



2024
MIDEA GROUP ENVIRONMENTAL, SOCIAL
AND GOVERNANCE (ESG) REPORT



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2024

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AND GOVERNANCE (ESG) REPORT

Stock Code:
000333.SZ
0300.HK



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About the Report

The 2024 Midea Group Environmental, Social and Governance (ESG) Report (hereafter referred to as the "Report") is the fourth ESG Report issued by Midea Group Co., Ltd. (hereafter referred to as the "Company"). The Report elaborates on the sustainability management efforts and highlights of initiatives undertaken by Midea Group Co., Ltd. and its subsidiaries (hereafter referred to as "Midea Group", the "Group", or "we") in 2024.



Reporting Scope

Except as otherwise specified in other sections, the scope of the disclosed information (including social data) in the Report is consistent with the consolidated financial statement scope of Midea Group, covering Midea Group Co., Ltd. and its subsidiaries. Environmental data only includes 8 business units/divisions and Annto. If there is any inconsistency between the scope of sustainable indicators data and the scope of the Report, the notes in the main text of the report shall prevail.

Reporting Period

This is an annual report covering the period from 1 January 2024 to 31 December 2024 (hereafter referred to as the "Year" or the "Reporting Period"). Certain facts disclosed in the Report might fall before or after the Reporting Period but are still included for the sake of completeness. Special comments will be provided in this case for clarification.

Basis of Preparation

The Report has been prepared in accordance with provisions of the Environmental, Social and Governance Reporting Code (hereafter referred to as "ESG Reporting Code") in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereafter referred to as "HKEx") and the Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation) (hereafter referred to as the "Sustainability Report Guideline") published by the Shenzhen Stock Exchange (hereafter referred to as "SZSE"), with reference to Sustainability Reporting Standards (hereafter referred to as GRI Standards) issued by the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), and other relevant regulations.

Preparation Principles

In preparing the Report, we strictly follow the four principles of "Materiality", "Quantitative", "Balance" and "Consistency" in the ESG Reporting Code to ensure objective and authentic ESG disclosure.

- **Materiality:** To address the practical concerns of stakeholders throughout our operations, the Report prioritizes the disclosure of ESG issues that are of critical importance to investors and other stakeholders.
- **Quantitative:** The Report calculates and discloses key performance indicators with reference to applicable quantitative standards and practices. Information such as the calculation standards, methods, conversion factors and applicable historical data used has been explained in the corresponding sections. At the same time, we have also set quantitative and directional environmental targets to facilitate stakeholders in evaluating and verifying our ESG performance.
- **Balance:** The Report is based on objective facts and seeks to present environmental, social and governance performance in an unbiased manner, avoiding statements that may unduly influence readers' decision-making or judgment.
- **Consistency:** The Report adopts consistent methodologies to allow a fair comparison of performance over time. For any significant changes compared with previous reports, we will provide explanations in the corresponding sections in the Report.

Sources of Information

The information and data contained in the Report are primarily derived from official documents, reports, internal statistics and publicly available information. The Board of Midea Group is responsible for the authenticity, accuracy and completeness of the Report. The Report has been reviewed to avoid selective disclosure of information and to ensure that there are no false records, misleading statements, or material omissions. Every piece of information provided is consistent with legally required disclosures and does not mislead stakeholders. Unless otherwise explicitly stated, all financial data is denominated in RMB to ensure consistency.

We have commissioned SGS to conduct a limited assurance verification of the information and data disclosed in the Report in accordance with the AA1000 Assurance Standard v3 (hereinafter referred to as "AA1000v3"). For more detailed verification procedures and the full text of the verification report, please refer to Appendix 5 "Assurance Statement" for the relevant information.

Access to the Report

The Report is published in Simplified Chinese version on the Company's website (www.midea.com.cn) and the China Information Disclosure website (www.cninfo.com.cn), and is published in both Traditional Chinese and English versions on the Company's website and the website of the HKEx (<http://www.hkexnews.hk>). In case of any conflicts or discrepancies in interpretation among the three versions, the Simplified Chinese version shall prevail. For any questions or suggestions regarding the content of the report, please contact us via email at ir@midea.com for further explanations and assistance.

Letter from the Management

Leading a Green Future with Innovation

In 2024, we find ourselves at the dawn of a new and prolonged cycle, where the complexity and uncertainty in the global economy, society and technology continue to intensify. Midea Group remains committed to adhering to common sense and proactively seeking changes with operation focus on "Enhancing Efficiency Across the Entire Value Chain and Upgrading Structural Growth." The Group advances technological innovation, upgrades digital capabilities, optimizes industrial structures, transforms business models and further deepens its global layout and development, enhancing corporate governance, thereby achieving another period of growth against the odds and setting a new record for its best-ever performance.

Over the past year, Midea Group has consistently performed well on reputable rankings such as Fortune Global 500, Forbes Global 2000, and Brand Finance Tech 100. The Group was also honored as one of Fortune Most Admired Companies in China, re-selected for Fortune China's ESG Impact List, recognized as a Forbes World's Top Companies for Women and a Global Best Employer, and awarded more than 20 ESG-related honors including People's Daily's Leading Brand in Trade-In Programs. Midea Group's ESG efforts have garnered increasing attention and recognition.

Midea Group has established standardized mechanisms for reporting on ESG work semi-annually to the board, quarterly to committees, and monthly briefings. It has set up eight subcommittees focusing on Green Manufacturing & Carbon Management, Green Design & Carbon Footprint, Green Procurement & Conflict Minerals, Green Logistics & Packaging, Green Recycling & Product Services, Green Industry, Employee Development & Ethics, as well as Community Welfare & Disclosure. In recent years, Midea Group has achieved remarkable results in sustainable development efforts at all levels and in various fields. For instance, it has obtained the status of six Global Lighthouse Factories selected by the World Economic Forum in Davos and McKinsey, and 37 national green factories certified by the Ministry of Industry and Information Technology of China. In collaboration with governments and schools, Midea has introduced and established the High School Affiliated to East China Normal University - Midea Campus, further promoting high-quality development in regional education and the economy, and contributing to the construction of an educationally powerful nation.

In addition, following our participation in the United Nations Global Compact (UNGC) in 2023, we successfully signed the Women's Empowerment Principles (WEPs) of UN Women, promoting gender equality and women's empowerment. We also successfully joined the Science Based Targets initiative (SBTi), advancing comprehensive carbon reduction efforts in green design, recycling, packaging and supply chains. The "Key Technologies and Applications for Efficient Multi-Grade Thermal Energy Supply by Air Source Heat Pumps" we participated in has won the National Science and Technology Progress Award and this project provides comfortable and energy-efficient heating services to the public, contributing Midea's efforts to the dual carbon targets.

Midea Group has consistently integrated the ESG concept into development strategies and business decisions. When facing the complex and ever-changing external environment, we uphold the three cornerstones of sustainable development: "Progressiveness of Corporate Governance, Updated Values, and the Growth of Management's Mental Model". Starting from "Protect the Blue Planet, Build Harmonious Communities, Practice Technological Excellence, and Co-creating a Prosperous", we persist in technological innovation and the construction of a green, low-carbon and recyclable ecosystem. This approach enhances Midea Group's governance level and social responsibilities, enabling global sustainable development and leading the way to a green future through innovation.

Lastly, it is worth emphasizing to express deepest gratitude to all our employees, users, shareholders, partners, and friends from all walks of life for their support and trust in Midea Group's ESG efforts. We will continue to uphold our corporate vision of "Bring Great Innovations to Life" and our commitment to sustainable development. We will expand investment in green technologies and R&D, driving green transformation throughout the upstream and downstream of value chain. At the same time, we will further strengthen cooperation and exchanges with all sectors of society, jointly exploring new paths and models for sustainable development, and working together to create an even brighter future!



About Midea Group

Introduction to Business

Midea Group Co., Ltd. (listed on the Main Board of SZSE, stock code: 000333. SZ, and on the Main Board of HKEX, stock code: 0300.HK), founded in 1968, is a global leading technology group comprising Smart Home Solutions, Energy Solutions & Industrial Technology, Intelligent Building Technology, Robotics and Automation, Medical, and Annto Logistic. We have established a business matrix that ToC and ToB are advancing together. We are capable of providing a wide range of smart home products and services to consumers, and also offer diversified commercial and industrial solutions to corporate clients. The Company has boasted a diversified brand portfolio including but not limited to Midea, COLMO, Toshiba, Little Swan, WAHIN, KUKA, GMCC, Welling, Hiconics, CLOU, and WDM. Every year, Midea Group provides premium products and services to more than 500 million users around the world, including important customers and strategic partners in various fields.

users around the world over

500 million

subsidiaries

400+

R&D Centers

38

major manufacturing bases

44

operations in countries and Regions

200+

40th

Brand Finance Tech 100 Rankings

277th

Fortune Global 500

featured in the 2024 Fortune China ESG Impact List

205th

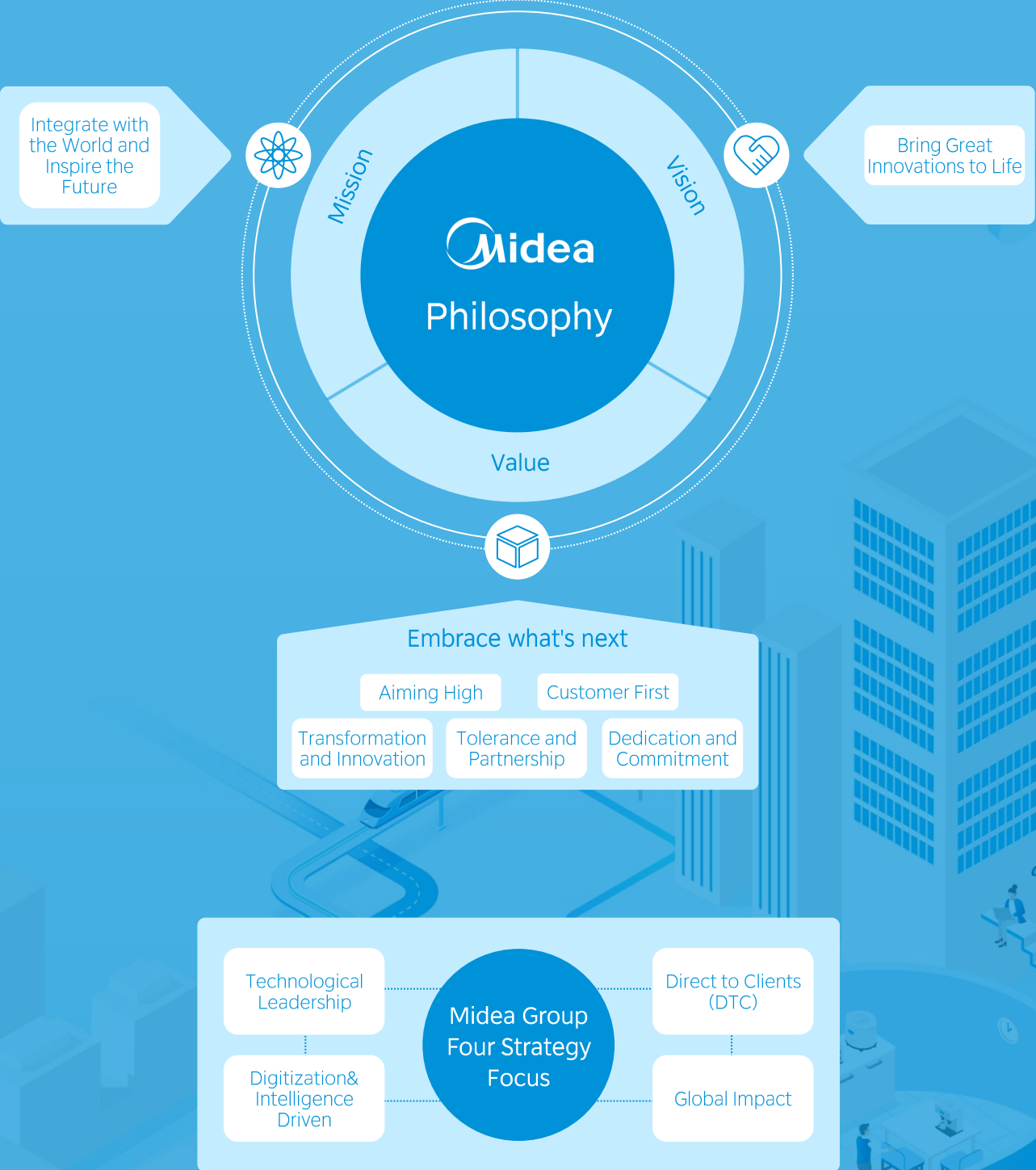
Forbes Global 2000

recognized as in Forbes 2024 World's Top Companies for Women

credit ratings

S&P A / Moody's A2 / Fitch A

Corporate Culture



Sustainable Development Strategy

Midea Group identifies "Progressiveness of Corporate Governance, Updated Values, and the Growth of Management's Mental Model" as the three cornerstones of sustainable development. Guided by four aspects of "Protect the Blue Planet, Build Harmonious Communities, Practice Technological Excellence, and Co-creating a Prosperous", we adhere to technological innovation, promote the construction of a green, low-carbon, and recyclable ecosystem, enhance Midea Group's governance level and fulfill its social responsibilities, contributing to achievement of global sustainable development.



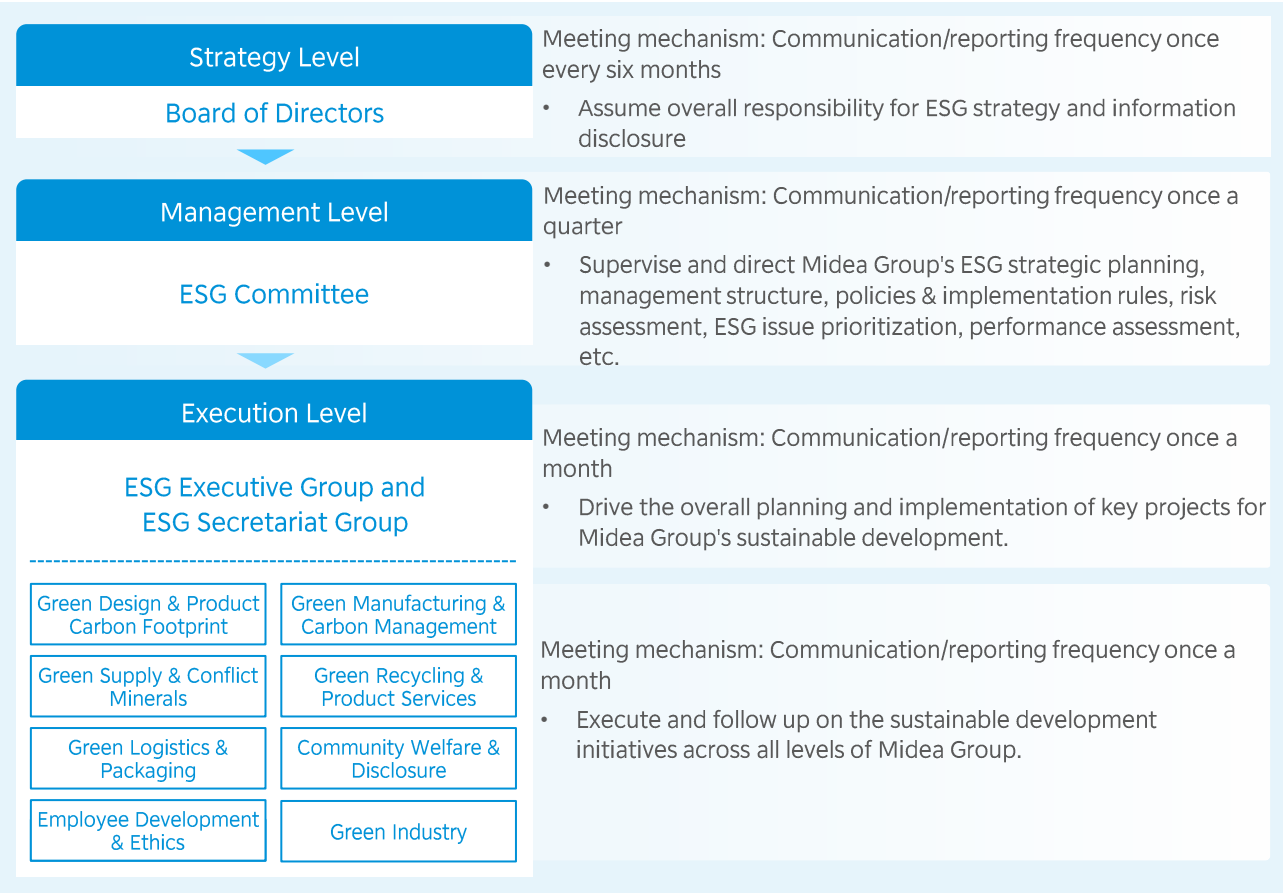
Sustainable Development Governance

Guided by the United Nations' 2030 Sustainable Development Goals (SDGs), Midea Group actively manages the environmental and social impacts of its manufacturing and operational activities.

The Board Statement

To ensure the achievement of ESG strategies and goals and advance ESG management more efficiently, Midea Group has established a four-tier ESG governance structure in which the Board shall be the authority with the highest responsible and formulated the Work Rules of the ESG Committee and corresponding coordination mechanism to drive sustainable development mindset from the top down.

The ESG Governance Structure of Midea Group



Under the Authorization of the Board, the ESG Committee adheres to scientific assessment and rational planning, continuously enhancing the scientific nature and feasibility of ESG strategies and goals, and determines the management priorities and follow-up frequencies for each subcommittee based on the nature of various ESG matters. As the highest decision-making body for sustainable development management, the Board of Directors regularly reviews ESG performance and goals to ensure that Midea Group has formulated appropriate and effective management policies.

To strengthen the capacity-building of the Board of Directors and members of the ESG management structure, we conduct ESG training on an irregular basis. We engage external experts to train our subcommittee and all core ESG personnel from business units/divisions regarding to the topic of ESG compliance requirements, ESG practices of listed companies and recommendations for ESG rating work. In the future, we will continue to strengthen the promotion of ESG concepts and effectively integrate sustainable development concepts into the company's strategic planning and daily operations.

To ensure the effective implementation of Midea Group's ESG strategies and goals, we have established an evaluation mechanism for senior executives that incorporates sustainable development indicators into the performance evaluation, including environmental, health, and safety (EHS) management, compliance management, quality management, etc. We will also continuously optimize the setting and evaluation mechanism of sustainable development indicators, aligning with the Group's sustainable development strategy and strengthening sustainable development management.



Stakeholder Engagement

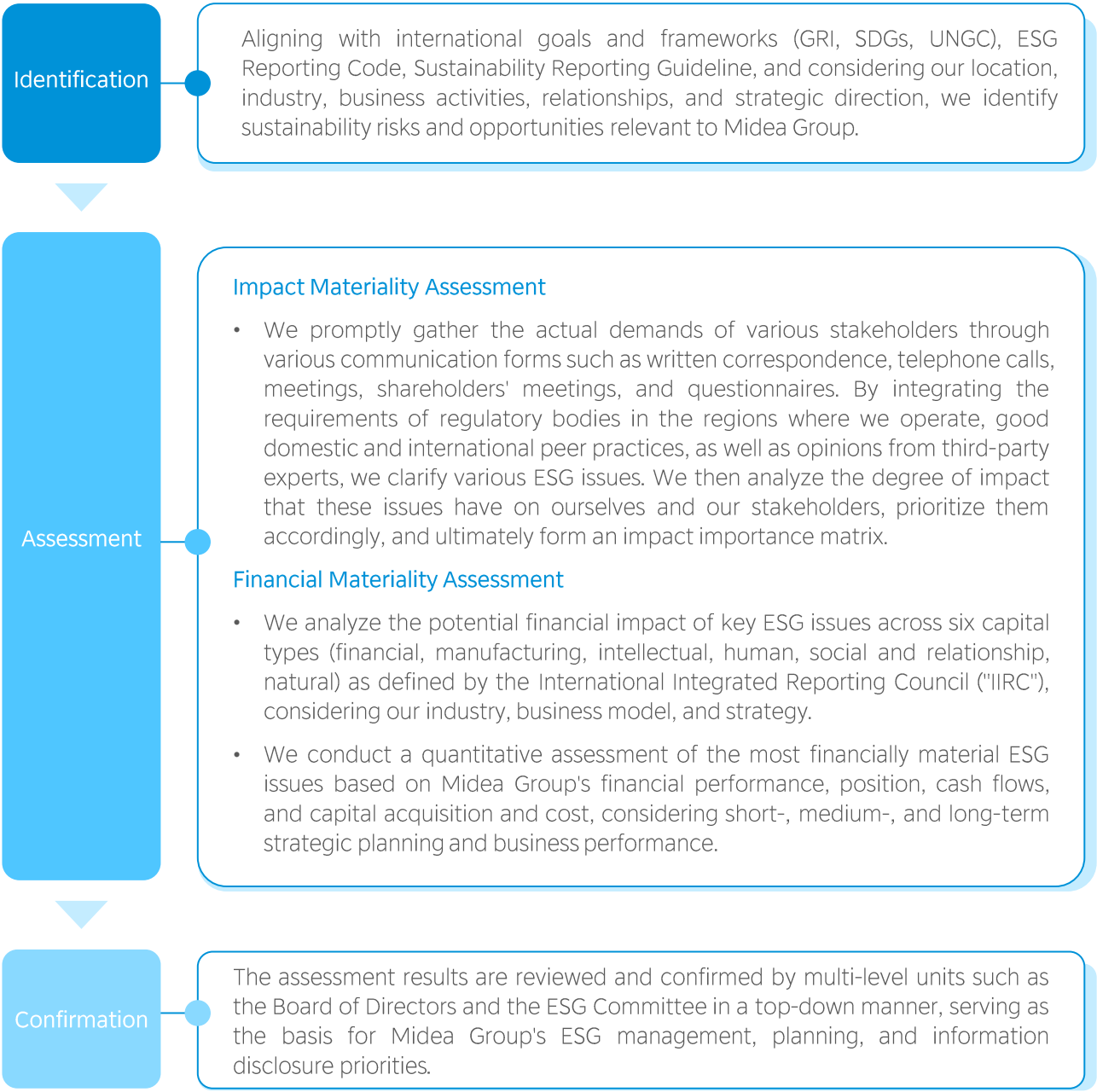
We have established a regular communication mechanism and documented policies tailored to the needs and communication preferences of our stakeholders. We aim to engage with stakeholders through more targeted and diversified communication methods, respond to their needs promptly, and actively create value for all parties.

Stakeholders	Issues of Concern	Communication Channels	Responses
 Investors and shareholders	- Environmental compliance management - Corporate governance - Shareholder rights	- General meeting of shareholders - Company announcement, such as Annual Report - Investor conference call - Roadshow "EasyIR" - Investor hotline	- Promote green strategies - Optimize governance structure - Enhance risk management - Release periodic reports and company announcements
 Customers	- Innovation and R&D - Data security and customer privacy protection - Product quality and safety - Consumer experience	- Company official website - Store staff - Hotlines	- Enhance technological innovation - Establish systems and processes to protect customer privacy - Optimize business processes - Create intelligent and proactive services
 Employees	- Employee training and development - Employee health and safety - Employee rights & diversity	- Midea talk - Staff seminars "Chairman's Direct Line" - Whistleblower mailbox and hotline	- Build a perfect career progression channel - Promote measures to ensure employees' safety and health - Protect employees' rights and interests - Respect the diversity of the workplace - Provide competitive remuneration and benefits
 Governments and regulators	- Address climate change - Anti-commercial bribery and anti-corruption - Anti-unfair competition - Promote industry development - Social contribution	- Meetings of government - Regular visits - Field inspection by the government	- Adapt to climate change - Abide by business ethics - Create job opportunities
 Suppliers	- Supply chain management and security - Promote industry development	- Supplier conference - Regular one-to-one communication - GSC platform - Reporting email and hotline	- Improve the supplier admission review mechanism - Review and empower supplier ESG management - Strengthen cooperation and communication
 Other partners	- Promote industry development - Intellectual property protection	Industry associations	- Share development achievements - Participate in the development of industry standards

Double Materiality Assessment

To understand stakeholder concerns and meet their demands in our operations, Midea Group conducts a double materiality assessment, considering various influencing factors. This assessment aims to enhance ESG management effectiveness.

Process of Double Materiality Assessment

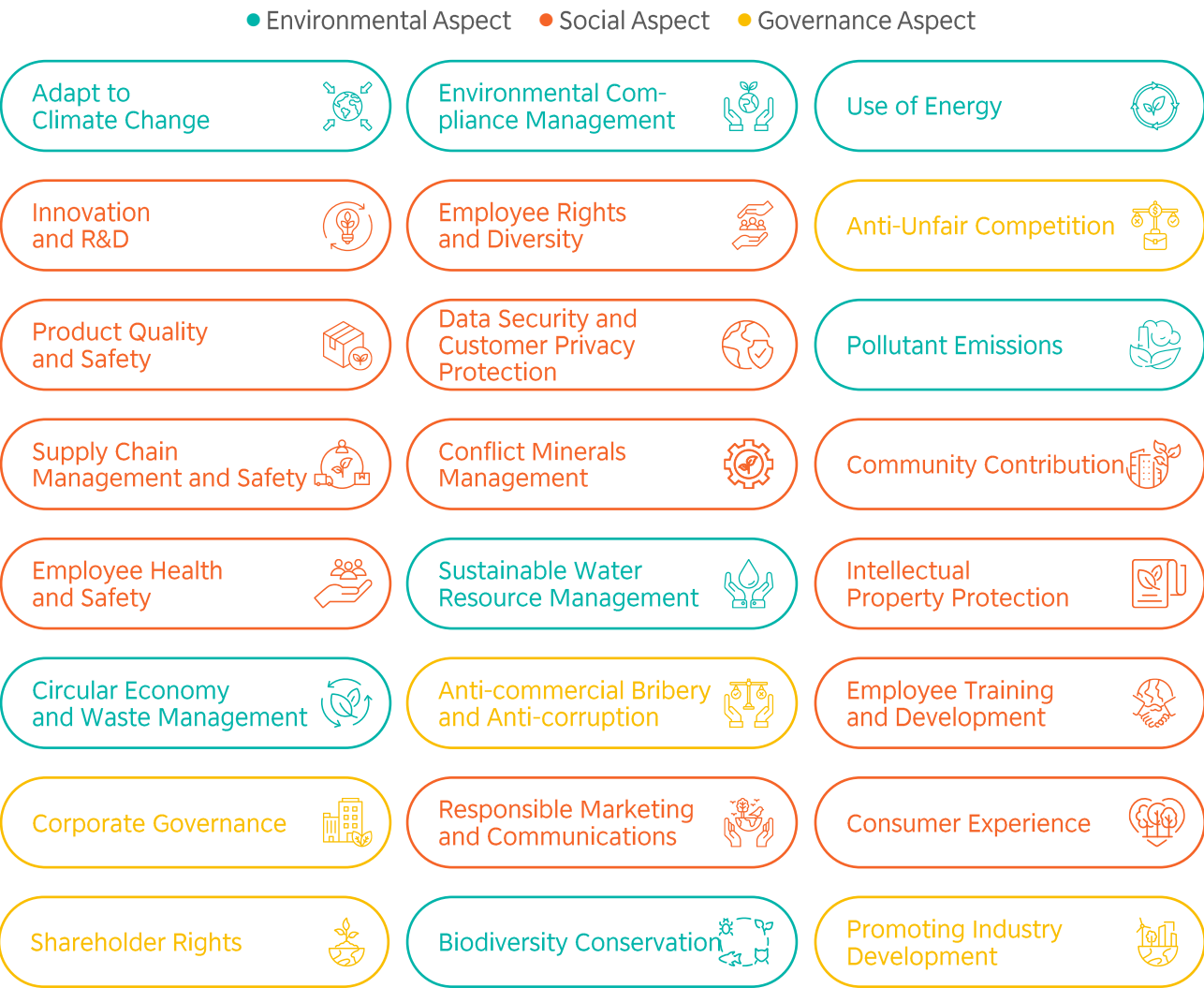


Confirmation

The assessment results are reviewed and confirmed by multi-level units such as the Board of Directors and the ESG Committee in a top-down manner, serving as the basis for Midea Group's ESG management, planning, and information disclosure priorities.

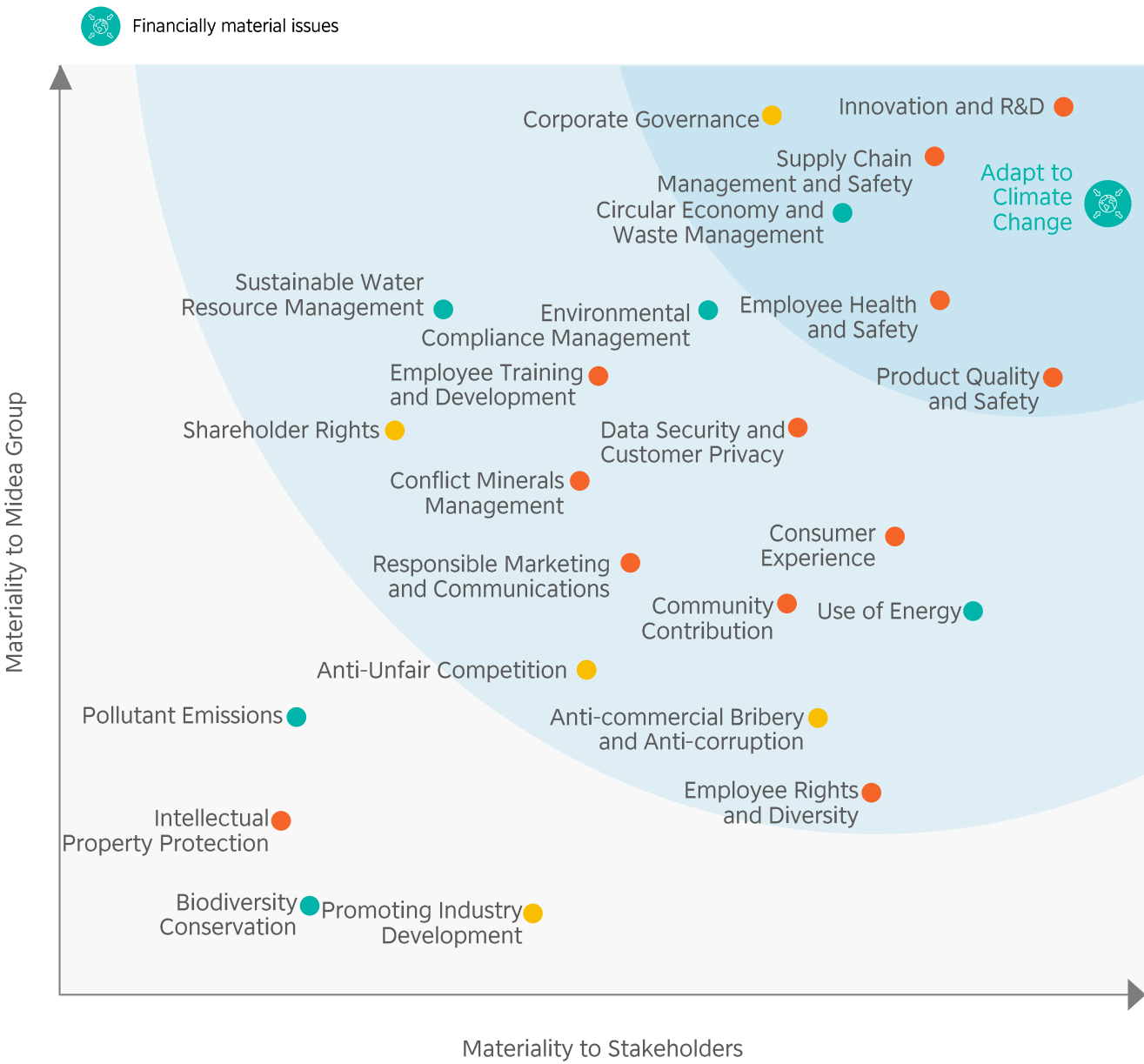
Assessment Results

This Year, we have re-examined our existing list of ESG issues based on the identified sustainable development-related impacts, risks, and opportunities, as well as the "Sustainability Reporting Guideline" issued by the Shenzhen Stock Exchange. We have added, renamed, or integrated certain issues to ensure that the current list of ESG issues aligns more closely with the operational reality of Midea Group. Across the three categories of environmental, social, and governance, we have identified a total of 24 ESG issues¹ that have significant impacts on Midea Group and its stakeholders. By referencing the demands and opinions of various parties, we have sorted out the related impacts, risks, or opportunities, as well as the time frame within which these risks and opportunities will have significant impacts on Midea Group. Details are presented in [Appendix II, "Sustainable Development-Related Risks and Opportunities"](#).



