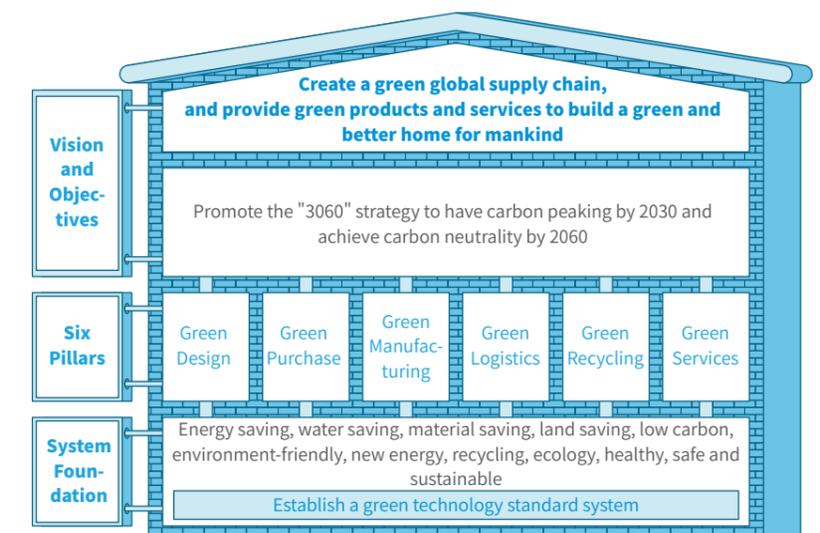


Green Strategy

As a large technology group with five business sections, Midea is committed to integrating green innovation and clean technology into Midea's operation and the whole life cycle of its products. At the same time, in order to actively respond to the national "14th Five-Year Plan" and the "Carbon Peak, Carbon Neutral" strategy and deepen sustainable development, Midea Group has released the "Green Strategy" in 2021.

Midea's green strategy is based on the construction of green technology standard system and operation management, with "green design, green purchase, green manufacturing, green logistics, green recycling, green services" as the six pillars, and comprehensively considers raw material preparation -- processing and manufacturing -- product packaging -- use and maintenance -- end-of-life recycling -- comprehensive utilization of resources and other elements. Strive to build a low-entropy product manufacturing and use model, and strengthen the ecological links between industries and between industries and society by improving product quality and performance, extending product life, and reducing material and energy consumption during manufacturing.

Through innovation and collaboration, Midea plans to reduce carbon from the whole product life cycle, build a green, intelligent and efficient global supply chain, provide users with trustworthy products and services, and build a better future together.

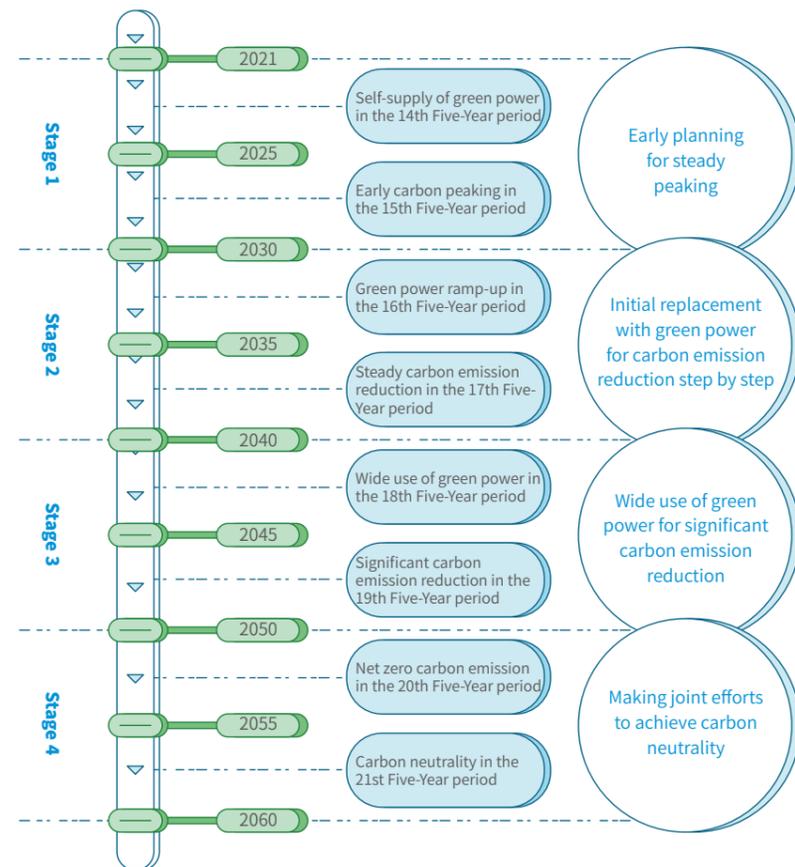


Contribute to carbon neutrality

Based on its green strategy and low-carbon future, Midea has set the goal of "having carbon peaking by 2030 and achieving carbon neutrality by 2060" and set up a green strategy task group based on this. The task group is led by the group vice president and includes the main core departments, forming a green strategy construction organization with comprehensive coverage and strong implementation to the main promotion departments and support departments of the six pillars of green strategy. Under the leadership of the Green Strategy Promotion Group, Midea attaches great importance to the implementation of green strategy and carbon neutrality target.

Midea has divided the carbon neutrality path into four stages, and will gradually promote carbon peaking and carbon neutrality work in a cycle of every 10 years from 2021. Midea plans to first achieve green power self-management and internal peak carbon emissions by 2030, and then gradually increase the proportion of green power through continuous optimization of energy structure, and plans to achieve 10% of green power in 2025 and 30% of green power in 2030, and introduce a number of clean production technologies. Based on current emission data and energy structure projections, Midea expects to achieve direct and indirect emissions (Scope 1 and Scope 2) to peak within itself around 2030, while ensuring incremental development. Meanwhile, Midea actively collaborates and guides suppliers to gradually green production, establish and improve the recycling system (Scope 3), and ultimately achieve carbon neutrality within Midea by 2060.

In addition, Midea will also deepen its environmental work and practice green development comprehensively through the six pillars of green strategy, continuously reduce the impact of production activities on the environment, actively study and introduce clean production technology, and contribute to the sound and sustainable development of ecology. Meanwhile, Midea is organizing and implementing environmental work under four themes: climate change, natural resources, pollution and waste, and environmental protection, and fourteen topics such as carbon emissions, product carbon footprint, and green finance, to bring new opportunities Midea in the future.



Green Design

Midea insists on promoting technological innovation and green design, and to lead the industry's green development by investing research on green and low-carbon technologies, leading the concept of green product design, participating in the formulation of green standards, and reducing carbon emissions throughout the life cycle of products.

Green technology

Household appliances are the second largest source of energy consumption for residents, which contribute around 30% of carbon emissions. Midea focuses on the research and innovation on green technology, and utilizes its research advantages to accelerate the realization of energy-saving and green operation of products. In September 2021, Midea won the "National Science and Technology Progress Award" for its "Theory of Building Thermal Environment and its Key Technology of Green Creation". In the future, Midea will also conduct research on technologies related to green and low-carbon, and promote green and low-carbon products.



Midea won the "National Science and Technology Progress Award" for its "Theory of Building Thermal Environment and its Key Technology of Green Creation".

Midea's environmentally friendly natural refrigerant application technology helps global energy saving and emission reduction

R290, also known as propane, is a new type of environmentally friendly refrigerant mainly used in HVACs, heat pump air conditioners, household air conditioners and other small refrigeration equipment. As a natural refrigerant, R290 has a high cycle efficiency and a near-zero greenhouse effect, making it the only viable option for the air conditioning industry and in line with the Kigali Amendment to the Montreal Protocol. However, R290 is flammable and explosive with low volumetric refrigeration capacity, and harsh allowable charge, thus has not been taken seriously in developed countries such as Europe and the United States, and its patent layout is almost blank.

In the United Nations Industrial Development Organization's project of Leading the residential air conditioning industry to a more environmentally friendly path, Midea has been working on R290 research for many years, and overcome the key challenges such as the decay of air conditioning performance due to the severe shortage of R290 air conditioner filling volume and harsh safety protection requirements, and formed the R290 room air conditioning application technology with independent intellectual property rights. The breakthrough application of R290 not only meets the demand for high efficiency and energy saving, but also effectively replaces the traditional refrigerant HCFC-22, and makes a positive contribution to the global greenhouse gas emission reduction and ozone protection actions. The technology was successfully applied to three categories of split units, mobile air conditioners and dehumidifiers, reducing the amount of refrigerant per unit from 1 kg, 0.45 kg and 0.08 kg to 0.32 kg, 0.24 kg and 0.07 kg respectively. Through technological innovation, a total of 2.249 million tons of carbon emissions will be reduced during in 2021 only in the use of raw materials and manufacturing, according to the sales of the three major products.

This breakthrough provided a Chinese solution for the implementation of the Kigali Amendment to the Montreal Protocol on a global scale, and was identified as an international leader. The project won the First Prize of Science and Technology Progress of China Light Industry Federation, and was awarded the "Low-carbon & Eco-friendly Technology Leadership Award" by the United Nations Environment Programme, the "Outstanding Contribution Award for Energy Efficiency and Environmental Protection" by the United Nations Industrial Development Organization and the "United Nations Montreal Protocol 30 Years Outstanding Contributor Award" and many other commendations. Midea Air Conditioner has filed 36,371 patent applications and has been granted 21,165 of them, of which 586 patents have been applied for and 308 have been granted in the field of energy conservation so far.



Green products

Midea not only provides customers with efficient and stable products, but also continues to integrate green concepts into the whole life cycle of its products. Taking the General Rules for Green Product Evaluation (GB/T 33761-2017) as a guideline, Midea creates "green design products" and "eco-design products" through four major grasps: resource conservation, energy utilization, environmental protection and quality improvement. In the process of product development, Midea also tries to avoid the use of harmful substances to protect human health and safety while controlling the environmental attributes of the products from the source.

Midea Group is committed to promoting green energy-saving products. The energy-efficient air conditioners developed based on Midea's green air conditioner technology have greatly improved energy efficiency, and the annual output of about 2.85 million sets is estimated to save about 416 million degrees of electricity, reduce carbon dioxide emissions by about 414,700 tons, and reduce sulfur dioxide emissions by around 12,400 tons. And residential electric water heater AI energy-saving key technology can achieve precise thermostat for bathing water, can save 40% of electricity, achieve annual electricity savings of 478.15 degrees per single electric water heater. Based on the 30 million units of electric water heaters, the electric water heaters with on-demand intelligent control technology can reduce carbon dioxide emissions by about 14.3 million tons.

Scroll compressor for Midea's server room air conditioners

In recent years, the wave of low-carbon construction of new infrastructure such as data centers has risen, putting forward higher requirements for energy saving and consumption reduction of supporting equipment such as server room air conditioners.

Midea Industrial Technology Group grasps the market demand, and successively overcome the high apparent heat ratio, high energy efficiency ratio, high reliability, high precision, high load and continuous operation and other technical and product development points, and successfully developed a special 96CC scroll compressor for server room air conditioners. On this basis, 80CC and 135CC scroll compressors were developed, and 60CC and 70CC products can be developed upon customers' needs. Meanwhile, the products adopt high energy efficiency and reliability to meet a variety of precision temperature control needs while effectively reducing energy consumption in operation, saving 15%-30% compared to traditional air conditioners.

Implementation path for Midea Group's Green Product



Green standards

While introducing many high-tech, green products, Midea constantly improves its own green product standards based on green technology and green products. At present, Midea has 34 categories and 40 enterprise standards to achieve leadership, truly promoting the overall improvement of product quality with key core technologies, helping to lead the standard with technology and products, and driving the industry upgrade with standards. The highest energy efficiency of Midea's High Efficiency Speed Controllable Room Air Conditioner reaches APF 6.58, which is 31.60% higher than the national standard and tops the list of the same category; the highest energy efficiency of High Efficiency Centrifugal Chiller (Heat Pump) Unit reaches IPLV 10.13, which is 25.06% higher than the national standard; in addition, Midea Group's washing machines, refrigerators and other types of products have been awarded the enterprise standard "Leader" certificate. In 2021, Midea was selected as the "leader" of corporate standards for four consecutive years.

While leading the green product standards, Midea also actively collaborates with various standardization technical committees to lead the development and revision of green standards. As of October 2021, Midea has led or participated in the development of more than ten green design product evaluation specification standards, making outstanding contributions to the improvement of industry green standards. Among them, the new national standard for air conditioner energy efficiency, which Midea mainly participated in revising, has improved the energy efficiency standard by 14%, effectively promoting the popularization of the application of inverter energy-saving air conditioners. Midea also actively advocates "carbon labeling" and promotes the carbon reduction of the industry. Midea hopes that by calling for the establishment of carbon emission evaluation standards for home appliances, it will traction the scientific and technological investment of the whole industry and realize the low carbon and environmental protection of home appliances in various aspects such as design, production and use.



Green Procurement

Midea is committed to establishing a procurement system that integrates environmental impact and resource efficiency, helping enterprises to develop sustainably and taking positive actions to achieve zero environmental load, while pulling upstream suppliers in the value chain to learn, transform and implement the results of Midea's green strategy and contribute to the national dual carbon strategy.

Green procurement revolves around four dimensions: social responsibility review, hazardous substances control, energy saving and emission reduction, and green manufacturing empowerment.

Supplier carbon audit

Midea conducts social responsibility review of suppliers in five dimensions: labor rights, occupational health and safety, environmental protection, business ethics, and system completeness. Midea also actively leads upstream suppliers in the industry to build green factories together and organizes suppliers to conduct carbon screening. Non-bulk suppliers have to compile "supplier carbon emission mapping (template)" with reference to the requirements of carbon emission checking in Midea's manufacturing plants, and issue official documents to clarify the supply chain team of the business division to promote supplier carbon checking. For major bulk suppliers under strong state control, such as steel and petrochemicals, Midea has conducted carbon emission data mapping to closely monitor and responds to the carbon peak policies and requirements on supply.

To ensure the smooth implementation of carbon emission survey, Midea also organized carbon emission survey training for suppliers. By the end of 2021, more than 600 suppliers have participated in the training. To let suppliers better grasp the essentials of carbon emission check, training videos were recorded sent to all suppliers.

Hazardous substance control

To ensure green and safe procurement, Midea has conducted strict control on suppliers and established a three-dimensional control process for hazardous substances: control process for new parts, control process for mass-produced parts, and control process for supplier HS system (online fine control, traceability, and fast handling of accidents).

All purchased raw materials and components must comply with national and local regulations (including but not limited to the Restriction of Hazardous Substances Directive, Polycyclic Aromatic Hydrocarbons Directive, Regulation on Registration, Evaluation, Authorization, and Restriction of Chemicals, Battery Directive, Packaging Directive, Persistent Organic Pollutants Regulation, Safe Drinking Water and Toxic Enforcement Act of 1986, restriction on the use of hazardous substances in children's products, restriction on the use of hazardous substances in electrical and electronic products), and provide hazardous substance test reports.

Green Manufacturing

Midea attaches great importance to green manufacturing, constantly promoting an environmentally conscious manufacturing system from four dimensions: carbon emission from the park, carbon footprint of products, degree of production intelligence, and degree of recycling of renewable resources, a modern manufacturing model that integrates customer demand, environmental impact, resource efficiency and enterprise efficiency, a sustainable manufacturing model that adheres to conscience, social responsibility and the bottom line, and promoting green factory intelligent innovation and green benchmark construction. By accelerating manufacturing automation and intelligence, Midea uses Internet and big data to facilitate high-end manufacturing. Midea upgrades energy management capacity of production process with digital technology, sets energy-saving standards and targets, improves energy management assessment system, increases the proportion of new energy use and promotes the application of energy-saving and low-carbon technologies. Midea will build a green manufacturing system in five directions, such as intensive land use, harmless raw materials, clean production, wastes recycling and low-carbon energy.

According to the Green Manufacturing Carbon Neutral Master Plan, Midea has formulated a detailed five-year plan (2020-2025), which plans to achieve a 20% reduction in energy consumption per unit of GDP in 2025 compared to 2020, and reduce CO₂ emissions per unit of GDP by 25% compared to 2020, with clean energy accounted for more than 10%. Midea is renewing its organization, building a team of professionals to deal with climate change, and striving to innovate its processes from the perspective of energy conservation and emission reduction to make substantial carbon reduction.