¹ Issues, such as technology ethics, equal treatment of small and medium-sized enterprises (SMEs), and due diligence, listed in the Sustainability Reporting Guideline, are not included in our ESG (Environmental, Social, and Governance) agenda. This is because our business does not directly involve scientific research, technology openness, or other activities in sensitive fields such as life sciences and artificial intelligence, thus the issue of technology ethics is not applicable to Midea Group. Besides, we have established a fair and impartial supplier selection, evaluation, and empowerment, so the issue of equal treatment of SMEs does not have financial significance or impact significance for Midea Group. Regarding the issue of due diligence, Midea Group has set up different departments to conduct investigations regarding environmental compliance, employee rights, anti-corruption, and other aspects on our own operations, subsidiaries, and business partners. Therefore, the issue is well-explained by the other issues, such as supply chain management and safety.

Midea Group's ESG Materiality Matrix



This Year, we have identified climate change as an ESG issue with financial significance for Midea Group. For relevant disclosures, please refer to the ["Feature - Committed to Zero, Addressing Climate Challenges"](#).

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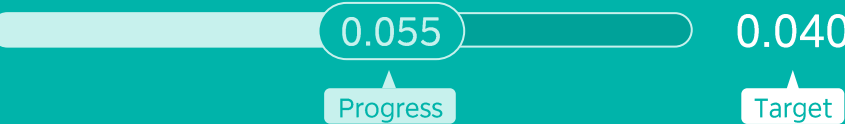
Protect the Blue Planet

SDGs in this Chapter:



Midea Group 2030 Sustainable Development Goals and Progress:

GHG emission intensity in Scopes 1 and 2 (tCO₂e per 10k revenue):



Number of factories certificated with Energy Management System Certification:



Installed capacity of photovoltaic power generation system:



Compliance rate of wastewater, exhaust gas and waste emission:



Feature

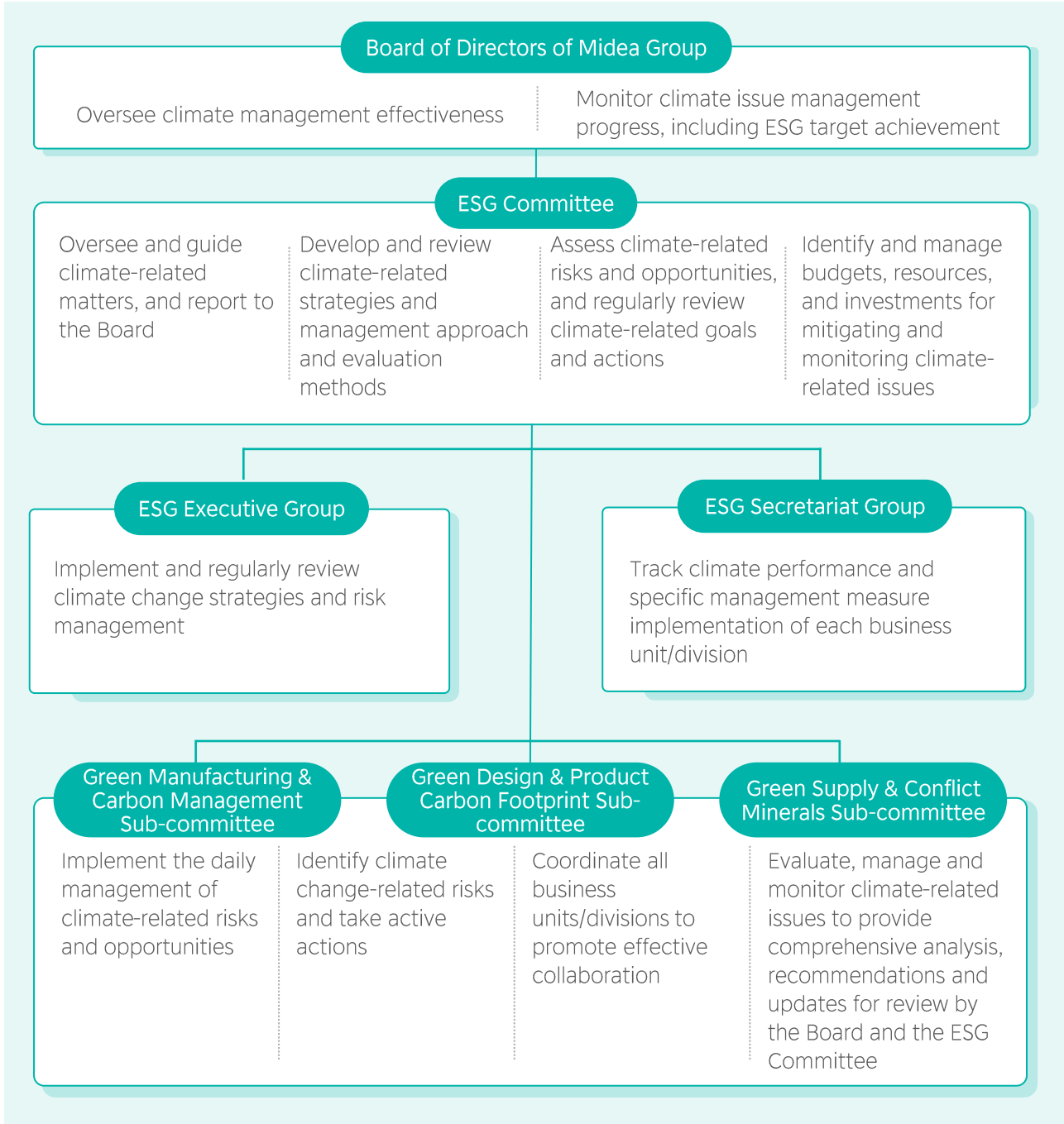
Committed to Zero, Addressing Climate Challenges

Climate change is a global challenge. To support national climate adaptation strategies, by referring to the disclosure recommendations in IFRS S2 - Climate-related Disclosures issued by the International Sustainability Standards Board ("ISSB"), we have further improved our climate governance framework and processes for identifying and managing climate risks. By identifying climate risks and opportunities related to our operations and implementing corresponding measures, we contribute to global climate change governance and advance Midea Group's sustainable development.



Governance

Midea Group prioritizes climate change governance within its ESG framework. A four-tier structure comprising the Board, ESG Committee, ESG Executive Group, and three dedicated sub-committees is established to specify the management's responsibilities in evaluating and managing climate risks and to ensure effective management of issues relating to climate change. The Remuneration and Evaluation Committee assesses core operational indicators, which include the ESG KPI. The committee closely ties the evaluation results to the performance of relevant management personnel and conducts assessments accordingly.



Strategy

As a globally operating enterprise, we understand that climate change can have substantial impacts on our business operations. To better identify, assess, and manage the potential impacts of climate change on our business, we have initiated scenario analysis. We refer to climate and transition pathway projections published by specialized bodies such as the Intergovernmental Panel on Climate Change (IPCC) of the United Nations, and conduct climate risk and opportunity analysis within the timeframe of 2030 and 2050 as well as the scope of our global operations and controlled businesses. Below are the reasons and considerations for selecting the climate scenarios. For the process and methodology of identifying and assessing climate-related risks and opportunities, please refer to the section "IRO Management" below.

Carbon Price

With the enactment and implementation of carbon tariff policies and related regulations and measures for emission-controlled enterprises across regions, suppliers of high-carbon materials may further pass on their transformation costs to upstream and downstream participants, while suppliers may increase the pricing of low-carbon raw materials. This will have long-term structural impacts on supply chain procurement costs. Meanwhile, as the scope of emission-controlled industries continues to expand, the likelihood of manufacturing bases being included in local carbon management and control systems is increasing. Under increasingly stringent carbon reduction assessment mechanisms, fluctuations in carbon prices will further increase enterprises' compliance costs and expenditures on low-carbon technology retrofits.

Renewable Energy

The primary sources of carbon emissions in our value chain are concentrated in energy usage. The penetration rate of renewable energy within our industrial parks will directly determine the scale of carbon offset needs. Under a continuously strengthened carbon reduction evaluation system, the combined effect of renewable energy premiums and carbon allowance costs may lead to fluctuations of overall cost.

Eco-friendly Refrigerant

The life-cycle costs of our eco-friendly refrigerant products, which encompass research and development investments, manufacturing process upgrades, user operation and maintenance, and especially components such as R&D costs, refrigerant recovery and recycling costs, and scope 3 carbon reduction costs associated with the product's application scope, will directly impact the pace and achievement of our enterprise's carbon reduction goals.

Product Energy Efficiency

In the context of policies promoting large-scale equipment upgrades and trade-ins of consumer goods, as well as the heightened awareness of green consumption among users, the costs associated with the research, production, and use of higher-efficiency products (including R&D investments, manufacturing costs, and Scope 3 carbon reduction costs stemming from an expanded product application scope) may influence the overall pace and achievement of carbon reduction targets.

Extreme Weather

The frequent occurrence of extreme weather events (such as extreme heatwaves, heavy precipitation, typhoons, and hurricanes) may short-termly impact business operations, affecting the stability of the supply chain and the timely delivery capability of products.

Scenario Type	Projection Model	Scenario Description
Low-emission scenario (1.5-3°C)	SSP1-2.6	- The carbon price in China's national carbon trading market has reached RMB 97.49 per ton² in 2024. There is a possibility that global carbon trading prices will further increase from the medium- to long-term perspectives. - Midea Group aims to increase its proportion of self-owned renewable energy to 20% by 2030. Considering various scenarios such as purchasing green electricity and green certificates, the proportion of renewable energy will rise to 30%. From 2030 to 2050, the increase in the proportion of renewable energy will depend on external purchases. - By 2030, eco-friendly refrigerant products will continue to dominate the largest global market share. From 2030 to 2050, the market share of eco-friendly refrigerant products will exceed that of traditional refrigerant products. - By 2030 and by 2050, products with second-level and above energy efficiency ratings will occupy the most significant global markets.
High-emission scenario (>3°C)	Policies remain unchanged	- We do not consider establish an internal carbon pricing mechanism. - Extreme high temperatures will further surge the demand for refrigeration products. - The frequent occurrence of extreme weather will continue to affect the stability of supply chains.

² The national carbon price is taken from the closing price on December 31, 2024. For details, please visit: <https://www.cets.org.cn/>.



Risk Types	Risk Description	Impact Description
Physical Risks	Increase in flood severity	- Severe floods may cause damage to finished products and production equipment in storage areas with poor drainage capacity, leading to increased operating costs and accelerated depreciation of equipment - Traffic disruptions or congestion may lead to difficulties in employees commuting, potentially resulting in a decrease in employee productivity
	Extreme heat	- Extreme heat will reduce the efficiency of outdoor workers and increase the health and safety risks of employees - The energy consumption for comfortable working environment in office and production areas will increase, which indirectly increase carbon emissions related to refrigeration and possibly increasing operating costs
	Increase in frequency of typhoons	It may affect the timeliness of ocean shipping of materials and finished products, further increasing operating costs
Transition Risks	Increased regulatory requirements of product energy efficiency, refrigerants, materials, etc.	- Advanced energy efficiency market access and consumer preferences will affect the direction of R&D and market investment - The requirements of the Montreal Protocol on the regulation of substances that deplete the ozone layer, as well as the introduction of different environmentally friendly refrigerants and CO2 compressors in regions such as the European Union and the America, will have a long-term impact on the direction of R&D and market investment - The proposal of the application proportion of environmentally friendly materials, especially recycled materials, in the context of the circular economy system may increase the uncertainty of product material sources and further enhance the potential cost

Responses	Impact Cycle	Financial Impact
- Enhance bases' capabilities to respond to flood of all bases and purchase relevant insurance - Further improve the construction of employee dormitories to shorten commuting distance	 Short-to-Medium Term	 Neglectable
- Improve outdoor work management requirements, carry out energy-saving and carbon-reduction projects related to refrigeration through equipment upgrades and intelligent control means - Improve the comfort of office areas through green building construction, adopting effective measures such as envelope structure transformation and natural ventilation	 Long Term	 Neglectable
Enhance the climate resilience of supply chain through measures such as enhancing global manufacturing capability, establishing safety inventory of manufacturing bases, emphasizing supplier management and uniqueness investigation, and improving flexible manufacturing capabilities of all bases	 Short-to-Medium Term	 Neglectable
- Promote the technological leadership in higher energy efficiency and water efficiency products through green design standards - Accelerate the investment in the research, manufacturing, and marketing of eco-friendly refrigerant products, maintaining a leading position in the market - Promote internal-external dual-cycle manufacturing model by integrating upstream and downstream value chains such as bulk material suppliers, waste electrical and electronic equipment recyclers, appliance dismantling factories, recycled resource producers, and plastic modification producers, thus, to accelerate the research and application of green and low-carbon materials. And build self-owned dismantling factories in appropriate areas to enhance the production capacity of recycled resources	 Medium-to-Long Term	 Acceptable



Risk Types	Risk Description	Impact Description
Transition Risks	Investment and transformation in industries such as new energy, energy storage, and core components of new energy vehicles	In the context of responding to and adapting to climate change, the new business segments represented by Hiconics Eco-energy Technology, CLOU Electronics, and automotive have huge market potential and competitive pressure
	Uncertainty of green energy costs	Currently, the available green power resources are scarce, and market demand is rising, which may lead to a further increase in green electricity price premium under the market-oriented mechanism in the long run, increasing the energy costs of manufacturing factories
Market Opportunities	Business opportunities brought by green products and services	Continuously develop and/or expand low-emission products and services, obtain more market share and consumer preference, while also secure more investment opportunities in the capital market, bringing more revenue growth

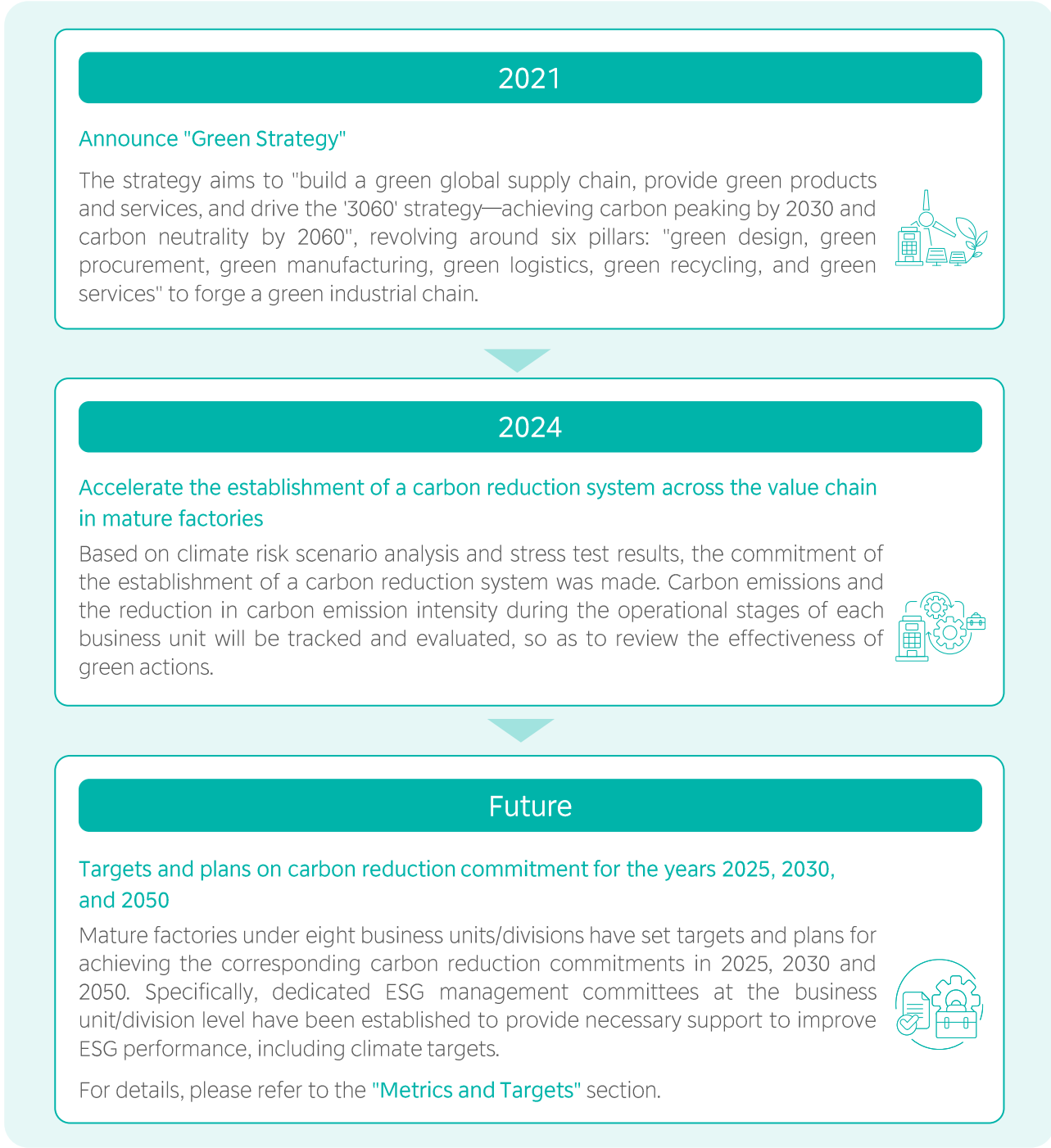


Responses	Impact Cycle	Financial Impact
- Further enhance the comprehensive service capabilities of related businesses through green business deployment - Seize the breakthrough and market opportunities through R&D and technological innovation	 Medium-to-Long Term	 Acceptable
- Strengthening intelligent manufacturing and green production, advancing decarbonization and energy conservation - Enhancing the research and production, supply and delivery capabilities of self-made component suppliers, further reducing value chain carbon emissions, and alleviating the self-made component production pressure of the Group's factories	 Medium-to-Long Term	 Neglectable
- Continuously promote Midea Group's green services, providing green solutions for customer and internal use - Adhere to the leadership of the "green strategy" promoting green design, laying out green low-carbon technology, developing green products, and meeting the market and consumers' expectations	 Short-to-Medium Term	 Influential



Pathway for Green Initiatives

To continuously enhance our adaptability to climate change and ultimately achieve carbon neutrality, we have formulated and implemented a comprehensive low-carbon transformation plan. Guided by the management requirements of "conducting a thorough assessment, establishing standards, reviewing implementations, conducting rigorous evaluations, and ensuring goal attainment", we are committed to progressively advancing our carbon peaking and carbon neutrality initiatives.



Source control is crucial to Midea Group's journey towards carbon neutrality. The USD 450 million green bonds we issued in 2022 have been fully allocated to projects supported under the "Green Strategy". We conduct carbon inventories to understand current status and continuously improve our carbon emission management system by formulating management measures. To mitigate climate risks, we promote energy transition, adhering to the principle of "giving priority to green electricity, advancing emission reduction, and supplementing with offsets". We continuously promote the use of green electricity and comprehensively reduce GHG emissions through energy conservation, emission reduction in manufacturing processes. At the same time, we actively promote the use of eco-friendly refrigerants and the R&D of high-efficiency products. By developing high-efficiency products, implementing green electricity recycling initiatives, applying green materials, and driving supply chain emissions reductions, we comprehensively reduce Scope 3 greenhouse gas emissions.

In terms of carbon emission trading, Midea Group conducts compliant trading. Chongqing and Wuhan factories of Residential Air Conditioner Division have been listed as key emission units for local carbon emission trading. During the Reporting Period, Midea Group completed the surrender of carbon emission quotas on time, with zero cases of over-quota emissions or being required to rectify or under investigation by relevant authorities. In the future, Midea Group will continue to strengthen carbon credit management and compliant operation for promoting green and low-carbon development.

Furthermore, we will gradually adopt the Science Based Targets initiative ("SBTi") tool to comprehensively calculate and verify the rationality of our carbon management targets. Guangdong Midea HVAC Equipment Co., Ltd., under Midea Building Technology Division, officially announced its commitment towards SBTi by signing the Business Ambition for 1.5°C and plans to formulate full value chain emission reduction targets and implementation plans by 2025. In the future, Midea Group will continue to advance its efforts in addressing climate change, energy conservation, and emission reduction. Leveraging on the experience of Midea Building Technology Division in setting emission reduction targets and implementation plans, we will comprehensively promote the sustainable development of the Group.

IRO Management

Midea Group has established a comprehensive risk management system, with specific details outlined in the "Risk Management" chapter.

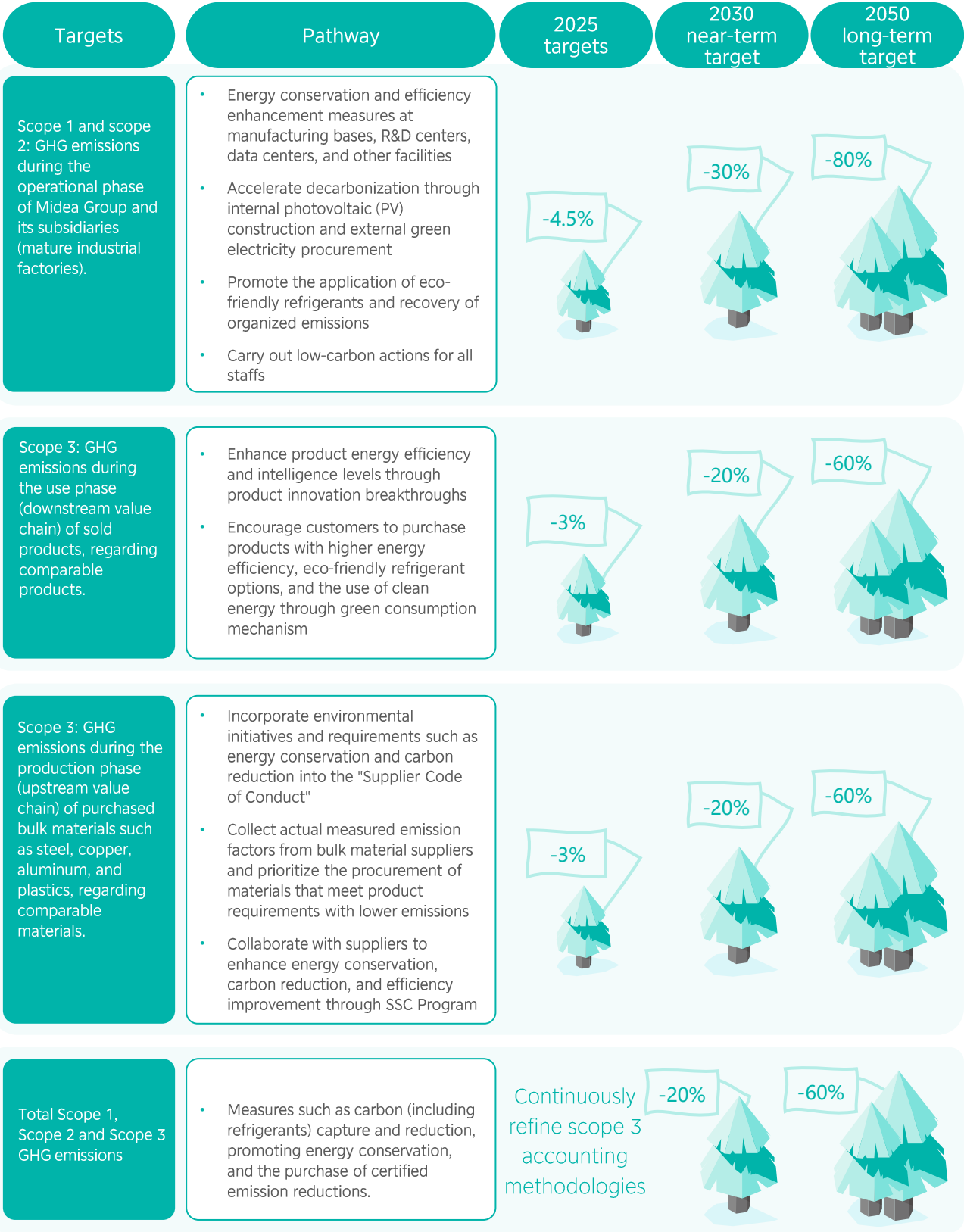
To effectively manage impacts, risks and opportunities (IRO) related to climate change, relevant factors such as sustainable supply chain are incorporated into the Group's Risk Control Committee Management Framework. This enables us to identify, assess, and manage various related risks across the entire value chain, supporting our decision-making in operations, product R&D, and business development, which in turn influences the Group's medium- and long-term financial planning and strategic decisions.

Our business units/divisions actively identify climate risks by referring to the Group's risk assessment standards, analyze and evaluate the likelihood and severity of these risks to determine its risk levels, and compile risk map after review. Meanwhile, we also qualitatively and quantitatively assess the impact levels of climate risks and opportunities on the Group's business models, value chains, and financial and non-financial aspects, considering dimensions such as likelihood of occurrence, regulatory compliance, financial and asset losses, business disruptions, operational goals, and reputational impacts.

Furthermore, relevant ESG personnel at Midea Group regularly receive consultations, briefings, and training on climate change-related topics, including the latest reports on international/domestic climate-related policies and regulations, case studies of significant climate-related issues, and market risks and opportunities. This ensures that they possess appropriate skills and capabilities to oversee the Group's strategies related to climate risks.

Metrics and Targets

In response to the national targets of "achieving carbon peaking by 2030 and carbon neutrality by 2060", we continue to practice the low-carbon operation concept. Using 2023 as the base year, with 2030 as the near-term target year and 2050 as the long-term target year, we set GHG emission targets of scope 1, 2 and 3) and regularly track and monitor GHG emission performance to ensure the achievement of these targets.



Outlined below are statistics on our GHG emissions in 2024.

Midea Group Business Units / Divisions	GHG Emissions in 2024 ³ (tCO ₂ e)		
	Scope 1	Scope 2	Scope 3
 Smart Home Solutions Business Unit	619,645	975,591	189,826,620
 Midea Residential Air Conditioner Division	567,297	267,933	144,854,336
 Midea Refrigerator Division	2,015	256,569	7,849,468
 Midea Laundry Appliance Division	2,367	89,228	10,725,773
 Midea Small Domesitic Appliance Division	11,615	105,997	6,981,445
 Midea Kitchen and Water Heater Appliances Division	11,295	119,189	14,911,031
 Midea Microwave and Cleaning Appliances Division	25,056	136,675	4,504,567

³ The Scope 1 and Scope 2 emissions include 49 factories under 8 business units/divisions of the Group and Annto. The Scope 3 emissions include the usage phase of typical products of 7 business divisions (for details, please refer to the "Product Carbon Footprint" chapter), the steel and plastics purchased by 8 business divisions, as well as the upstream transportation and distribution services of Annto. The scope of GHG emissions in this year has been expanded to include Annto as compared with that in the ESG report of 2023.

Midea Group Business Units / Divisions	GHG Emissions in 2024 (tCO ₂ e)		
	Scope 1	Scope 2	Scope 3
 Industrial Technology Business Unit	44,268	465,121	3,568,110
 Building Technology Division	16,539	61,895	1,512,143
 Annto	584	19,829	1,340,856

Total GHG Emissions of Midea Group in 2024 (tCO ₂ e)		
Scope 1	Scope 2	Scope 3
681,036	1,522,436	196,247,729



Green Mission: Advancing Environmental Friendliness

Midea Group is keen on a green and low-carbon development. We continuously optimize environmental management system and persistently promote energy conservation and also the efficient use of resources. We always pay attention to biodiversity protection. Through green financing, we contribute to low-carbon development.

Practice Green Manufacturing

Midea Group integrates green concepts into the entire production and operation process. We strictly comply with environmental laws and regulations of the countries and regions in which we operate, and continuously improve environmental management systems tailored to our operational sites to ensure the effective operation of the environmental management system on a continuous basis. During the reporting period, there were no significant environmental accidents or major administrative penalties for environmental issues.

Environmental Management System

Guided by the principle of "comply with regulations, preventing pollution, construct a green environment , and co-build Midea home", we enhanced our environmental management system through the robust construction of governance structure, management policy system, intelligent platform, system review and certification construction. In 2024, we also released the Midea Group Environmental and Occupational Health and Safety Management Policy that clarifies EHS management principles and objectives.



 EHS Governance Structure	- The Safety Management Committee as the highest EHS authorities oversees and decides EHS affairs, supervise and evaluates EHS practices. - The Committee Office handles daily EHS management and reports to the Safety Management Committee. Each business unit/division has its own EHS structure to implement EHS policies, objectives and measures.
 EHS Management System	- Based on regulations, industry best practices, and business characteristics, implement the annual EHS policies, standards, and performance objectives. - Develop the EHS Management Control Framework Manual to unify management boundaries, process controls, and data recording standards. - Implement the principle of "One Midea, One System, One Standard" to establish EHS technical standards and audit systems, thereby strengthening standardized management.
 EHS Intelligent Platform	- Established an EHS Intelligent Platform featuring "intelligent data collection, intelligent warning, intelligent control and management, intelligent forecasting, intelligent decision-making and intelligent analysis", that incorporates different modules including smart environmental protection, online environmental monitoring, maintenance of environmental protection facilities and hazardous waste management. - Collect and analyze online monitoring data from the main discharge outlets of each base to achieve comprehensive detection of pollutants and precise early warning management for exceedances, ensuring accurate monitoring across all time periods and scenarios, and guaranteeing compliance.
 EHS Risk Management	- Strengthen EHS risk assessment and control mechanism through proactively identify, assess, monitor and manage environmental and other EHS risks in our own operations according to its risk level. - Established and refined an EHS emergency response mechanism. EHS risk incidents are handled in a hierarchical manner, with relevant prevention and emergency measures properly implemented.
 System Review and Certification	- Each business unit/division conduct its own annual EHS review from the implementation of EHS procedural documents, EHS compliance, and EHS target outcomes. - Conduct EHS review at the group level annually, which mainly covers the implementation of the EHS management policies and key EHS work. - Conduct annual EHS review at factory level, and the Safety Committee summarized and compiled results to the management that include details on the compliance control measures, implementation of the systems, and progress of non-conformity closure.



Energy Management

Midea Group has formulated and implemented the Energy Management Measures of the Midea Group and other relevant regulations. We standardize energy management and explore our potentials for energy conservation and consumption reduction to maximize energy efficiency.

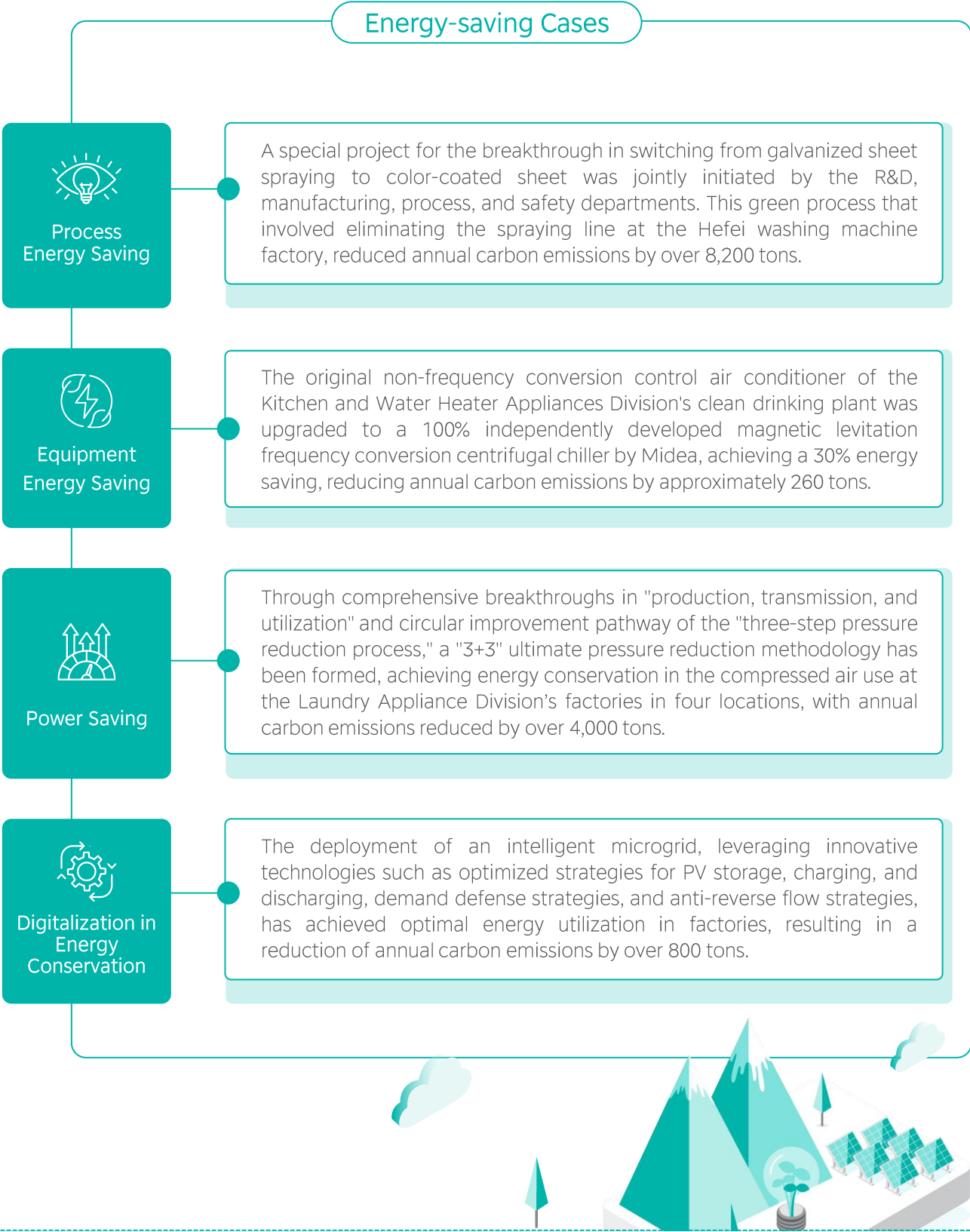
Energy Management System

Midea Group follows an energy management policy of "compliance, conservation, intelligence, and decarbonization". We promote the energy management system and ISO 50001 certification. We have established an energy management organizational structure to monitor key energy indicators and handle exceptions. We implement energy management compliance through measures like motor management and power quality assurance. Regular internal and external audits assess performance and drive targeted improvements. During the reporting period, third-party energy audits provided a clear map of our energy consumption and identified technical solutions for key energy consumption areas.



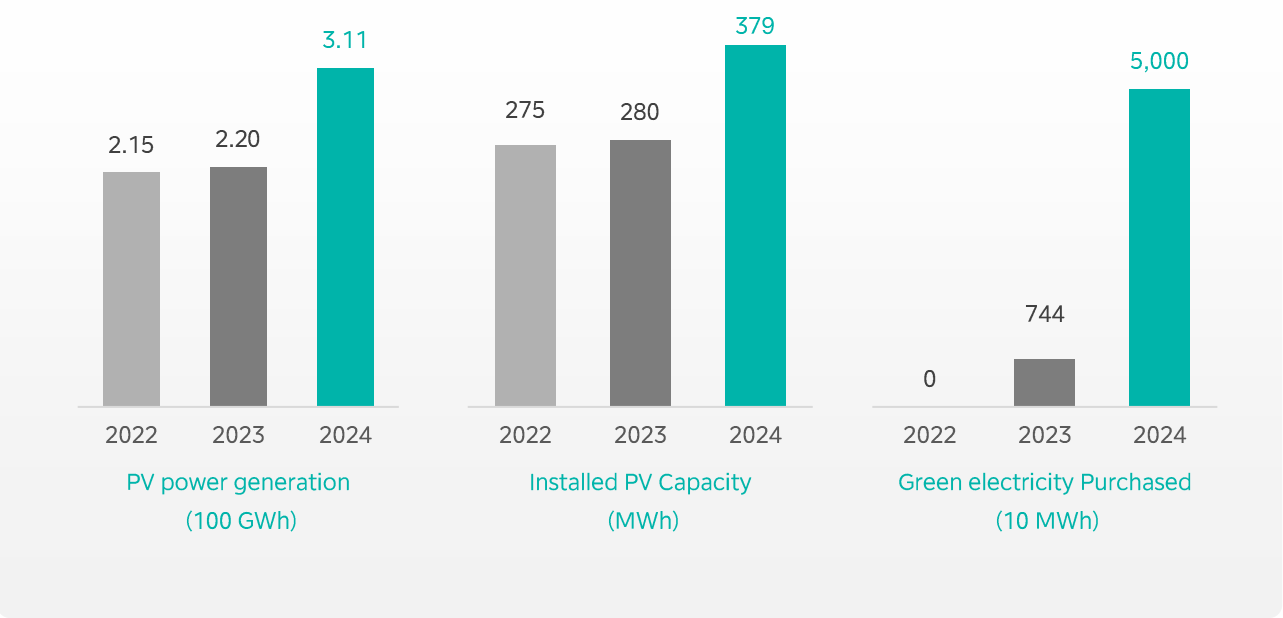
Enhance Energy-Saving Management

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



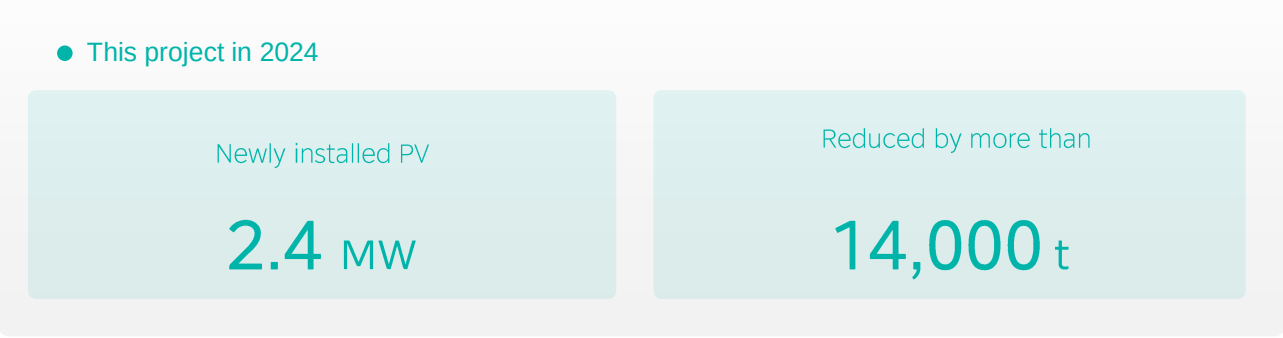
Promote the Use of Clean Energy

We continue to promote clean energy use and advance Midea Group's energy transition through distributed photovoltaics and green electricity purchases. Moving forward, we will accelerate the development of a clean, low-carbon, safe, and efficient energy system.



Implementation of Green Power to Boost Sustainable Development

Based on the initial 31MW rooftop distributed PV installation in Phase One, the Shunde factory of Midea Group's Residential Air Conditioner Division has further explored potential spaces for installing PV equipment in areas such as corridor roofs, wall facades, carports in parking lots, and streetlights.



Build Up the Low-carbon Influence of Midea

We promote an energy-saving, low-carbon culture at Midea Group through training and events, enhancing employees' awareness and optimizing energy use. We also partner with third-party organizations on low-carbon public welfare activities to raise public awareness.

Energy Conservation Month Event

The Shunde Factory of Residential Air Conditioner Division launched the fourth Energy Conservation Month Event - "Energy Conservation and Environmental Protection, Green and Low-carbon". Various interactive activities were held, including soliciting and promoting energy conservation schemes, collecting ideas for energy conservation and consumption reduction, and quizzing with prizes. The event encourage employees to speculate on and practice energy-saving measures in their daily work, and deepen their understanding of energy-saving regulations, technologies and equipment.

An Event on Carbon Credits

In 2024, Midea Group carried out an event on carbon credits, which encouraged employees to behave sustainably for carbon credits that can be used to redeem gifts. Three public welfare activities were organized jointly for three times, completing more than 10 public welfare donations, with 10,114 participants in total. The event concluded with 220,562 times of check-in, generating 246,844 credit points in total.

The "Green Carbon Initiative: Codename ZERO" Public Welfare Activity

In 2024, Midea Building Technology Division organized the fourth public welfare event titled "Green Carbon Initiative: Codename ZERO," collaborating with brands like Anta, the Alashan SEE Pearl River Project Center, and various social forces. Through urban public flash mob activities and a series of events, the initiative aimed to help the public understand and enhance their awareness and actions towards carbon reduction and emission mitigation.

2024 Environmental Protection Month of Building Technology Division

In 2024, Building Technology Division conducted its Environmental Protection Month event, comprising the Eco-Energy Charging Station, the Eco-Advocacy Station, and the Eco-Practice Challenge. These activities aimed to raise employees' green awareness and understanding, and to encourage them to embody low-carbon principles in their daily lives. With approximately 2,300 participants, the event contributed significantly to advancing the sustainable development of Midea Group.

Sustainable Water Resources Management

Water resources management is a core pillar of Midea Group's sustainable development. We aim to reduce water consumption, improve water use efficiency, and promote water recycling to support water-related UN SDGs. Our goal is to establish a sustainable water management system at all water-stressed production sites and key river basins by 2030. During the Reporting Period, Midea Group had no water sourcing deficiencies.

We adhere to four principles: water resources protection in watersheds, water resources management in production and operation, water efficient products, and healthy drinking water in communities. Our water management programs across the Group focus on protecting water resources, improving efficiency, reducing wastewater, providing water-saving products, and supplying water purification solutions to communities in need.



Water conservation
evaluation factories

17

AWS International Sustainable
Water Management
Certification factories

3

Four Principles of Water Resources Management

Water Resources Protection in Watersheds

- Continuously monitor water management in our operational watersheds and assess the impact on local water resources before constructing plants.

Water Resources Management in Production and Operation

- Continuously collect water resource data and conduct targeted assessments to identify management improvement opportunities.
- Actively undertake wastewater recycling and reclaimed water reuse projects to enhance water use efficiency.
- Develop and optimize water-saving technology and equipment, adopt water-saving devices, and retrofit existing production equipment for water conservation.
- Collaborate with third parties, including local governments and other water users, to promote the use of factory water for urban greening and road cleaning.

Water Efficient Products

- Designing more water-efficient products to improve use efficiency and reduce water consumption through process innovation and technology upgrades.

Healthy Drinking Water in Communities

- Using Midea Group's core water purification technology to provide healthier, safer drinking water via products like water purifiers.

Initiatives of Water Resources Management

Cases of Water Resources Management

- Act as "River Chiefs" to Conduct River Patrols and Protection: enhancing corporate roles in river maintenance and collaborating with government, businesses, and communities to protect water resources.
- Biodiversity Protection Policies: prohibiting activities that may affect sustainable water use in wetlands and other ecological protected areas, including ban on direct extraction of groundwater.

- Rainwater Recovery at Dishwasher Factory: Additional Water tanks to collect and store rainwater, with pumps recycling it. This system is expected to store 5,660 tons of rainwater annually.
- Self-Recycling Water Management at Midea Laundry Appliance Factory: Neural networks and genetic algorithms forecast water intake needs. Water recycling treatment and intelligent controls achieve balanced regional water recycling.

- Water Efficient Products: Developed a single-drum self-contained laundry system that uses 50% less water than average Class V water efficiency standard washing machines.
- Water Footprint Assessment: Pioneered ultrafine foaming technology can help to reduce the environmental impact of the laundry process, including water, acidification, eutrophication, and ecotoxic footprints.

- World-leading Water Purification Technology Products: Developed an MPC composite filter element that removes heavy metals and inhibits bacteria while preserving beneficial minerals. We also launched a purifier with a double-channel design and intelligent water regulation, offering both mineral and pure water to meet diverse needs.

Midea Group Obtained the "International Sustainable Water Management Standard" Certification for Excellent Green Manufacturing Practices

In 2024, Midea Group's Shunde factory of Residential Air Conditioner Division being the first production and manufacturing base in the global home air-conditioning industry earned the TÜV Rheinland "AWS International Sustainable Water Management Standard" Platinum certification. The factory enhanced water resource management through employee engagement, technological innovation, and collaboration. It achieved 100% recycling of manufacturing water and 100% resource utilization of wastewater via process upgrades and intelligent transformation, significantly reducing water consumption and wastewater discharge.



Waste and Emission Management

Midea Group is committed to ensuring the compliant discharge of the waste gas, waste water and solid waste and improving the level of emission control. During the Reporting Period, the waste gas and waste water were all properly discharged or recycled, and the wastes were all disposed of or recycled in compliance with regulations. There were no items exceeding the environmental monitoring standards, no major administrative penalties received due to pollutant emissions, and the pollutant emissions did not have a negative impact on employees, local communities and other groups.



Waste Management

Midea Group has established internal waste management policies that comply with the laws and regulations applicable in all global operating locations, and adheres to the Basel Convention, prohibiting e-waste export to non-OECD countries.

Non-hazardous waste, including general and domestic waste, is managed through classified collection, with general waste handled by qualified third parties and domestic waste by local sanitation departments. Hazardous waste is strictly managed and disposed of by qualified third-party agencies in accordance with Midea Group's Hazardous Waste Management Policy regarding the supervision and management of the processes of collection, storage, transportation, and disposal. The company continuously assesses waste management performance through data collection and audits, aiming to improve resource utilization and enhance overall waste management.



Zero-Waste Factory Construction

As a proponent of sustainable development, Midea Group embraces the circular economy philosophy, adhering to the 4R Principle of "Reduce, Reuse, Recycle, and Refuse" for effective waste management. We have established intelligent zero-waste benchmark factories that create dual cycles by reducing waste at the source, reusing materials in processes, and recycling at the end of processes.

By the end of the Reporting Period

Zero-Waste Factories12

Zero-Waste to Landfill Certification Factories18

Management Principle	Key Initiatives	Management Practice
 Reduce	- Breakthroughs in green processes - Reprocessing of defective products into quality ones - Packaging-free incoming materials - Paperless operation - Coating-free - Clean Plate Campaign	Green Process Breakthroughs: The Jingkai factory of the Refrigerator Division has achieved industry-leading processes in refrigerator production, featuring zero burr and zero trimming. The Shunde factory of the Residential Air Conditioner Division has researched and applied a process for two-heat-exchanger short-U components that is free of debris, requires no cleaning, and generates zero wastewater discharge. Package-free Incoming Materials: The "transport-and-packaging integration" model vigorously promoted by Annto has significantly improved transportation loading efficiency and enabled the circular use of equipment. Clean Plate Campaign: The Building Technology Division actively promotes the "Clean Plate Campaign" low-carbon activity among all employees and integrates it into the "Personal Carbon Credit" platform.
 Reuse	- Secondary reuse - Offcuts recycling - Spare parts self-processing maintenance - Waste packaging repurposing	Self-processing and Maintenance of Spare Parts: Through the equipment management platform, predictive maintenance and fault prevention of parts are achieved. Utilizing tools such as Agent AI, combined with fault mode libraries and predictive models, maintenance and repair plans for spare parts are formulated, thereby extending their service life and reducing disposal and waste.
 Recycle	- Recycling at dismantling plant - Bulk waste closed-loop utilization - Other waste recycling	Closed-Loop Utilization of Bulk Waste Materials: In collaboration with recycling enterprises such as China Resources Recycling Group, closed-loop transportation and deep processing are conducted for bulk metal materials such as stamping scraps. This process reshapes recycled and low-carbon materials such as steel coils and copper pipes, making them reusable in products.
 Refuse	- Solid waste sourcing at recovery end - Optimized waste disposal - Landfill diversion rate - System certification	System Certification: Based on the "3R" path (Reduce, Reuse, Recycle), we further advance the business transformation towards refuse aiming to reduce waste disposal costs, decrease dependence on limited landfill space, and lower greenhouse gas emissions within Scope 3 of the value chain.

At the same time, we organize themed trainings on a regular basis relating to waste management-related topics to continuously promote waste reduction practices. During the Reporting Period, we conducted themed training on waste management, covering core ideas and practical cases. This enhanced employees' waste reduction awareness and cross-departmental collaboration, bringing Midea Group closer to achieving zero waste emissions.



Wastewater Management

Midea Group's wastewater includes domestic and industrial sources. We establish relevant management measures. Domestic and industrial wastewater are pretreated in septic tanks and factory treatment stations, respectively, before being discharged into the municipal sewage network. We are optimizing our wastewater treatment processes and upgrading equipment for separation of rainwater and sewage and also for wastewater treatment at old industrial areas to reduce overall discharge and enhance management.



Exhaust Gas Management

Midea Group strictly complies with the applicable laws and regulations in the locations where it operates and exercises strict control over the exhaust gas emissions. Processed exhaust gases will only be discharged by meeting emission standards, thereby preventing pollution to the atmosphere.

Harmonious Coexistence: Upholding Ecological Redlines

Biodiversity is crucial for human survival and development. In 2024, Midea Group launched various biodiversity conservation projects and released the Midea Group Biodiversity Conservation Policy. This policy outlines our commitments and actions in biodiversity and forest protection. We implement compliance control, biodiversity risk assessment, and stakeholder engagement to advance biodiversity conservation.

Throughout our business operations, we prioritize designs and construction plans that minimize impact on biodiversity, especially in critical areas. We conduct field surveys and environmental impact assessments to evaluate potential effects on local species and ecosystems. Midea Group also enforces strict waste and emission management processes and policies to effectively treat and control pollutants, ensuring minimal environmental impact.

Additionally, we actively implement diverse biodiversity conservation projects throughout our operations, fulfilling our sustainable development commitments.



Midea Group adopts pandas "Yu Ke" and "Yu Ai"

Midea Group, committed to biodiversity conservation, has adopted two pandas named "Yu Ke" and "Yu Ai" in partnership with Chongqing Zoo, and launched the "National Treasure Better Life Plan," promising to create a customized smart air system for the pandas' habitat. This initiative leverages Midea's innovative capabilities to enhance the pandas' living conditions and contribute to their conservation. As the first technology group to adopt a giant panda, Midea Group hopes to draw more attention to panda conservation through this initiative. In the future, Midea Public Welfare will continue to integrate resources and explore pathways for giant panda conservation and development, aiming to achieve sustainable development for both the enterprise and society.



Panda Adoption Ceremony

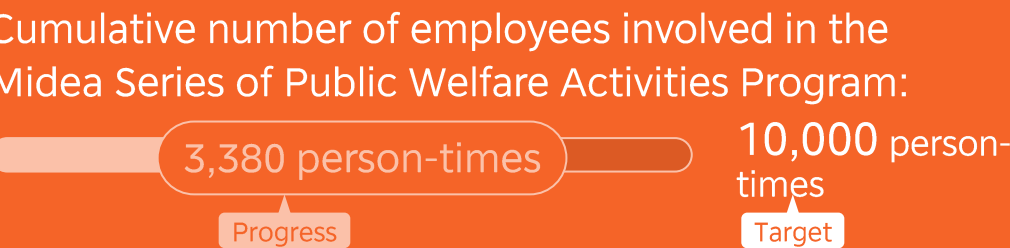
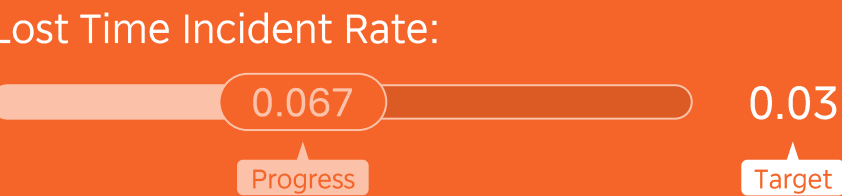
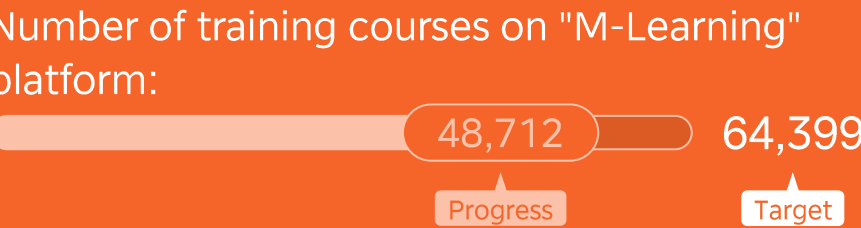
02

Build Harmonious Communities

SDGs in this Chapter:



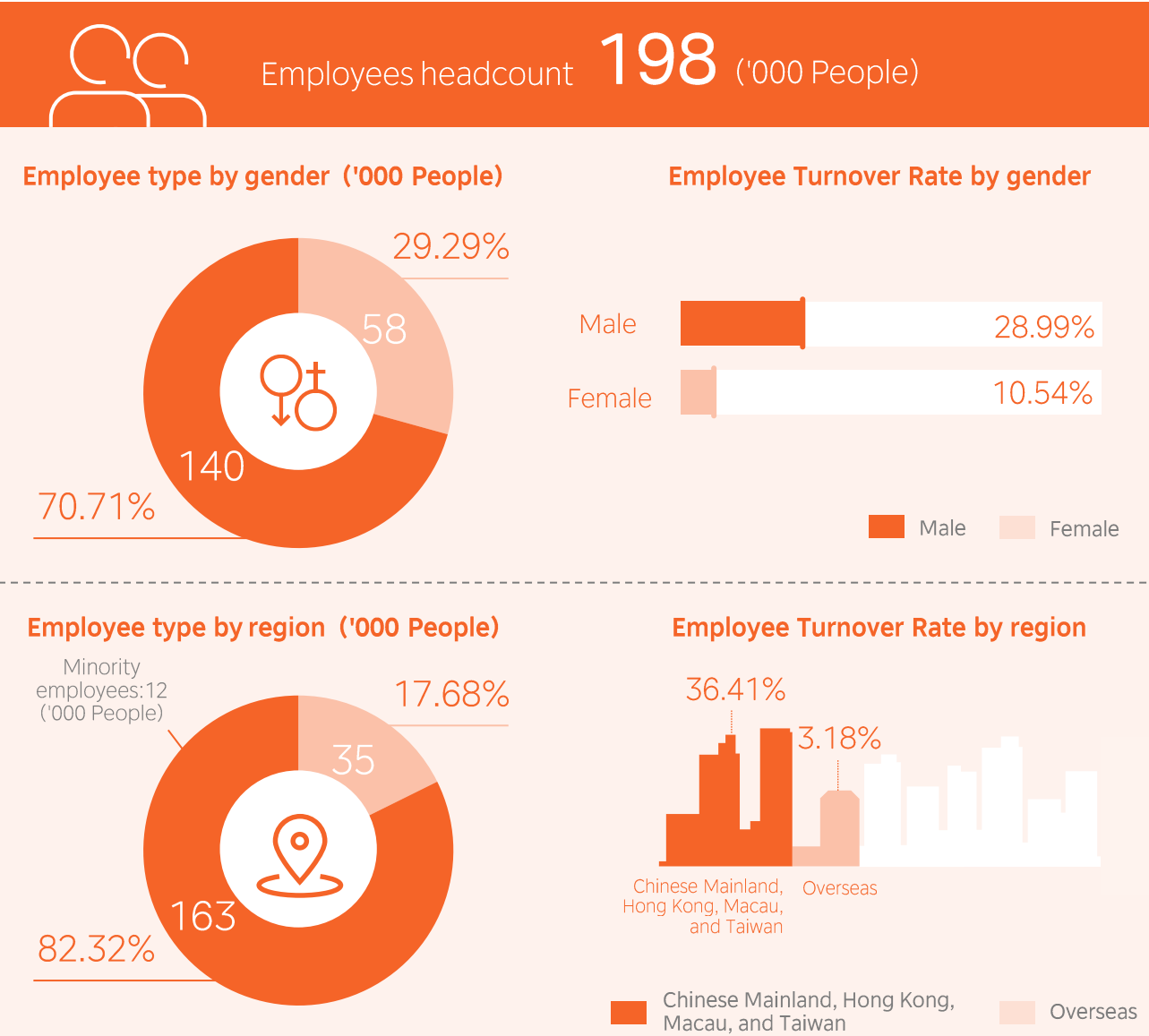
Midea Group 2030 Sustainable Development Goals and Progress:



People-Centric: Valuing Midea's Talent

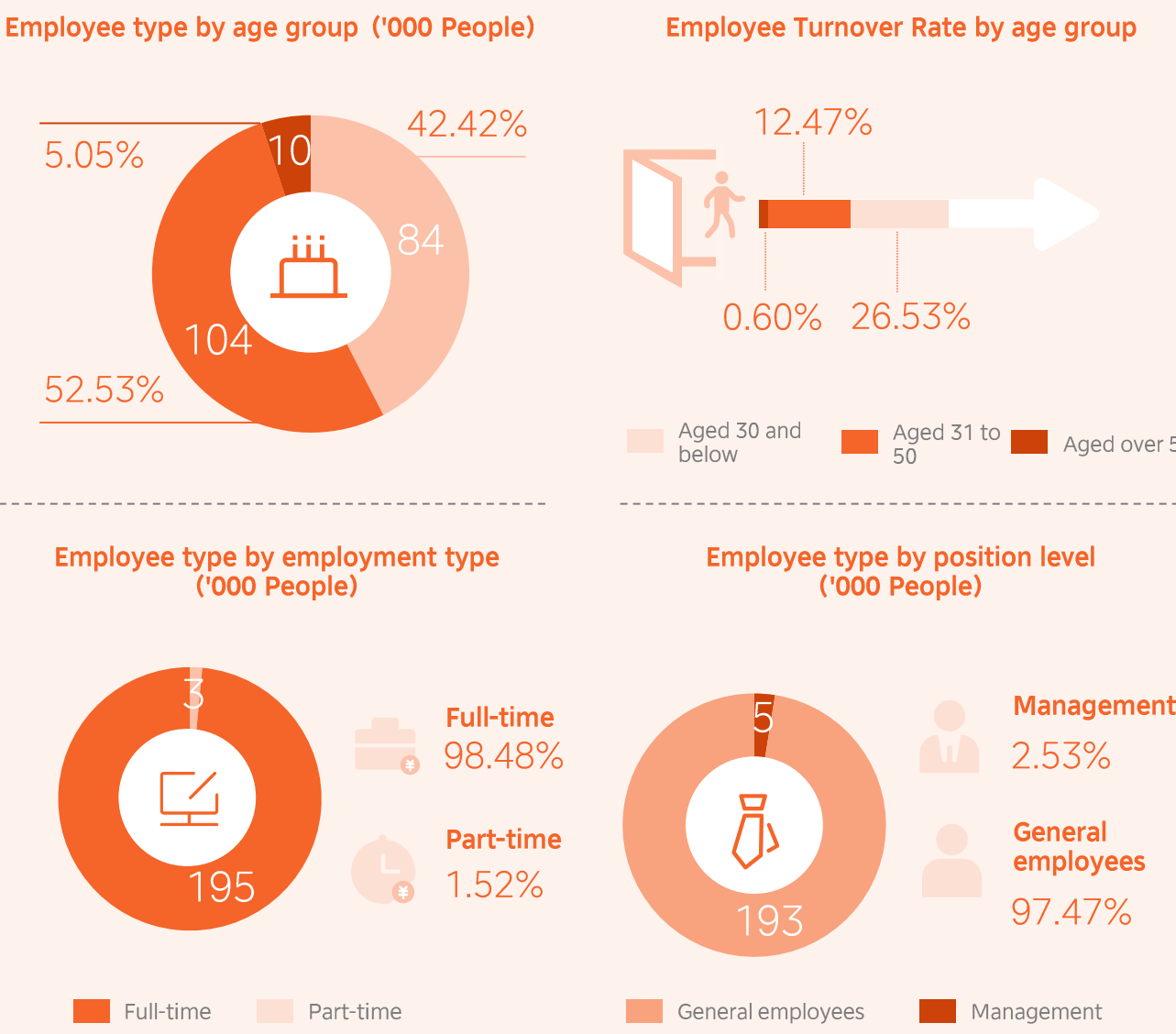
Midea Group upholds the concept of "being people-oriented", dedicating to creating a fair, open and inclusive work environment. We meticulously construct the talent blueprint, safeguard employee rights and enhance our ability to attract and cultivate top talent. We establish diverse and frequent communication channels, encouraging employees to express their thoughts and responding to their genuine concerns.

We also prioritize employee well-being, promoting a healthy and positive work-life balance, and support comprehensive personal growth.



Protect Employee Rights and Benefits

Diversity and inclusion are integral to Midea Group's corporate culture, reflecting our commitment to social responsibility and respect for human rights. We highly value and respect the diverse backgrounds of our employees, recognizing that a team with exceptional talent, broad knowledge, rich experience and unique skills is crucial for maintaining our competitiveness and meeting customer needs in a rapidly changing society.



In 2024
we won several employer awards for our efforts



Forbes "2024 World's Top Companies for Women"



Forbes "2024 World's Best Employers"



LinkedIn "2024 Global Graduates Magnet Employer"



LinkedIn "2024 Global Talent Magnet Employer"



NEWCODER "2024 N Future Awards Most Favored Campus Recruiter for Tech Talent"



Liepin "Extraordinary Employers of 2024"

Equal Rights

Midea Group strictly complies with the employment-related laws and regulations of the countries and regions where it operates, and has established a comprehensive employment system, incorporating compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversity and non-discrimination. We uphold a zero-tolerance policy against discrimination based on nationality, regions, race, gender, age, and other factors, expressly oppose any harassment acts, including sexual harassment. At the same time, we prohibit child labor and forced labor. Immediate action is taken upon detecting any violations.

To enhance awareness of anti-discrimination and anti-harassment, we periodically issue notifications to all staff, ensuring to deepen their understanding of diversity and promote their ability to prevent relevant behaviors.

We conduct comprehensive assessments across our operations, suppliers and joint ventures to identify and address potential impacts and risks associated with human rights, including forced labor, human trafficking and child labor, fostering a respectful and harmonious work environment to prevent any human rights issues.

We respect employees' rights to freedom of association and collective bargaining, and have established trade union organizations to safeguard their rights and benefits in accordance with the applicable laws and regulations. In 2024, in accordance with the legal and regulatory requirements of the country/region where we operate, trade union organizations covered 100% of the workforce accordingly, with no significant labor disputes occurring.

Diversity and Inclusion

We embrace diversity and are committed to creating a workplace where different personalities, opinions and viewpoints are equally respected, ensuring that every employee feels recognized and valued for their contributions.

Gender diversity is a key driver of inclusive development in the manufacturing sector. We have launched initiatives to increase the proportion of female new hires and hold "Women's Month" events to eliminate gender bias.

Our consecutive presence on Forbes "World's Top Companies for Women" list underscores industry recognition of our efforts to foster gender equality and empower women's careers, validating our dedication to an inclusive and equal working environment.

During the Reporting Period



We provide additional benefits for female employees and those in special circumstances, such as pregnancy and childcare. These include maternity leave, pregnancy check-up leave, paternity leave, nursing break, parental leave, caregiving leave, dedicated mother and baby rooms, preferential parking spaces and other related benefits. These measures support a better work-life balance and create a more friendly work environment.

A Series of Themed Women's Day Events

We designated March as "Midea Women's Month" and partnered with business units/divisions and the M+ Bookstore to organize a series of events themed "Unleashing Your Inner Strength." These included a women's leadership salon, themed night running, a relaxing reading session, and a DIY workshop, all aimed at enriching the workplace experience for our female employees.



● A Series of "Midea Women's Month" Events

Women's Day Themed Promotion of Female Figures

In 2024, we partnered with three prominent Midea outlets—New Weekly, The Fair, and Sanlian Life Weekly—to produce in-depth reports on nearly 30 outstanding female employees of Midea Group to enhance the exposure and influence of female employees and inspire more female employees to pursue excellence in the workplace. These reports highlighted their careers and personal stories, showcasing their achievements and influence in various fields.



● "Inner Strength" Poster



We prioritize the career development of people with disabilities, actively providing them with employment opportunities, specialized training and career development plans to help them realize their self-worth. Additionally, we have installed accessible facilities in the workplace to offer a convenient and safe working environment for employees with disabilities. In 2024, we recruited 1,101 individuals with disabilities, fulfilling our commitment to diversity and inclusion.