To this end, each factory is actively holding Green Improvement Week to brainstorm ideas. In 2021, Midea has implemented and plans to organize and implement 1,551 energy-saving management and process technology improvement projects, such as the centralized material supply energy-saving improvement project in the injection molding workshop, the compressed air piping renovation/use link anti-air blowing project, the oil-based paint to water-based paint environmental protection project, the waste heat recovery and reuse project, and the sheet metal suction cup energy-saving renovation project, and these projects were promoted orderly Midea using operation and maintenance time. It is expected that five factories of Midea Group will pass the evaluation of GB/T 36132 Green Factory in 2025.

Green factory

As a responsible enterprise, Midea strictly abides by the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Environmental Impact Assessment, and the relevant laws and regulations of each group's subordinate enterprises, and clearly defines environmental protection red lines in the production process for environmental protection compliance management, new reform and expansion projects, and "three waste" emissions, thus protecting ecological diversity and ensuring no subsidiary or employee may violate it. Midea has not experienced any major environmental violations in 2021 because of comprehensive management measures and resource investment. Meanwhile, based on ISO14001 environmental management system standard, each business unit under Midea Group has set up Environment, Health and Safety (EHS) management department, formulated corresponding environmental management policy and the daily management standards of wastewater, waste gas, solid waste and noise.

To actively respond to climate change, Midea continues to optimize its industrial and energy structure, update its management model, adopt new process technologies and accelerate the transformation of manufacturing processes into energy-efficient ones. Meanwhile, Midea actively introduces digital technology to accelerate the energy management capability of the production process and realize the transparency, visualization and control of energy efficiency management of process. From 2019 to 2021, the unit output value of standard coal consumption declined from 0.41 tons/RMB10,000 to 0.34 tons/RMB10,000, a reduction of more than 10%.

Midea continues to promote the use of clean energy. Solar power was installed in three of Midea's kitchen and water heater appliance manufacturing bases, and currently all three sub-plants have achieved 100% solar coverage on the roof (Wuhu factory is scheduled to be put into use in March 2022). Among them, 26% of green energy is used in the net drinking plant; 11MW of solar power is installed in the Wuhu plant, accounting for 10% of green energy; 4.5MW of green energy is installed in the first phase of the Handan plant, accounting for about 12% of energy usage. Currently, over 20 factories and R&D innovation centers in Midea have built photovoltaic power generation projects with a capacity of over 160MW. The average percentage of clean energy use in Midea has reached more than 10%, an increase of 4.54% from 2020, and more clean energy will be introduced to further increase the percentage.

To better practice green manufacturing, Midea also actively carries out carbon verification work in each production base. In 2021, Midea specially produced the Carbon Exhaustion SOP Manual, which explains 4 aspects from carbon background, carbon source, carbon collection and carbon calculation, laying a solid foundation for each production base to understand and cooperate with carbon exhaustion work.



Shunde factory photovoltaic power generation project

To promote green production, Midea has built a 35MW photovoltaic power generation system at its Shunde plant. The PV project mainly includes 34 dry-type transformers, 34 inverters and 129,400 meters of cables, covering an area of 226,900 square meters, accounting for 24% of the park area.

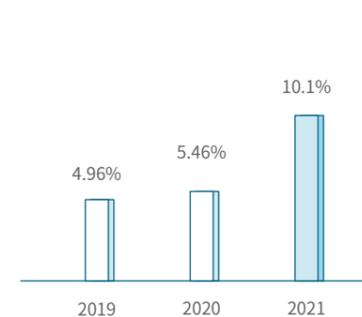
At present, the photovoltaic power generation system has been connected to the grid, and the energy storage of photovoltaic power generation can reach 29,283,500 KWH, which effectively improves the green power ratio of the park to 19% and reduces the annual CO₂ emission by 23,000 tons.

Wuhu factory waste heat recovery project

There are many heat-producing and heat-using equipment and areas in the park of Midea's Wuhu Factory, and the heat loss in the park is large after the calculation of the overall heat supply and demand relationship. To realize heat energy recovery and reuse, Midea's Wuhu factory adopts a decentralized and centralized approach to build two heat storage centers within the factory and conducts phase change heat storage pilot in the heat storage centers.

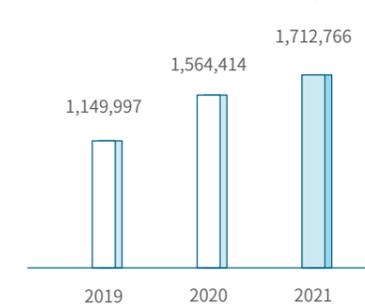
The factory makes compound use of waste heat recovery pipeline of air compressor, and gives priority to heat energy collection by using gas-gas heat exchange and waste heat combustion inlet in the drying oven of cleaning line and curing oven and drying oven link of powder spraying line to realize using the excess heat energy for hot water of dormitory and heating of workshop. By recycling and reusing the waste heat, the factory can reduce 76 tons of CO₂ emission every year.

Renewable energy as a percentage of total energy consumption



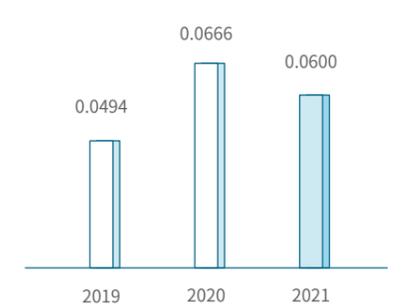
Total GHG emissions

(Tons of CO₂ equivalent)



Greenhouse gas emissions per unit of output value

Tons of CO₂/RMB10,000

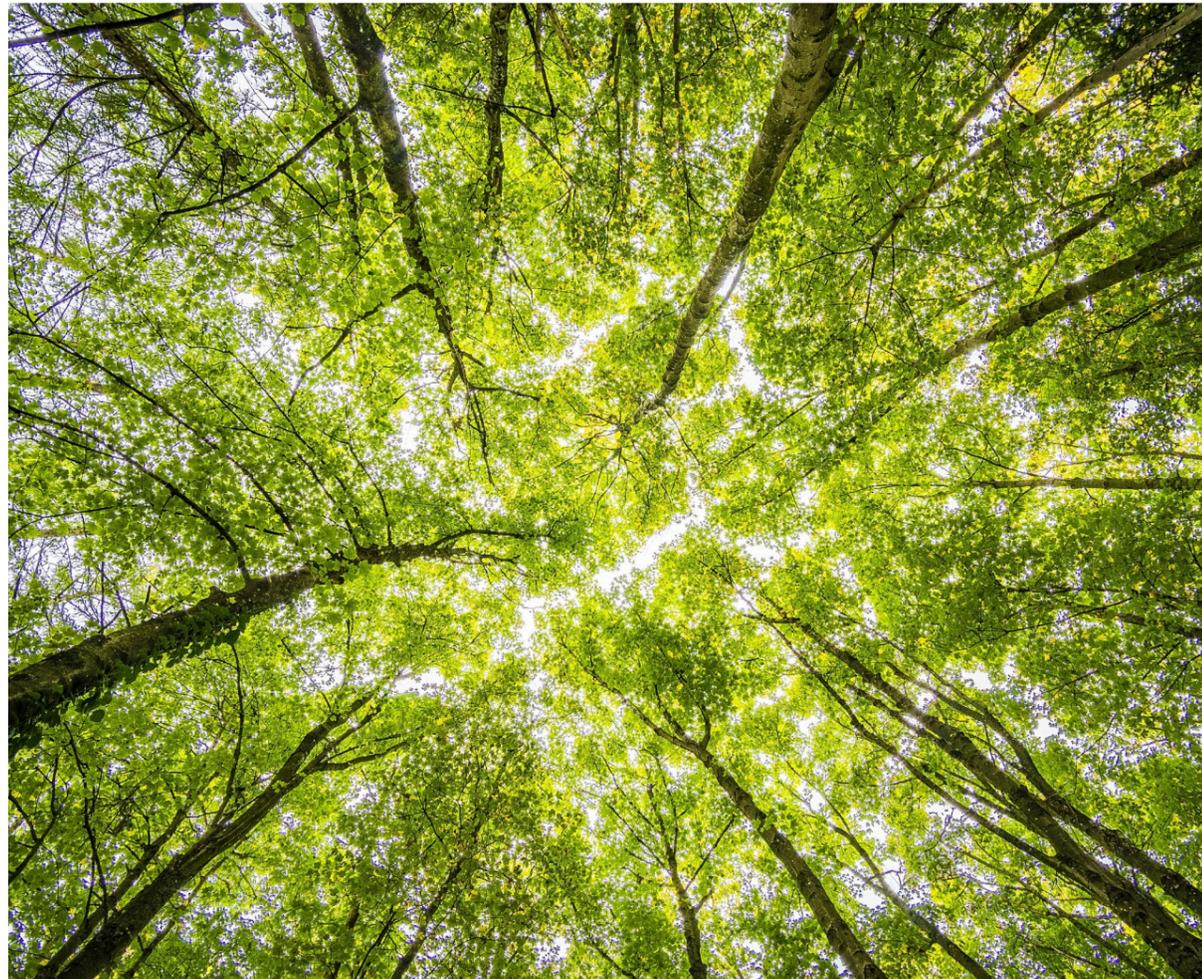


Atmospheric pollutant management

The management of atmospheric pollutants is an important part of green manufacturing work. Midea's factories have built corresponding exhaust gas treatment systems for different types of exhaust gases, and the emission concentrations of benzene, toluene, xylene and VOCs (volatile organic compounds) in the exhaust gases are emitted at high altitude in strict compliance with the Emission Limits of Air Pollutants. In order to reduce dust emission, Midea also adopts the closed operation of dust equipment and treats dust through its own automatic vacuum cleaner or dust recovery device, and there is zero dust emission to the outside.

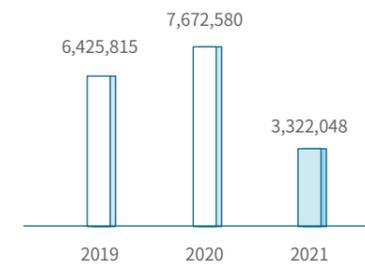
Midea also reduces air pollutant emissions during production by upgrading environmental protection facilities and continuously optimizing production processes. For example, the electrical products company of the Electromechanical Business Group switched the dipping paint process from oil-based paint to water-based paint, reducing VOCs emissions by about 410 tons per year; the motor of the Suzhou plant of the Microwave and Cleaning Appliances Division reduced VOCs emissions by more than 83% by replacing insulation paint with environmentally friendly paint without styrene components. In 2021, the total VOCs emissions of Midea is 608 tons.

At the same time, in accordance with Midea's "Comprehensive Digitalization and Comprehensive Intellectualization" strategy, Midea has also developed an environmental information platform to collect and process environmental protection data, to quickly and accurately control the environmental protection operation data of its subordinate units. At the same time, Midea has independently developed an online monitoring system for exhaust gas, which realizes the digitalization and intelligence of air pollutant management through rapid perception and control, real-time monitoring and control, advance warning and pre-control, linkage disposal and control, and system evaluation and self-control. Based on the green manufacturing strategy, Midea plans to achieve a 10% reduction in single product exhaust gas in 2022 compared to 2020.



Waste management

Amount of waste generated ton



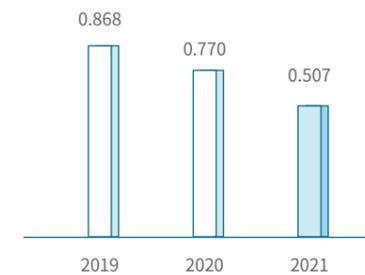
All factories of Midea Group strictly classify and manage waste, and classify solid waste into hazardous waste, general waste and domestic waste according to the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant regulations, and set up corresponding disposal measures for different categories of waste: for hazardous waste, factories establish a management system to clarify the requirements of collection, storage and transportation, transportation and disposal, etc.; and entrust a qualified hazardous waste disposal agency for disposal. General waste is collected and disposed of by resource recycling manufacturers after classification in the factory; domestic waste is entrusted to local sanitation departments for disposal.

In order to reduce the generation of hazardous waste, the plant continuously tracks the generation and disposal of hazardous waste in each process and develops improvement measures from the source. For example, the Shunde A/C compressor plant separates oil, water and cutting fluid from iron sludge through a vacuum infrared drying device, which allows the remaining component (iron powder) to be disposed of as general waste and can be used as a resource for recycling. Using this method, we can reduce the amount of hazardous waste iron sludge generated by 1,600 tons and 5,000 drums per year.

In 2022, Midea will continue to strengthen waste management and plans to achieve 100% environmentally friendly disposal of solid waste.

Water resources management

Integrated water consumption per unit of output value Tons/RMB10,000



Midea insists on promoting water conservation in all aspects and continuously explores effective measures for wastewater treatment and water reuse. Midea strictly complies with applicable laws, regulations and standards such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Water Pollution Prevention and Control Action Plan, and has established a corresponding wastewater discharge management system and strictly monitors the operation and maintenance of wastewater treatment facilities.

All subsidiaries of Midea classify and manage wastewater: domestic wastewater is discharged to municipal sewage treatment network and sewage treatment plant after pretreatment to the standard by septic tanks and other means; industrial wastewater is discharged to municipal sewage treatment network and sewage treatment plant after pretreatment to the standard by factory sewage treatment stations. At the same time, the plants also actively promote the diversion of rainwater and sewage from the old plants, update the sewage treatment equipment and optimize the existing process in order to reduce the overall sewage discharge through an integrated approach.

In 2021, the total water consumption of Midea will be 14,453 thousand cubic meters, achieving a continuous decrease in integrated water consumption per unit of output value. In 2022, Midea plans to achieve a 10% decrease in wastewater generation per unit of product compared with 2020 and a 10% increase in wastewater reuse rate compared with 2020.

Optimizing production process and reducing wastewater discharge

The environment appliances manufacturing company under the Small Domestic Appliance Division of Midea Group adopts advanced sewage treatment technology, the COD index after wastewater treatment is controlled within 5 mg/L, and the wastewater recycling rate reaches 50%, which saves water consumption while reducing pollutant discharge.

Green Logistics

Midea firmly promotes the green development of itself and its partners. Through business accumulation and technological innovation, it integrates technologies such as Internet of Things, big data, cloud computing and artificial intelligence into actual business scenarios to improve the quality and efficiency of the whole process and reduce carbon emissions. In 2021, Midea will comprehensively accelerate green transportation, green storage and green packaging, form a green intelligent logistics system, and help the whole industry chain improve quality and efficiency and reduce carbon emissions, and join hands with partners to share the responsibility of protecting the earth.

To achieve the long-term goal of peak carbon emissions and carbon neutrality, Midea has formulated a phased green intelligent logistics 1.0, 2.0 and 3.0 strategy in the field of green logistics, and has committed to reach the peak carbon emissions in 2030 and reduce CO₂ emissions per unit of output value within the Group by 60% to 65% compared to 2005.

 Green packaging	 Intelligent storage
<ul style="list-style-type: none"> Establish a green operation model covering the entire process, including production logistics, warehousing and transportation, delivery and installment, recycling, and return to the factory for reproduction to offer customized solutions. Based on big data, optimize the allocation of storage resources, intelligent packaging and automatic sorting to improve storage and transfer efficiency and reduce process energy consumption. 	<ul style="list-style-type: none"> Plan with the optimal routes to reduce transportation energy consumption by applying logical algorithms and considering factors such as product aging and distance. With the support of big data analysis and deep-learning skills, achieve accurate matching of vehicles and goods through the integration of freight lines and capacity resources. Based on geographic big data, drivers are reminded to use predictive navigation and fuel-saving algorithms to reduce transportation energy consumption.

2021 2022 2023 2024 2025 2026 2027 2028 2029 2030

Green intelligent logistics 1.0	Green intelligent logistics 2.0	Green intelligent logistics 3.0
<ul style="list-style-type: none"> Intelligent park Green energy Intelligent transportation Intelligent map 	<ul style="list-style-type: none"> Green packaging Intelligent warehouse Green energy Intelligent transportation Intelligent map 	<ul style="list-style-type: none"> Intelligent park Intelligent warehouse Green energy Green supply chain solutions Low-carbon operation

Green transportation

Transportation is the key in green logistics. Midea uses technologies such as Internet of Things, big data, cloud computing and artificial intelligence to optimize transportation routes, reduce transportation distances and times, and improve transportation efficiency. Meanwhile, Midea achieved accurate matching of vehicles and goods, reduced the amount of greenhouse gases and pollutants generated in the transport link, to create a green, intelligent transport system through the integration of freight lines and capacity resources.