Midea Group has a global presence with diverse teams comprising individuals from different national, ethnic, and linguistic backgrounds. To enhance unity and foster mutual understanding, we regularly conduct cross-cultural communication activities, aimed at creating close ties among employees from diverse cultural backgrounds.

Cross-Cultural Communication Activity

In November 2024, Building Technology Division's Supply Chain Division hosted a Sino-Thai cultural exchange. Thai colleagues explored advanced supply chain concepts through site visits and discussions. In December, Midea Group held a Cross-Culture Lunch event, where employees shared insights on various national festivals, enhancing cultural understanding and respect. Midea International Business also regularly conducts cross-cultural classes to promote diversity and tolerance within the company.



● The site of Sino-Thai Team Exchange



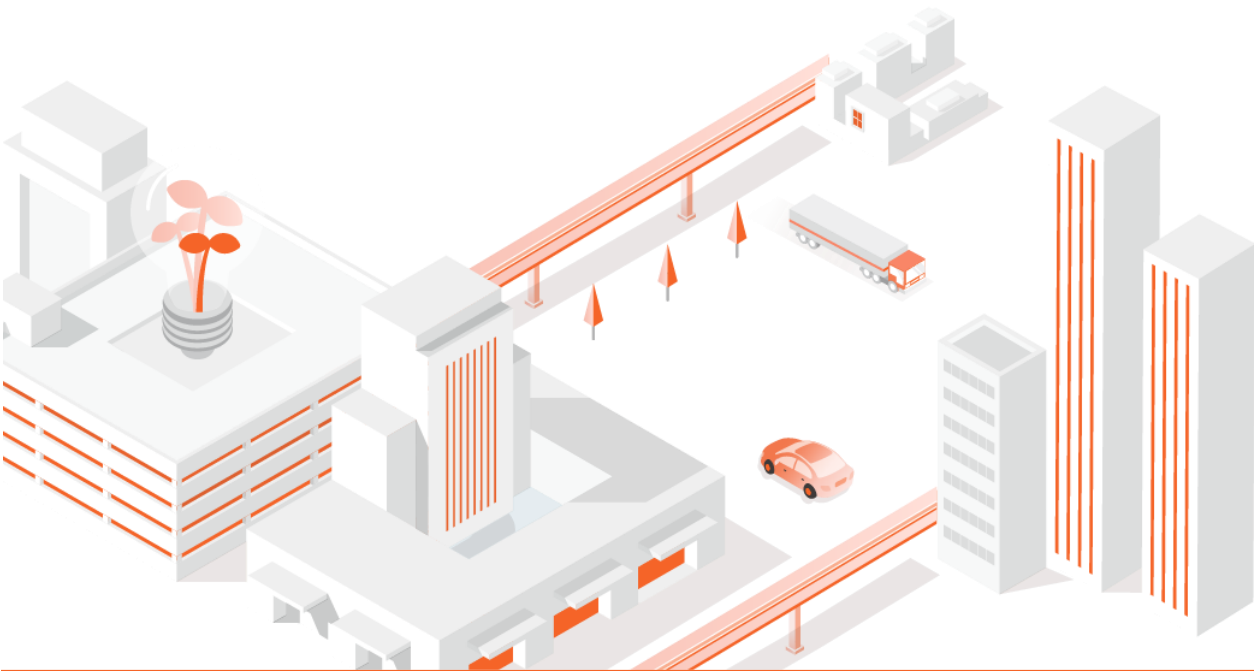
● The scene of Cross-Culture Lunch

Empower Talent

Midea Group has established a comprehensive talent development strategy guided by its talent standards. We conduct detailed talent demand analyses based on business requirements and have launched global recruitment processes to attract outstanding talents. We also implement key measures such as talent assessment, performance management and career development planning to build a future-oriented talent development system, promoting co-development and win-win achievements with our employees.

Recruitment and Review

We aim to create a positive virtuous cycle with creative and ambitious talents, driving individual career development while bringing sustainable value growth to the Group. In this regards, we have formulated and implemented policies such as the Management Measures for Recruitment and Assignment of Midea Group, to actively broaden our talent recruitment channels.



Campus Recruitment

- For college students, we launched the "Midea Youth" internship program, providing project-based experiences for college students around the world. Over three years, we partnered with over 100 universities, offering valuable practical opportunities.
- For graduating students, we created the "Midea Star" training program, equipping them with essential workplace knowledge and skills for career growth.
- For fresh graduates, we offer internship opportunities, innovation competitions and campus roadshows. Our global roadshows have covered over 100 colleges and universities within and outside China, providing job positions in eight major fields: R&D Technology, IT, Domestic Sale & Marketing, Oversea Sale & Marketing, Manufacturing Technology, Management, Supply Chain & Logistics, and Finance.



PhD Recruitment Roadshow at A Higher Education Institution



Campus Recruitment



Social Recruitment

- We partner with major recruitment websites and top headhunting agencies to attract professional talents.
- We have established dedicated recruitment centers in multiple overseas markets, including the United States and Japan, to attract high-end talents with diverse cultural backgrounds, enriching our talent pool and enhancing global competitiveness.

Internal Recruitment

- We launched the "Talent Pool" section on our internal career development platform, encouraging employees to explore job transfer opportunities based on their career plans and interests, fostering personal growth and uncovering additional career development opportunities.

Blue-Collar Worker Recruitment

- We actively engage in school-enterprise cooperation, partnering with vocational and technical colleges nationwide to develop strategies for cultivating skilled talents. We provide extensive internship and employment opportunities for vocational school students, enhancing their practical skills and facilitating their integration into the workforce.
- We will further strengthen school-enterprise cooperation and develop innovative models to facilitate the rapid employment of technical workers, contributing to the prosperity of China's manufacturing industry.

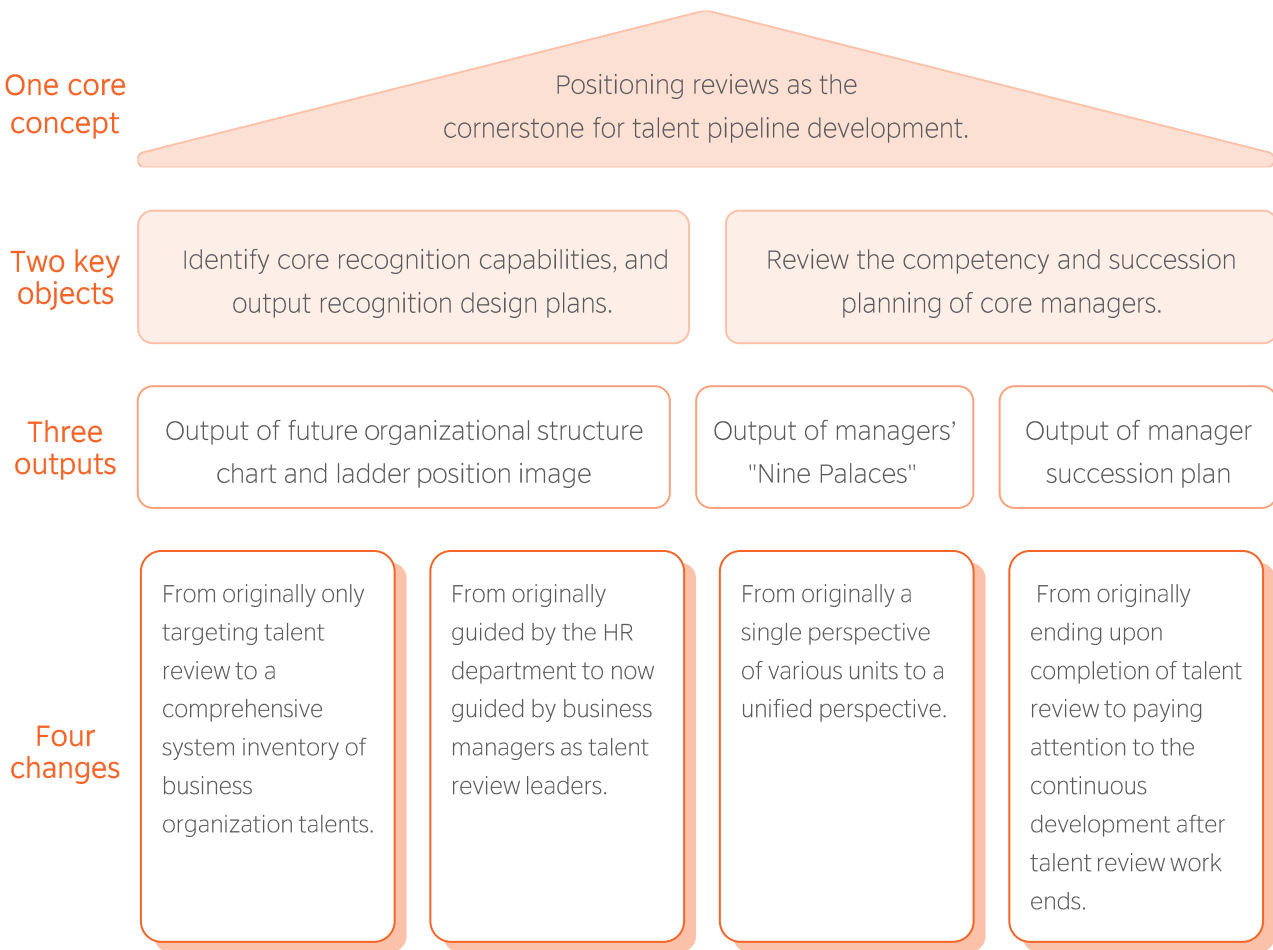


● The site of school-enterprise communication

Defining talent needs and constructing a tiered talent pool are vital for a company's strategic growth. Midea Group systematically evaluates its human resources through talent reviews, identifying key positions and requirements, assessing the current talent landscape and planning for talent echelons. This process clarifies our actual HR needs, supporting Midea Group's long-term value and strategic goals. From March to May each year, we conduct a comprehensive review of our organizational structure and talent, aligning with our business strategy and needs. Additionally, a talent review will be held in the fourth quarter to gain a better understanding of talent landscape.

In addition, we integrated digital tools integrated into our processes, which enable real-time monitoring of the talent pool, tracking high-potential talent growth, and allow dynamic talent management for timely adjustments.

In 2024, we built an organizational and talent review system based on the one core concept of "positioning reviews as the cornerstone for talent pipeline development." We clarified two key objects, created three outputs and executed four changes, to ensure the alignment between talent reviews and Midea Group's strategic goals.



Talent Review System

Development and Support

We have established a scientific and systematic talent development system. It offers customized training programs for senior and middle managers, general employees and technical staff and supports all employees (including part-time and contractors) to improve integrated capability. The training programs include furthering education and obtaining job-related certifications, supporting employees in becoming "π" talents and creating more career development opportunities.

Midea Academy| Middle and Senior Leadership

To meet the needs of managers at different stages and align with Midea Group's strategic, we have designed training programs to enhance managers' capabilities in strategic planning, international business operations, industry chain management, innovation and complex problem-solving. We have also launched courses on generative artificial intelligence (GenAI) to improve participants' understanding, analytical skills and practical application of AI. In 2024, training programs were attended by 19.94% of the workforce, achieving a satisfaction rating of 9.24 on a scale of 10. Participants recognized that these training initiatives enhanced their competencies and that the company provided abundant opportunities for their career advancement, thereby underscoring the program's efficacy in skill development and talent retention.



● The site of manager training

Business Unit/Business Division/Platform HR| Middle and Grassroots Leadership

To support managers at their critical career junctures, we have launched the "New Leadership Transition" training program. It helps top individual contributors smoothly transition to team management roles. Additionally, we have introduced an on-the-job management enhancement program to boost grassroots managers' core capabilities and unlock employee potential. In 2024, the training program reached 18.41% of employees and scored 9.42 out of 10 in satisfaction survey. Participants gained increased confidence and proficiency in their new roles, along with a clearer understanding of the promotion prospects and growth potential within the organization, thereby bolstering their sense of belonging and loyalty.



● The site of "New Leadership Transition" training program

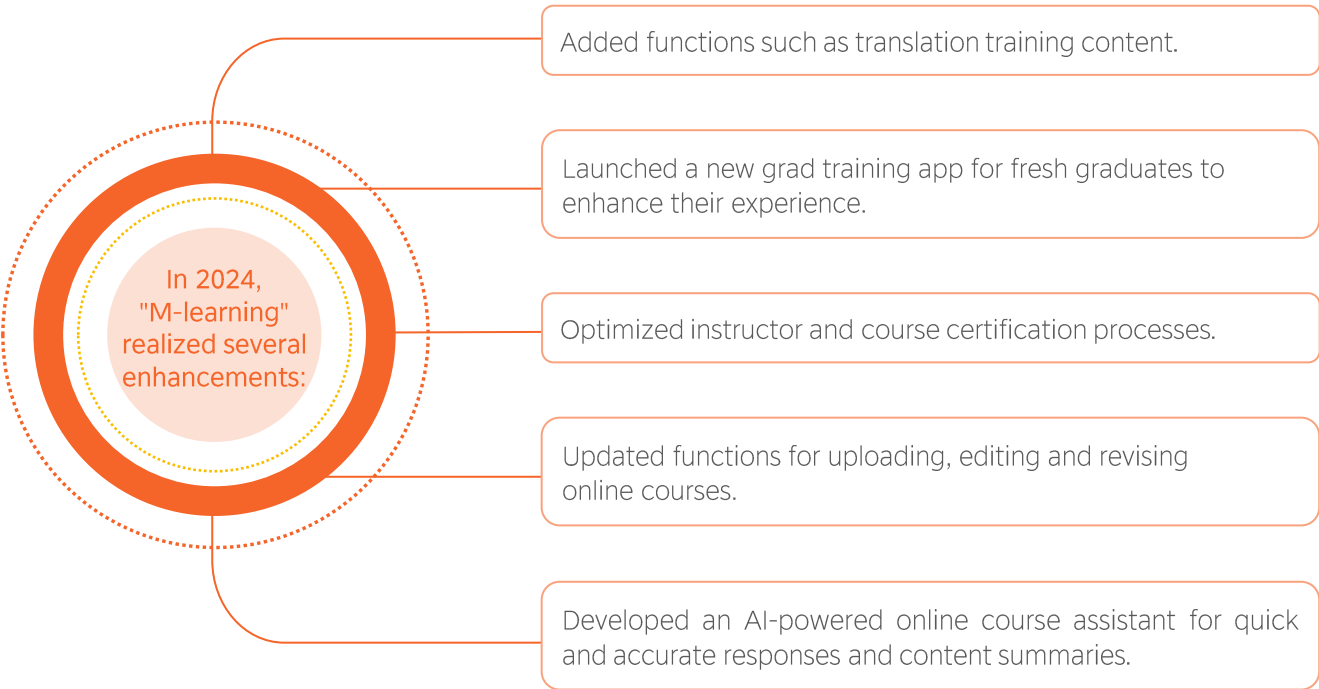
Unit/Factory/Department HR | Professional Skills

We have created customized training programs for professional talents in fields such as manufacturing, digital tech, logistics, finance, and HR. These programs boost their expertise and cross-domain skills, ensuring their capacities in adapting in a fast-changing environment.



● The site of professional skills training program

In addition to customized training courses for employees at different levels and in various fields, we launched the "M-learning" online platform. It offers a wide range of online courses, including anti-corruption and product quality training, enabling employees to learn anytime anywhere.



In 2024, we continued to meet the development needs of employees at all levels and job fields. The "M-learning" platform offered training content, including management and leadership programs, to all employees (including part-time and contractors), aiming to enhance their overall capabilities and career competitiveness.



To boost employees' professional skills, we designed a comprehensive managerial and leadership development training program with five progressive stages: "Professional Competence Development", "Onboarding", "Voyager", "Explorer" and "Leadership". The content spans from "Newcomer Integration" to "Leading Independent Business Operations," catering to the needs of individuals at different career stages. Through this multi-level succession planning, we have established a systematic career support structure, empowering employees to achieve personal growth and career advancement.

Leadership Training - "Voyager" Program

In 2024, we selected 108 high-potential middle managers from various business and functional departments within Midea Group to participate in the "Voyager Program," a 1.5-year training initiative. The program provided in-depth learning and professional development opportunities, covering courses on business challenges, professional skills, management techniques, comprehensive ability development and managerial mindset transformation. Participants were encouraged to discuss their work experiences in class and apply the knowledge gained to their daily work. Through this leadership development program, trainees gained a deeper understanding of their business processes, acquired cross-departmental knowledge, and developed cross-boundary thinking capabilities.

Graduation Ceremony of Voyager Program



New Employee Onboarding Training Program

In 2024, we launched the "Exploration and Practice to Empower Growth" training programs for over 2,000 new hires. Activities included Midea Group family open days, Growth Market, graduate music festivals, thematic discussions and roundtable forums. Topics covered creating value for global users, face-to-face sessions with senior executives and the chairman, career acceleration talks with seasoned professionals, and decoding Midea's talent development pathways. These programs helped new employees make friends, clarify career paths, build connections and discover their potential.



New Employee Training Activities

We highly value enhancing employees' professional capabilities and have established Continuing Education Management Policy of Midea Group to support all employees' degree and certification pursuits. Through subsidies and other resources that we provide, we encourage employees to obtain professional certifications like ACCA and Legal Profession Qualification Certificate, as well as advanced degrees such as Master's, Doctorate, MBA, and EMBA.

During the Reporting Period

Midea Group invested over

RMB **15.4 million** in continuing education to comprehensively support employees' professional development



Motivation and Development

We believe that talent drives corporate development. We have established a transparent position and performance management system to measure staff contributions to the company, integrating performance into compensation to motivate employees and align their contributions with Midea Group's goals.

Our position system covers various fields like marketing, sales, services, R&D, manufacturing, IT, HR and finance, offering career opportunities for diverse talents. We have also created a promotion mechanism considering performance evaluation results and daily work performance, providing employees in different fields clear career progression paths.

We continuously upgrade our performance management system and strictly enforce Midea Group's Performance Management Measures. Using the PDCA process, we regularly conduct multi-dimensional performance assessments, supporting employees for improvement and professional development.



Objective Management

- Utilize a variety of goal management tools for setting objectives, including Key Performance Indicators (KPIs), Objectives and Key Results (OKRs), and adopt differentiated goal-setting tools for employees of different levels and functions.



Performance Implementation and Coaching

- Encourage regular communication between supervisors and subordinates, and track the achievement of subordinates' goals on a regular basis, providing timely coaching and support.
- Conduct growth dialogues with employees on a semi-annual basis, covering work outcomes, career development, capability enhancement suggestions and so on, and summarize the content of these dialogues with the assistance of AI to facilitate better employee development.



Performance Evaluation and Feedback

- Conduct regular performance evaluations based on multiple dimensions such as annual performance achievement and capability by following the principles of objectivity and fairness.
- Include a performance appeal process and allow employees to appeal if they have doubts about the results in order to fully protect the interests of the employees.



Assessment Results Application and Improvement

- Apply performance results to various aspects such as employee performance incentives, promotion and development, talent cultivation, and provide improvement suggestions to employees based on employee performance assessment outcomes.

In 2024, we set clear performance targets aligned with our strategic goals for both the organization and individual employees at the start of the year. We tracked progress at different intervals, analyzed issues and conducted two multi-dimensional performance assessments in June and December. To enhance performance, we established 360-degree feedback channels, collecting appraisals from direct leaders, peers, subordinates and customers. We also introduced one-on-one growth dialogues to foster deeper interactions, creating a supportive environment for employee development.



To motivate employees and recognize their contributions, we follow Remuneration Management Measures of Midea Group, setting compensation for all employees based on position and professional ability and incorporating performance assessment results into variable pay. This performance-based incentive structure covers all employees. Based on the guarantee of timely wage payments, we also established a comprehensive innovation incentive mechanism, including project awards and salary subsidies to provide competitive remuneration.

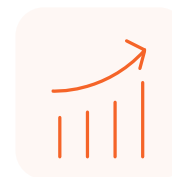
Since 2014, we've launched long-term incentive plans such as the Restricted Share Scheme, Core Personnel Stock Ownership Scheme, Option Incentive Scheme and Partner Stock Ownership Scheme, to align employee value with the company's long-term goals. By the end of the Reporting Period, over 15,000 person-times had been granted.



By the end of the Reporting Period

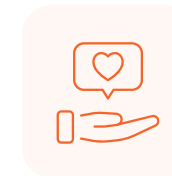
Restricted Shares Scheme

- 7 terms of Restricted Shares Scheme
- Incentives given to about 2,200 employees
- Targeted at senior managers who bear primary responsibility for the unit and department and core personnel with significant impact on the Group's performance and development.



Core Personnel Stock Ownership Scheme

- 2 terms of Core Personnel Stock Ownership Scheme
- Incentives given to about 750 employees
- For core personnel crucial to the Group's overall performance and medium-to-long-term development.



Option Incentive Scheme

- 9 terms of Option Incentive Scheme
- Incentives given to about 12,500 person-times
- For R&D, manufacturing, quality and other technical personnel, as well as related middle management

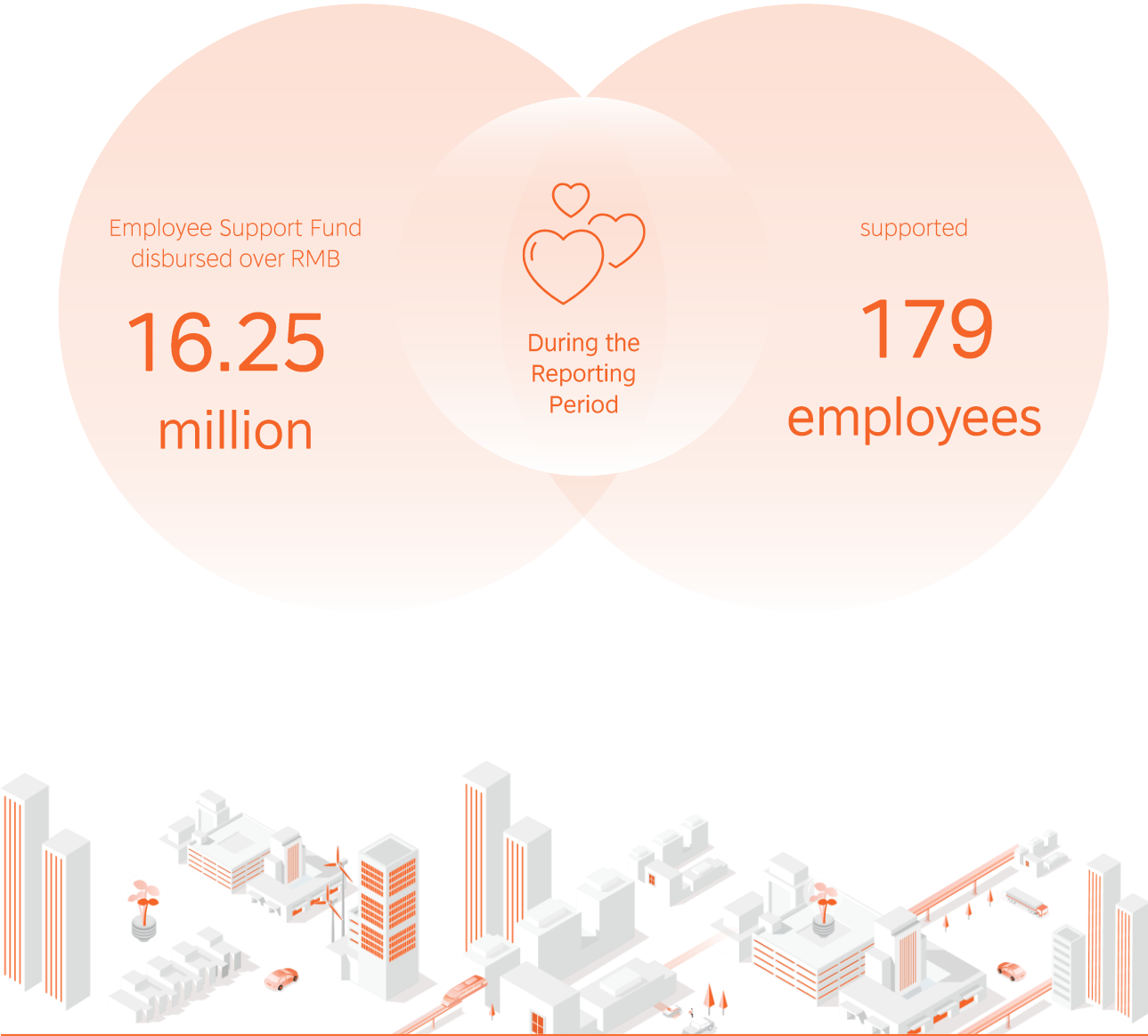


Partner Stock Ownership Scheme

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

Deliver Care to Employees

We prioritize open and positive communication with employees and listen to their feedback to enhance their work experience. We provide a range of benefits and activities to foster a friendly and supportive work environment, enabling employees to realize their potential and contribute to the Group's long-term growth.



Employee Communication

We place a high value on employee communication and proactively facilitate within and outside the workplace. By supporting the free flow of information and encouraging diverse perspectives, we drive value creation and boost organizational effectiveness.



In 2024, we provided the following communication channels for our employees:



510th Issue of Midea News

- Established the "Chairman's Direct Line" for direct communication with senior management;
- Launched the "Micro Suggestion Platform" for employee feedback on organizational development, administrative logistics and other work-related issues, with continuous follow-up to address suggestions.
- Continuously upgraded "Midea Talks," an anonymous employee community platform for sharing true feelings.
- Provided dedicated reporting and complaint channels including hotline and emails, with strict whistleblower protection measures to prevent retaliation.
- Published Midea News, an internal publication with a 32-year history and 510 issues, allowing employees to stay informed and voice their opinions.

To hear our employees' voices, we conduct a global employee engagement survey annually to assess engagement levels and organizational support. The survey covers multiple dimensions, including company reputation, senior and direct management, work-life balance, resources, diversity, compensation and welfare. In 2024, the survey achieved a significant improvements in employee engagement, organizational support and satisfaction drivers, reflecting the success of our efforts to enhance the employee experience.

Benefits and Care

We value our employees' well-being and provide comprehensive benefit programs and diverse welfare activities to support a harmonious work-life balance. We have established an employee welfare system with six sections: "Guarantee", "Enjoy Work", "Enjoy Life", "Love Your Family", "We Care" and "Specific Benefits", and have formulated Welfare Management Measures and other policies to strengthen implementation. Besides basic "five insurances and one housing fund" benefits and commercial insurance, we offer additional family benefits. For overseas employees, we allow them to arrange their working hours in a flexible manner, including flexible working hours and remote work options and also offer part-time job choices to enhance work-life balance and autonomy.

Employee Benefits Highlights

Youth+ Apartments

Midea has built Youth+ apartments with gyms and swimming pools to create a youthful ecosystem integrating work, life, entertainment, art and culture.



● Midea Youth+ Apartment Commercial Area



Corporate Infrastructure

To support employees' work-life balance, we have built sports facilities such as gyms, courts, and studios within Midea Group, to provide employees diverse activities.



● Midea Group's Internal Infrastructure



Employee Support Fund

Launched in 2007, this fund assists employees and their families with medical expenses for critical illnesses or accidents. In 2024, it supported 179 employees, disbursing over RMB 16.25 million.

We organize 13 core associations and over 20 employee-led interest groups to regularly hold cultural and sports activities across business units/divisions. To enhance team cohesion and belonging while enriching leisure life, these activities include workplace stress management and sports health concepts,.

In 2024, we held over 100 association activities like reading sessions, photography contests, band performances and e-sports competitions. These efforts effectively reduced work stress and deepened mutual understanding and emotional connections among colleagues, fostering a more united and harmonious work environment.



All Soul In Love - The 33rd Group Wedding Ceremony

On November 30, 2024, Midea Group held a group wedding themed "All Soul In Love" at ALSO Square, next to our headquarters. Thirty couples from Midea Group and various business units and divisions celebrated their marriages with the blessings of relatives, friends, and colleagues.



● The site of the 33rd Group Wedding Ceremony





IT'S MY TURN - 2024 Midea Sports Season

In 2024, we launched the Midea Sports Season with the theme "IT'S MY TURN," featuring a series of sports competitions like basketball, football, badminton, table tennis and running league games, fostering a warm and vibrant atmosphere.



Sports Events



Regular Extensive Employee Activities Throughout the Year

We partnered with ALSO to conduct various activities, including Tuesday Relaxation Session, Terrace Concert and Thursday Night Run Program, following the principle of "people-oriented, open and inclusive" to enhance the sense of belonging.

We also placed a strong emphasis on the work experience and feelings of diverse employees with different cultural backgrounds. To show our respect for different cultures, religions and customs, we organized various holiday activities tailored for our overseas employees.

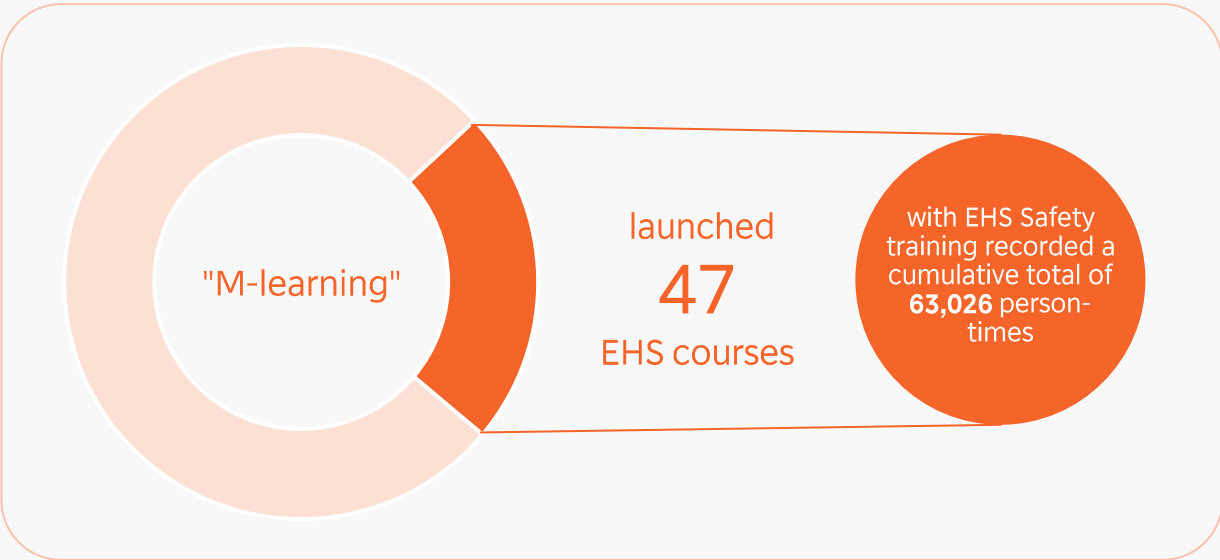


Cultural and Holiday Employee Activities

Safeguard Employee Health

Employee health and safety is our priority for business operations. We are committed to building a healthy and safe working environment to eliminate and reduce risks that threaten the health and safety of all employees.

During the Reporting Period



Safety Management System

In accordance with national and international and domestic laws and regulations, as well as industry best practices, we continuously improve our occupational health and safety management system. We have formulated and complied with the Manual of EHS Management Control Framework and the Material Supplier Management Manual of Midea Group which are applicable to all of Midea Group's businesses and contractors so as to ensure that all production activities of the company comply with regulatory requirements.

To strengthen the production and occupational health and safety management, Midea Group's headquarters, each business unit/division and product company have set up OHS organizations and safety committees. Led by various functional departments, we have established several safety sub-committees in factories, including equipment protection and upgrade safety sub-committee, logistics safety sub-committee and other committees. This further consolidates the foundations of production safety to create a safe and healthy working environment.

In addition, we have incorporated occupational health and safety standards into our procurement contract with suppliers, aiming to raise suppliers' awareness of employee health and safety and create a responsible working environment for employees in the value chain together.



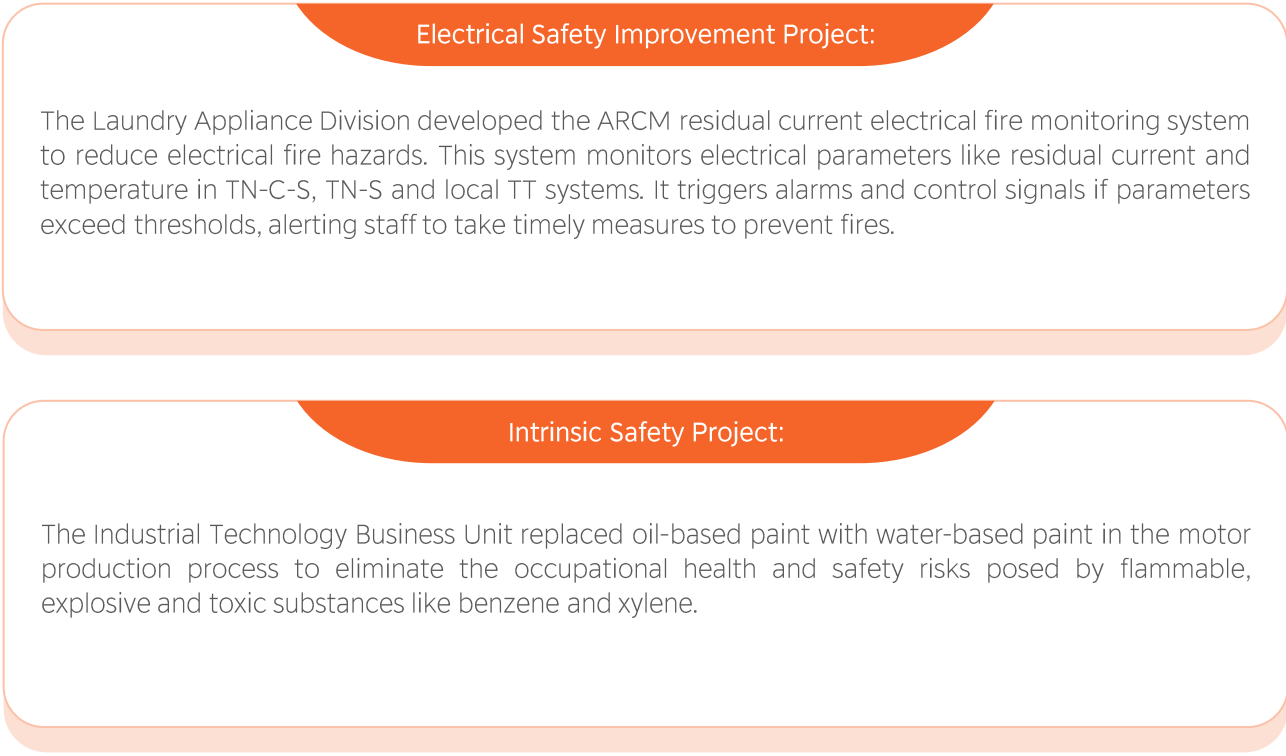
Occupational Health and Safety Management

To fulfil our commitment to employee occupational health and safety, Midea Group signs an annual safety responsibility statement with each business unit/division, outlining goals like "zero occupational diseases" and "zero safety accidents." We develop prioritized action plans and regularly assess goal achievement to promote compliance and manage production safety risks.

To ensure a reliable safety management system, we commission the third-party organization to annually conduct assessments of occupational hazard risk factors in our factories. Based on these assessments, we implement measures such as improving production processes to address potential and existing risks, and eliminating occupational diseases and injuries caused by toxic substances and other factors, thereby protecting employee health. We also conduct internal reviews of safety management systems at Midea Group's subsidiaries to ensure consistent and effective implementation of safety standards.

To further enhance our risk management capabilities, we have formulated emergency plans for occupational safety risks and defined specific measures to address various types of risks. Upon identifying incidents related to work injuries, health issues or production safety, we immediately initiate emergency response procedures, handle incidents promptly to prevent further negative impacts, and reassure employees. After the event, we investigate and analyse incidents, and implement corrective measures.

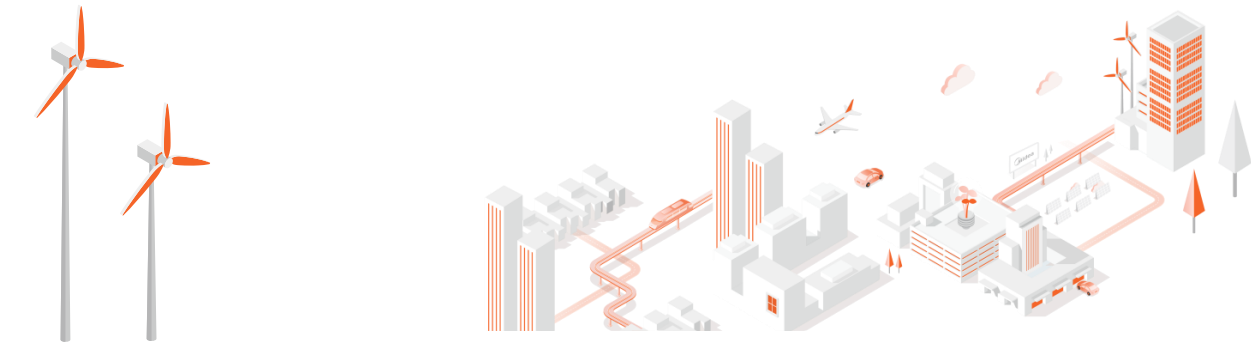
In 2024, we continued to deepen the improvement of our production safety projects and adopted a series of risk prevention and management measures to prevent occupational health and safety risks at the source and effectively manage relevant issues. During the Reporting Period, no work safety accidents occurred.



Foster a Safety Culture

We prioritize enhancing production safety awareness and skills among management and employees and build up a comprehensive occupational health and safety training system. This system focuses on developing EHS professionals for key positions, and offers various training programs, including EHS camps, online courses and external visits.

According to specific requirements in different positions, we also conduct irregular EHS special training and practical exercises at the factory's EHS training venue. During the Reporting Period, we launched 47 EHS courses on the "M-learning" platform, training a cumulative total of 63,026 person-times.

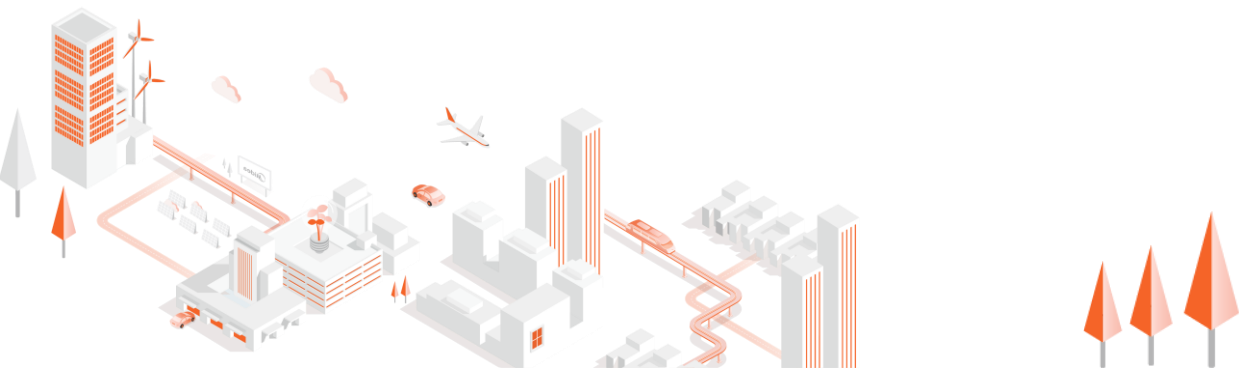


Occupational Health and Safety Knowledge Lecture

In 2024, we held a safety knowledge lecture to enhance employees' safety awareness and production safety management skills. The lecture covered relevant laws and regulations on occupational health and safety management, as well as risk identification and inspection of on-site production risks and hidden dangers. The event aimed to emphasize that production safety is both a reflection of safety awareness and the responsibility of every employee.



The Event Scene



Fire Safety Training

To enhance fire safety management, we regularly organize training and education activities that cover fire safety knowledge and practical skill training. These activities aim to deepen employees' awareness and enhance their capabilities in self-inspection, correction, prevention and rescue, ensuring robust fire safety across Midea Group.



Fire Safety Training

Deep Commitment: Fostering a Harmonious Society

We seamlessly embed social responsibility within the very fabric of our core corporate values, and proactively immerse ourselves in pivotal spheres such as rural revitalization, educational support, community welfare and healthcare. Through the implementation of these tangible actions, we vividly exemplify our unwavering commitment and resolute determination to foster the harmonious development of society.

Devote to Public Welfare

We actively support rural revitalization through financial investments and project support to boost economic, cultural and educational development in rural areas. In education, we invest in campus infrastructure, and provide material and financial resources to advance education. In community public welfare initiatives, we organize volunteer services and cultural activities to strengthen community bonds and improve residents' quality of life. In healthcare, we participate in medical projects and health education to raise public health awareness and improve healthcare services, contributing to the Healthy China Initiative.

Rural Revitalization

Guided by China's rural revitalization strategy, we inject new vitality into rural areas through innovative collaboration and resource, realising sustainable development and achieving common prosperity.

Since 2018, we have been involved in poverty alleviation efforts in Huanglong Village, Beijiao, Shunde, focusing on healthcare, education and industrial development. In collaboration with Huanglong Village, we foster economic growth, build infrastructure and cultivate new cultural practices, aiming to transform the village into a model of rural revitalization. In 2024, we expanded our efforts to Huanglong Village and Baiqiao Village in Gaozhou, Maoming, adopting a "village-enterprise partnership and village-village collaboration" model to improve rural infrastructure and upgrade industries.



● Tree-Planting Event

Educational Support

We steadfastly implement the "talent first, education first" plan, believing that education is a vital and powerful force in shaping the future. By leveraging our resources, we are committed to providing exceptional educational opportunities to meet the community's growing demand for educational advancement.

In 2024, we supported a series of projects, including funding school construction to expand access to valuable educational resources and introduce high-quality teaching materials, thereby offering robust support for nurturing future talent.

In terms of educational equity, we have cumulatively donated RMB 400,000 to the Dandelion Middle School, which is the first non-profit middle school in Beijing specifically catering to the children of migrant workers. The donation is used to support the school's education reward program and improve the living conditions of teachers and students.



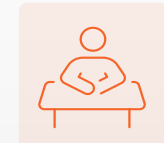
Education Public Welfare Project - Shunde Midea Junior High School Affiliated to East China Normal University

To improve education quality in Shunde and the Greater Bay Area, we have provided significant support in the school construction key area, such as the construction of the school's brand and awards for teaching and academic performance. With the official opening of the junior high campus in 2024, we have expanded educational options for the local community and boosted local education development.



● Shunde Midea Junior High School Affiliated to East China Normal University

At the end of the
Reporting Period



Midea Group is expected to donate

140 million to education public welfare projects affiliated with East China Normal University.



Educational Support Project - Reconstruction of Dongfeng No. 2 Middle School in Zhongshan

In the first half of 2024, Midea Small Dometic Appliance Division's Zhongshan facility donated RMB 1 million to support the reconstruction of Dongfeng No. 2 Middle School. This contribution enhanced the school's educational infrastructure and attracted further societal and corporate attention and investment.

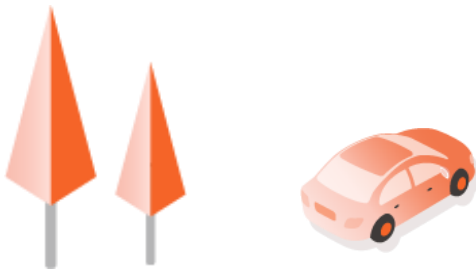


Education Public Project - Midea High School Affiliated with the Second Affiliated Middle School of East China Normal University

We engaged in the construction of Midea High School in January 2024. We developed the school's educational system using our technological and manufacturing resources, and donated RMB 70 million to support the project.



Design Drawing of the School



Public Welfare

We prioritize community development and public welfare as key parts of our sustainable development strategy. We are committed to enhancing the community environment and cultural life, improving residents' quality of life and fostering a harmonious and vibrant community. We actively participate in public welfare activities, offer essential support and assistance and strengthen community connections to create lasting positive impacts.

ALSO Community Development

The ALSO Community underscores our dedication to cultural heritage and community development. It serves as a platform for preserving and advancing Lingnan culture, encouraging youth engagement, inspiring innovation and enriching community cultural life. This initiative strengthens our connection with the community, drive positive change and reflect our long-term commitment to community as a responsible corporate citizen.

Community Environment Improvement

As an shareholder in ALSO, we promote green development and intelligent transformation in the ALSO Community. Collaborating closely with employees, community members, partners and customers, we organize activities such as the "ESG Market" and other innovative environmental projects to raise awareness and engagement in environmental protection, aiming to build a green, healthy and harmonious community.



Community Cultural Development and Preservation

We regard art and culture as the community's spiritual core and actively organize cultural activities that preserve local heritage and boost community sustainability.

Collaborating with ALSO, we have been hosting Shunde handicraft workshops and brand manager activities in Beijiao Town, Shunde, Foshan, to support residents in creating a distinct living environment. At the same time, we help preserve local intangible cultural heritage, enhancing residents' awareness of belonging and promoting cultural diversity.

To cultivate a youthful, humanistic and pioneering community, we regularly organize diverse cultural activities such as humanistic salons, poetry and music nights, creative flash mobs and live podcasts. These platforms encourage young people to exchange ideas and share creativity, stimulating cultural innovation and enhancing community cultural prosperity.



Cultural Fair - "Cultural Exchange in the Community"



Parent-Child Fair



Public Welfare Activities for Vulnerable Groups

We focus on participating in public welfare and providing practical assistance to the vulnerable groups in society. We firmly believe that active participation in community public welfare activities can help build a more harmonious and vibrant society.



Public Welfare Projects for Special Groups

In June 2024, the Midea Small Domestic Appliance Division and colleagues from other divisions organized a week-long charity event, successfully collecting over 200 pieces of clothing, 50 toys and raising RMB 4,060 to support children at Qingyuan Qizhi Rehabilitation Center for Special Groups.



The Rehabilitation Center



The scene of the charity sale

The Midea Group Charity Association and the Guangzhou Disabled Persons' Federation co-organized a charity sale of handicrafts made by individuals with disabilities. The event featured interactive games, and raised over RMB 2,300, directly supporting welfare projects for people with disabilities.

In 2024, we held a charity sale titled "Her Future," successfully raising RMB 2,004 donated to two initiatives. These two welfare projects are the "Girls Empowerment Program" and the "Spring Bud Project—They Want to Go to School," focusing on improving women's well-being and providing educational and health support.



Donation Certificates

Midea Partners with a South African Agent and a Foundation to Fight Hunger Among Children in South Africa

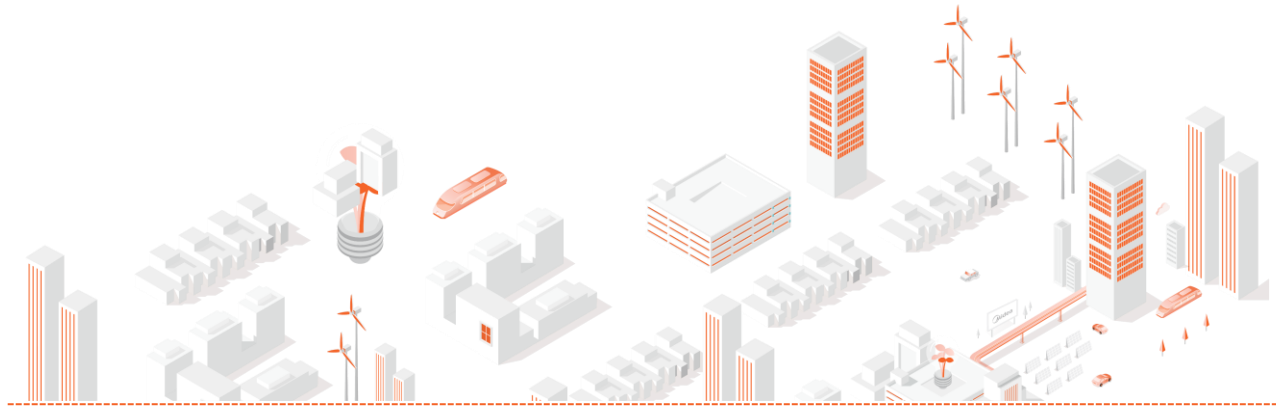
Since August 2024, Midea Group has partnered with Livance, a South African agent, and Feed the Nation, a third-party foundation. The initiative supplies high-quality Midea products to South Africa while combating child hunger. For every appliance purchased from Midea's South African online store, 2% of the sales amount is donated to the Foundation to buy and distribute food packages to children in impoverished areas.



The Initiative Poster

Sports Charities

We actively promote a positive and healthy lifestyle through sports, enabling more people to experience the charm and value of athletics. We also support disadvantaged children in pursuing their sporting dreams, promote sports accessibility and foster harmonious social development.



Midea - 2024 Shunde Half Marathon and ALSO Sports Fair

To promote the concept of active exercise and healthy living, we organized the 2024 Shunde Half Marathon in November 2024, and concurrently hosted the "Urban Wind Chaser" Sports Fair. By organizing a variety of activities, we provided participants with opportunities to showcase their passion for sports and enjoy a healthy lifestyle, encouraging citizens to adopt healthy habits in their everyday lives.



The Marathon and the Sports Fair

Football Builds Dreams- Midea Air Conditioner and Manchester City FC Teamed Up to Support a Disadvantaged Neighborhood in São Paulo, Brazil

In January 2024, Midea Air Conditioner joined forces with Manchester City Football Club to launch a community football project in Vila Albertina, a disadvantaged neighborhood in São Paulo, Brazil. This initiative aimed to provide local youth with a safe space for sports and help them find a sense of belonging by playing football. At the project's launch, Manchester City legend Elano made a special appearance, enhancing the visibility and impact of this charitable initiative.



Elano with Local Children

The Event scene

Healthcare Charities

We prioritize improving public health as part of our social responsibility. We collaborate with medical institutions, participate in health education promotion and support innovative health projects to enhance medical service quality and raise health awareness, thereby contributing to the Healthy China initiative.



Building a Green Smart Hospital

To improve medical services and meet personalized healthcare needs, Midea Building Technology Division developed a digital platform and efficient machine room solutions with a focus on "intelligence" and "low carbon" for Shunde Heyou Hospital, which duly commenced operation in 2024, to enhance its operational and energy management efficiency. Modular smart solutions and a smart elevator system were also introduced to upgrade the medical service quality and hospital environment, offering patients a more humane and comfortable experience.



The building and Digital Management Platform of Heyou Hospital



Midea Medical Initiated the "China Spine Protection Plan"

On May 21, 2024, Midea Medical launched the "China Spine Protection Plan" with Hunan Children's Hospital, the Fifth Hospital in Wuhan and Shunde Heyou Hospital. The initiative aimed to promote spinal health awareness among families and young people through knowledge dissemination and expert consultations.

Midea Medical also partnered with CCTV-6 to produce a public service short film titled "Your Spine is Great" and created a spine exercise with orthopedic experts to encourage regular practice among children and teenagers.



At the 2024 People's Health Conference on November 19, 2024, the initiative received the "2024 Exemplary Case of Healthy China Innovation Practices" award, reflecting widespread recognition of our efforts in promoting children's and adolescents' spinal health.

The "China Spine Protection Plan" was recognized as a "2024 Exemplary Case of Healthy China Innovation Practices"



Voluntary Blood Donation



To mark the 26th anniversary of China's Blood Donation Law, we organized two voluntary blood donation events in September and November 2024. A total of 156 employees participated, donating 50,450 milliliters of blood. We hope these events will boost blood donation efforts and inspire more people to contribute.

The Voluntary Blood Donation Event

03

Practice Technological Excellence

SDGs in this Chapter:

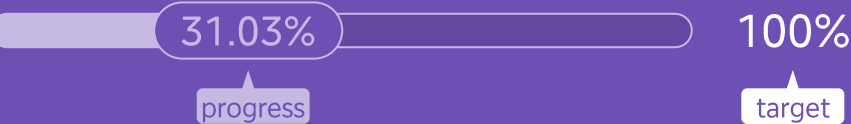


Midea Group 2030 Sustainable Development Goals and Progress:

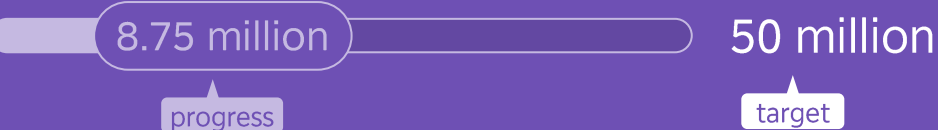
Accumulated R&D investment since 2020:



Carbon footprint proportion of major products in use of Smart Home Solutions Business Unit:



Cumulative number of recycled products:



Product satisfaction:



Customer satisfaction:



Technology Leadership: Rigid Quality Management

With a focus on our core business and products, we are committed to the corporate vision of "Bring Great Innovations to Life". Our foundation is built on technological research and development. Our core principle lies in stringent quality control. Our goal is to consistently create high-efficiency smart products. In addition, we actively implement the extended producer responsibility and establish a comprehensive product recycling system to minimize the impact of electronic waste on society and the environment.

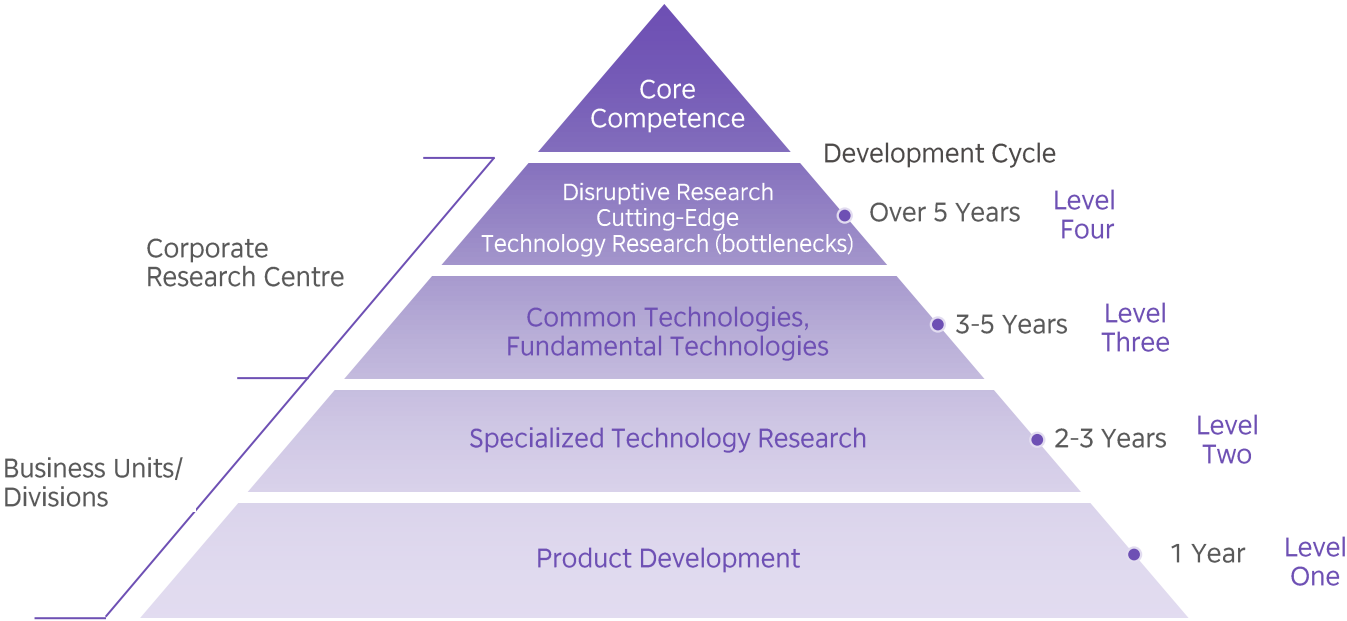
Technological Foundation

Midea Group continuously strengthens the technological foundation through the "Four-Tier R&D System", "Global Scientific Research Talents System", "Global R&D Layout" and "University-enterprise R&D Strategic Cooperation", committed to enhancing the efficiency and sustainability of research and development work.

Four-Tier R&D System

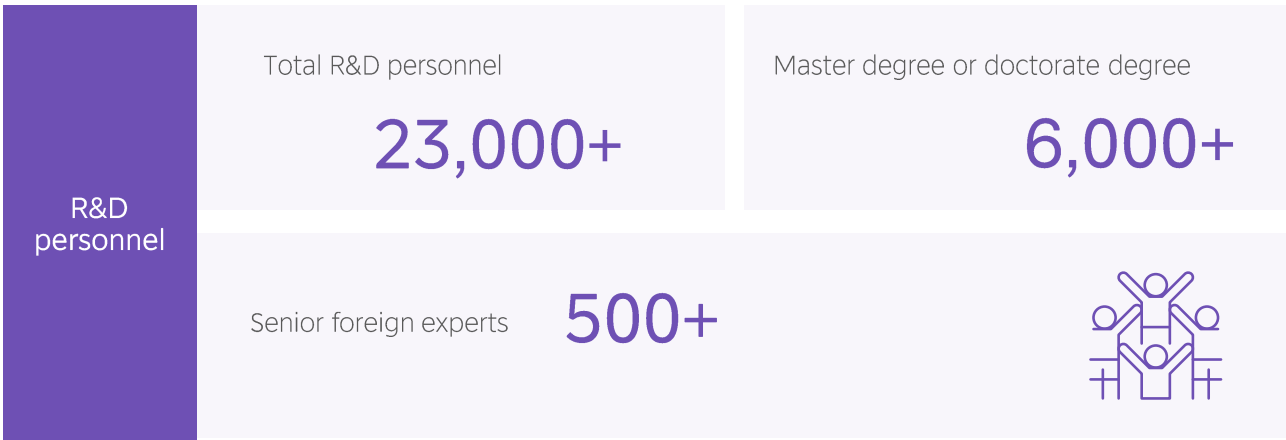
The organizational structure of the "Four-Tier R&D System" enables the separation between technology researches and products development at the organizational level. By doing so, resources can be invested in future-oriented products and technologies, thus achieving a balance between long-term strategies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

Organizational Structure of the "Four-Tier R&D System" of Midea Group



Global Scientific Research Talents System

Midea Group recognizes the importance of scientific research talents for technological progress, and therefore has constructed a the "2+4+N" global R&D network⁴ to attract top R&D talents worldwide. Through this network, Midea Group not only integrates global R&D resources and establishes a scale advantage in R&D, but also implements localized R&D strategies based on the specific needs of different market users.



Global R&D Layout

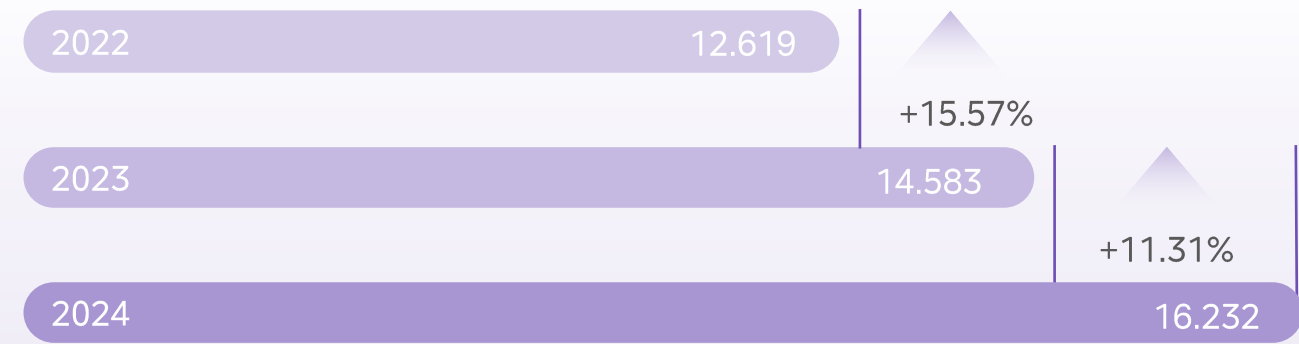
By continually accelerating and deepening the global R&D layout and technological ecosystem, Midea Group has set up 38 research centers in 12 countries worldwide. In domestic China, Midea Group takes the Global Innovation Center in Shunde HQs and the Shanghai Global Innovation Center as the core and has 16 nation-level platforms such as the national key laboratories, national artificial intelligence open innovation platforms, national dual cross platforms, national industrial design centers and enterprise technology centers, national talent introduction demonstration bases, postdoctoral research workstations. While overseas the Group owns research centers in the USA, Germany, Japan and Italy as its main force of research and development to fully exploit to the regional technological advantages of each center, integrate global R&D resources, form a global technology R&D ecosystem with complementary advantages, and systematically build a global R&D landscape with talent density and pool guided by the "Technology Leadership" strategy.

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

University-enterprise R&D Strategic Cooperation

Midea Group continues to expand the R&D technical ecosystem network, actively engaging in multi-level and multi-dimensional scientific research strategic cooperation with universities and colleges at home and abroad. In terms of basic research, we collaborate with UC Berkeley, UIUC, University of Maryland, The University of Sheffield, Tsinghua University, Shanghai Jiaotong University, Zhejiang University, Chinese Academy of Sciences, Harbin Institute of Technology, Xi'an Jiaotong University, Huazhong University of Science and Technology, South China University of Technology and other top scientific research institutions at home and abroad, and establish joint laboratories to deepen technical cooperation.

Annual R&D investment (RMB Billion)



Product efficiency

Midea Group always adheres to integrating the concept of sustainable development throughout all stages of the product lifecycle⁵. Guided by national standards such as General Rules for Evaluation of Green Products (GB/T 33761), Midea Group has formulated and implemented internal standards of Midea Group Green Product Design Rules, committed to creating environmentally friendly, harmless, energy-saving, and low-carbon high-efficiency products for consumers.

Product Lifecycle Efficiency Consideration Dimensions

Resource attribute	Reduction of raw materials, packaging materials, and water resources, increasing renewable and recyclable materials
Energy attributes	Energy efficiency improvement and energy saving in production and use processes
Quality attributes	Product durability enhancement, comfort, safety, and intelligent design
Environmental attributes	Strict control of the generation of toxic and harmful substances during use and the emission of pollutants during production
Low-carbon attributes	Quantification of product carbon footprint, low-carbon raw materials, and low-carbon technologies

Focusing on sustainable concepts and consumer needs, Midea Group continually launches numerous industry-leading high-efficiency products and actively applies recyclable environmental materials.

⁵ The product lifecycle refers to the stages of product design, raw material selection, production and manufacturing, warehousing, packaging and transportation, use and maintenance, recycling and disposal.

Resource attributes

Raw material reduction: Midea's Under-the-Cabinet Soft Water Master MS153-1.2T

This product adopts a dual-channel valve head arrangement and an innovative integrated waterway design, reducing its volume by 47% compared to the previous generation, achieving volume reduction and raw material reduction.



Midea's Under-the-Cabinet Soft Water Master MS153-1.2T



Ultra small volume certification

Water conservation: Midea's Yuanqi series washing machines

This series of products applies wide area bundle compact technology and dynamic non positioning drainage structure technology, equipped with a single cylinder independent cabin system, and reduces water consumption by 50% compared to ordinary national standard level five water efficiency washing machines under low load operation.



Midea's Yuanqi series washing machines

Recycled materials: Increase the use of post-consumer recycled materials

This year, the cover plate components of R290 split air conditioning units and the detergent box components of exported drum washing machines have used post-consumer recycled materials (PCR materials) content reaching over 50%, and have respectively obtained certification certificates issued by TÜV SUD and SGS.



TÜV SUD Regeneration Material Content Certification Certificate



SGS Intertek Global Recycling Standard Certification Certificate

Energy attributes

Energy Efficiency Improvement: Midea Volcano Stove JZT-HD52-80

This product adopts directional oxygen enrichment and double inner flame combustion technology, achieving a heat efficiency of 80.4%, which is 63% higher than the national first-grade energy efficiency standard, and has broken the Forbes world record for "fastest water-heating gas stove."



Forbes World Record Certification



Midea Volcano Stove JZT-HD52-80



Midea MDV8 DC Series Direct Drive Multi-split

Efficiency Enhancement: Midea Cool Energy Saving Series Home Air Conditioner

This series of products is equipped with the independently developed IECO intelligent energy-saving chip technology, achieving a temperature control path accuracy of less than or equal to 0.2 °C and an energy-saving rate of 37%. It has been rated as a Leading Energy-saving Product in China's Air Conditioning Industry.