On this basis, Midea also continues to promote the application of new energy vehicles in the field of transportation and distribution, effectively reducing the exhaust emissions generated by distribution vehicles. By the end of 2021, Midea has used over 300 new energy vehicles, and plans to promote the use of new energy vehicles in 30 branches nationwide through procurement and leasing, and gradually replace traditional fuel vehicles with new energy vehicles in short-distance transportation.

The structural adjustment of the "Road to Railway" is the only way to reduce cost, increase efficiency and achieve green development in transportation. In 2021, the Chinese government issued the Outline of the 14th Five-Year Plan of the National Economic and Social Development of the People's Republic of China and the Vision 2035 and the Action Plan for Peak Carbon Emissions by 2030. It is clearly proposed to vigorously develop intermodal transportation with railroads and waterways as the backbone, and accelerate the "Road to Railway" transportation of bulk cargo and medium- and long-distance cargo. Midea actively responds to the national call, takes the initiative to adjust the transport structure, and accelerates the process of implementing "Road to Railway". In 2021, Midea and China Railway Guangzhou Bureau Group Co., Ltd. Started in-depth cooperation to create a new mode of multimodal transportation, which can increase the amount of cargo transported by railroad and significantly reduce the mileage of traditional fuel cars. Midea has also set up a cargo dispatching center to collect and consolidate cargoes with the same destination into containers to maximize the loading rate and turnover rate of each transport line and build up an intensive and efficient, green and low-carbon transport system.

Green storage

Midea takes "digital intelligence" and "energy saving and consumption reduction" as the entry point to promote the construction of a green storage system. With the support of big data and artificial intelligence technology, Midea implements measures such as optimal allocation of storage resources, intelligent packaging and automatic sorting to greatly improve the storage and transfer efficiency and reduce the number and distance of handling in the park. For automated storage, Midea plans to build an integrated, industry-leading, domestic first-class large automated storage and retrieval warehouse - Malong High-rise Warehouse in 2022, and to promote the construction of intelligent logistics park in Midea.

In 2021, Midea also vigorously conducts energy saving and consumption reduction improvement projects in the warehouse park to reduce power waste and save cost by adding timers, light-controlled switches and recycling lighting. Midea advocates reasonable planning of the number of lighting lamps according to demand and replacing traditional lighting lamps with energy-saving lamps to promote the reduction of consumption in lighting. In addition, Midea has also installed infrared sensor switches at the charging piles of the ferry bus to reduce the energy consumed when the piles are not working. Currently, Midea has achieved remarkable results in improving energy saving and consumption reduction. Annto Warehouse and Logistics has carried out work on energy saving and consumption reduction nationwide in the form of MBS improvement week, and the rate of national storage centers has reached 96%, reducing the total cost of water and electricity by RMB1.39 million.

In addition, the paperless project is also one of the ways to promote the construction of green storage. Midea has realized the electronic sign-off of sub-projects and paperless management in the warehouse so far, and built the electronic sign-off platform of Smart Sign-off to promote the digitization of warehousing in phases and to reduce paper consumption in the office. As of December 2021, the paperless project has covered 152 warehouses in and out of the warehouse, reducing 70% of printing cost, and increasing personnel efficiency by 20%.

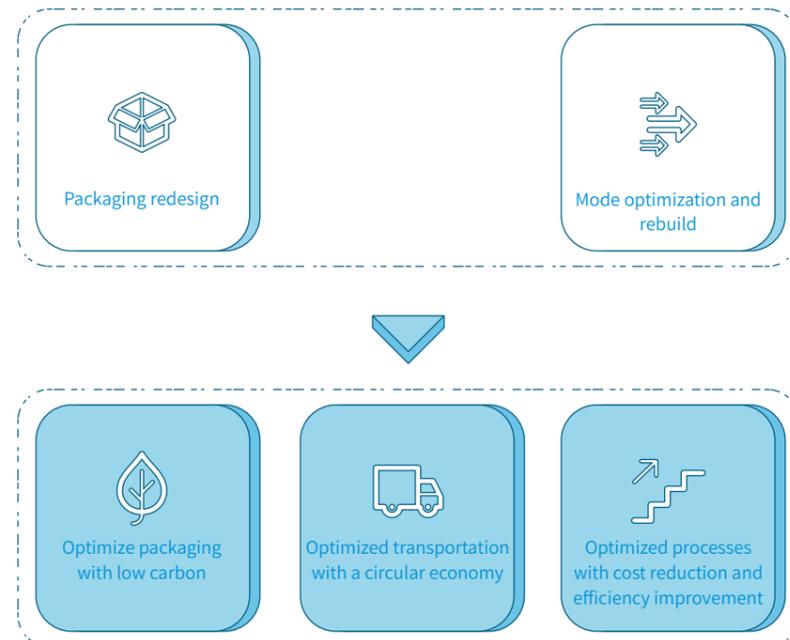
Green packaging

Green packaging can improve the recycling rate of packaging materials, effectively control the consumption of resources and reduce the pollution caused to the environment. In order to continuously improve the energy saving and environmental protection of the product packaging link, Midea, on the one hand, through the establishment of product packaging design system, improve packaging integration design, upgrade the foam material process and other measures to reduce the use of packaging materials; on the other hand, actively explore the recyclable environmental protection packaging materials, and now achieve an annual reduction of waste materials of 11,500 tons through the use of environmentally friendly packaging materials.

Midea plans to fully promote circular packaging in 2022 and build an integrated mode of transportation and packaging to maximize resource saving and reduce pollution. Packaging is an important element throughout the entire logistics process, and successful optimization of packaging apparatus can pry the optimization of the entire logistics value chain. The integrated mode of transportation and packaging starts from benefits, goes directly to customers, links pre-production, production and post-production logistics operation needs, combines recycling and green direction, plans and designs packaging solutions and transportation and warehousing service solutions, conducts integrated services to help internal and upstream and downstream customers to realize logistics standardization and greening, while helping to upgrade automation and digital intelligence. Take paperless packaging solution as an example: the solution reduces resource consumption by adopting recycled material packaging and complying with the principle of moderate packaging; improves cargo loading and unloading efficiency through unitized packaging machinery operation; enhances the full load rate of transportation through the standardized and modularized design of packaging size; and realizes cost reduction and efficiency increase by reducing unnecessary transfer links.

Midea is committed to the shared use of recycling packaging and green management. Through the recycling packaging center, Midea forms a collaborative transfer platform for sharing packaging resources to rent the packaging instead of buying. Universal packaging (such as standard pallets, universal crates, wrap-around boxes, etc.) can be shared nationwide or even globally in a large cycle, and special packaging for classified product design can be shared in a small cycle within the same industry for similar customers. The sharing of packaging containers can effectively optimize the resources utilization.

In addition, Midea has also established a warehouse packaging recycling management mechanism to recycle waste cartons for packaging materials out of the warehouse, and promote packaging reduction and greening.



Green Recycling

Midea actively undertakes the environmental responsibility of product end-of-life recycling requirements, responds to the extended producer responsibility system, builds a green recycling system, and especially establishes a green recycling business department to carry out the recycling of used products. Midea's green recycling takes users' peace of mind in replacing new products, convenient recycling channels and traceability of dismantling and scrapping as the vision goal. Through Midea's online platform, 130,000 retail terminals in the offline "Midea Cloud Sales+" system, and 160,000 service engineers, we build a reliable replacement system and convenient recycling channels. Midea simultaneously connects formal dismantling channels and opens the whole chain process from the user end to the dismantling factory end.

At present, Midea's recycling service network has covered all provinces and regions in China except for Taiwan, Hong Kong, Macau, Tibet and Xinjiang. Users can realize the old machine recycling and trade-in through the offline dealer stores, and also recycle used appliances through the customer hotline, Midea service public number and other after-sales service system self-reporting orders. Midea's after-sales engineers will take the initiative to recycle the materials at the customer's place after receiving orders. Currently, the recycling of used household appliances covers mainly for air conditioners, refrigerators, washing machines and other large appliances. In addition, Midea also provides old machine recycling services for distributors, and recycling service providers are responsible for recycling old machines at designated locations and carrying out subsequent processes such as distribution, logistics transfer, inspection and disassembly, classification and treatment, and centralized environmental protection recycling.

On e-waste disposal, Midea strictly abides by the Basel Amendment Convention and does not export e-waste to any non-OECD countries. At the same time, Midea vigorously promotes the Notice on Encouraging Household Appliance Manufacturers to Carry out Recycling Target Responsibility System Actions within the group to implement the extended producer responsibility system. To maximize resource recovery and reuse, Midea cooperates deeply with third-party dismantling enterprises with corresponding qualifications, formulates and implements e-waste dismantling programs, and sends recycled old machines to 109 dismantling enterprises with national fund subsidy qualifications for compliant dismantling through green recycling channels. By the end of 2021, Midea had completed the recycling and dismantling of 32,220 used household appliances, and sent 28,499 refrigerators and washing machines recovered from the factory side and 3,721 air conditioners, refrigerators and washing machines recovered from the market side to the dismantling factories.

In the future, Midea plans to deepen the "Internet + recycling" end-to-end digital recycling model through "Midea Service", "MSmartLife App", "Midea Cloud Sales" and other online terminal platforms. Midea will continue to expand product recycling channels and optimize the green recycling system. Midea will continue to increase the construction of recycling network, and to improve the door-to-door recycling service capacity, it plans to strengthen training and empowerment in the existing 10,000 service outlets, increase the authorized recycling outlets for consumers, expand the coverage of recycling services, and build an "Internet + recycling" platform. At the same time, Midea combs factory end-of-life machine processing system documents, develops end-of-life machine processing methods and standards according to industry standards. At the dismantling end, Midea plans to build its own dismantling factory, uses its own production advantages and factory operation experience to quickly improve the operating capacity of the dismantling factory, realizes comprehensive utilization of resources, develops circular production, and forms a whole life cycle management of household appliances from production to dismantling and scrapping.



Green Services

Green services take green energy services and intelligent building services as the core to build a comprehensive green service system integrating "building, intelligence and energy", and Midea is committed to providing customers with green, low-carbon, efficient and intelligent integrated solutions to achieve sustainable development together with customers. To implement the green service construction, Midea has scheduled the green service capacity construction action plan from 2021 to 2024 to clarify the path of implementing green service.

Green energy storage

In 2021, Midea has launched renewable energy solutions, natural cold and heat source system solutions, grid-friendly energy solutions, and planned heat recovery system solutions in green energy services. Among them, Midea promotes the development of green low-carbon technology innovation through the development of photovoltaic, energy storage, heat recovery and other demonstration projects. Midea plans to achieve the goal of 1,000MW of installed capacity of green power by 2030, with power generation reaching 30% of total electricity consumption.

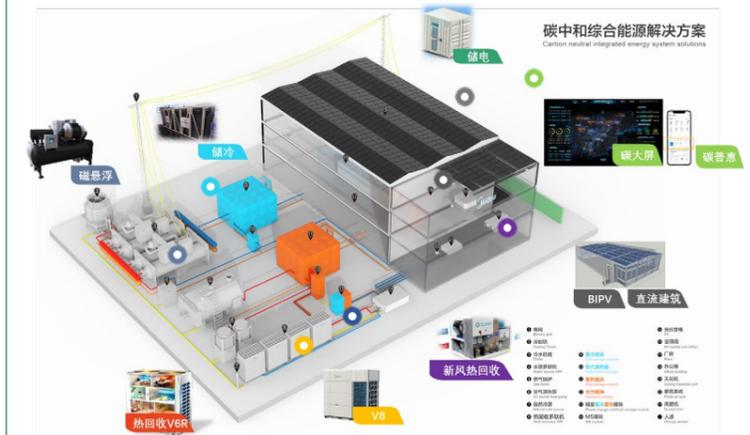
Midea has laid out the key technologies for energy storage and distributed light storage projects respectively. In terms of key energy storage technologies, the household energy storage module will be put into production and released in the second half of 2021, and sales will begin; the centralized energy storage module is scheduled to be put into production and rolled out in April 2022. In terms of distributed light storage projects, a distributed light storage system integrating building integrated photovoltaics, monocrystalline silicon modules, power storage and inverter will be completed in the industrial park of Midea Global Innovation Center to help realize zero carbon office. Meanwhile, in 2022, we plan to start 130MW of photovoltaic projects and complete more than 70MW; in 2022, we plan to complete the construction of 20MWh-30MWh of energy storage system. RMB320 million of output value is expected to be completed in 2022.



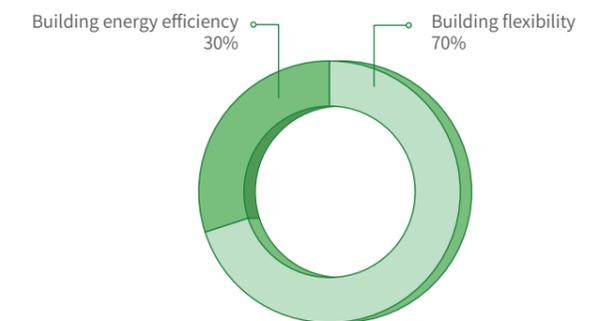
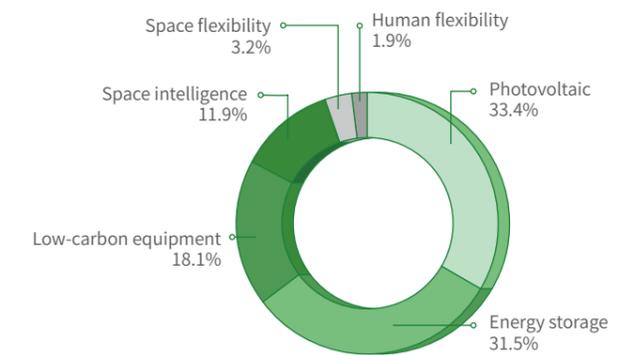
Distributed light storage zero carbon office building

Distributed light storage zero carbon office building

The distributed light storage zero carbon office building is in the industrial park near Midea Global Innovation Center. The light storage project configuration mainly includes: 300KW photovoltaic power generation, 100KWH power storage module, and it supports related technologies of building energy saving, including heat recovery multi-connector, high-efficiency intelligent multi-connector, heat recovery new air conditioner, cold storage module, energy recovery elevator, etc. The building will achieve zero carbon operation through low carbon equipment, space intelligence, human comfort flexibility, space heat capacity flexibility and light storage equipment, respectively. In addition, the building will integrate relevant systems through intelligent technology to realize intelligent operation and carbon management. The final project acceptance will be completed in April 2022.



Total solution of distributed light storage zero carbon office building



Distributed PV Storage Zero Carbon Office Building - Zero Carbon Pathway

Green building and MEP technology services

In the field of intelligent building services, Midea has set up a solution and delivery committee and launched building automation control services, customized consulting services for intelligent scenarios, and building technology service projects. Midea has always been concerned about energy saving and emission reduction in large public buildings, and created the "M-BMS Intelligent Building System" as early as 2018: using the "heat recovery" technology in HVAC design to recover the excess heat/cooling discharged from the building and reutilize it. The system makes full use of natural cooling sources to reduce the use of air conditioners, and collects, analyzes and systematically manages the overall energy consumption of the building in real-time. Through design optimization,

operation control optimization, and system iteration optimization, a theoretical energy consumption reduction of about 55% can be achieved.