Midea Cool Energy Saving Series Home Air Conditioner



Leading Energy-saving Product in China's Air Conditioning Industry



Midea COLMO-BCD Series Refrigerator



Certificate of Scientific and Technological Achievement Appraisal

Energy-saving Materials: Midea COLMO-BCD Series Refrigerator

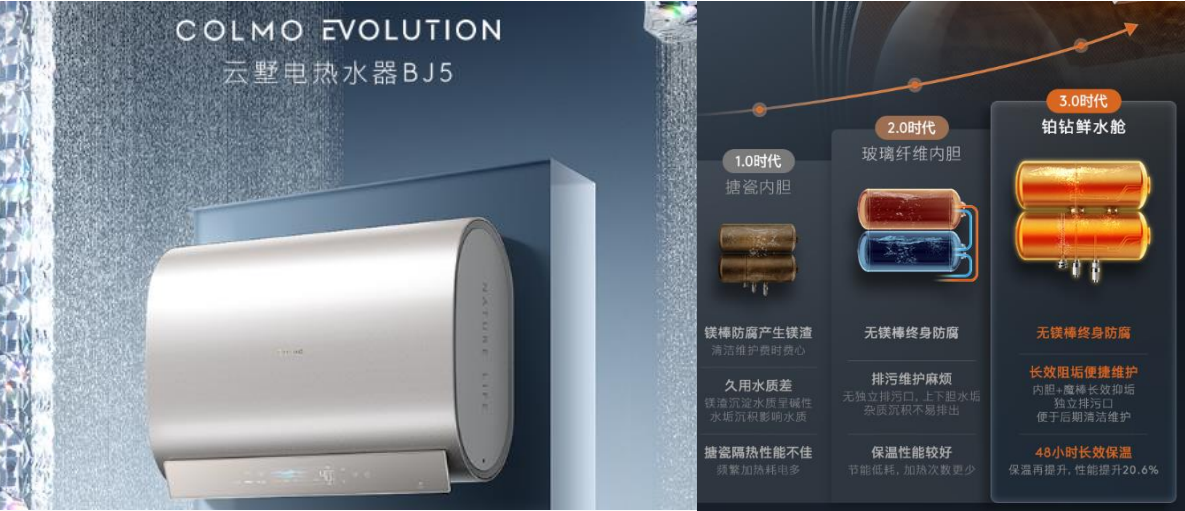
This series of products utilizes independently developed environmentally friendly ultra-low thermal conductivity vacuum insulation panels (VIP panels), with a thermal conductivity coefficient 1/10 of traditional thermal insulation materials. Compared to other products with the same volume, it can significantly reduce energy consumption by 23.1%.

☰

Quality attributes

Improved durability: Midea COLMO electric water heater

This product innovatively applies high polymer materials to the inner tank of the water heater and is equipped with a Ti-titanium anti-corrosion layer, making the pulse life of the inner tank 40 times that of traditional enameled inner tanks, with corrosion resistance more than twice that of the previous generation.



Midea COLMO electric water heater

Improved weather resistance: Graphene-coated air conditioner

This product uses long-lasting anti-corrosion and weather-resistant graphene coating, which extends the neutral salt spray resistance time of aluminum foil to 300%, increases the thermal diffusion coefficient by 31%, and improves weather resistance by 4 times. It has been recognized as the highest level of long-term anti-corrosion by Intertek and featured in the international top journal Nature.



Intertek Long-lasting Anti-corrosion Highest Grade Certification

Special report in Nature

Intelligent design: Midea COLMO radio frequency embedded steamer oven

This product applies cutting-edge solid-state radio frequency microwave technology and combines advanced pattern recognition superposition algorithms to achieve precise directional microwave output, improving heating uniformity by 50%.



Midea COLMO radio frequency embedded steamer oven

Certificate of Scientific and Technological Achievement Appraisal

☰

Environmental attributes

Reduced pollution emissions: Midea drum series washing machines

This series of products utilizes the globally first ultra-micro bubble and blue oxygen technology, achieving a 50% reduction in detergent usage, effectively lowering the water footprint⁶ caused by detergents. The series has won numerous awards, including the China Light Industry Federation Science and Technology Progress Award, the Annual APLIN Excellent Product Award, the Innovative Product Golden Selection Award, and the Healthy Laundry and Care Star.



Midea drum series washing machines

Reducing the generation of harmful substances: Midea Binse Series Integrated Stove SP3

This series of products adopts the design of a reversible straight exhaust duct and multiple oil fume separation and purification, achieving an oil mist PM2.5 as low as 32 μg/m³, and obtaining the first-class smoke purification certification.



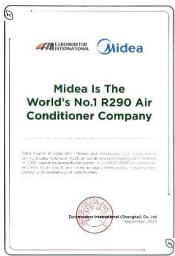
Midea Binse Series Integrated Stove SP3

⁶ According to the assessment, the application of ultra-micro bubble and blue oxygen technology in sold washing machine products can effectively reduce the water availability footprint caused by detergents by 5.76 million m³depriv., water acidification footprint by 258075mol H+eq, freshwater eutrophication footprint by 11.84 tPeq, seawater eutrophication footprint by 183.15 tNeq, and freshwater ecological toxicity footprint by 139 million CTue per year.

Low-carbon attributes

Low-carbon materials: R290 environmentally friendly refrigerant air conditioning products

By the end of 2024, the R290 environmentally friendly refrigerant products⁷ sold by Midea Air Conditioner Division, including split-type air conditioners, mobile air conditioners, dehumidifiers, etc., can achieve a reduction of approximately 4.39 million tons of carbon dioxide equivalent of greenhouse gases⁸, which is equivalent to the carbon dioxide absorption amount of 5.21 million hectares of Amazon rainforest in one year⁹. The authoritative research institution Euromonitor International has awarded Midea Group the Global First R290 Air Conditioning Manufacturer Certification for two consecutive years in 2023 and 2024.



Global First R290 Air Conditioning Manufacturer Certification

Low-carbon technology: Midea Q69-F gas stove

This product adopts a three-stage stepped surface and air recirculation heat structure, which can achieve 80% thermal efficiency without a fan. Compared with other similar products sold this year, it is expected to save about 111.69 million cubic meters of natural gas and reduce carbon dioxide emissions by about 242,000 tons.



Midea Q69-F Gas Stove

At the same time, to better understand the impact of the product life cycle, we progressively carry out assessment work from dimensions such as resource use, ecological consequences, and health impacts on people, aiming to optimize and improve products based on the assessment results.

Product Water Footprint Assessment

This year, we systematically assessed the water scarcity and degradation footprints¹⁰ of exported front-loading washing machines, covering raw material procurement, manufacturing, distribution, use, recycling, and disposal. We followed the principles and methodology of ISO 14046 Environment Management Water Footprint-Principle, Requirements and Guidelines. The results identified opportunities to reduce water consumption and pollution across the product's life cycle, guiding R&D efforts in water-saving, energy-saving, and detergent reduction at the design stage, thus enhancing overall water resource efficiency.



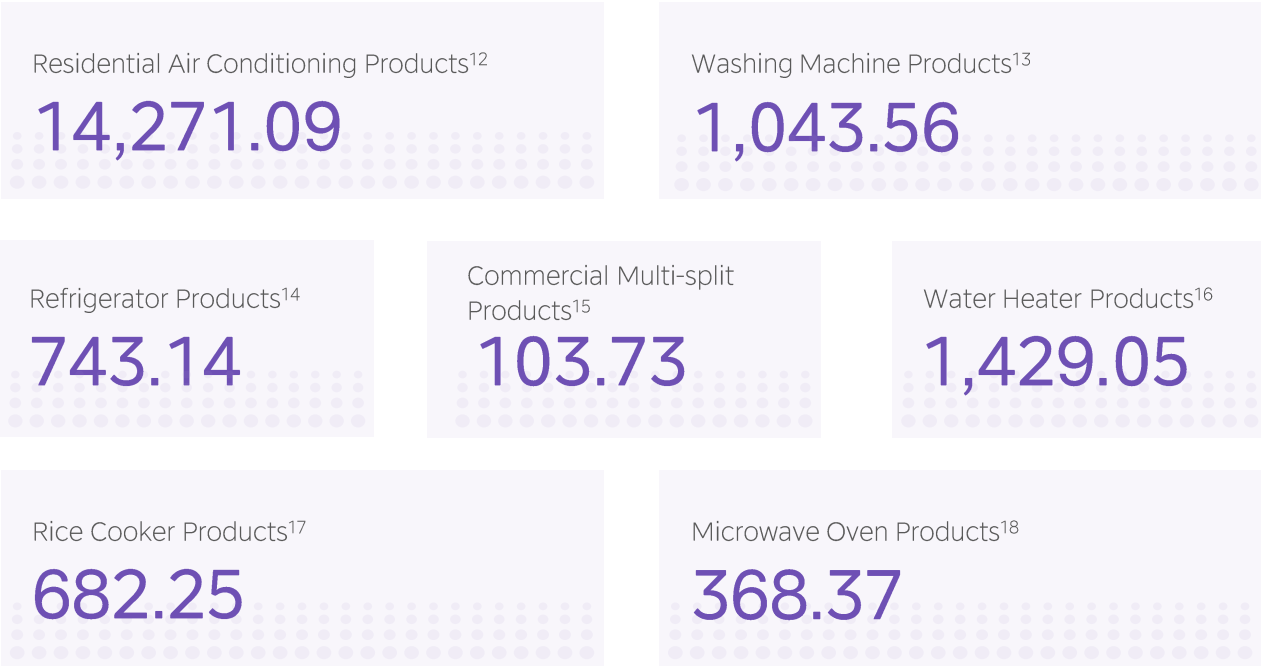
Product Water Footprint Verification Statement

⁷ R290 environmentally friendly refrigerant is a natural refrigerant that is fluorine free, chlorine free, low-carbon, and environmentally friendly.
⁸ The data is calculated based on the sales volume of each R290 product sold between January 2018 and December 2024, as well as the carbon emission reduction of each refrigerant set. The carbon emission reduction of each product refrigerant is calculated as (GWP of R290 refrigerant before replacement * product refrigerant charge before replacement - GWP of R290 refrigerant * R290 charge).
⁹ Carbon sequestration was calculated at 0.8433 tons/year per hectare, in reference to Hubau, W. et al. Asynchronous carbon sink saturation in African and Amazonian tropical forests. Nature 579, 80-87 (2020).
¹⁰ The water degradation footprint including water acidification footprint, freshwater eutrophication footprint, seawater eutrophication footprint, freshwater ecological toxicity footprint, etc.

Product Carbon Footprint Assessment

This year, to standardize the calculation of greenhouse gas emissions during the product use phase, we established the Midea Group Greenhouse Gas Emission Accounting Guidelines at Organizational Level (Scope 3) - Use of Sold Products. Using this methodology, we calculated emissions for 7 typical products to better understand the impact of product use. Moving forward, we will expand this calculation to major product categories and develop targeted reduction strategies based on the results.

Usage Stage Greenhouse Gas Emissions ('0,000 tons of CO₂ equivalent)¹¹



¹¹ The formula for calculating greenhouse gas emissions during product use is [product sales volume * reference service life * (annual comprehensive electricity consumption * electricity carbon footprint factor + annual comprehensive water consumption * water carbon footprint factor)]. Among them, the reference service life refers to standard documents such as Safety Service Life of Household Appliances Part 3: Room Air Conditioner and Household and Similar Electric Washing Machines; The comprehensive power consumption and water consumption are based on the test results under the national standard operating conditions; The carbon footprint factor of electricity adopts the national average carbon footprint factor of electricity in the joint announcement of the Ministry of Ecology and Environment, National Bureau of Statistics, and National Energy Administration on the release of 2023 electricity carbon footprint factor data; The water carbon footprint factor comes from the GaBi database.
¹² Scope of accounting for Residential Air Conditioning Products: In 2024, the full quantity of Home Air Conditioning Products (GB/T 7725-2022) sold domestically.
¹³ Scope of accounting for Washing Machine Products: In 2024, the full quantity of washing machine products in three categories (drum, double drum, and fully automatic) sold domestically.
¹⁴ Scope of accounting for Refrigerator Products: In 2024, the full quantity of refrigerator products sold domestically does not include freezer and other products.
¹⁵ Scope of accounting for Commercial Multi-split Products: MDV Multi-split Products sold domestically in 2024.
¹⁶ Scope of accounting for Water Heater Products: In 2024, the full quantity of electric and gas water heater products sold domestically and internationally.
¹⁷ Scope of accounting for Rice Cooker Products: In 2024, the full quantity of electric rice cooker products sold domestically.
¹⁸ Scope of accounting for Microwave Oven Products: In 2024, the full quantity of microwave oven products sold domestically.

Product Impact on Human Health Assessment

We ensure that products' raw materials and components comply with key regulations, including the EU's RoHS Directive, REACH Regulation, and China's Management Measures for Restricting Harmful Substances in Electrical and Electronic Products. All components that come into contact with food meet food grade requirements to ensure that the product does not have any impact on human health during use. Additionally, we continuously innovate to develop more health-oriented products.

Midea steam burnt air fryer

This product achieves a 33.4% reduction in acrylamide and a 92.6% reduction in heterocyclic amines compared to similar products through innovative steam light cooking technology, and has obtained the only light fire certification in the air frying industry as well as the first healthy air frying certification from the Chinese Academy of Home and Health.



Midea Steam Burnt Air Fryer



Healthy Air Fryer Certification



Fresh mine dual water series water purifier

This series of products uses the net mine integrated water purification technology, which can effectively remove heavy metals such as lead, cadmium, and chromium from water, and has obtained the Green Sound Certification issued by the China Quality Certification Center and the Certificate of Scientific and Technological Achievement issued by the China Light Industry Federation.

The removal rate of heavy metal lead in water reaches **99.9%**

The removal rate of heavy metal cadmium in water reaches **99.7%**

The removal rate of heavy metal chromium in water reaches **97.2%**



Fresh Mine Dual Water Series Water Purifier



Green Sound Certification

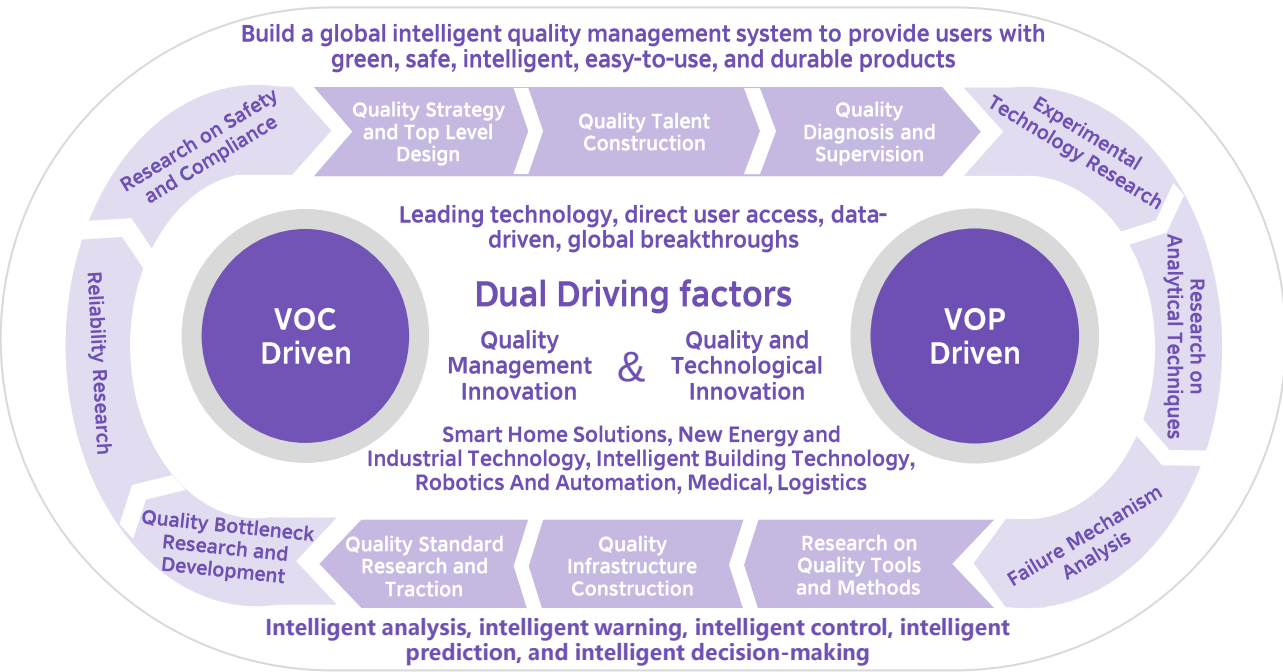


Certificate of Scientific and Technological Achievement

Control Quality

We strictly comply with all applicable quality laws, regulations, and standards. Based on these, we have developed and enforced internal policies such as the R&D Control Procedure, the Material Supplier Quality Management Procedure Outline, the Process Quality Control Procedure Outline, the Market Major Quality Accident Management Measures, the Measures for Product Defect Assessment and Recall to standardize product defect assessment mechanism and recall process. Additionally, we use a digital operating system with innovative tools to create an intelligent quality management model driven by Voice of the Customer (VOC) and Voice of the Process (VOP), enabling intelligent analysis, early warning, control, forecasting, and decision-making in quality management.

Intelligent Quality Management Model Driven by Dual Driving of VOC and VOP



Quality Compliance and Certification Platform

Reliability Technology Research Platform

Quality Standard Research Platform

Quality Engineering Technology Platform

Using the intelligent quality management model driven by VOC and VOP, we achieve quality control throughout the entire product lifecycle, from planning and R&D to procurement, manufacturing, sales, and service. We continuously monitor and improve product quality to ensure consistent enhancement. There were no product recalls due to quality or safety issues during the Reporting Period.

Full Lifecycle Quality Control of Product

Planning	- Organize experts to research product lifecycle scenarios and set quality and reliability goals. - Conduct special discussions on product changes and historical risks, identify design risk points, and formulate measures.
Research and Development	- Evaluate product compliance, environmental adaptability, reliability, safety, manufacturability, installability, and maintainability. - Integrate review points into the development process to identify and rectify risks through professional reviews, outputting comprehensive evaluation reports.
Procurement	- Require suppliers to strictly inspect materials and components, and introduce third-party monitoring if necessary. - Implement a rigorous material certification process, verifying component performance and reliability. - Conduct incoming inspections and dynamic checks during mass supply to ensure component consistency.
Manufacturing	- Implement strict quality standards, establish quality responsibility indicators, and clarify quality red lines to reduce quality risks. - Establish an intelligent closed-loop big data system with real-time traceability and error prevention for critical components. - Set product quality and safety certification control requirements based on market sales region regulations, requiring all products to pass quality and safety certification tests and obtain relevant certification certificates.
Sales	Prohibit exaggerated advertising that misleads customers, conduct regular user experience surveys to identify potential product and service issues, and continuously improve.
Services	- Provide comprehensive services including delivery, installation, maintenance, returns, modifications, and 24-hour online consultation. - Regarding product recall management, Midea Group follows the legal and regulatory requirements of the product sales location and adheres to the relevant systems of the Measures for Product Defect Assessment and Recall to standardize product defect assessment mechanism and recall process. There have been no product recall incidents caused by safety and health issues nationwide this year. Local regulatory requirements have been complied with respect to overseas regions. When we discover products in the market that may involve safety and quality defects, we will take proactive measures to recall the defective products in circulation as soon as possible.

Midea Group enhances its quality research facilities and collaborates with the industrial chain through innovation parks and cooperation activities. Guided by quality standards, we achieve independent control of core technologies, break through high-quality development bottlenecks, and promote the industry's shift towards high-end manufacturing, leading the transformation of Chinese manufacturing.

Midea Group's Innovation Technology Park Laboratory Selected as One of the First Provincial Quality Standards Laboratories in Guangdong Province

In April 2024, the "Smart Home Perception Interaction General Technology and System Quality Standard Laboratory" of Midea Group Innovation Science and Technology Park was selected as one of the first provincial quality standard laboratories in Guangdong Province. The Park, built to meet national strategic needs and industry trends, focuses on core high-tech quality technologies. It includes a technology exhibition hall, innovation laboratories, and a product launch hall. With a total investment of RMB 1.3 billion and covering 41,000 square meters, the park can accommodate 1,000 technicians.



• Midea Group's Innovation Technology Park

The Fourth Reliability Forum of Midea Group

In October 2024, Midea Group hosted the Fourth Reliability Forum, inviting the chief engineer from CEPREI, professors from Beihang University, and renowned PhDs from related fields to share insights on product reliability. The event attracted over 600 participants, including Midea Group employees, suppliers, and industry guests. The forum aimed to promote experience sharing and collaborative discussions on product quality and reliability, inspiring innovative ideas.



• The Fourth Reliability Forum of Midea Group

Midea Group Participated in the National Quality Benchmarking Enterprises Experience Exchange Meeting

In November 2024, Midea Group attended the National Quality Benchmarking Enterprises Experience Exchange Meeting, themed "Quality Benchmarking Enterprises to Create the Future Together", organized by the State Administration for Market Regulation. As one of 34 invitees, Midea Group actively supported the initiative to enhance China's product quality, reflecting our commitment to quality excellence and national quality development.



• The National Quality Benchmarking Enterprises Experience Exchange Meeting

Develop Recycling Network

Midea Group consistently responds to national policies such as the Extended Producer Responsibility Plan and the Notice on Encouraging Home Appliance Manufacturers to Undertake Recycling Targeted Responsibility, and have developed the Green-Recycling-Appliance Recycling Service Management Scheme of Midea Group. We have enhanced online and offline recycling channels, conducted trade-in campaigns, and strengthened cooperation with dismantling and recycling enterprises to build a full-cycle green recycling system.

Midea Group's Full-Cycle Green Recycling System

Recycling Standards	Green-Recycling-Appliance Recycling Service Management Scheme of Midea Group is adopted within Mainland China, and product recycling standards in other regions are subject to local regulatory requirements.
Recycling Scope	All product categories of Midea Group's own brand products, and air conditioners, refrigerators, laundry appliances and TV products from other brands.
Recycling Locations	Midea Group collaborates with over 5,000 recycling service providers with recycling service network covering all provinces and key towns nationwide. Collection points for old appliances are established at distributors' stores in various regions.
Recycling Costs	Obsolete Appliance Recycling: Customers can schedule home pick-up for old appliances via the Midea Official Service Account or the 400 hotline. After submitting appliance details, engineers will provide free dismantling and recycling services on-site. Trade-in for New Appliances: Customers can submit trade-in requests through the Midea Mini Program or Midea Smart Home Mini Program. These platforms assess the old appliance's value and convert it into deductions, reducing the cost of a new appliance.
Recycling Methods	Recycling through offline distributors' stores, online booking for home pick-up, mail-in ¹⁹ , and one-stop service for dismantling and collection.
Dismantling End	Midea Group cooperates with over 50 dismantling enterprises on the national List of Enterprises Subsidized by Waste Electrical and Electronic Products Disposal Fund ²⁰ to achieve the procedure-based dismantling of waste appliances from various channels for resource reuse. We strictly inspect dismantle partners' qualifications, such as Waste Electrical and Electronic Products Disposal Qualification Certification from the environmental protection authorities, ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and International E-waste R2 Certification.
Recycling End	Valuable metals from dismantled appliances are reclassified and reused to maximize value, then further processed and refined. Other materials are utilized based on their properties.

¹⁹Mail-in recycling method is suitable for small household appliances with high residual value that are easy to dismantle independently.
²⁰The dismantling enterprises on the List of Enterprises Subsidized by Waste Electrical and Electronic Products Disposal Fund shall strictly abide by the Administrative Regulations on Recycling and Disposal of Waste Electrical and Electronic Products, and the Guide for Auditing the Dismantling of Waste Electrical and Electronic Products and other national policies on the dismantling of electrical and electronic products. Such companies are required to be audited by a third party annually and to publish the audit report.

During the Reporting Period

Midea Group conducted over **8,500** trade-in campaigns, servicing more than **40,000** communities and villages, covering over **50,000** stores, and benefiting over **4 million** customers.

Midea Group recycled **4.6** million of obsolete household appliances, weighing approximately **160,000** tons.

Midea Official Service Account and Mini Program have over **85** million users.

Joined the "Closed-Loop Carbon Asset Sharing Model" signing, enhancing e-waste disposal to a carbon asset model.

Selected by the Ministry of Commerce as **one of the pilot enterprises for the development of the renewable resource recycling system²¹**.



China Green Point 2024 Case



EPR Public Dialogue Pioneer

Awarded the "China Green Point 2024 Case" and the "EPR Public Dialogue Pioneer"

This year, in order to deepen the implementation of the extended producer responsibility system and optimize the layout of the waste household appliance recycling industry, Midea Group supports the construction of a new base for a joint venture dismantling enterprise, helping it increase the dismantling capacity of five major categories²² of waste electronic products to 3 million sets per year, and the dismantling capacity of nine minor categories²³ of waste electronic products to 3 million sets per year. Midea also supports the enterprise in upgrading its "Internet + recycling" capabilities, including developing an internet recycling mini-program, to enhance production capacity and technical level for sustainable development.

²¹A total of 78 enterprises nationwide have been selected in the list of pilot enterprises for the development of the renewable resource recycling system, with Changsha Midea Smart Home Co., Ltd., a subsidiary of Midea Group, being shortlisted.
²²The five major categories of discarded electronic products include televisions, refrigerators, laundry appliances, air conditioners and computers.
²³The nine minor categories include range hoods, electric water heaters, gas water heaters, printers, copiers, fax machines, monitors, mobile communication handheld devices, and standalone telephones.

Detail Oriented: Stringent Service Standards

We adhere to a "customer-oriented" approach, enhancing marketing compliance and customer experience through digital transformation across pre-sale, during-sale, and after-sale processes. We strictly enforce data security and privacy regulations to deliver a high-quality, intelligent service experience.

Practice Responsible Marketing

To adapt to the changing market and regulatory environment, we timely update the policies and systems such as the Advertising and Promotion Compliance Guidelines, the Compliance Management Requirements for Online Business, and the Risk Warnings, Management Requirements for Domestic E-commerce Promotions in accordance with the laws and regulations such as the Interim Provisions on Internet Anti unfair Competition, the Internet Advertising Identifiability Enforcement Guide, which came into effect in 2024.This year, we developed and disclosed the Midea Group Ethical Advertising and Marketing Declaration, committing to integrity in marketing activities and avoiding discrimination, exaggeration, deception, or misleading information.

We implemented an AI-assisted review system to improve the efficiency and accuracy of compliance reviews for all marketing materials before release, ensuring they meet legal standards and avoiding infringements.

Additionally, we focus on enhancing employees' knowledge of responsible marketing through comprehensive training, case studies, and promotional materials, thereby elevating Midea Group's overall marketing management.



Responsible Marketing Exchange and Training



Interpretation of New Marketing Regulations



Responsible Marketing Posters

Standardize Customer Services

Midea Group prioritizes the customer by implementing policies such as the Measures for the Administration of the Whole-Process Service, Work Orders, and Upgrading Information. These policies standardize mechanisms in customer communication, after-sales services, and complaint handling.

This year, we launched "Midea Group Service 3.0" to create a fully digital service ecosystem. It covers the entire customer journey—pre-sales, during-sales, and after-sales—enhancing consultations, measurements, replacements, renovations, installations, extended warranties, cleaning, repairs, and recycling. This approach provides a more convenient, reliable, and reassuring home appliance service experience.

Excellent service Wonderful life

Renovation Services	Cleaning Services	Warranty Services	Recycling Services
Measurement and Renovation Services 2500+certified engineers 1+2+N self-developed system Dust free renovation Service process is fully visible	Appliance Cleaning 2-hour rapid response time 3 major professional equipment National unified standard Official after-sales service	Appliance Extended Warranty Original factory service Free maintenance Free replacement Rapid response	Waste Appliance Recycling Trade-in simplified Recycling chain visualized Demolition and installation integrated Harmless demolition and disposal

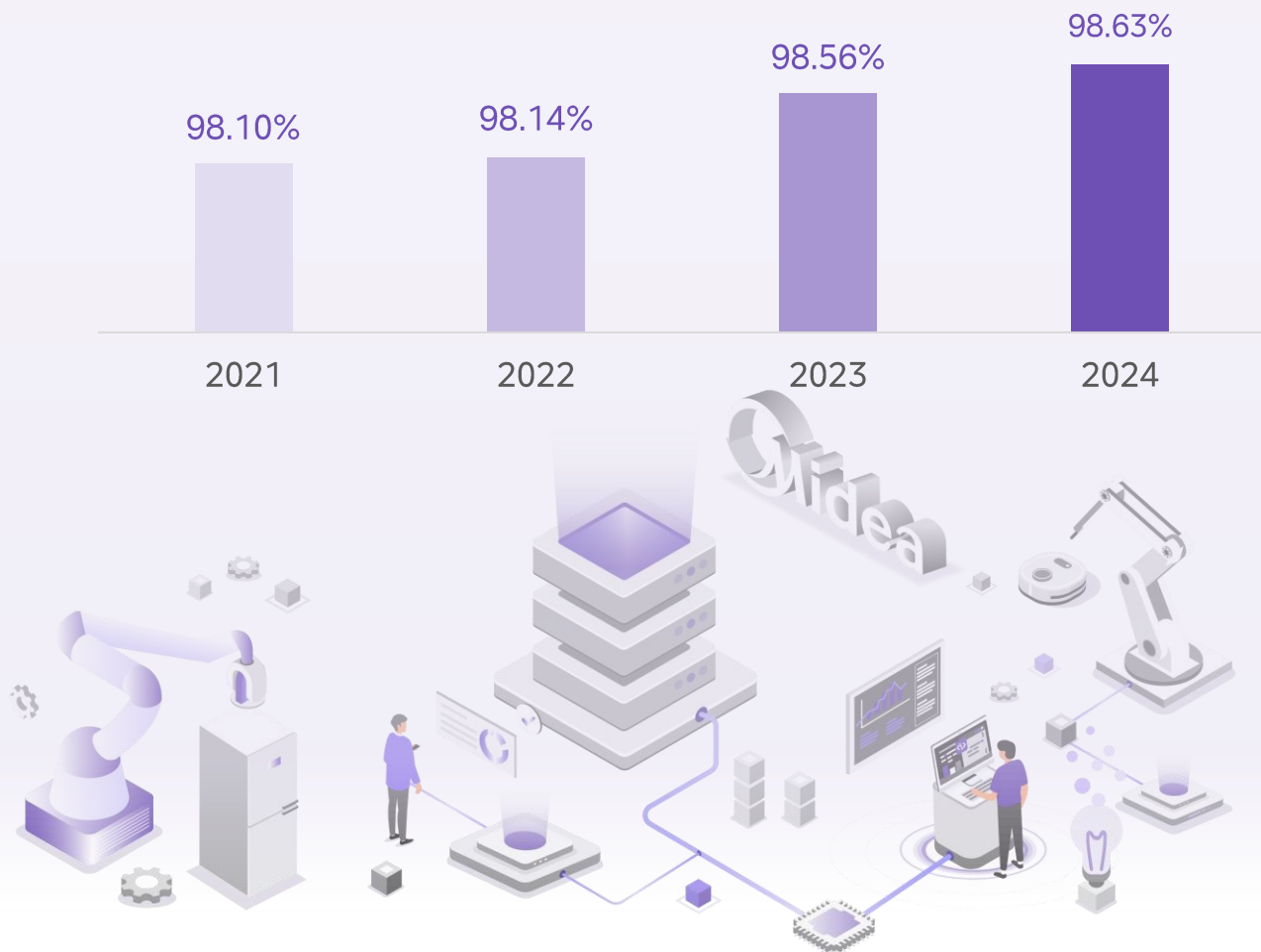


Midea Group Service 3.0 Launch Event

With the increasing volume of customer hotline calls, we've introduced intelligent voice and text bots using ASR, TTS, and NLP to support 24*7 customer self-service reporting and inquiries. We have established effective channels for user complaints and a comprehensive complaint handling mechanism. Users can feedback complaints through channels such as toll-free 400 hotlines, the Midea Official Service Account, and the Midea Mini Program. After receiving complaints, we will respond within 2 hours and communicate solutions with the users, and promptly implement corresponding solutions and corrective measures. This year, the complaint rate for our products and services is 0.05%, and the complaint resolution rate is 100%.

We conduct annual customer satisfaction surveys, address common issues identified and carry out special improvement. During this year, we surveyed customers via phone, SMS, and online platforms, achieving a customer satisfaction rate of 98.63% based on valid feedback.

Customer Satisfaction



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

Engineer Certification Training

This year, we have set up a dedicated training and certification team to promote the establishment of internal training bases for 4S, 5S, and 6S branches, in order to continuously improve the professional skills and service literacy of engineers. As of the end of the reporting period, there have been a total of 272,600 online learning sessions for engineer certification, and 100% of engineers have completed the training and obtained competency certification.

The technical complaints/negative reviews decreased by **34%**

The average service score of engineers increased by **28.9%**



Engineer Certification Training

The Fifth "Diamond" Skills Competition

This year, Midea Group held the Fifth "Diamond" Skills Competition, including a special track for university students. The event drew over 43,000 engineers and students from domestic and international backgrounds. 263 finalists demonstrated their skills in hands-on installation, troubleshooting, and repair of appliances like air conditioners, refrigerators, and laundry machines, and shared service experiences to enhance customer service.

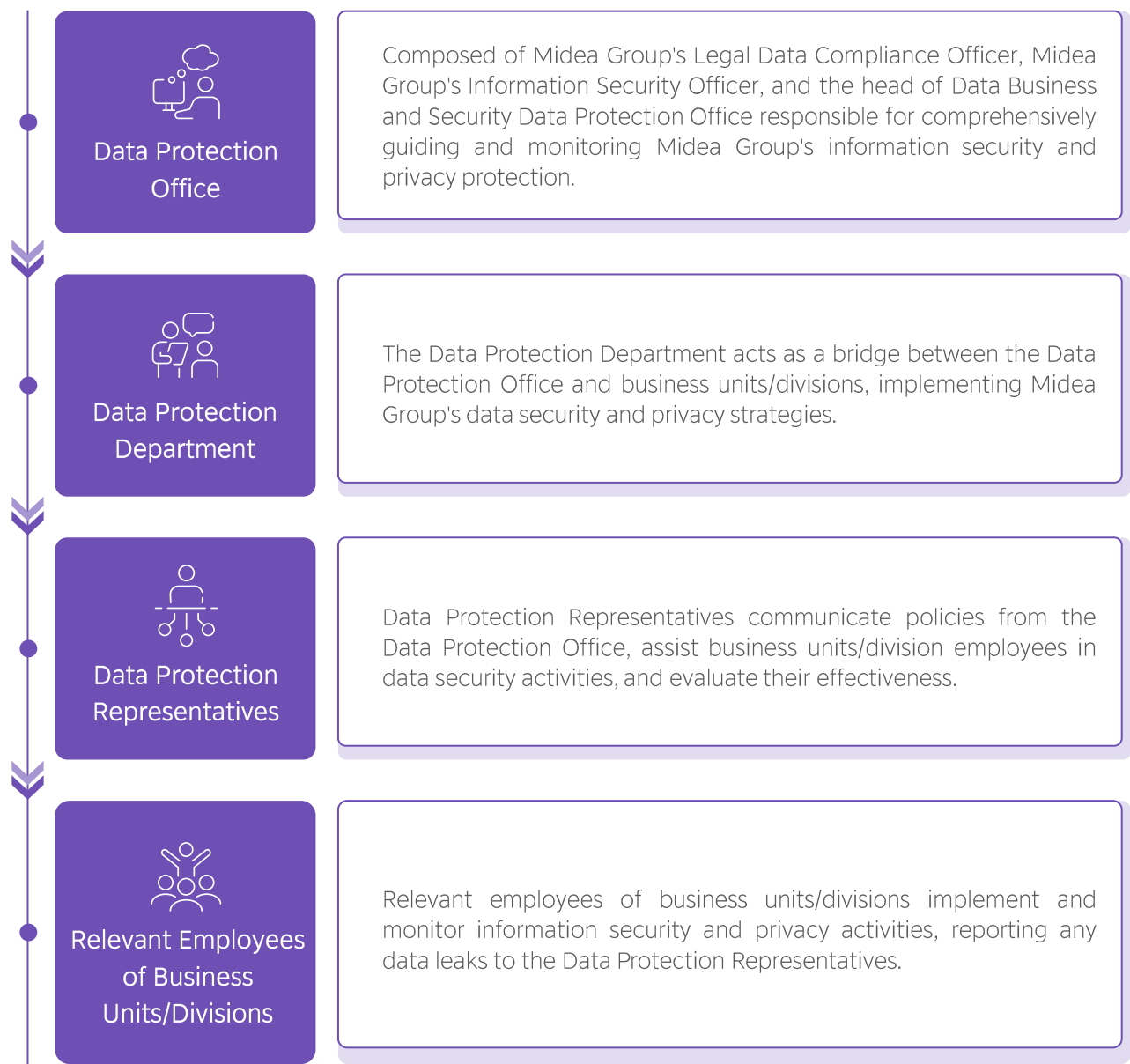


The Fifth "Diamond" Skills Competition



Protect Personal Privacy

As a global provider of smart home solutions, we prioritize user data security and privacy protection. We strictly comply with data security and privacy regulations worldwide, including China's Data Security Law, Cybersecurity Law, and Personal Information Protection Law, as well as the GDPR and CCPA. We have integrated privacy protection into our risk management system, created a global compliance risk map, and developed policies such as the Personal Information Protection Management Measures and Data Safety Management Measures. Additionally, we have established a four-tier data security and privacy protection management structure:



This year, we launched a data protection compliance platform for online processing of key processes: EU Data Protection Impact Assessment (DPIA), privacy agreement review, and Data Subject Request (DSR). This enhanced data processing efficiency and security capabilities. Meanwhile, in order to promote effective implementation of Midea Group's privacy policy this year, we conducted privacy audits across all business systems and applications, promptly addressing non-compliance to meet global data security and privacy requirements. We maintain a zero-tolerance policy for information security violations, addressing them rigorously as per internal policies and regulations. During the reporting period, Midea Group faced no penalties for data security breaches or customer information leaks.

Midea Group respects and protects customers' personal information rights, adhering to the principles of "lawfulness, legitimacy, and necessity" in data collection and protection. We provide a convenient mechanism for customers to manage their personal information, including accessing, correcting, deleting, and withdrawing it, as stated in our privacy agreements. We do not disclose personal information to external entities unless required by law.

By the end of the reporting period, Midea Group obtained ISO/IEC 27701 Privacy Information Management System Certification, and the SmartHome App passed the Mobile Internet Application (App) Security Certification.

ISO/IEC 27701 Privacy Information Management System Certification

Mobile Internet Application (App) Security Certification

In addition, we also attach great importance to training data security and privacy protection. This year, we conducted specialized data protection compliance training for personnel responsible for data security management at Midea Group. The training covered essential knowledge and skills related to data security and privacy protection, including laws, regulations, standards, security assessments, responsibilities, technical safeguards, and emergency drills. Additionally, we regularly offer relevant training to employees via our internal "M-Learning" system to enhance their awareness and reduce security risks, ensuring compliance and smooth business operations.

04

Co-creating a Prosperous

SDGs in this Chapter:



Midea Group 2030 Sustainable Development Goals and Progress:

Coverage rate of sustainability performance assessment for new suppliers:



Number of suppliers for SSC supplier empowerment:



Due diligence rate of supplier conflict minerals:



Self-Growth: Enhance Comprehensive Governance

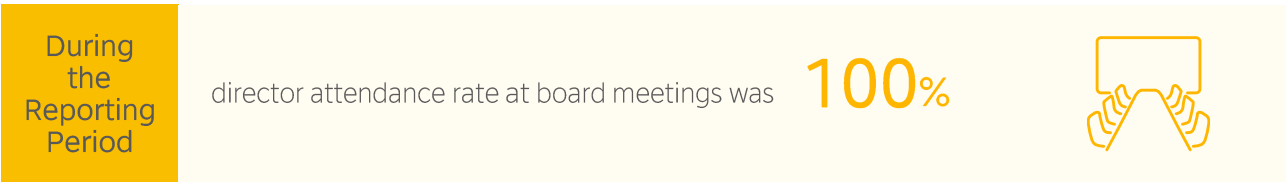
Midea Group believes that compliance with laws and regulations is essential for our development, while adhering to business ethics is key to sustainable growth. We continuously strengthen our compliance management and cultural systems to create a transparent workplace. We also optimize our anti-corruption and reporting systems to maintain a positive corporate image, aiming to set an industry example and improve ethical standards.

Improve Corporate Governance

The efficient operation of the board of directors is the core of strategic decision-making and supervision. Investor relations serve as the foundation for value communication and resource integration. Risk prevention and control provide security throughout the entire process of operation. Together, these three elements form a governance loop that supports sustainable development.

Board Effectiveness

We believe that enhancing the Board's effectiveness is crucial for Midea Group's governance and operations. Therefore, we focus on director engagement, skills training, board composition and performance evaluation. Attendance at board meetings reflects directors' involvement. The Articles of Association of Midea Group states that a director failing to attend two consecutive meetings without entrusting another director is deemed unable to fulfill duties. Also, more than half of directors must attend board meetings.



Investor Relations

Midea Group strictly complies with the relevant laws and regulations on information disclosure in the jurisdictions where its stocks are listed. We also abide by the Articles of Association of Midea Group, the Regulations on Information Disclosure of Midea Group and other policies issued by the Company. We fulfill our commitment to ensuring the truthfulness, accuracy, completeness, timeliness and fairness of disclosed information, clarify and standardize the responsibilities for information disclosure and the process for reviewing and disclosing information. Midea Group's information disclosure has obtained an evaluation result of A by Shenzhen Stock Exchange for consecutive years.

We attach great importance to engaging with investors and maintaining relationship with them. We communicate with investors through the investor relations section on the official website of Midea Group, online exchange meetings, the Easy IR platform and other channels, enabling us to extensively listen to their concerns and provide proactive response.



Risk Management

Midea Group strictly adheres to the Securities Listing Rules of HKEx, and has added a new "Risk Management" section for the reference of stakeholders.

We have established a comprehensive system covering risk prevention, business continuity and major risk response based on regulations such as the Basic Norms of Enterprise Internal Control. By enhancing risk prevention mechanisms, strengthening emergency response capabilities and establishing a robust major risk prediction system, we have created a closed-loop management system of "prevention - control - disposal" to solidly support the achievement of our strategic goals.

Midea Group regularly conducts risk identification, collecting and recognizing information and events that affect its strategic and operational objectives from both internally and externally within the enterprise, outputting or updating the risk landscape map for this unit/field. Based on the comprehensive risk list and the reference of risk assessment standards, we analyze and evaluate the likelihood and impact of risks, determine the level of risk and form a risk map. Using the risk map, we establish and execute risk management objectives, strategies and response plans. We also regularly track the completion of risk management objectives and response measures, as well as the occurrence of risks/events, and compile risk monitoring reports.

Meanwhile, risk control department annually reviews risk exposures at both Midea Group and business units/divisions. The department coordinates risk identification, assessment and response, evaluating and reporting on these activities. Monthly risk control bulletins are issued to continuously monitor risks across all areas, and promptly address potential or identified risks.

To further enhance the overall risk management capabilities, we regularly conduct risk management training for non-executive directors to deepen their understanding and involvement in risk management.

Risk Culture Development

We actively promote corporate risk management culture to enhance employee's risk awareness. In 2024, we promoted risk management culture through the "M-learning" online platform, offering training to all employees. We also organized quarterly sharing sessions on key risk management projects for each business unit/division, facilitating mutual learning and improvement.

Risk Control Knowledge Publicity Activity

In December 2024, we launched risk control training activities for personnel at all levels, by inviting external consultants to explain internal control and risk management methodologies and key risks in each business cycle. We also shared best practices from other enterprises to enrich employees' knowledge and deepen their understanding of risk control.

Emerging Risks

We actively identify and assess emerging risks, clearly define risk categories and the timeframe of their impacts, and develop corresponding response strategies to mitigate the potential impact of emerging risks on our business. At the same time, we continually improve our ability to plan for and manage long-term risks, thereby enhancing investors' confidence in our effective risk management.

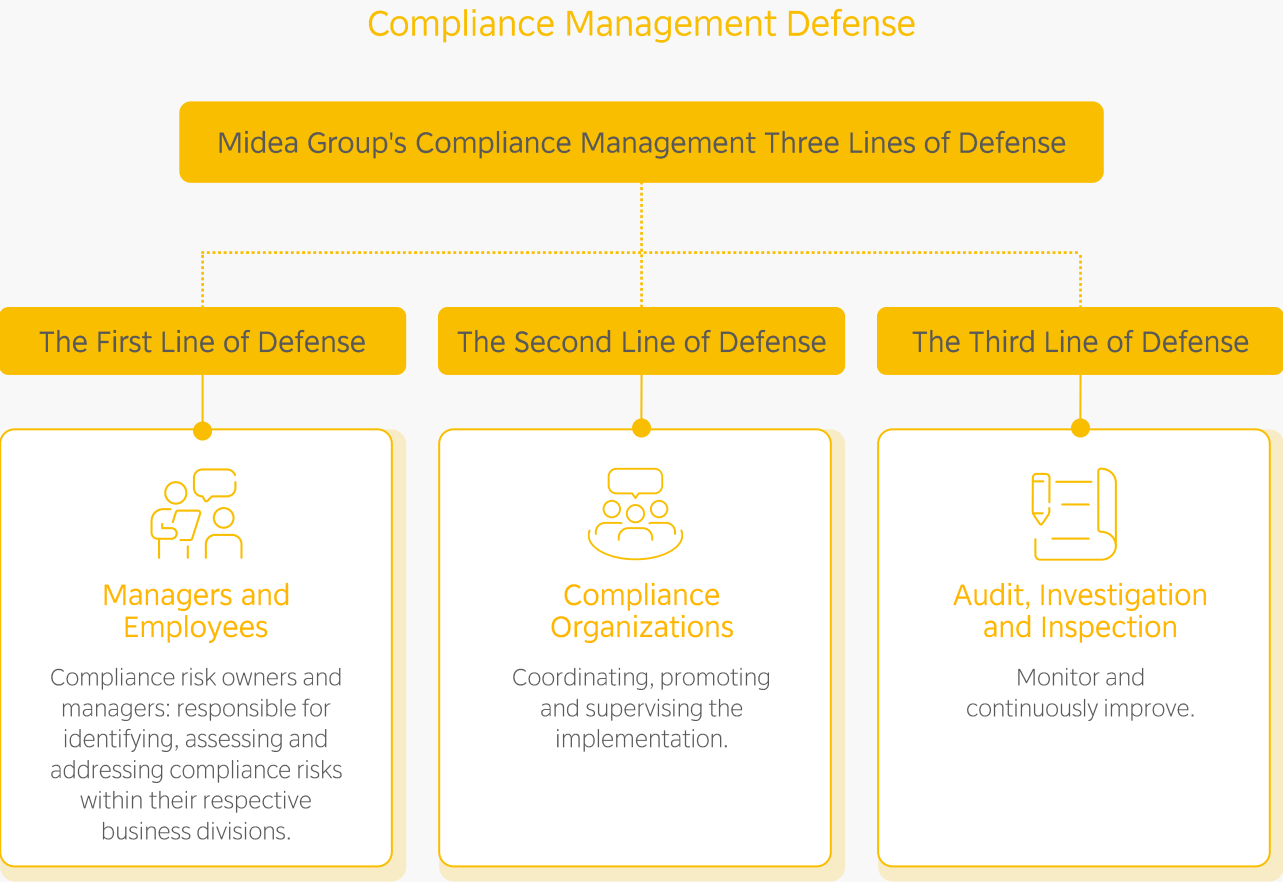
Emerging risk		
Risk name	- Risk of changes in international trade policies and regulations - Asset bubble risk	
Risk category	- Geopolitics - Economy	
Risk description	- Face the exposure to changes in international trade policies and regulations, including those related to economic sanctions, export controls, and import restrictions, as well as the imposition of tariffs and other trade barriers. - Changes in the situation of key real estate and mortgage markets will affect consumers' spending on consumer goods, including a significant decline in housing demand and prices.	
Impact	- Economic sanctions and enhanced trade tariffs will increase the export costs of products and reduce the price competitiveness of products in overseas markets, consequently affecting market share and profits. The uncertainty of trade policies will also increase the operational risk and the instability of market expectations. - Spending on consumer goods is affected by a variety of economic factors, and emerging economic uncertainty exacerbates negative trends in business and consumer spending. This may cause some customers to delay, cancel or not order our products.	
Mitigation measures	- We reduce the impact of tariffs by optimizing the supply chain layout. In addition, we cope with the pressure of price competition by strengthening independent research and development, reinforcing brand building and enhancing the added value of products. At the same time, we expand into emerging markets to reduce reliance on a single market. - On one hand, we optimize the product structure and expand the product portfolio. On the other hand, we enhance market competitiveness by promoting cost-effectiveness of products and improving the quality of services to attract a broader consumer base.	

Safeguard Compliance Operation

Lawful and compliant operations are the fundamental safeguard for the long-term development of a company, and also an essential requirement for a company to go international. Midea Group always regards compliance and stability as the bottom line for sound management, gradually building a comprehensive compliance management system that covers various aspects such as organizational structure, institutional system, operational mechanisms and corporate culture.

Management Structure

Based on the three lines of defense, we continuously improve mechanisms and promote the identification, assessment, prevention and control of compliance risks.



The Legal Compliance Center and the China Regional Legal Team coordinated to enhance compliance capabilities and successfully obtained the ISO 37301: 2021 Compliance Management System Certification, with support from the information security division. This certification reflects Midea Group's maturity and professional capability in compliance management, and provides a solid foundation for the sustainable and sound development.



- ISO 37301: 2021 Compliance Management System Certification

Management Policies and Operating Mechanisms

To enhance compliance management, we have implemented the following measures:

Dynamic Risk Prevention Mechanism

Regularly conduct risk self-assessments and build a closed-loop system of "information collection - risk identification - policy interpretation - alert release - update distribution - feedback response" by integrating legal research and risk warning systems.

Digital Compliance System

Develop a digital compliance system that combines universal service functions and customized scenario-based solutions, to deeply integrate compliance requirements with business processes.

Compliance in Key Operations

In 2024, we continued to strengthen trade and data compliance, further consolidating the management foundation to ensure adaptability to global regulatory requirements.

Trade Compliance Management

We have adopted the Management Statement on Compliance with Sanctions and Export Control Regulations as our highest management requirement. We conduct transactions in compliance with all applicable export control and sanction regulations. On one hand, we actively build a compliance management system, including digital screening programs and standardized operating procedures. On the other hand, we manage transactions by identifying risks and taking appropriate measures. Till now, our trade compliance screening system has been integrated into multiple business systems and covers various scenarios, enhancing control measures and efficiency.

Data Compliance Management

To implement the requirements of our internal data compliance policies, such as the Data Safety Management Measures and the Personal Information Protection and Management Measures, we carried out a series of key data compliance measures in 2024, aiming at achieving comprehensive compliance service and management system.



We optimized the online processing workflow for data subject requests to achieve standardized, online and traceable responses, enhancing collaborative efficiency across divisions and personnel.



We established an online review system for personal information and data protection impact assessments to ensure compliance with privacy regulations and standards.



We standardized the review process by establishing 30 privacy agreements covering 9.1 million registered users (we have obtained the consent of registered users), improving privacy compliance efficiency and transparency.

Intellectual Property Compliance Management

To enhance patent protection and ensure compliant applications, we have built an intellectual property management system focused on high-quality and high-value patents. We strictly follow applicable intellectual property laws and regulations in our operating locations and implement internal policies such as the Patent Management Measures of Midea Group and Detailed Rules for Patent Agency Management of Midea Group to standardize the creation, utilization and protection of intellectual property rights.



Protecting Our Intellectual Property Rights

We embed patent research and layout nodes in the R&D project management system to build a patent and trademark infringement identification mechanism. We also include intellectual property clauses in contracts with external parties, ensuring our inventions are legally protected.



Respecting the Intellectual Property Rights of Others

We also embed patent risk investigation nodes in the R&D project management system, treating it as a crucial part of R&D. By strictly controlling intellectual property management in the R&D process, we avoid infringing on others' legitimate rights.

As of 31 December 2024	Applied for valid patents worldwide over	150,000	During the Reporting Period	Global patents authorizations more than	11,000
	Maintained valid patent licenses more than	90,000		Global invention patents authorizations over	5,000

In 2024, a total of 34 entities within Midea Group have successfully passed the certification and supervision audits for the Enterprise Intellectual Property Management Specification (GB/T29490-2013) and the Enterprise Intellectual Property Compliance Management System Requirements (GB/T29490-2023), including 4 initial certifications, 23 supervision audits and 7 recertifications. KUKA Robotics Guangdong Co., Ltd. also obtained the certificate for Innovation and Intellectual Property Management Capability (Level 3) based on ISO 56005, highlighting our strong compliance management.



Certificate of Innovation and Intellectual Property Management Capability (Level 3)



Build a Compliance Culture

Adhering to the concept of "compliance operation starts with me", we advocate a compliance culture based on the Midea Group Business Code of Conduct through various activities, aiming to enhance employees' awareness and adherence to compliance policies.

- We conducted compliance training through the "Compliance Newsletter," "Midea-Learning" courses and offline training by organizing **77** sessions in 2024.

- The "Midea Compliance" official account published **56** articles in 2024, including contents of compliance information, regulation updates, case analyses and policy interpretations and so on.

- In 2024, we invited market regulators twice for training on anti-unfair competition and consumer rights, with over **1,000** online and offline participants.

- In 2024, we held **41** anti-monopoly compliance training sessions, with over **37,361** person-times, supporting the company's compliance development.



Trade Compliance Digital Program Publicity Training

In November 2024, Midea Group's Legal Department, together with the Enterprise Digital Platform Process Team and the Shared Systems Team, organized 9 training roadshows, with over 1,000 participants. The training sessions were conducted both offline and online, including Q&A section and assessments to convey compliance concepts to employees and deepen their understanding of trade compliance.



The site of Training Activity



Intellectual Property Training

To standardize the application of Midea Group's patents, support global IP layout, and enhance IP talent quality, we conducted over 20 IP training sessions this year on two themes:

- Overseas IP Application and Protection: Covering Europe, the US, Japan, Korea, India, Brazil, the Philippines, Vietnam and Singapore, these sessions aimed to enhance global IP protection and compliance.
- AI's Impact on IP Rights: By discussing IP risks posed by AI and response strategies, as well as AI applications in IP databases, we understood AI's impact on IP compliance management through training sessions.

Comply with Business Ethics

Midea Group adheres to business ethics principles, aiming to win market trust through ethical and responsible actions. We strengthen ethics management, improve reporting mechanisms and guide employee behavior. And we also promote honest and transparent practices, fulfilling our social responsibilities and enhancing Midea Group's brand image.

Management Measures

We firmly oppose commercial bribery, corruption, fraud and other unethical practices. We have developed policies to standardize fair competition, conflict of interest management, anti-corruption, anti-money laundering and insider trading. During the Reporting Period, we refined the Anti-Bribery Compliance Norms and updated the Midea Group Supplier Code of Conduct (2024 Version).

In collaboration with departments such as business, finance and supply chain, we organized key business areas for ToB and ToC and identified key control points by integrating business data. We also establish relevant rules and manage with a risk-oriented approach. In 2024, Midea Group and its employees were not involved in any concluded bribery, fraud, corruption, or other lawsuits.

Anti-corruption

To implement anti-corruption measures effectively, Midea Group has established a governance structure with the Board of Directors and the Audit Committee overseeing anti-corruption efforts. The Integrity Office handles daily anti-corruption tasks and collaborates with subsidiaries to build a comprehensive supervision network, ensuring the company's stable and sustained operation.



Anti-Corruption Governance Structure

Anti-money Laundering

The Midea Group Business Code of Conduct explicitly prohibits employees from engaging in money laundering activities, including concealing the nature and source of illegal income and gains, as well as other illegal activities like smuggling and embezzlement. To enforce this prohibition, we conduct strict reviews of anti-money laundering efforts at all levels and proactively investigate suspicious large transactions in sales.

Anti-unfair Competition

Complying with 2024 regulations, we updated Midea Group's Marketing Compliance Red Line and Anti-trust Compliance Management Measures to ensure all business practices meet compliance requirements and adhere to competition laws. In 2024, Midea Group faced no lawsuits or significant penalties related to unfair competition.

We continuously monitor global regulatory compliance requirements. By enhancing our anti-unfair competition management system, we have positively adjusted our business model and accelerated our distribution channel transformation, propelling the shift towards a Direct To Clients (DTC) model and enhancing brand and market reputation.



Reporting Mechanism

We have established the Management Measures for Integrity Reporting and enhanced the investigation mechanism to ensure fair, impartial, independent and objective probes. We set up diverse reporting channels such as hotlines, email, mail and online platforms, encouraging reporting of suspected violations while strictly protecting whistleblowers' confidentiality and rights and preventing whistleblowers from any form of threats and retaliation.

Reporting Channels



- Customer service and complaint hotline:
Tel: 4008899315
E-mail: mideasmart_service@midea.com
- Integrity and compliance reporting and consultation channels of Midea Group:
Mailing address: Integrity Office, Midea Headquarters Building, No. 6, Midea Avenue, Shunde District, Foshan City, Guangdong Province, China
Postal code: 528311
Tel: 0757-2660 5599
E-mail: tousu@midea.com; compliance@midea.com

Business Ethics Audit

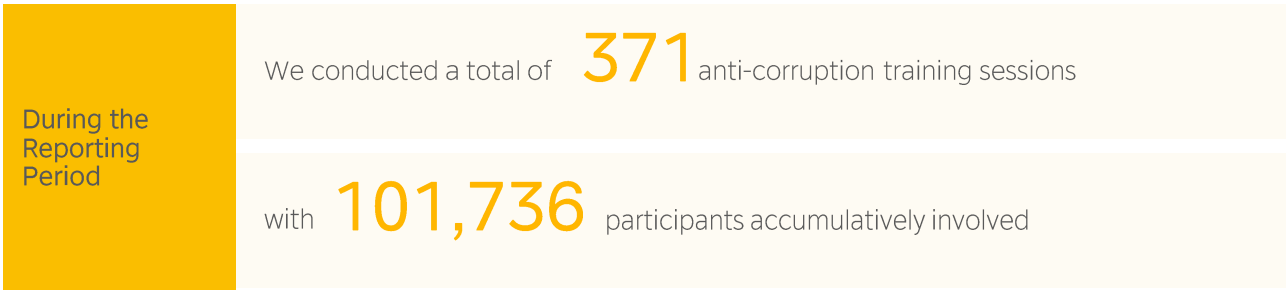
To measure the effectiveness and maturity of business ethics, we continue to conduct specialized monitoring and review. In 2024, guided by the Audit Institution and senior management, we formulated the annual audit plan based on the Audit Code. We audit the effectiveness of business ethics policies and operations when potential risks or related events occur, aiming for continuous monitoring and timely risk management.

We also established supplier anti-corruption policies, requiring all suppliers to develop their own policies and verify their effectiveness. Additionally, we require all suppliers to sign the Integrity Cooperation Agreement to jointly promote a healthy business ecosystem.

Build an Integrity Culture

To convey the value of integrity, our annual training sessions on business ethics standards cover directors, management personnel and all employees (including part-time and contractors). The training sessions include key areas such as compliance interpretation, case studies, and Midea Group's supervision and reporting procedures, ensuring employees understand and adhere to ethical standards.

In 2024, we provided all employees with courses such as the Integrity Classroom and sensitive positions lessons, and assessed key position employees after training. By the end of the Reporting Period, all ten directors of the Group participated in anti-corruption training sessions.



Integrity Training

In December 2024, we held an integrity training session for all Midea Group management. The Audit Department presented the Semi-Annual Integrity Governance Report. We also analyzed typical corruption cases and shared integrity-related complaint news, highlighting business ethics compliance risks to encourage all management to promote integrity management and work with employees and business partner to build a business environment of integrity and transparency.



Integrity Training

Collaborative Cooperation: Jointly Create Long-Term Value

Responsible supply chain management is essential to mitigate financial risk and stabilize business operations. Midea Group is committed to working with its partners to build a responsible value chain ecosystem that is mutually beneficial. Based on our resource advantages, we aim to support our suppliers' growth and create new development value together.

Stable Supply Monitor

We strictly comply with all supply chain related laws and regulations in the countries and regions where we operate, and have developed a series of supplier management systems.



Supply chain risk prevention is the basis for ensuring supply chain stability. To ensure a stable supply chain, we have developed a systematic and regular supply chain risk management mechanism for comprehensive risk identification and analysis, and procured supply chain stability through classified management of supply chain. In 2024, we established a "Joint Supply Chain Resilience Building Management Group" to enhance risk control capabilities through measures including identifying secondary supply sources, strengthening trade compliance risk management, and conducting ESG audits of suppliers. We have also built a comprehensive digital supply chain risk management platform, which enables online risk alerting and management, increasing the agility of our risk response.

In supplier risk management and assessment, we use a multi-dimensional approach. We consider the business relevance of the products supplied (including market resources, substitution barriers, and purchase volumes). Suppliers are classified into high, medium, or low risk based on operational governance, quality, and social and environmental risks, considering commodity-specific, sector-specific, and country-specific risks related to raw material origins. We continue to control risks from high-risk suppliers and promptly implement mitigation actions for identified risks.



Our Global Supplier Cloud (GSC) platform integrates supplier sourcing and evaluation, enabling full-process, information-based management and control of suppliers. The platform embeds supply chain system requirements to achieve end-to-end, transparent, and systematic management. We are cautious in supplier selection, assessing potential suppliers for business qualifications and environmental impact. We manage suppliers by class, considering their business models and distribution channels, with targeted standards to ensure efficient management. The GSC platform enhances supply chain management efficiency, strengthens security, and reduces operational risk, supporting business sustainability.

Supplier Admission

Conducting entry reviews of potential suppliers based on the admission criteria, assessing dimensions including production capacity, quality, environmental protection, and labor management performance to ensure they meet basic requirements.

Carrying out comprehensive ESG assessments, focusing on suppliers' performance in key areas like environmental governance, employee management, occupational health, safety, and business ethics. These assessments serve as a critical reference for supplier admission, aiding in making well-rounded and rational decisions.

Giving preference to suppliers with better ESG performance and certifications such as ISO 9001, ISO 14001, ISO 50001, ISO 45001, IPC 1401, and those with good labor management performance, all else being equal.

Strengthening trade compliance risk management in the supplier admission process in 2024.

During the Reporting Period

we conducted quality and ESG reviews for **654** suppliers in accordance with the review process.



Supplier Assessment

Establish supplier evaluation standards and procedures.

Annually assess suppliers' quality and ESG management through desk assessments and on-site reviews, with mandatory on-site audits for all high-risk direct and raw material suppliers.

Specify evaluation details, including ESG-related content, frequency, procedures, and requirements, in procurement agreements to ensure transparency.

Publicize evaluation content and results to inform suppliers and encourage improvements in quality and ESG performance.



Quality Management

- Conduct on-site evaluation for suppliers that have received quality warnings, experienced batch accidents, or faced sudden major abnormal situations during performance assessment.
- Rigorously inspect raw materials and spare parts supplied to us and, where necessary, engage third parties to inspect for ensuring the quality of the supply.