In 2021, Midea, based on "M-BMS Intelligent Building System", jointly launched "carbon neutrality smart household appliances" and installed smart meters and sensors for buildings to monitor the electricity consumption of users and buildings, so as to develop corresponding energy-saving strategies, and actively respond to the pressure of the power grid at the peak of electricity consumption, and help achieve carbon neutrality. Midea Building Technologies won the Excellent Engineering Award, Excellent Energy Saving Product Award, Excellent Energy Saving Technology

Award, Outstanding Engineering Award and Excellent Energy Saving Technology Award in the 2021 "Blue Sky Cup" Excellent Engineering Award for Efficient Rooms (Energy Stations) with the Yue Ran Plaza, Guangzhou Metro Tianhe Park Station Ultra-Efficient Intelligent Ring Control System and Shanghai Waigaoqiao Logistics Park Phase II 5-3 Warehouse 2# C Warehouse Project. M-BMS Xbrain cloud energy efficiency platform of Shanghai MeiKong Intelligent Building Co., Ltd. was awarded as one of the top ten "certified platforms" and "Top Ten Building Automation Brand Award in 2021" in the "China Intelligent Building Brand Award". At the end of November 2021, the 1,000th centrifuge of Midea in 2021 was delivered to Shenzhen BYD from Midea's Chongqing factory.

Four leading international technologies promote the development of low carbon and energy saving in intelligent buildings

In July 2021, the four core technologies (research and application of horizontal opposed magnetic levitation inverter centrifugal compressor technology, research and application of non-uniform similar synergistic heat transfer strengthening mechanism of fan speed and fin width distribution, research and application of digital high-performance inverter control technology, and research and application of key technology of digital simulation of multi-connector) were identified by the China Refrigeration and Air Conditioning Industry Association as reaching the international carbon neutrality key technology for HVAC buildings leading level.

Magnetic levitation inverter centrifugal compressor

Midea has innovated and developed horizontal opposed high-efficiency magnetic levitation inverter compressor technology, which has broken through the key technical problems of magnetic levitation inverter centrifugal compressor and is of great significance to promote the implementation of China's dual carbon strategy. The biggest highlight of this innovation is the whole life cycle low cost, which can realize oil-free, high-efficiency and low-noise operation. 25 invention patents, 25 utility model patents and 4 design patents have been granted. The technology has been applied to projects such as Shenzhen Metro and Beijing-Zhangjiakou High-speed Railway, achieving energy saving and emission reduction of 11%.

The method of non-uniform similar synergistic heat transfer strengthening of fan speed and fin width distribution

The method of non-uniform similar synergistic heat transfer strengthening of fan speed and fin width distribution achieves the synergistic matching between non-uniform wind speed and unequal width of fins, reduces or even eliminates the influence of non-uniform wind field on heat transfer performance degradation of heat exchangers. Midea designed the integral C-type heat exchanger based on this method, which improves the heat transfer by more than 7% and the drainage rate by 21% compared with the traditional V-type heat exchanger. At present, this technology has been applied to Air C+ series air duct internal unit, which won the special award of "2020 Commercial Air Conditioning Excellence Product in Golden Choice Award".

Digital high-performance inverter control technology

Single-chip digital inverter control technology has its own intellectual property core control algorithm, which enhances the existing inverter air conditioning technology industry chain and solves the problem of core components. The technology also greatly improves the efficiency of small-load operation of air conditioners, reduces pollution to the power grid, and improves the utilization rate of power grid. As at 2021, the digital high-performance inverter control technology has obtained independent intellectual property rights, and has been granted 19 invention patents and 18 utility model patents.

Key technology research and application of digital simulation of multi-connector

In view of the mismatch between the selection and load of multi-connector system, inflexible prefabricated control strategy and difficulty in detecting refrigerant leakage, Midea's project team has developed an industry-leading multi-connector simulation platform, based on which it has proposed multi-connector system scheme optimization design technology based on building load simulation, control strategy optimization technology based on actual operation scenarios and refrigerant quantity detection technology based on simulation, which has significantly improved the energy efficiency of the whole life cycle of the multi-connector system. The appraisal committee unanimously concluded that "the results are innovative and the multi-coupling simulation platform is highly robust, applicable and fast, which is of great significance to promote the development of multi-coupling technology in China."

Ice and snow event dances the beauty of building technology

The beauty of life in a smart building

The National Stadium is used as the opening and closing ceremony venue for the 2022 Beijing Winter Olympic Games, with a floor area of about 258,000 square meters and a variety of cooling, heating, temperature and humidity control needs.

Firstly, Midea's MDV series multi-connected units can realize energy-saving hardware to install greener "lungs" for the building.

Secondly, the centralized control system solution of Midea Intelligent Building is assembled with "brain" and "nerve" to realize distributed control. All equipment in the venue is divided into groups, enabling remote control of single or multiple devices for switching and operating modes, meeting the different cooling, heating, temperature and humidity control needs of multiple areas, devices and scenes, and saving 40% of energy efficiency in operation.

The combined solution of Midea Building Technologies allows the venue to combine with green technology and become an intelligent building life body that can breathe, think and feel, reflecting the beauty of life of intelligent buildings everywhere.



National Stadium

The green beauty of a zero-carbon park

The charm of building technologies is not only in the venues of important events, but also in the protection around major activities.

- Through Midea's self-developed MDV-Link chip, the incoming equipment is linked with the national grid for peak regulation with dual signals, providing an important guarantee for Zhangjiakou's green power transmission.
- The units that Midea provides natural cooling for Mountain Broadcasting Center are equipped with precision temperature control algorithms. When the fresh air temperature is lower than the system's return water temperature, the natural cooling system absorbs cold from the external environment and reduces compressor operation, ensuring cold supply even when the compressor is shut down, thus realizing free cooling and allowing Broadcasting equipment to be cooled naturally, dynamically meeting the temperature fluctuation range, significantly reducing energy loss, and achieving energy-saving and low-carbon operation.

(The Zhangjiakou Mountain Broadcasting Center is the central hub for presenting ice and snow events to the world. The venue's huge cluster of communication and broadcasting equipment requires the highest stability, temperature control and security of the data center)



Midea's MDV multi-connector (external unit) for Mountain Broadcasting Center

SOCIAL

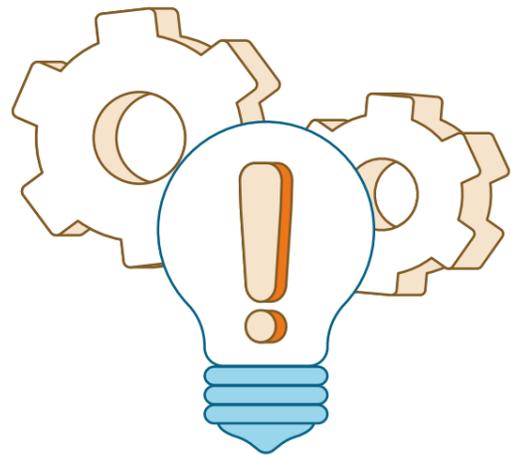
Innovation Opportunities





Products and Services

Midea Group takes product quality and safety as the cornerstone of business development, and takes technological innovation as the guarantee for achieving product competitive advantage. In order to promote high-quality development and improvement, Midea has established and continuously implemented a quality strategy of "building a global-oriented intelligent quality management system to provide users with green, safe, intelligent, easy-to-use, and durable good products". With the business strategy of "Technology Leadership", Midea continues to focus on technological innovation and innovation system construction, forming a solid foundation for Midea to maintain its leading product technology advantages. Based on this, Midea Group has also built a reliable customer service system, and has continuously optimized customer service management according to the strategy of "Direct to Customer" and "Digital & Intelligence Driven".



Product Quality and Safety

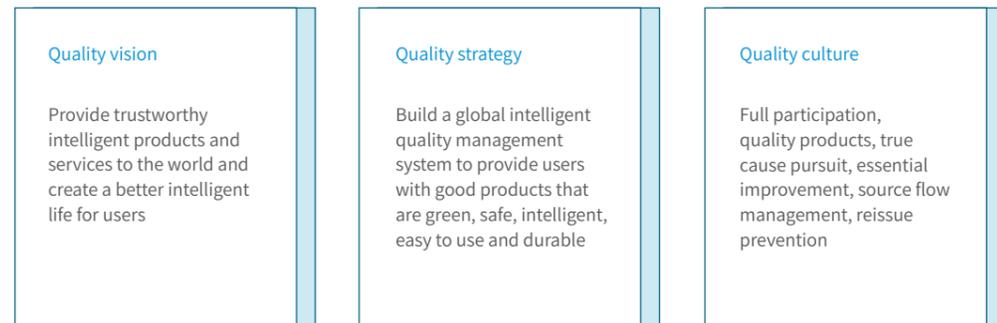
Ensuring product quality and safety is the cornerstone of Midea's business development. By continuously strengthening quality responsibility, risk and integrity management, Midea has established a quality management system covering the whole value chain and an intelligent digital quality operation system driven by two wheels of VOC (Voice of the Customer) and VOP (Voice of the Process), combined with quality culture construction and staff incentive mechanism to achieve high quality growth.

Quality strategy and culture

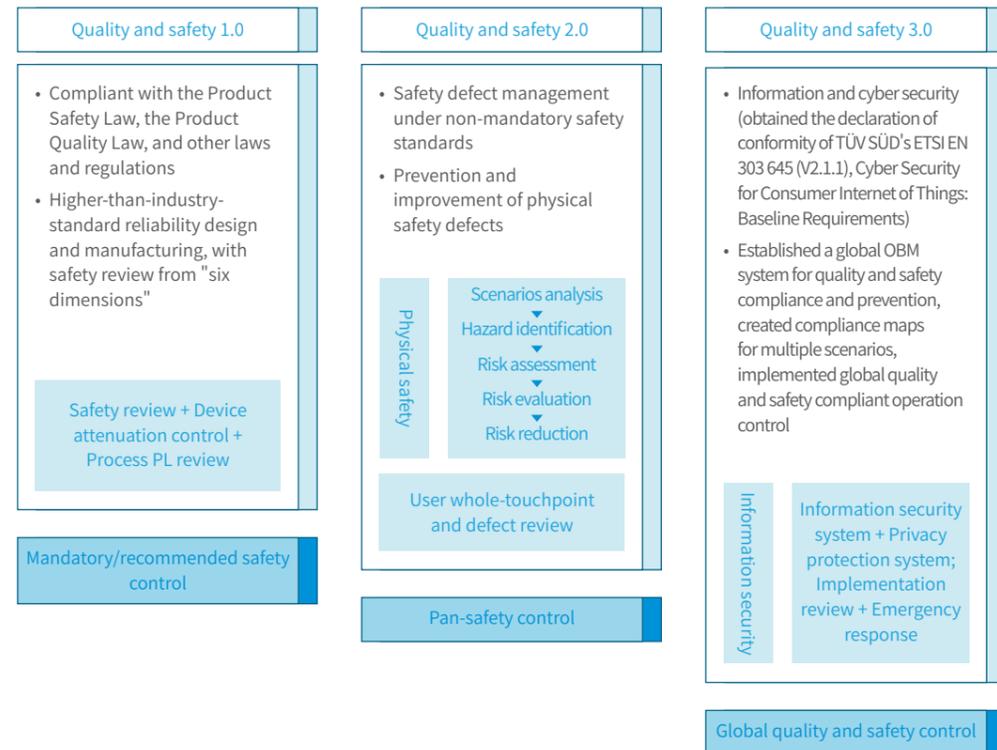
To implement the national quality country and the "14th Five-Year Plan", Midea Group, based on the overall strategic objectives, combined with customer demand and other internal and external factors analysis, clarified the quality vision, quality strategy and quality culture of Midea, and unswervingly promoted the quality change and quality improvement work.

With more than 50 years of business development, Midea's quality and safety management has gone through three development stages: Mandatory/recommended safety control stage, pan-safety control stage and global quality and safety control stage. Firstly, it started from the traditional quality of compliance which focuses on the basic needs and can be used and available, and upgraded to the comprehensive reliability quality which focuses on user experience and durability, ease of use and product reliability. Now it has extended to global intelligent quality management through intelligent quality management mode and fine, quantitative and efficient total reliability system methodology. Midea continues to provide customers with trustworthy products and services, continuously improves the core competitiveness of enterprise quality, and supports global excellence in operation.

Under the guidance of quality strategy, Midea has formed a pan-safety management mechanism with product defect prevention management, information security and privacy protection as its core, realizing the identification and treatment of safety hazards at the product development stage and regular reviews after production. Midea has also systematically built a global compliance control method, guarantees the quality and safety of the whole scenario and escorts the globalization strategy operation through the specification documents such as Global Product Compliance Map, Privacy Regulation Map of Each Country and Food Safety Risk Control Map, and information security management system (ISO27001 certification).



Development Stages of Quality and Safety Management



11,710

Quality and safety related certificates obtained so far

29

Quality related awards

Midea has obtained 11,710 certificates related to quality and safety up to now, because of its unremitting pursuit of quality. In the past five years, its subsidiaries have won 29 awards, including "National Market Quality Credit Grade AAA", "National Quality Benchmark" and "China Quality and Integrity Benchmark Enterprise".

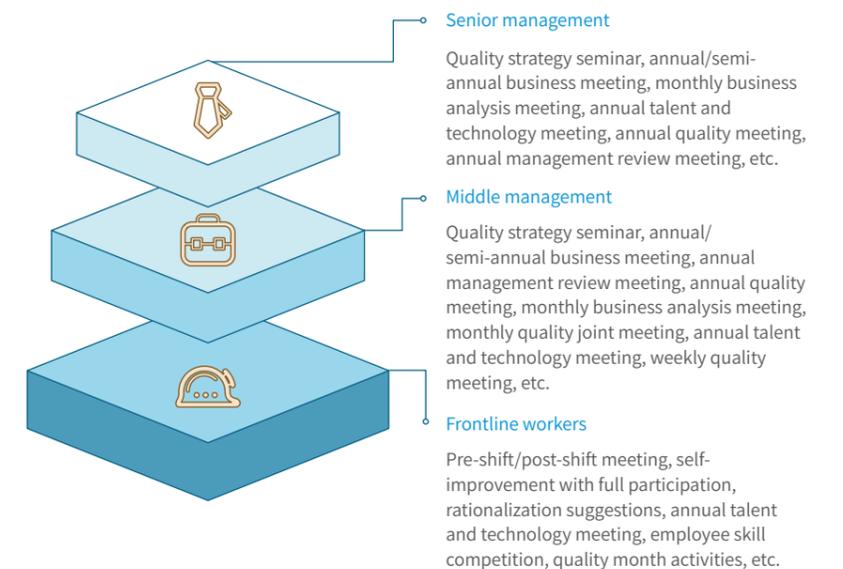
To enhance the quality consciousness of the whole value chain, Midea actively shapes the quality culture of "full participation, quality products, true cause pursuit, essential improvement, source flow management, reissue prevention", and shares the values and concepts conveyed by the quality culture with related parties through various forms such as meetings, signboards and public numbers. Through the dissemination of quality culture, a good situation of internal and external synergistic development is formed. Within Midea, Midea especially guides all employees to participate in the construction of quality culture through various forms, such as skill competition, technology month, quality month award selection, etc.

Midea attaches great importance to quality skills training and has established a three-level training institution system of training center-division-factory/team, and systematically put online and offline quality education resources to carry out various training covering all employees, such as quality awareness training, job skills training and management ability improvement training. Relying on the training center, Midea continues to build an internal lecturer team, promotes the precipitation and dissemination of internal knowledge and skills, and creates a learning organization atmosphere of sharing and winning together. In addition, Midea also actively introduces international/domestic professional training institutions, universities and scientific research institutions educational resources, and introduces cutting-edge concepts and technologies. In 2021, Midea opened a total of 182 external training programs for middle and senior management and grassroots individuals, training a total of 683 people and accumulating 11,681 man-hours.

ISO27001 Information Security Management Document and System Certification



Full Participation in the Construction of Quality Culture



Quality assurance system

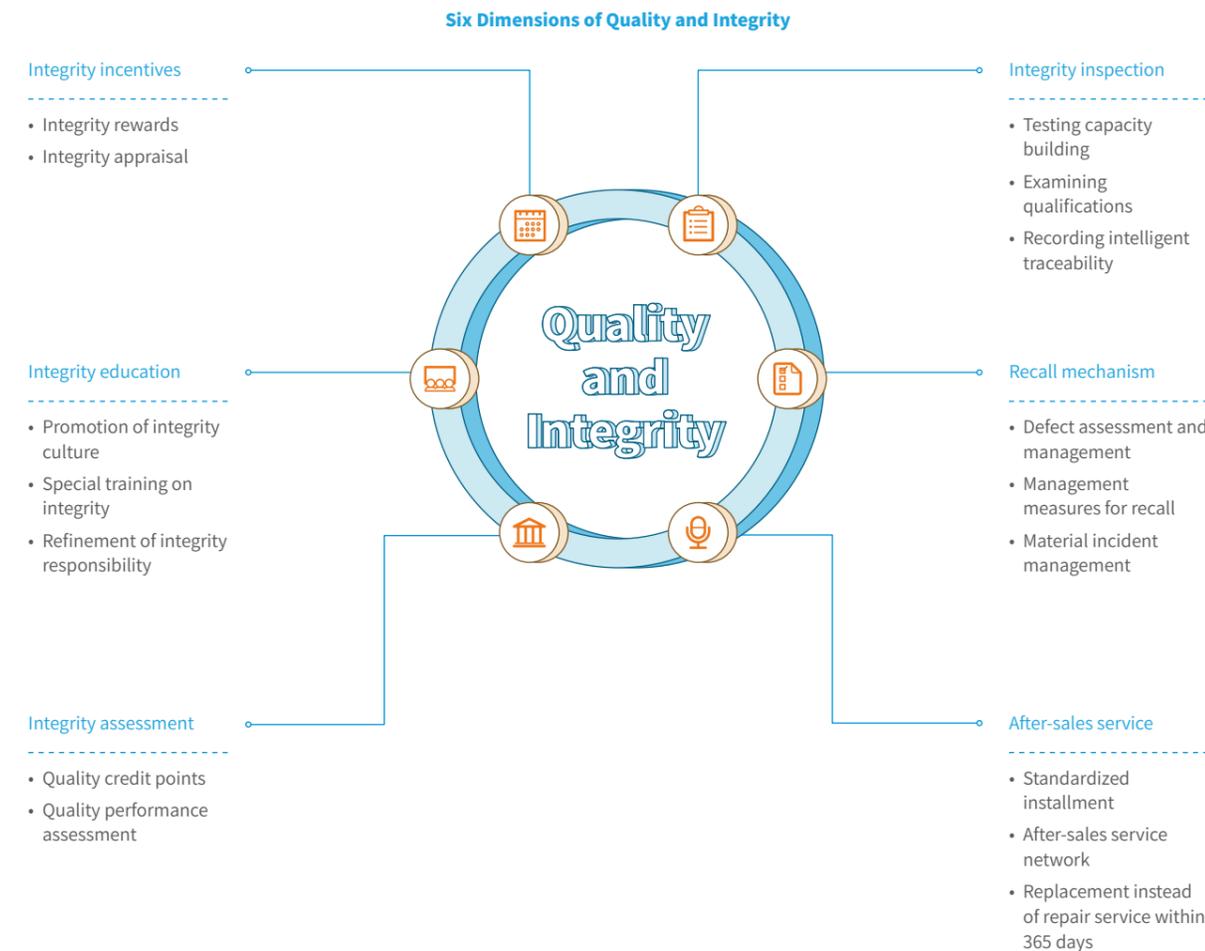
To effectively implement the quality strategy and culture, Midea has built a systematic "3 + N" (3 refers to the strategy layer - organization layer - implementation layer, N refers to all kinds of major quality responsibility accountability, etc.) quality responsibility mechanism: the group vice president serves as the chief quality officer, the first person in charge of the five business sectors or business groups, business unit president is primarily responsible for quality and safety, and implements the goals and KPIs of the quality and safety responsibility system. At the same time, a documented quality management system covering the whole life cycle of marketing, R&D, procurement, manufacturing, logistics and after-sales has been established.

Based on the six dimensions of quality and integrity, Midea has established a four-

dimensional quality and integrity model, signed the Enterprise Quality and Integrity Management Commitment and carried out integrity supervision, which has finally formed an honest and trustworthy quality self-discipline mechanism. Meanwhile, Midea has established a quality management system covering the whole organization operation process, such as Quality Responsibility Traceability Management Measures, Quality Responsibility System Management Measures, Quality Internal Control Manual, etc. by deepening the "Five Precision" project (precise planning, exquisite R&D, lean manufacturing, sincere service and high-quality) of the whole value chain. Up to now, Midea's quality and safety assurance system has reached 3,618 items.

Based of holistic system, Midea attaches great importance to the identification and

prevention of quality and safety hazards, establishes control rules and verification methods in accordance with system requirements and product quality and safety elements, and implements quality and safety supervision and evaluation of the whole staff and the whole process. Midea supervises continuous improvement based on the evaluation results, and promotes quality assurance work improvement through daily audits (supervision and sampling, business self-inspection) and quality internal control management.



"5 all 5 Digitalization" intelligent quality management model

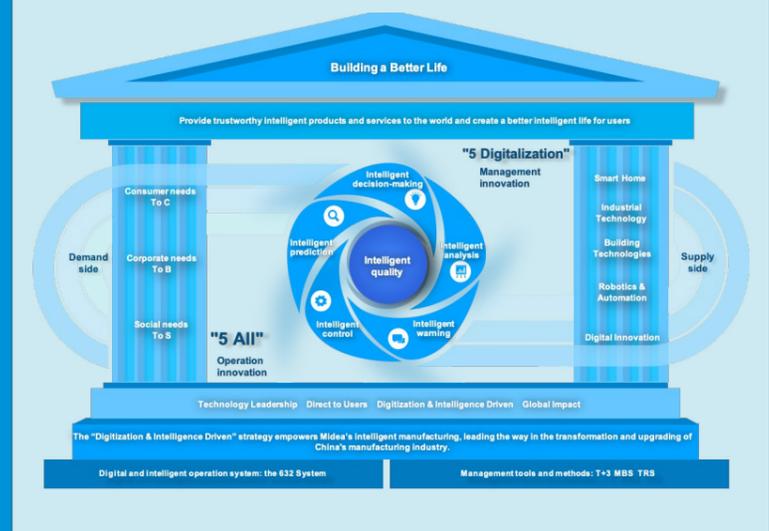
In the new era, around the vision of "Building a Better Life", Midea has built a unique "5 all 5 Digitalization" intelligent quality management model through "5 All" management innovation and "5 Digitalization" management innovation to connect both sides of supply and demand. Through this model, Midea can realize intelligent analysis, intelligent warning, intelligent control, intelligent prediction and intelligent decision making for the business scenarios of the whole value chain from end to end. Based on the "5 all 5 Digitalization" and the two-wheel drive based on VOC (Voice of the Customer) and VOP (Voice of the Process), Midea is actively carrying out the whole process of digital intelligence change of planning, R&D, manufacturing, marketing and service and transforming into comprehensive digital intelligence and high quality to meet the needs of users with intelligent means.

The "5 all 5 Digitalization" intelligent quality management model has been verified to be widely used in more than 40 sub-sectors, with significant demonstration and promotion, and can also realize cross-enterprise collaboration and build a mutually beneficial and win-win ecology. Within Midea, the model has been replicated and promoted in 34 bases in the form of global joint management. For the upstream of the industry chain, the management output of more than 5,000 suppliers, Midea creates an upstream digital industry chain through APS + MES + SRM to connect suppliers manufacturing, quality and other data. For the downstream of the industry, Midea creates a downstream digital industry chain through Midea Connect and Midea Cloud Sales to pull through the operators, retailers marketing and service data. At the same time, Midea is also exporting services to upstream and downstream and related enterprises through Midea Cloud, deepening intelligent manufacturing solutions, integrating IoT and industrial ecology.

"5 all 5 Digitalization" Intelligent Quality Management Model

The "5 All" management innovation is a strategy and ideology that highlights global vision and total value chain management, meets the individual needs of the global market, and reflects the organization's market value orientation of "listening to the voice of the customer", including global user co-creation, global platform group development, total T + 3 operation of the whole value chain, global joint management, and system-wide 632.

The "5 Digitalization" management innovation is a management tool and method to improve the quality and efficiency of the organization's internal operations through digital and intelligent management, reflecting the organization's lean management orientation of "listening to the voice of the process" and analyzing the industry's big data to discover market opportunities. It includes digital intelligence planning, digital intelligence R&D, digital intelligence manufacturing, digital intelligence marketing, and digital intelligence service.



Technological Innovation

Technological innovation is the guarantee to realize the competitive advantage of products. "Technology leadership" is the core strategy of Midea Group's four strategic focuses, emphasizing the construction of R&D scale advantages, and increasing the layout and investment in core and cutting-edge technologies. Under the guidance of this strategy, Midea continues to pay attention to technological innovation and innovation system construction, constructing the first research system, laying medium and long-term technology reserves, laying a solid foundation for Midea to maintain the leading product technology advantage.

Innovation capacity building and guarantee

Midea focuses on building a global R&D layout and multi-level R&D system with global competitive advantages. In the past 5 years, Midea has invested more than RMB45 billion in R&D and increased it year by year, and the R&D investment in the past 2 years has exceeded RMB10 billion. Midea has set up 35 research centers in 11 countries, including China, formed a global R&D network of "2+4+N" and continuously improved its R&D scale advantage.

Midea gives full play to the regional technological advantages of each center, integrates global R&D resources, and builds a global R&D layout. At home, Midea takes Midea Global Innovation Center in Shunde District, Foshan City as the core and Midea Global Innovation Center in Shanghai to radiate the Yangtze River Delta; overseas, Midea America Research Center, Midea Germany Research Center, Midea Japan Research Center and Midea Milan Design Center are the main ones, forming a regional center with complementary advantages. With its technology leadership strategy, Midea has more than 18,000 R&D personnel, including more than 500 senior foreign experts.

While strengthening the global R&D layout, Midea focuses on building an open innovation ecological platform, deepens the implementation of high-end technology projects, integrates global advantageous technology resources, and forms a global innovation system. Integrating 5 major categories and hundreds of resources, such as large enterprises, technology companies, universities, research institutes and innovation consulting institutions, Midea built an R&D technology ecological network and a scientist system, established 8 academician workstations (rooms), introduced 19 strategic cooperation academicians and docking more than 100 cooperation projects.

Strong innovation capability and resources are the basis for technological innovation, while a complete innovation system can effectively improve the efficiency of technological innovation. Midea Group takes the dual-drive model of "user-driven + differentiated technology-driven" to promote continuous product leadership. On the basis of continuous innovation of product R&D mode, Midea has established a new R&D mode combining a "Four-Tier R&D System" and "Three Generations". Through this model, Midea formulates medium and long-term product and technology planning around user needs, lays out cutting-edge technologies by organization and by technology, and builds product leadership and technology leadership capabilities. At the same time, Midea also continued to optimize the innovation system. In 2021, Midea improved the six core development pain points, and achieved the overall R&D efficiency by 30%.

Midea has continued to invest in research and development, and up to now has plowed into more than 30 research fields, with core technology layout including common basic technology, consumer electronics and HVAC technology, electromechanical key technology, industrial automation and other key technologies. Several its technology research has made significant breakthroughs, and more than 160 core technologies have been identified by authoritative experts in the industry as "Internationally Advanced".

Around the strategy of "Technology Leadership", Midea will build a global technology-leading R&D digital platform from six dimensions, such as technology, users, products and globalization, continuously promote technology and product innovation advantages, and continuously promote the development of Midea's business competitive advantages.

+18.74% YoY
RMB
120.15 billion

Total R&D investments

+18.61% YoY
18,105

Number of R&D personnel

514

National standards formulated/ revised accumulated

41

International standards formulated/ revised accumulated

277

Industrial standards formulated/ revised accumulated

515

Local and group standards formulated/ revised accumulated

Transformation and protection of innovation achievements

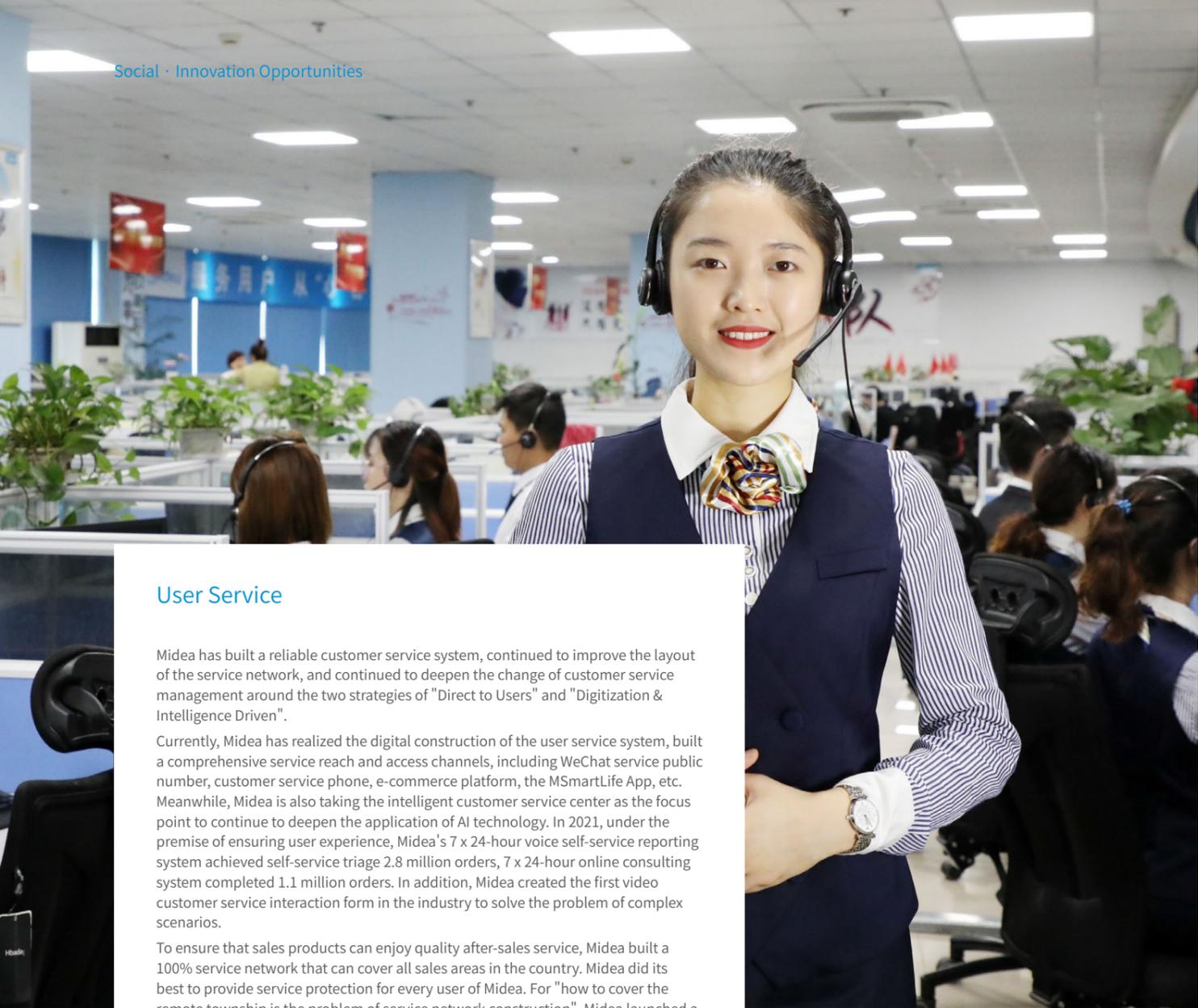
While engaging in core technology research, Midea also pays great attention to the transformation and protection of innovation achievements. By the end of 2021, Midea (including TLSC) maintained more than 70,000 patent licenses; applied for more than 10,000 patents worldwide in 2021, and granted more than 3,000 Chinese invention patents and more than 1,000 overseas invention patents annually. Midea won multiple awards at the 2021 22nd China Patent Awards, including a Silver Invention Award for its "Air Conditioner with a Coverable Air Outlet", Silver Design Awards for "Electric Kettle" and "Wireless Rechargeable Handheld Dust Mite Vacuum Cleaner", in addition to over 20 Excellence Awards for technologies such as the "Air-conditioning System with Enhanced Vapor Injection".

To better support the strategic goal of "Technology Leadership", Midea always insists on the parallel double drive of "product innovation + standard innovation", trying to transform innovation achievements and invention patents into advanced enterprise standards. Midea promotes them to upgrade to international standards, national or industry standards, local or group standards and other external standards, to comprehensively enhance Midea's contribution to international and domestic advanced technology standards.

In 2021, Midea actively promoted the implementation of the "3+1" standardization strategy of "Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out". To ensure the efficient implementation of Midea's standardization strategy, Midea has set up a standardization management committee and secretariat, established a two-level standard management system for Midea and business divisions, and promoted external technical standardization work at multiple levels. At present, Midea has 50 core standard staff, including 13 full-time standardization engineers and 37 internal and external technical standard experts. Up to 2021, Midea participated in 1,347 external technical standards, including 41 international standards, 514 national standards and 277 industry standards, and 515 local and group standards.

For intellectual property protection, Midea upholds the principle of "respecting innovation and intellectual property", comprehensively implements intellectual property risk control of R&D projects, and actively promotes intellectual property protection at the same time. Midea protects the intellectual property rights through comprehensive use of litigation, administrative investigation and complaints on the e-commerce platform, protects the rights and interests of consumers, and promotes market purification and technological upgrading in the industry while establishing competitive advantages.





User Service

Midea has built a reliable customer service system, continued to improve the layout of the service network, and continued to deepen the change of customer service management around the two strategies of "Direct to Users" and "Digitization & Intelligence Driven".

Currently, Midea has realized the digital construction of the user service system, built a comprehensive service reach and access channels, including WeChat service public number, customer service phone, e-commerce platform, the MSmartLife App, etc. Meanwhile, Midea is also taking the intelligent customer service center as the focus point to continue to deepen the application of AI technology. In 2021, under the premise of ensuring user experience, Midea's 7 x 24-hour voice self-service reporting system achieved self-service triage 2.8 million orders, 7 x 24-hour online consulting system completed 1.1 million orders. In addition, Midea created the first video customer service interaction form in the industry to solve the problem of complex scenarios.

To ensure that sales products can enjoy quality after-sales service, Midea built a 100% service network that can cover all sales areas in the country. Midea did its best to provide service protection for every user of Midea. For "how to cover the remote township is the problem of service network construction", Midea launched a remote cost subsidy policy, and subsidized the areas with faraway network coverage according to the distance beyond the standard distance. 2021, Midea's subsidy amounted to RMB153 million.

On this basis, Midea also continues to promote user service optimization and innovation from all aspects.

7*24 ^{hour}

Services

2.8 million ^{orders}

Self-service triage

1.1 million ^{orders}

Online consulting system

100 %

Service network covering national sales area

Service charge

The whole process of charge transparency is realized: official public display of user charge standard, real-time charge details can be checked and visualized, charge results confirmed on site, one-click complaint if there are problems.

Work order management

the construction of direct management and direct payment of engineers was promoted combined with the platform operation mode, up to now a total of 42.64 million direct dispatch work orders were achieved.

Maintenance policy

intelligent small electricity fully realized the performance of replacing the repair of the package failure products. The time limit for replacement has been shortened to within 3 days, and we have simultaneously promoted the conversion of home delivery and consignment repair.

Value-added business

value-added business such as home cleaning was expanded from the whole life cycle of household appliances, the annual scale of RMB105 million was achieved.

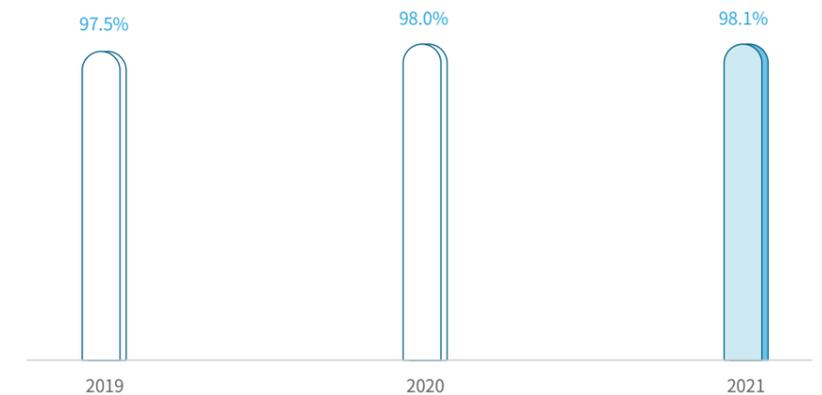
Service customization

we created COLMO high-end service, independent exclusive online customer service 1v1 butler service, exclusive engineer door-to-door customization service and exclusive service rights system.

Midea attaches great importance to protecting users' rights and interests. In terms of return and exchange, Midea is committed to providing users with worry-free return and exchange services, and has launched a return standard higher than the industry standard - 100% should be returned. In terms of user information protection, all sensitive user information (address, phone number, identity information, etc.) in Midea's user service system has been desensitized to fully protect users' privacy information from infringement, and has been certified by the national privacy information management system security.

User feedback is an important source of information for Midea's customer service system and product quality optimization. Midea continues to carry out user satisfaction management work and has built a perfect information and evaluation system. In the service evaluation, the user first gives a star rating of 10 stars for service satisfaction, and then the user can make a positive or negative evaluation for the engineer according to the alternative label (or fill out by themselves) to help the user feedback specific satisfaction or dissatisfaction. Users who have not evaluated via SMS or WeChat will enter the return visit pool, and a manual return visit will be made to ensure that the user feedback information is comprehensive and effective. In 2021, the user satisfaction of Midea reached 98.1%.

Customer Service Satisfaction





Talent Development

Midea Group regards talents as the primary productive force. After decades of development, Midea has formed the organization and talent concept of "be people-oriented, drive employee diversity, and promote fairness, openness and inclusiveness", and has built a comprehensive talent system in terms of equal employment and rights, employee welfare and security, employee development and communication, and occupational health and safety to promote the growth of talents.



Incentive

- Performance-orientated
- Long-term incentive
- Diverse benefit



Talent

- People-orientated
- Fairness, Justice, Open
- Rotation mechanism and the Sailor-Voyager-Pilot program



Organization

- Undertake company's strategy
- Match the business
- Streamlined and Synergized



Equal Employment and Equity

Equality is the cornerstone of the talent management system of Midea. Midea always attaches importance to providing equal work opportunities for employees, and is committed to building a work-life balance work atmosphere and a high level, safe and comfortable working environment for employees.

Employment compliance is the bottom line of Midea's talent management system. By establishing a sound employment compliance management system, Midea puts equal employment and the basic rights and interests of employees into practice, insists on employment according to the law, prohibits the employment of child labor, and prohibits all discriminatory behaviors against nationality, region, race, ethnicity, gender, age and other factors. Meanwhile, Midea will not use forced labor and will firmly protect the legitimate rights and interests of employees. As a globalized company, the rights and interests of Midea's employees around the world are protected by local laws, regulations, rules and guidelines. In Germany, for example, Midea does not collect data on employees covered by labor-management bargaining agreements.

"Reform and Innovation, Inclusion and Coordination" is the core of Midea's work culture. "Diversity, Inclusion and Innovation" is an important core of Midea's work culture. We believe that employee diversity is a source of innovation and business success. In Germany, KUKA under Midea Group has signed the Diversity Charter, a commitment to a diverse and non-discriminatory work environment. It has also included diversity, inclusion and understanding into its compliance manual, and gives full consideration to diversity when formulating new policies and processes. Internally, KUKA continues to support the women's network OrangeWIN to facilitate the development of female employees. In spite of the COVID-19 pandemic, a total of 12 "Lunch & Learn" online events were held during 2021, attracting around 330 attendees. Externally, KUKA plays an active role in Women in Network (a women network association covering Munich and its surroundings), the Augsburg Cross-Mentoring Program, which works to uphold gender equality at work, as well as MigraNet, which aims to achieve the professional integration of immigrant groups, promoting diversity, equality and inclusion in the workplace in a holistic manner. These actions not only demonstrate KUKA's positive attitude towards diversity, but the globally applicable diversity principles also represent the clear expectations of the Executive Board, the Group Human Resources Department, and the management of each branch and department. These principles are designed to ensure equal rights, equal opportunities and mutual respect for all, which help to prevent discrimination and possible violations with due punishment.



Employee Welfare and Protection

On top of fully protecting the basic rights and interests of employees, Midea also provides comprehensive welfare programs for employees, adding protection to their work and life in terms of health, finance and risk. Midea's welfare system covers six sections¹: Guarantee, Enjoy Work, Enjoy Life, Love Your Family, We Care and Specific Benefits.

- **Guarantee:** As required by law, five insurance benefits and the housing provident fund, statutory holidays and other benefits are provided for employees to guarantee their basic rights and interests.
- **Enjoy Work:** Benefits are provided to eradicate obstacles for employees in dining, commuting, taking a business trip, etc. so that employees can enjoy work.
- **Enjoy Life:** Benefits are provided for employees to enjoy life, including holiday benefits, health benefits, risk protection, and additional holidays. Midea places particular importance on employee health. Besides the annual medical checkup, it also offers facilities such as professional sports venues, Chinese medicine physiotherapy halls and infirmaries to promote better health for employees. Free-of-charge psychological counseling hotlines are also provided for employees to help solve their mental problems.
- **Love Your Family:** Midea cares for its employees and their families. We celebrate with our employees at their special moments such as getting married and having a baby. The employees can accompany their children with pay when they are going through the senior high school and college entrance exams. Additionally, we provide commercial insurance for employees' family members to protect their beloved ones.
- **We Care:** To build itself into a friendly enterprise, Midea provides aid for employees in need. Midea has established the "May I" Support Funds in 2007. Employees can apply for aid funds for himself/herself or their immediate family members over medical expenditures on critical diseases or accidents. More than RMB50 million of such funds has been given out for the period from 2016 to 2021.
- **Specific Benefits:** Midea offers differentiated and considerate care and services to its employees. For instance, housing and car allowances for technology personnel show Midea's appreciation and respect for them; policies and services specially designed for high-level talents maximize their benefits; and for expatriate workers, relevant trainings, information guidance, insurance, safety protection, among others, are provided to fully facilitate their work and life.

In the past two years, Midea issued a commendation and incentive policy for overseas staff and foreign employees in China who meet certain criteria, to fully recognize their perseverance in foreign places and overcome difficulties during the epidemic. The policy covers spiritual incentives, material incentives, family care and other aspects, including the honorary title of "Hero in Harm's Way" and honorary medals with one-time special awards, New Year's allowances for foreign employees in China, and medical checkup benefits for employees' family members.

¹The specific welfare programs that employees enjoy are differentiated with the specific conditions of the region or country where they work, fully reflecting the tolerance and respect for regional and employee diversity by Midea.

6 sections

Employee benefit items



We need to step up our efforts in talent development. The importance of talent can never be overemphasized. With Midea being a global company, it is without a doubt that its chairman and the general managers of its business divisions need to be the chief human resources officer at the same time.

—Fang Hongbo, Chairman of the Board of Midea Group



Employee Development and Communication

Midea attaches great importance to the cultivation of talents. Compared with capital appreciation, Midea values the benefits brought by human capital appreciation and aims to succeed together with its employees.

Incentive mechanism for growth-oriented employees

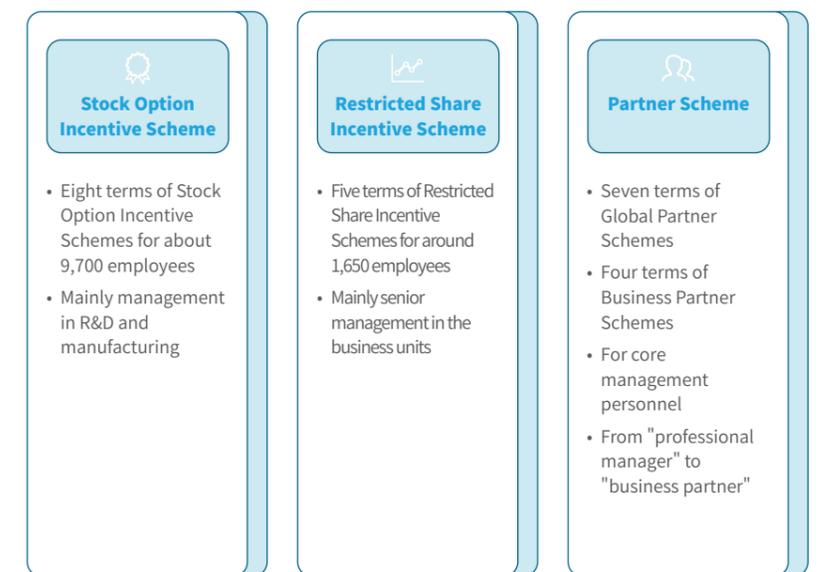
Midea has established a set of performance evaluation responsibility systems based on goal orientation, which comprehensively covers performance target and plan formulation, communication and counseling, stage summary, evaluation and feedback, improvement plan, etc. Since 2021, Midea has internally promoted the OKR tool, encouraging employees to speak up. Specific objectives are established through sharing innovative ideas together on a quarterly basis to inspire innovation from the bottom up and to develop self-driven employees.

To better help employees learn and grow, the management "fuels up" their team members on a quarterly basis in flexible ways such as having lunch together and tea session for common progress and growth. Through this system, Midea creates an open and fair working environment, provides development platform and resources for high-level talents from all over the world, and motivates employees to create value, achieve self-realization, win trust with character and ability, win reward with contribution, and develop together with Midea.

Midea has put in place a sound and competitive remuneration system. It uses value contribution and professional ability as the basis for salary determination, provides global-oriented, future-oriented and sufficiently competitive salaries, and builds a comprehensive remuneration and incentive system. Midea provides employees with competitive remunerations in the industry based on their work responsibilities and skill levels, and puts forward salary increase plans on an irregular basis according to its financial performance, and employees' development and contributions. Midea gives annual performance bonuses based on company performance and employee performance to ensure performance-oriented remunerations and incentives and allow employees to share Midea's performance growth. Meanwhile, special awards are offered for innovation projects beyond regular incentives to encourage innovation and breakthroughs.

Midea also puts in place a diversified long-term incentive mechanism. In order to improve the governance structure, refine the incentive mechanism, as well as enhance the management and key business personnel's sense of responsibility and mission towards the sustained and healthy development of Midea, Midea has launched long-term incentive schemes for eight consecutive years from 2014. For key management personnel, global and business partner incentive schemes are put in place to encourage entrepreneurship; and with respect to other key employees, stock option and restricted share incentive schemes featuring employee alignment and value sharing are established to drive common growth under a long-lasting incentive mechanism. Meanwhile, Midea keeps driving improvement of the long-term incentive schemes to attract high-end talents from outside, and a special incentive policy has been implemented to stimulate young employees.

To ensure compliance in the incentive system, Midea has established sound performance incentive management rules and carries out regular compliance checks on internal control to implement standardized whole process management and monitoring for policy design, resource decision, standard setting and payroll accounting.



Combination of motivations and restraints: three levels of appraisal (corporate, departmental and individual) with "red lines"

Sustainable career development channel

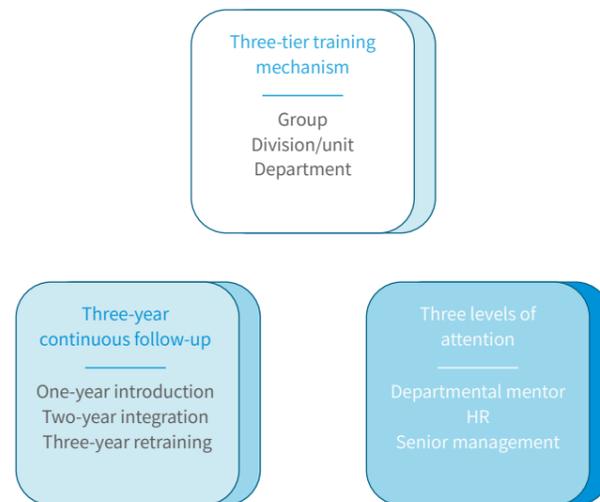
In terms of employee career development, Midea has established a career development planning system for employees, adheres to the management philosophy of "Be people-oriented and take talent as the primary resource of Midea" based on the development requirements of the overall strategy. Midea guarantees the career development channels of employees from the system level, and the career development channels and corresponding qualifications are clarified through the Management Measures of Midea Group Grade System and Management Measures of Midea Group Job Qualification System.

Midea provides a career development system for employees to boost their professionalism. Covering all stages and aspects of employees' career development, the development paths provided take the four strategic focuses as the core and organically combines organizational capability requirements with individual capability development. With empowerment and appraisal on multiple dimensions including professional skills, results & outputs, leadership capability and values, career development paths that are clear, flexible and diverse are offered to employees.

Fresh graduates are one of the important parts of the talent supply system of Midea. For the career development needs of graduates, Midea has specially sorted out the graduate quality model in order to provide targeted career development support for graduates. Furthermore, Midea provides graduates with diversified courses and exclusive mentors to realize the whole empowerment of graduates and help them grow.

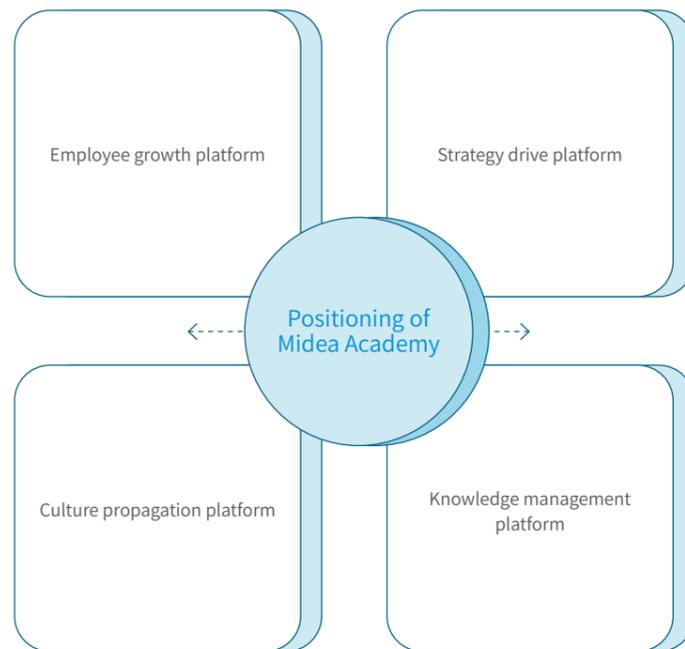
In April 2021, Midea launched the second-quarter campus recruitment caravan program -- "Midea, looking for hardcore players", where 24,000 students from 19 universities in 15 cities took part in offline interaction. Through this program, the students can learn about Midea as an employer in advance, and also get interview cards through offline interaction and innovation experience. The program has strongly promoted school-enterprise cooperation and student employment.

Competency Constructon Model for Graduates



Systematic employee training courses

To promote lifelong learning of employees, Midea provides comprehensive and systematic training for employees, from induction training to job skills training, and promotes the improvement of various professional and general abilities of employees. The training of employees is mainly carried out by Midea Academy and the business divisions, which was established in May 2006 and located in Midea Global Innovation Center. For more than ten years, Midea Academy has always taken the mission of cultivating outstanding Midea people, providing employees with high-quality learning resources. It takes into account both "development goals of the organization" and "individual aspiration and possibility", and places high emphasis on the unity of knowledge and action, helping more Midea people grow.



Midea Academy Curriculum System

Object	Newcomer Empowerment Center	Professional Development				Leadership Empowerment Center	Resource
18+ and Professional manager	Chuangmei ²	Visit/Cross-boundary/Seminar/Mentor System				Senior Development Program Pilot Program	M-learning · Digital Learning platform Curriculum System Teaching System
15-17	Huimei ³	Covering 15 occupational groups and 101 occupational categories				Explorer Program	
13-14		Intelligent Manufacturing Empowerment Center	Globalization Empowerment Center	Digital and Intelligent Innovation Empowerment Center	General Empowerment Center	Voyager Program	
10-12		Supply Chain Logistics Quality Manufacturing	Information Technology Operation, Finance Manufacturing Marketing	R&D Information Technology	Career Competence General Skill	Sailor Program	
3-9	Social Recruit · Junmei ⁴						
O-category	Campus Recruit · Midea Star + New Power ⁵						

²Chuangmei: Unified training for new employees of social recruitment of level 18 and above organized by the group
³Huimei: Unified training for new employees of social recruitment of level 13-17 organized by the group
⁴Junmei: Training for new employees of social recruitment organized by each unit
⁵Midea Star + New Power: Graduate recruitment and training program organized by the group

Midea Academy has six empowerment centers, which are supported by two platforms, and a professional online learning platform—M-Learning, which empowers all Midea employees and ecosystem partners through special learning courses and practical learning functions.

Leadership Empowerment Center: Midea promoted the Leadership Development Programs such as the Sailor-Voyager-Pilot program and a High-Potential Leaders Training system. 55 talent training programs were carried out, where 3,205 highly skilled managerial staff were trained for a total of 68,160 man-hours. Midea sees the importance of combining leadership curriculum with employee diversity and equality, and also arrange special courses on women's leadership.

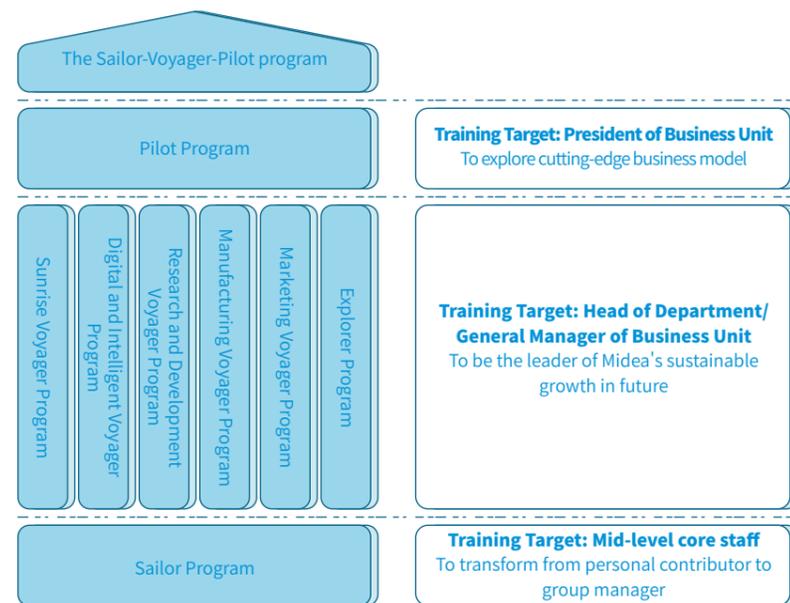
Globalization Empowerment Center: Implementing the "Global Impact" strategy from the organization and talent perspectives, Midea drives the connection of resources for international talent training and development, and relevant infrastructure improvement.

Intelligent Manufacturing Empowerment Center: Midea supports the empowerment of talent in the big manufacturing system. Specialized training programs such as Class for Factory Managers have been launched. A unified skill worker training system has built to strengthen cooperation with colleges, conduct practical training and compile training materials, etc. During 2021, 97,203 key technical staff and working team leaders were trained for a total of 349,169.43 hours.

Digital and Intelligent Innovation Empowerment Center: This center is established to focus on the customer-oriented strategy, explore innovative solutions for smart scenarios, and develop product managers with a big picture in mind and creativity.

Newcomer Empowerment Center: Newcomer training programs such as Jumei, Huimei, Chuangmei, and Fresh Graduate Training Camp can help new employees fit in quickly, understand company operations, familiarize with the corporate culture and values, and establish networks and communities. In 2021, 121 relevant programs such as the Retraining of New Graduates, the Training Camp for New Graduates, and the Orientation Training Camp for New Graduates were organized, where 8,288 new graduates were trained for a total of 19,078 man-hours.

General Empowerment Center: The Career Development Center and other programs have been organized to comprehensively improve employees' soft skills, with the purpose of developing versatile management talents. In 2021, 706 general skill improvement programs such as the Lecture for Staff were launched, where 145,147 staff were trained for a total of 341,666 man-hours.



Trainings are supported by two platforms—the trainer certification platform and the course development platform. Different trainers are certified for different courses, and the course development tools are upgraded to step up Midea's capability to develop its own courses, driving the accumulation and efficient utilization of intellectual assets within Midea. In 2021, with the addition of 1,235 new internal trainers, annual teaching time reached 8,184 hours in total. And a total of 1,185 courses were designed in the year.

Meanwhile, customized learning and growth maps are provided for every employee through M-Learning, a professional internal platform for online learning. In 2021, 141,037 staff visited M-Learning for a total of 763,359 times.

Diversified cultural activities for employees

In Midea, employees can take part in a rich variety of activities and embrace the open and inclusive corporate culture. These activities provide opportunities for employees to make friends and achieve work-life balance.

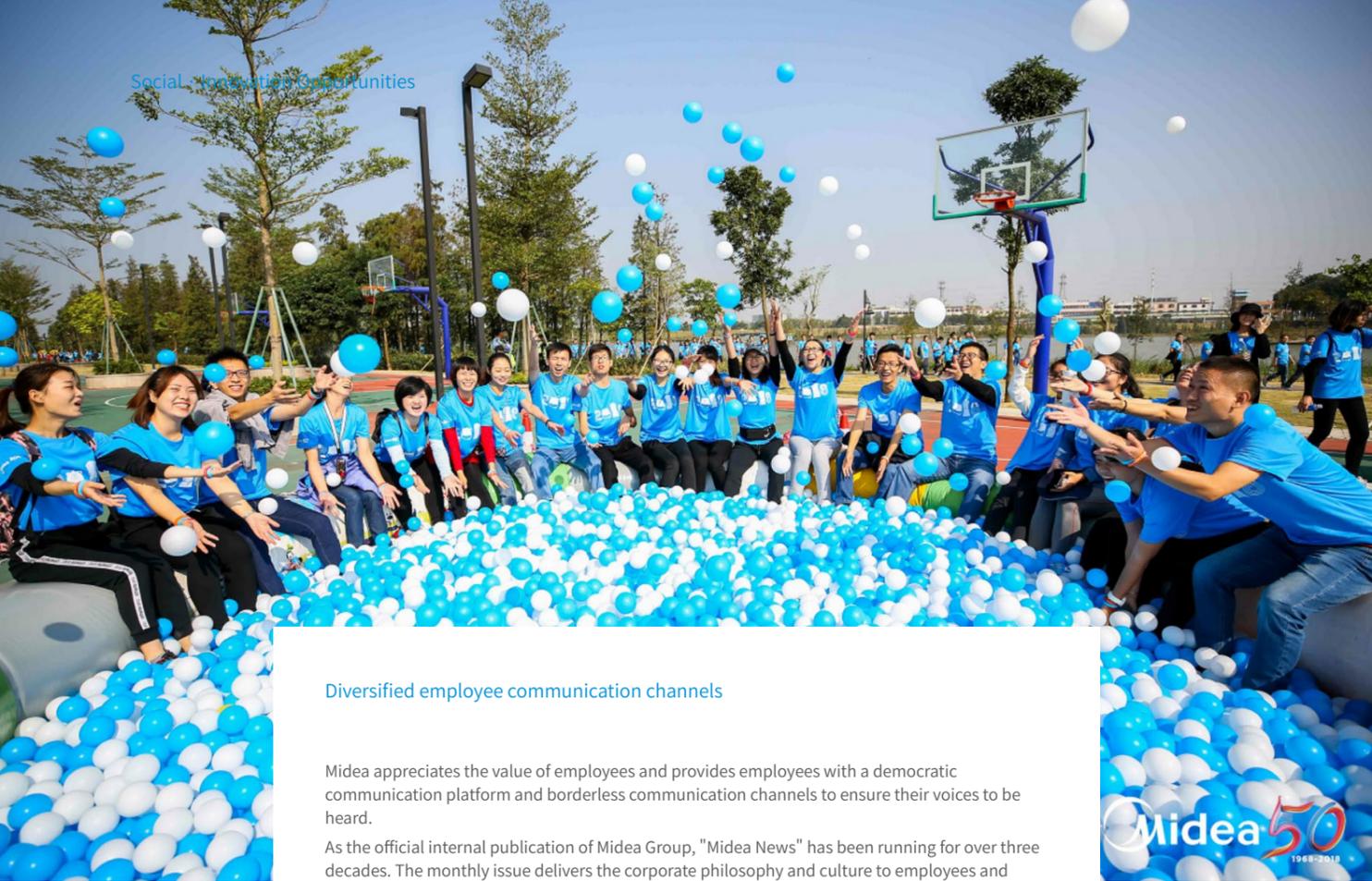
Since 1992, Midea has funded a grand group wedding ceremony for employees every year. Newlywed representatives and their family members are invited to celebrate their special moment together. Midea has witnessed around 30-50 couples tying the knot each year.

To create an open atmosphere at Midea where diagonal communication is possible provide opportunities for young employees to express themselves, the "Produce 030 'Young Mentors'" program has been launched since 2018. Every year, 30 mentors who were born in or after 1995 are selected within Midea to serve as the "young mentors" for senior management. They show the senior management team what's trending and what the young people are thinking, watching and using. Meanwhile, these 030 mentors, as representatives of young employees, are invited to share their ideas on key projects of the business divisions and even the Group.

Additionally, each operating unit of Midea also organizes various kinds of activities and competitions, which not only help people to build teams and relax, but also transmit the spirit of competition and friendship, solidarity and cooperation, and collaborative struggle. At present, Midea has more than ten recreational associations, covering photography, singing & dancing, badminton, table tennis, football, basketball, swimming, Ultimate Frisbee, outdoor sports, etc. Every year these associations organize cross-divisional and cross-unit recreational activities to enrich the life of employees, guide them to maintain a healthy lifestyle, and create a warm and harmonious community atmosphere of Midea.

We also place emphasis on diversity when holding events for different employees. Midea has a diversified range of employees who come from 21 countries. For different employees such as foreign employees, female employees and expatriate employees, the Group and the business divisions hold tailor-made activities for them on a regular basis and create an open and inclusive Midea for them.





Diversified employee communication channels

Midea appreciates the value of employees and provides employees with a democratic communication platform and borderless communication channels to ensure their voices to be heard.

As the official internal publication of Midea Group, "Midea News" has been running for over three decades. The monthly issue delivers the corporate philosophy and culture to employees and provides a platform for them to share their ideas. "Midea News" has become a unique experience for everyone in Midea.

Midea has set up feedback channels such as Direct to Chairman and Direct to HR Director where employees can directly communicate with the senior management about personal growth and make suggestions for Midea's development. "Midea Quarterly Talk", a live show, is launched for the communication between employees and executives. Every quarter, senior executives are invited by the human resources department to have a live show for the latest trends and policies of Midea and listen to the employees' ideas. Moreover, "Midea Talk", a community communication platform, is established for Midea employees to post questions or suggestions on all levels of products, services, life, etc. by using their real or anonymous names. "Midea Talk" has become an important platform for employees to express their opinions and solve problems.

In addition, Midea Group also attaches importance to understanding employees' needs through employee satisfaction & engagement surveys to improve employee satisfaction.



Occupational Health and Safety

Midea strictly follows local laws, regulations, standards and codes of conduct related to occupational health and safety in various countries and regions, and has put in place an effective occupational health and safety management system.

Based on the Law of the People's Republic of China on Work Safety, Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the relevant local laws and regulations of the regions it operates in, Midea aims to "create an excellent EHS system with zero accidents, controllable risks, and full participation of all employees" to continuously improve the level of occupational health and safety management. In 2021, the overall EHS cost was RMB367 million, and the lost time injury rate per 200,000 hours was 0.10, which was an internationally advanced level, and there was no general production safety accident in Midea.

For management mechanism, safety committees were set up in the headquarters as well as each subordinate business division and product company to take charge of the management of production safety and occupational health of Midea. An annual safety responsibility letter was signed by the Group and each subordinate business division to stipulate annual safety assessment indicators and guiding indicators, and regularly followed up on the indicator progress. Meanwhile, according to the requirements of the universal production safety responsibility system in the new Production Safety Law, each functional department of the factories takes the lead in setting up factory safety sub-committees, such as equipment protection and upgrade

safety sub-committee and logistics safety sub-committee, to consolidate the safety responsibility system. Midea vigorously promotes the dual prevention mechanism of safety compliance, risk identification and hidden danger management to effectively protect the lives and health of employees. We enhanced the safety awareness of all employees, and formed an all-round and full-coverage grid-based management model. On this basis, Midea fully implements EHS management requirements in various ways. The divisions and their subordinate factories prepared and improved the EHS management manual and procedure documents of the divisions according to the Group's EHS guidelines and the Group's manual of the EHS management control framework, and based on the actual situations of the divisions. The EHS system maturity standards were developed to encourage and guide the divisions to continuously improve their EHS management system, EHS culture promotion, on-site control of key procedures and special improvement. Meanwhile, Midea also conducts a comprehensive review of 36 companies belonging to the group through the EHS system maturity standard, pulls through the safety improvement of each base, and creates an excellent EHS culture through the atmosphere of "compare, learn, catch up and help".

Midea also deeply integrates safety management with lean manufacturing, and takes accident prevention and process risk control as the two core grasps to ensure the effective implementation of safety management system by carrying out MBS safety week improvement and encouraging

employees to submit proposals for dangerous hazards. In 2021, Midea conducted 320 Lean Work Safety Week improvements, 118,152 employee voluntary improvements, 217,662 potential accidents reported by employees, and 439,732 hidden hazards found and handled by safety managers.

To tackle occupational disease hazards, Midea's factories regularly carry out testing and evaluation of occupational disease hazards every year, and take action based on the results of the testing and evaluation reports to reduce or eliminate occupational diseases and other injuries caused by toxic and harmful factors by reforming production processes.

With the development of the digital wave, Midea is also exploring the realization of information and intelligent management of EHS. On October 10, 2020, the Ministry of Industry and Information Technology and the Ministry of Emergency Management jointly released the action plan of "Industrial Internet + Safety Production". In response to the national strategy, Midea has established an EHS digital twin factory and an EHS information management platform through the overall planning of EHS business process design, and collected and processed EHS data. Based on this, the factory can realize rapid perception and control, real-time monitoring and control, advance warning and pre-control, linkage disposal and control, and system evaluation and self-control. Finally, the factory can achieve integrated safety, environment and consumption management to prevent problems before they occur. Up to now, the total number of equipment on-line is 154, and there are 3,144 equipment measurement points.

Fast control

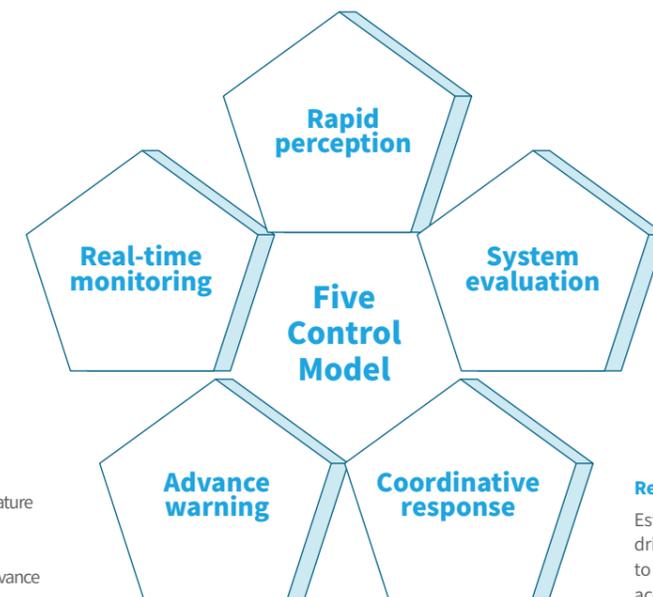
Apply technologies such as intelligent sensing, measuring instruments, and edge computing to collect information from all elements

Monitoring

Promote equipment and systems to the cloud platform in order to monitor production in a comprehensive, real-time manner

Pre-control

Establish a risk and failure feature database and apply big data analysis to achieve accurate prediction and intelligent advance warning



Self-control

Develop assessment models and tool sets based on the Industrial Internet of Things to fully assess safety incidents and to systematically assess production safety

Response

Establish and use emergency drill and response plan libraries to enhance science-based, accurate, and rapid response



Community Welfare Activities

Midea Group has always attached great importance to the power of corporate citizenship and paid extra attention to its impact on local communities beyond economic contributions. Over the years, Midea has been actively contributing to the local community through sincere and warm public welfare activities, and seeking future development with community residents.



Support Rural Revitalization

From 2017 to 2020, Midea has spent a total of nearly RMB30 million in Yao Autonomous County of Liannan in Guangdong Province and Leizhou and Xuwen in Zhanjiang to carry out more than 200 projects to help build infrastructure and social, cultural and educational facilities for the local community to improve the local social living environment and promote local economic development.

2021 is a key year for China to complete the battle against poverty and start the 14th Five-Year Plan. Midea continues to plow deeper on top of the existing projects to help the rural revitalization strategy. Leishan National High School is the only general senior high school in Leishan County, Shunde District, the main structure of the school's gymnasium has long been completed, but due to the ongoing lack of funds for internal decoration, the gymnasium has not been able to be used effectively. To ensure the early opening of the school gymnasium, to meet the needs of indoor physical education, Midea invested RMB350,000 for the construction of the gymnasium, to help the Shunde District Leishan County Ethnic High School to improve the quality of school teaching. In order to further improve the medical level of Yingmaili Township in Payzawat County, Xinjiang, Midea Group has spent RMB150,000 for the construction project of Yingmaili Township Health Center in Payzawat County, Xinjiang, including the renovation, greening construction and purchase of medical equipment in the health center.

Support Anti-pandemic Disaster Relief

In 2021, many places in Henan Province suffered from rare and persistent heavy rainfall, resulting in flooding in some counties and cities centered on Zhengzhou City, which greatly threatened people's life and safety. Annto Henan Branch, a subsidiary of Midea, quickly took action to open a "green channel" for the transportation of disaster relief materials, giving priority to providing free transportation services for disaster relief materials. In addition, Annto also opened the Zhengzhou Logistics Park to provide temporary shelters for the public, and provided free hot water and charging services for the public to tide over the difficulties together with local residents.

In addition, during the critical period of epidemic prevention and control, Midea is mindful of the front-line epidemic prevention personnel. In May 2021, Midea spent RMB400,000 to donate 500 cool fans and 80 mobile air conditioners to the epidemic prevention teams in Shunde, sending coolness to the epidemic prevention teams in the hot summer. In December 2021, Midea donated RMB100,000 to purchase 1,200 beds for the epidemic prevention staff of Xi'an Jiaotong University to help create a better resting environment for the front-line epidemic prevention staff.



Care about Science and Technology Education

Science and technology innovation is an important driving force for the sustainable development of Midea. While focusing on its own scientific research field, Midea also cares about the cultivation of future scientific and technological talents, and aims to provide a broader learning platform and enhance scientific and technological literacy for young people with its own advantages.

"Enjoy Cloud Study Together" into Foshan (Shunde) of science and technology innovation of Midea

In October 2021, Midea jointly launched the activity of "Enjoy Cloud Study Together" into Foshan (Shunde) of science and technology innovation of Midea together with China Guanghua Science and Technology Foundation. A research team composed of more than 40 teachers and students from Congjiang County, Qiandongnan, Guizhou Province, which is paired with Foshan counterparts, entered the Midea Technology Month together with students from many well-known universities. Activities include offline "Go Study together -- Midea Technology Open Day" and online "Youth Technology Stars Public Welfare Class - Buff up together with Technology". Students can fully experience the charm of Midea science and technology intelligence, face-to-face communication with technology stars, and explore the mysteries of science and technology through interesting ways, so that the seeds of a strong country in science and technology can take root and sprout in the hearts of young people.

Guanghua Foundation awarded the Midea Group "Youth Science and Technology Innovation Study Public Welfare Base" plaque during the event, formally established a school-enterprise research and learning position. To further activate the application of the position, the Youth League Committee of Midea also signed a school-enterprise science and technology research cooperation agreement with the Shunde District Committee, and integrated with the Shunde District Talent Key Project "100 colleges and universities in Shunde", promoted three study modes, including the study tours of promotion to improve the quality of students, promoting the implementation of industry-university research joint practical training, fixed internship to service graduates to find jobs, to explore the innovative path of research and education. In the future, Midea hopes to use platform to provide more students with science and technology education and contribute to a strong country in science and technology.



The first "Building Technologies Day" in the world

On 1 November 2021, China Guanghua Science and Technology Foundation under the Central Committee of the Communist Youth League, together with Midea Building Technologies Division, officially launched the world's first "Building Technologies Day". On the "Science and Technology Day", Midea invited 111 left-behind children from 29 cities across China to challenge the world record and complete the Guinness "Most People Building Blocks Online" under the witness of Guinness Witness. In addition, Midea also invited the children to shoot the "intelligent building" Technology Star Public Welfare Class - Buff up together with Technology science video. Through the guidance of science and technology stars and interesting animation, they contact with digital life in a special form, and the children know the charm of intelligent building technology, harvest special childhood memories.

On the event, Midea Building Technologies donated 330 sets of building technology kits to Guanghua Science and Technology Foundation. Midea hopes to have more public welfare activities in the future to bring more beautiful wisdom life and wisdom city concept to more people.

Give Back to the Local Community

In 2021, Midea donated RMB70 million for the sponsorship of the Shunde Midea School affiliated to East China Normal University ("Shunde Midea School of East China Normal University" in short) and the school scholarship fund. In addition, Midea has also supported the preparation, construction and development of the East China Normal University Shunde Midea School by building a resource platform, etc. On March 28, the construction of the East China Normal University Shunde Midea School commenced in Beijiao Town, Shunde District, which is expected to provide over 5,000 primary and junior high school places after completion, which is of far-reaching significance to the education and comprehensive social development of Beijiao Town.

"I hope the completion of the Shunde Midea School affiliated to East China Normal University and look forward to more leading talents in education coming to Beijiao." said Fang Hongbo, chairman and CEO of Midea Group. Fang Hongbo is an alumnus of the history department of East China Normal University, class of 1983, and also served as a teacher of the Third Affiliated Middle School of East China Normal for six months thirty years ago, and has deep feelings for his alma mater and Shunde. Midea, while based on the development of Shunde District, never forgets to give back to the community. Meanwhile, supporting the construction and development of the school is in line with "Technology Leadership and Talent Leadership" advocated by Midea. In the future, Midea will make more efforts to introduce global diversified talents to make Beijiao a global innovation source.

Report Index

GRI Standards	Disclosure content	Position in the report	Page
G102: General disclosures			
G102-1	Name of association	About Midea Group	4
G102-2	Events, brands, products and services	About Midea Group	4
G102-3	Headquarters location	About Midea Group; giving back to local communities	4, 70
G102-4	Business location	About Midea Group	4
G102-5	Ownership and legal form	About Midea Group; board governance	4, 11
G102-6	Market served	About Midea Group	4
G102-7	Organization size	About Midea Group; shareholders' equity	4, 12
G102-9	Supply chain	Value chain management; responsible procurement; pre-management, in-event management and post-event management; conflict minerals management; green procurement	19, 20, 21, 22, 32
G102-11	Early warning principles and guidelines	Green factory; occupational health and safety	34, 66
G102-14	Statement from senior decision makers	Executive's message	2
G102-15	Key impacts, risks and opportunities	Executive message; about Midea Group; sustainable development concept; green strategy	2, 4, 16, 26
G102-16	Values, principles, standards and codes of conduct	Executive message; philosophy of Midea; law-abiding compliance; compliance organizational structure; key compliance areas; compliance promotion and training; anti-corruption	2, 4, 13, 14
G102-17	Mechanism for recommendations and concerns about ethics	Legal compliance; anti-corruption; sustainable development concept	13, 14, 16
G102-18	Governance framework	Board governance	11
G102-21	Stakeholder consultations on economic, environmental and social issues	About Midea Group; ESG key issues analysis; stakeholder communication	4, 17, 18
G102-22	Composition of the supreme governing body and its committees	Board governance	11
G102-25	Conflict of interest	Board governance; shareholder rights	11, 12
G102-26	The role of the highest governance body in setting purpose, values and strategy	Board governance; shareholder rights	11, 12
G102-28	Performance evaluation of the highest governance body	Board governance	11
G102-29	Identification and management of economic, environmental and social impacts	ESG key issues analysis; stakeholder communication	17, 18
G102-30	Effectiveness of the risk management process	Compliance organizational structure	13
G102-31	Review of economic, environmental and social issues	ESG key issues analysis; stakeholder communication	17, 18
G102-32	The role of the highest governance body in sustainability reporting	ESG key issues analysis; stakeholder communication	17, 18
G102-34	Nature and total number of important issues of concern	ESG key issues analysis; stakeholder communication	17, 18
G102-35	Remuneration policy	Board governance; growth employee incentives	11, 60
G102-36	The process of deciding on compensation	Incentive mechanism for growth employees	60
G102-40	List of stakeholder groups	Communication with stakeholders	18
G102-42	Stakeholder identification and selection	Communication with stakeholders	18
G102-43	Stakeholder engagement approach	Communication with stakeholders	18
G102-44	Main issues and concerns raised	Communication with stakeholders	18
G102-46	Define report content and topic boundaries	About this Report	Cover 2
G102-47	List of substantive issues	ESG key issues analysis	17
G102-49	Report changes	ESG key issues analysis	17
G102-50	Reporting period	About this Report	Cover 2
G102-53	Contact information available to answer report-related questions	About this Report	Cover 2
G102-54	Statement of compliance with GRI standards for reporting	About this Report	Cover 2
G102-55	GRI content index	Report index	71-72

GRI Standards	Disclosure content	Position in the report	Page
G201: economy			
G103	Management method		
G201-2	The financial impact of climate change and other risks and opportunities	About Midea Group	4
G201-3	Obligated defined benefit plans and other retirement plans	Staff welfare and security	59
G203: indirect economic impact			
G103	Management method		
G203-1	Infrastructure investment and support services	Support rural revitalization	68
G203-2	Significant indirect economic impact	Support rural revitalization; give back to local communities	68, 70
G205: anti-corruption			
G103	Management method		
G205-2	Communication and training on anti-corruption policies and procedures	Compliance awareness and training; anti-corruption	14
G301: materials			
G103	Management method		
G301-2	Used recycling feed	Waste management; green packaging	36, 39
G301-3	Recycled products and their packaging materials	Green packaging; green recycling	39, 40
G302: energy			
G103	Management method		
G302-1	Energy consumption within the organization	Green factory	33
G302-3	Energy intensity	Green factory	33
G302-4	Reduction of energy consumption	Green factory; air pollutant management; waste management; water management	33, 34, 35, 36
G302-5	Reduce energy demand for products and services	Green design; green products	28, 29
G303: Water Resources and Wastewater			
G103	Management method		
G303-1	Interaction of the organization with water (as a shared resource)	Water resources management	36
G303-2	Managing drainage related impacts	Water resources management	36
G303-5	Water consumption	Water resources management	36
G305: Emissions			
G103	Management method		
G305-5	Greenhouse gas emission reductions	Green factory	34
G305-7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Atmospheric pollutant management	35
G306: Sewage and waste			
G103	Management method		
G306-2	Total amount of waste by category and treatment method	Waste management	36
G401: Employment			
G103	Management method		
G401-2	Benefits offered to full-time employees (not including temporary or part-time employees)	Staff welfare and security	59

GRI 标准	披露项内容	在报告中的位置	页码
G403: Occupational Health and Safety			
G103	Management method		
G403-1	Occupational Health and Safety Management System	Occupational health and safety	66
G403-2	Hazard identification, risk assessment and incident investigation	Occupational health and safety	66
G403-3	Occupational health services	Staff welfare and security	59
G403-4	Occupational health and safety matters: worker participation, consultation and communication	Occupational health and safety	66
G403-6	Promoting worker health	Staff welfare and security	59
G403-7	Prevention and mitigation of OHS impacts directly related to business relationships	Occupational health and safety	66
G403-9	Work injuries	Occupational health and safety	66
G403-10	Work-related health issues	Occupational health and safety	66
G404: Training and Education			
G103	Management method		
G404-2	Employee skill enhancement program and transition assistance program	Systematic employee training courses	63, 64
G408: Child Labor			
G103	Management method		
G408-1	Operating sites and suppliers with significant risks of child labor incidents	Post-event management	22
G409: Forced or compulsory labor			
G103	Management method		
G409-1	Operating sites and suppliers with significant risks of forced or compulsory labor incidents	Post-event management	22
G413: Local communities			
G103	Management method		
G413-1	Operational sites with local community engagement, impact assessment and development plans	Support rural revitalization; give back to local communities	68, 70



Midea Group Official
Website



Midea Group Official
WeChat Account