ESG Management Audit

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

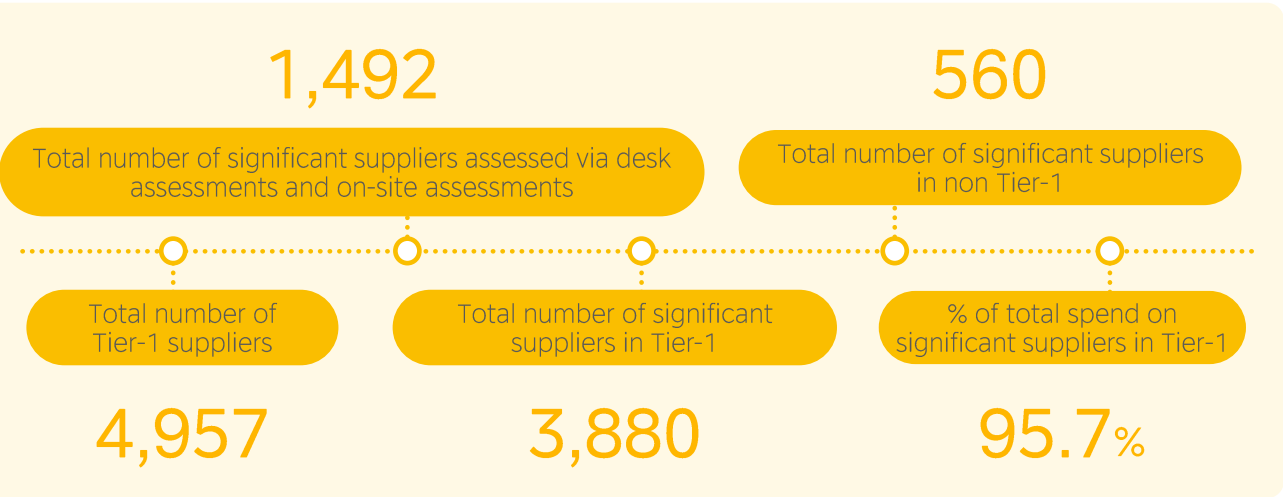
When reviewing suppliers' ESG management, we rigorously assess the implementation of ESG management practices and the Midea Supplier Code of Conduct for new and existing suppliers in accordance with the Supplier CSR Audit Form. At the same time, purchasing practices towards suppliers are continuously reviewed to ensure alignment with the Midea Supplier Code of Conduct and to avoid potential conflicts of ESG requirements.

Supplier ESG Audit Dimensions

Labor Management Management of human and labor rights, including prohibition of forced labor, prohibition of child labor, anti-discrimination and anti-harassment efforts, remuneration, working conditions and hours, and workplace safety.	Environmental Protection Environmental impact management, including the management of waste water, waste gas, solid waste, and greenhouse gas emissions, and the setting of emission reduction targets.	Business Ethics Business ethics management, including the development of business ethics policies and management systems, the compliance with the Midea Integrity Agreement, and supplier integrity management.	Management System Management systems and certification, including ISO 14001, ISO 9001 and social responsibility management system certification, their suppliers' social responsibility management and the development of conflict minerals management systems.
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During the Reporting Period

we conducted on-site and desk assessments of **2,038** suppliers.



Supplier Improvement

- Based on the supplier assessment results, we apply tiered management for suppliers. In response to issues identified in supplier assessment, we require suppliers to implement rectification plans within a specified timeframe and verify the effectiveness of these plans once completed.
- When suppliers face significant quality issues or repeatedly experience the same type of quality issues, we mandate suppliers to collaborate with Midea Group for on-site investigation and submit an analysis and rectification report within one week.
- For non-conformities identified in ESG management review, suppliers should analyze the root cause and, upon receiving the Follow-up Form for On-Site Review Non-Conformities, submit plans for corrective actions and preventive measures. They are also required to set the completion time of the plans and take corrective actions.
- When ESG management issues or weaknesses are founded during supplier reviews, we provide supplier support on the implementation of corrective and improvement actions. If necessary, we provide them with one-on-one on-site coaching to improve their performance and ESG management capabilities.

During the Reporting Period

6 suppliers were found to have minor non-conformities

1 supplier was in the process of remediation

5 of them passed the re-audit after being coached and taking corrective action

Supplier Exit

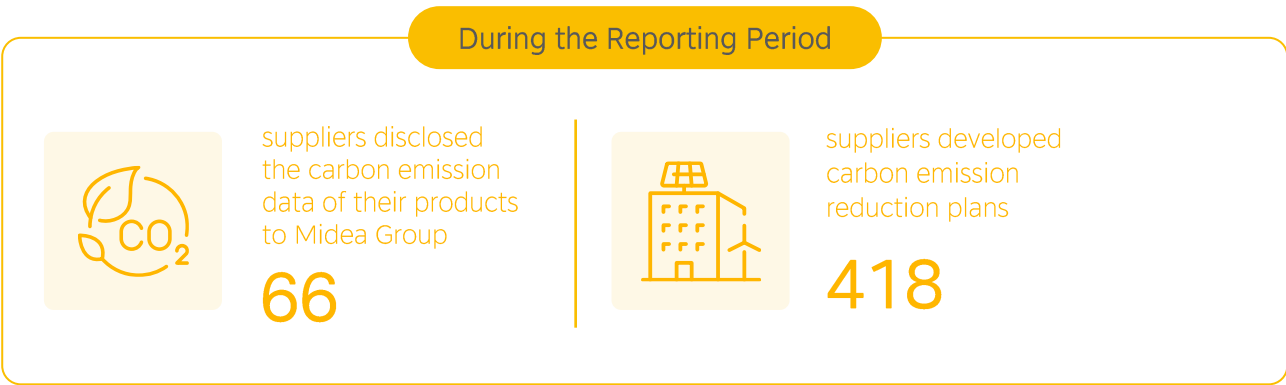
- We have established a rigorous supplier exit mechanism, with separate exit paths for those failing the quality and ESG management reviews.
- We have a red and yellow card mechanism for quality review. Suppliers are classified according to the monthly quality review results of materials they supply. Those with poor results will have their supply restricted or terminated, and those with a red card will not introduced for 5 years.
- Suppliers that are identified as breaching the Group's ESG standards during the ESG review and fail to achieve minimum ESG requirements within the set timeframe will be excluded from contracting.

Supply Chain ESG Contributor

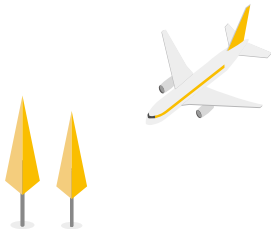
Midea Group monitors suppliers' sustainability capacity and systematically manages their ESG performance. The ESG Committee, under the Board of Directors, oversees the implementation of supplier ESG programs. The Green Supply & Conflict Minerals Sub-committee promotes social responsibility, environmental assessment, green certification, raw material traceability, and conflict minerals management. The Midea Supplier Code of Conduct specifies requirements for labor management, environmental protection, green development, and business ethics. ESG performance is emphasized in supplier admission, assessment, and improvement processes.

Jointly Creating a Green Supply Chain

We implement green procurement by improving standards and evaluating suppliers' environmental practices to reduce the environmental impact of raw material procurement. We collaborate with suppliers to develop environmentally friendly products, expand low-carbon and energy-saving product procurement, and increase our environmental protection efforts. We track environmental indicators in the supply chain through an internal management system, focusing on supplier reviews, energy management, supplier empowerment and carbon inventory. In 2024, we established Green Supplier Evaluation Criteria based on national standards and industry best practices to encourage green transition among upstream partners.



In 2024, we conducted ESG and green procurement training and exams for procurement staff and internal stakeholders, both online and offline, including 4 dedicated offline sessions. Over 1,000 employees completed the training. This enhanced their understanding of Midea Group's supplier ESG requirements and equipped them to implement sustainable supply chain management and ESG standards in their daily work.

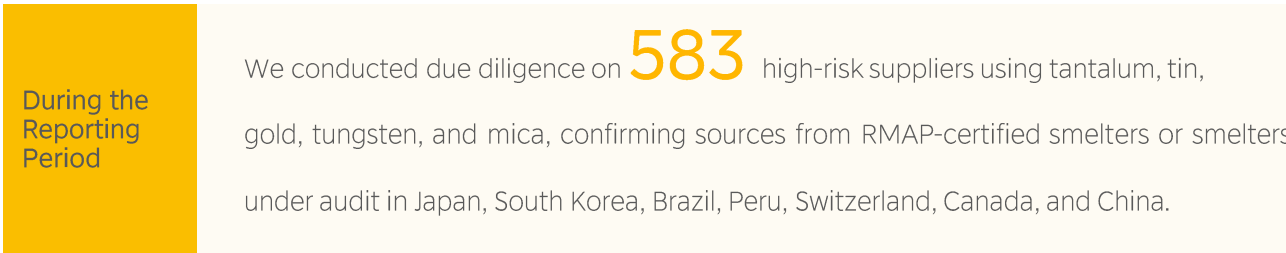


Conflict Minerals Management

Midea Group continues to enhance raw material traceability and responsible sourcing. In 2024, we issued a Conflict Minerals Management Policy, committing to avoid conflict minerals that finance armed conflict. We improved our conflict minerals management mechanism and risk prevention processes.

Using the Global Supplier Cloud platform, we identify suppliers with conflict mineral risks and require them to report material origins to avoid purchasing from regions involved in human rights violations or illegal activities. Suppliers are contractually bound to source conflict-free minerals which is specified in the Midea Group Material Supplier Cooperation Agreement that the sources of minerals used in manufacturing our products do not involve conflict minerals. To further improve conflict minerals management, we are launching a digital system for risk investigation, enhancing efficiency and enabling online risk identification, investigation, response, and monitoring. We update our conflict minerals policy and supplier requirements as needed, and provide training to employees and suppliers to promote sustainable supply chain development.

We conduct annual supplier due diligence using the RMI-CMRT Questionnaire, ensuring minerals come from RMI-certified smelters or countries. In addition, we require suppliers to investigate and identify smelters at each level to ensure that the sources of relevant minerals used in the products supplied are traceable.



Hazardous Substance Management

Midea Group strictly implements a hazardous substance management system to ensure product safety, adhering to international and domestic laws such as the EU's RoHS Directive, REACH Regulation, and China's Administrative Measures for Restricted Hazardous Substances. We have established internal guidelines and a dedicated management team, promptly integrating new regulations into our specifications. Each business unit/division conduct regular training to avoid compliance risks.

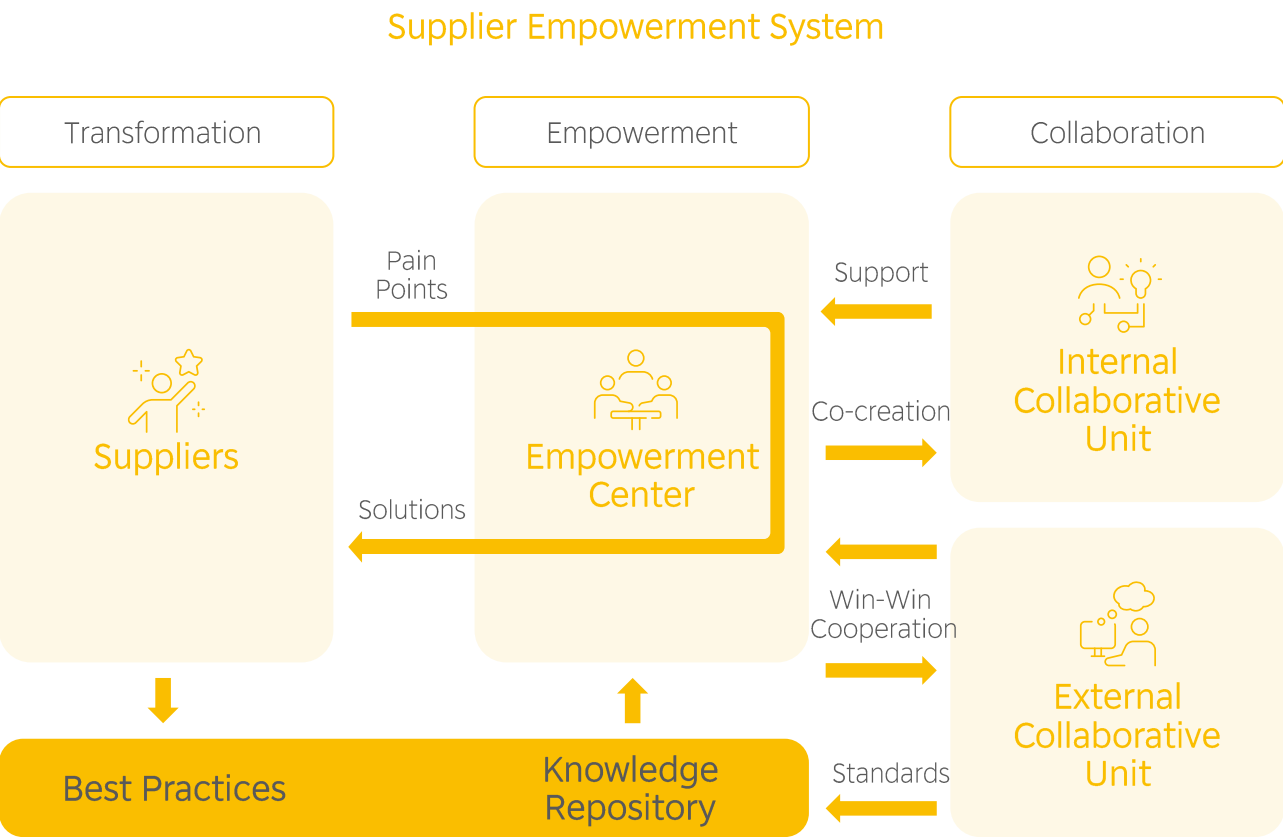
In 2024, we quickly responded to updates in the REACH SVHC list and the enactment of HB 1551, ensuring compliant procurement. We also enhance hazardous substance detection, requiring suppliers to provide test reports and improving our laboratory testing capabilities. Our chemical analysis laboratories are accredited by CNAS, and we collaborate with third-party agencies for data benchmarking to ensure accurate and reliable test data. In 2024, several business divisions, including Residential Air Conditioner Division, Refrigerator Division, Laundry Appliance Division, Building Technology Division, Microwave and Cleaning Appliances Division and Kitchen and Water Heater Appliances Division, received the QC080000 certification.

Business Enablement: Empower Industry Ecosystem

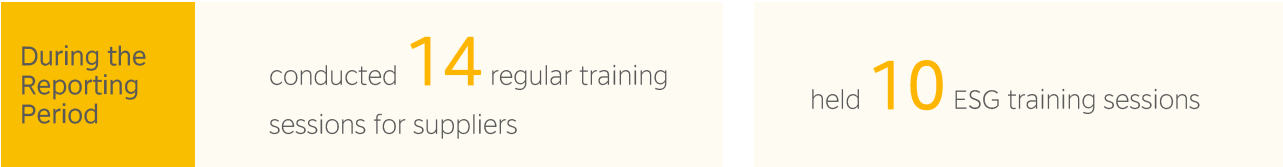
Midea Group actively promotes a thriving industry ecosystem through extensive cooperation and in-depth exchanges with all parties. Additionally, we take comprehensive initiatives to drive the sustainable and healthy development of the industry.

Empower Value Chain

Midea Group strengthens suppliers' trust, awareness, fulfillment capacity, and ESG management capabilities through annual training and exchanges. To fully support supplier development, we have built a supplier empowerment system. It covers capacity building in ESG, quality, process, lean, and intelligent manufacturing, sharing industrial resources and Midea's experience with suppliers for mutual growth. We also deepen strategic cooperation to drive joint investment in innovation, quality enhancement, and global business, working together to transcend existing approaches and forge a new path forward.



In 2024, we conducted training sessions for suppliers on topics like quality management, Supplier Code of Conduct, hazardous substance management, environmental compliance, and anti-corruption. Additionally, we held ESG training sessions covering labor management, conflict minerals, energy saving, carbon reduction, and sharing best practices to enhance suppliers' ESG awareness and capabilities.



ESG Training for Suppliers

In July 2024, over 200 core suppliers in Shunde participated in "Green & Safety" training.

In August 2024, 43 core suppliers received green procurement training from the Industrial Technology Business Unit.

In November 2024, 200 suppliers attended thematic training on Midea Group's ESG and green procurement, EHS safety, and ESG practices from the Building Technology Division.

● Supplier ESG Training

We also focus on the theme of carbon emission reduction in the supply chain, develop a long-term technical support plan to enhance suppliers' ESG capabilities, and collaborate with suppliers to improve the process for low-carbon material substitution.

Supporting Suppliers in Improving the Process of Replacing Electroplated/Electrophoretic Steel Tubes with Aluminum-plated Tubes

In 2024, Midea Microwave and Cleaning Appliances Division provided technical support to suppliers transitioning from electroplated/electrophoresis steel tubes to aluminum-plated ones. This initiative helped suppliers deeply understand and adopt green production solutions. Through in-depth communication and collaboration, the project's successful implementation was jointly driven.

In 2024



reduced CO₂ emissions by about **100** kg per ton of material

Optimization Project of All-aluminum Heat Exchanger Fin Foil

In 2024, Midea Refrigerator Division led an optimization project for all-aluminum heat exchanger fin foil. Through close cooperation, the supplier successfully achieved lightweight design for all-aluminum heat exchanger fins by leveraging green design and key process breakthroughs.

By the end of the Reporting Period



cutting **70** g of aluminum foil per product set



reduced CO₂ emissions by approximately **1,024.5** tons

In addition, Midea Group has integrated IT, networking, and smart technologies into the industrial sector. Combined with advanced manufacturing and green energy-saving decarbonization technologies, it has launched smart industrial solutions across green energy, intelligent manufacturing, smart logistics, and intelligent buildings. These solutions aim to lead and empower the digital, smart, and low-carbon transformation of upstream and downstream industries and partners.

Promote Industry Exchange

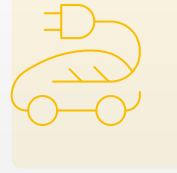
Midea Group fosters a thriving industry ecosystem and promotes sustainable development through cooperation. We joined the UN Global Compact, showcasing best practices and innovations at international forums. By leveraging partner synergies, we drive industry progress.

Midea Group Debuted at IFA 2024 in Berlin

Midea Group unveiled the AI ECO smart energy-saving solution at IFA 2024 in Berlin. This solution can reduce the energy consumption of home appliances by 30% and achieve comfort and energy saving as well as efficient energy management throughout the house. This marks a new breakthrough for Midea in the green smart home sector, contributing to the global green, low-carbon and sustainable development.



AI ECO smart energy-saving solution



reduce the energy consumption of home appliances by **30%**

Midea Group Debuted at IFA 2024 in Berlin

Annto Pioneers New Model for Green Logistics Development

At the 2024 Second Green Logistics & Supply Chain Development Conference, Annto signed a strategic cooperation agreement with the Green Logistics Branch of China Federation of Logistics & Purchasing (CFLP). Leveraging its supply chain-green integration expertise, the collaboration will focus on green logistics standards, dual carbon projects, and carbon talent development. This aims to set industry benchmarks and innovative models for sustainability.



Memorandum of Understanding Signing Ceremony

Midea Building Technology Division Debuted at the SNEC International Photovoltaic Power Generation and Smart Energy Conference

In June 2024, Midea Building Technology Division and CLOU Electronics, a subsidiary of the Industrial Technology Business Group, debuted at the 17th (2024) International Photovoltaic Power Generation and Smart Energy Conference & Exhibition in Shanghai. They showcased a comprehensive range of green and low-carbon products and services under the theme of "full-chain empowerment" and engaged with industry experts to explore new paths for the green development of the construction industry.



Midea Building Technology Division Debuted at SNEC

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Standard Development

Midea implements the "3+1" standardization strategy of Innovation Patentability, Patent Standardization, Standard Internationalization and Midea Standard Goes Out. Through a two-tier (Group-business units/divisions) standardization management system and a dual-drive mode of "standard innovation + product innovation," we quickly transform innovations into advanced standards to support industry development. This year, we continued to support domestic and international innovations and further promoted global standard construction to support overseas product localization.

By the end of the Reporting Period



Midea Group participated in the formulation and revision over **2,100** technical standards, including over **80** international standards and over **700** national standards.

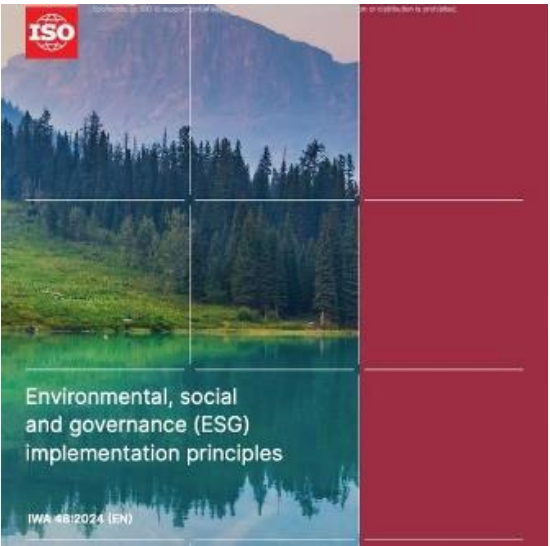
During the Reporting Period



Midea Group participated in the formulation and revision of **230** technical standards, including **14** international standards, **106** national standards, **16** industry standards and **94** local and group standards.



Midea's participation in formulating IWA 48:2024 Framework for Implementing Environmental, Social, and Governance (ESG) Principles



This year, the first global ESG standard IWA 48:2024 was released under ISO/TMB leadership. Midea Group experts, along with those from China, the UK, and the US, contributed to its formulation, enhancing global ESG practice consistency, comparability, and reliability.

- IWA 48:2024 Framework for Implementing Environmental, Social, and Governance (ESG) Principles



Supply chain innovation selected as one of the first typical cases in China to effectively reduce logistics costs for the whole society



Annto, with its excellent logistics supply chain services and replicable project practices, has been selected as one of the first typical cases of effectively reducing logistics costs in the whole society for its case "One Inventory of All Channels, Building a New Model of Logistics Cost Reduction and Efficiency Enhancement". It has been recognized by the industry for Annto to help enterprises reduce costs, increase efficiency, and improve logistics management level.

- The first typical cases in China to effectively reduce logistics costs for the whole society

Appendix

Appendix 1: Awards and Honors

Brand Recognition

- Ranked 277th in the Fortune 500 Global Companies in 2024, has been on the list for nine consecutive years.
Fortune
- Honored as the Most Admired Companies in China
Fortune
- Selected into the Forbes China Top 30 Multinational Companies
Forbes China
- World's Best Employers
Forbes
- World's Top Companies for Women
Forbes
- Ranked 40th in Technology 100
Brand Finance
- Leader in Trade-in Brand
People's Daily
- Ranked First among the technology companies in the household appliance industry in China
Southern Weekly

ESG Awards

- Made the Fortune China ESG Impact List
Fortune China
- The Top 50 Sustainable Companies in China in 2024 by Forbes China
Forbes China
- China's New Growth ESG Innovation Practice List
Harvard Business Review
- ESG New Benchmark Enterprise Award
www.stockstar.com
- 2024 Low-Carbon Pioneer
Southern Weekly
- ESG Comprehensive Governance Benchmark Enterprise
eeo.com.cn
- China Manufacturing Listed Companies Social Responsibility Five-Star Gold Award
esg100.org.cn
- Sustainable Brand Model Award
Huxiu ESG
- Sustainable Development Innovation Award
CHINA APPLICANCE
- China Best ESG Employer 2024
AON
- Outstanding Global ESG Impact Award
Hong Kong ESG Reporting Awards (HERA)

Technical Recognition

- 2024 Best Mobile Technology Breakthrough in Asia
GSMA Asia Mobile Award (AMO)
- Second Prize of the National Science and Technology Progress Award ("Key Technologies and Applications of Multi-grade Energy Supply for Air-Source Heat Pumps")
the State Council of the People's Republic of China
- First Prize of the China Innovation Methods Competition ("Low-Carbon Key Technology Research of Dryers Based on TRIZ")
China Association for Science and Technology, Chongqing Municipal Government
- 2024 High Energy Team Award
Harvard Business Review, FESCO
- Hurun China Metaverse Companies with the Greatest Potential 2024
Hurun Research Institute
- Midea Group's joint project "Key Technologies and Applications of Full Connection Logistics and Fine Management in Smart Factory" won the First Prize of the Science and Technology Progress Award of the 2024 Annual "Mechanical Industry Science and Technology Award"
China Machinery Industry Federation, Chinese Mechanical Engineering Society
- 2024 MAX Employer
Max
- 2024 China Green Point: Sustainable Consumption Practice Case Selection (Midea Group - Green Closed-loop Innovation Project for Waste Electrical Appliances)
Yi Cai

- Midea Washing Machine's Hefei factory was named a "Global Lighthouse"
WEF
- "China Spine Protection Plan" initiated by Midea Medical was recognized as 2024 Exemplary Case of Healthy China Innovation Practices
people.cn
- Midea Medical won the Excellent Case of China's New Quality Development in 2024
NIA, China Top Brands



Appendix 2: Sustainable Development-Related Risks and Opportunities

Time Period²⁴ :  Short-term  Mid-term  Long-term

 Enterprises should establish a comprehensive environmental management system, strengthen environmental monitoring and evaluation to ensure that production activities comply with relevant standards and regulatory requirements, thereby reducing environmental risks and operational costs.	Environmental compliance management
 Enterprises should respect employee rights, provide equal work opportunities and benefits, foster an inclusive corporate culture, and enhance innovation capabilities by attracting and retaining talent from diverse backgrounds.	Employee rights and diversity
 Enterprises should establish a robust cybersecurity defense system, strengthen data management and monitoring, and ensure the security and privacy of customer data.	Data security and Customer privacy protection
 Enterprises should strengthen monitoring and management of conflict minerals in their supply chains to ensure that the minerals they procure come from legal and sustainable sources, thereby avoiding negative reputational and financial impacts related to such incidents.	Conflict Minerals Management
 Enterprises should enhance their management and monitoring of water resources, adopt water-saving technologies and processes, and reduce water consumption, pollution, and operational costs by promoting water recycling and establishing a water-saving culture.	Sustainable Water Resource Management
 Enterprises should establish sound anti-corruption mechanisms, strengthen employee education and training, and ensure the compliance and transparency of their business activities.	Anti-Commercial Bribery and Anti-corruption
 When promoting products or services, enterprises must adhere to the principles of truthfulness, accuracy, and transparency, avoiding exaggeration or misleading consumers, thereby safeguarding their positive corporate image.	Responsible Marketing and Communications
 Efficient energy utilization not only reduces operational costs and enhances production efficiency for enterprises but also helps mitigate environmental impact.	Use of Energy
 Enterprises should resolutely oppose unfair competition practices such as false advertising, malicious price reductions, and commercial bribery. By conducting business legally and in compliance, they can set industry benchmarks and promote the healthy development of the entire industry.	Anti-Unfair Competition
 Enterprises should strictly abide by environmental protection regulations, strengthen pollution control, reduce pollutant emissions, and protect the ecological environment.	Pollutant Emission
 Enterprises should actively participate in social welfare activities and contribute to society by donating funds, materials, technical support, and other means to assist vulnerable groups and promote social harmony and stability.	Community Contribution
 Enterprises should actively participate in industry exchanges and cooperation, sharing experiences, integrating resources, and collaborating to jointly promote technological innovation and industrial upgrading, achieving mutual benefit and win-win results.	Intellectual Property Protection

Adapt to Climate Change	With the increasingly severe global climate change, enterprises can actively respond to and mitigate the impact of climate change by adopting renewable energy, improving energy efficiency, promoting green products and services, etc.	
Innovation and R&D	By continuously exploring new technologies, products, and services, enterprises can maintain their competitive edge and meet the evolving needs of consumers. However, R&D investments may also entail financial commitments and potential risks.	
Product Quality and Safety	Ensuring products comply with standards and regulations is the bottom line for enterprises to protect consumers. Enterprises need to improve their quality management systems, strengthen testing and monitoring, and ensure stable product quality.	
Supply Chain Management and Safety	Effective supply chain management can reduce production costs, while the stability and reliability of the supply chain can guard against potential risks and disruptions, prompting enterprises to strengthen supplier management.	
Employee Health and Safety	Enterprises should provide a safe working environment, enhance employee health management and training, and ensure that employees are protected from harm. A healthy workforce can improve work efficiency and productivity, creating more value for the enterprise.	
Circular Economy and Waste Management	By recycling resources, reducing waste generation, and properly disposing of waste, enterprises can not only reduce their environmental footprint and enhance resource utilization efficiency but also open up new business opportunities and market spaces through circular economy and green production models.	
Corporate Governance	Enterprises should improve their governance structure and internal control mechanisms to ensure scientific, transparent, and compliant decision-making. By deepening communication and collaboration with shareholders, investors, and stakeholders, enterprises can consolidate the foundation of trust and enhance their corporate image and reputation.	
Employee Training and Development	By providing training and development opportunities, enterprises can unlock employee potential, improve their work efficiency and productivity, and create more value for the enterprise.	
Consumer Experience	Enterprises should focus on consumer needs, continuously refine their products and services to meet the evolving demands of consumers, and enhance their brand image and market share.	
Shareholder Rights	Enterprises should ensure that shareholders' interests are fully protected by establishing a sound governance structure, transparent information disclosure, and a reasonable dividend distribution mechanism, deepening communication and cooperation with shareholders, and boosting investor confidence.	
Promote Industry Development	Enterprises should actively participate in industry exchanges and cooperation, sharing experiences, integrating resources, and collaborating to jointly promote technological innovation and industrial upgrading, achieving mutual benefit and win-win results.	
Biodiversity Conservation	Enterprises should actively take measures to protect the ecological environment and biodiversity, avoiding damage to ecosystems.	

²⁴Based on the industry situation, strategic planning, and operations, our definitions for short, medium, and long-term are: short-term (0-1 year); medium-term (1-5 years); and long-term (more than 5 years).

Appendix 3: Key Performance Indicators

GHG Emission Data

Indicators	2024	2023	2022
Total GHG Emissions (Scope 1+2) (Tons of CO ₂ equivalent)	2,203,472	2,298,311	1,505,877
Emission Intensity (Tons of CO ₂ equivalent per 10k revenue)	0.055	0.061	/
Scope 1 GHG Emissions ²⁵	681,036	1,017,606	129,400
Scope 2 GHG Emissions ²⁶	1,522,436	1,280,705	1,376,477
Scope 3 GHG Emissions ²⁷	196,247,729	4,960,000	/
Scope 3 - Category 1 Procurement of Products and Services	8,494,973	/	/
Scope 3 - Category 4 Upstream Transportation	1,340,856	/	/
Scope 3 - Category 11 Use of Sold Products	186,411,900	4,960,000	/
Total GHG Emissions (Scope 1+2+3) (Tons of CO ₂ equivalent)	198,451,201	7,258,311	1,505,877

²⁵ Scope 1 GHG emissions mainly come from the consumption of fossil fuels in fixed production equipment, mobile sources, and canteens, as well as refrigerant leakage during the product manufacturing process.

²⁶ Scope 2 GHG emissions include externally purchased electricity and thermal energy. The data of the above emission sources are sourced from official files such as expense invoices and production reports. The electricity carbon emission factor is obtained from the Announcement of the Ministry of Ecology and Environment on the Release of the Carbon Dioxide Emission Factor of Electricity in 2022 and the IEA Emission Factors 2022 issued by the International Energy Agency. The emission coefficient of externally purchased thermal energy refers to the Guidelines for the Accounting Method and Reporting of Corporate Greenhouse Gas Emissions (Trial) issued by the National Development and Reform Commission. The carbon emission factor of the purchased materials is obtained from the ecoinvent 3.8 database. Other carbon emission coefficients refer to the Guidelines for National Greenhouse Gas Inventories (Trial) in 2006 issued by the IPCC (Intergovernmental Panel on Climate Change) and other guidelines.

²⁷ In 2024, compared with previous years, the scope 3 GHG emissions have newly included the statistics of purchased products and services, as well as upstream transportation. Moreover, the categories of sold products have been further improved.

Other Environmental Data

Indicators		Unit	2024
Exhaust Emission	Total Exhaust Emissions	Tons	388.79
	NO _x Emission	Tons	56.58
	SO _x Emission	Tons	45.60
	Volatile Organic Compounds (VOC)	Tons	165.47
	Particle matter (PM)	Tons	119.99
Waste	Total hazardous waste	Tons	20,451.20
	Intensity of hazardous waste	Tons per 10k revenue	0.0005
	Total general solid waste	Tons	729,790.00
	Intensity of general solid waste	Tons per 10k revenue	0.0182
	Recovery and utilization amount of general solid waste	Tons	19,811.00
Use of energy ²⁸	Total comprehensive energy consumption	MWh	3,528,346.64
	Total direct energy consumption	MWh	748,516.55
	Total indirect energy consumption	MWh	2,779,830.09
	Energy consumption intensity	MWh per 10k revenue	0.088
	Petrol consumption	Liter	67,721.00
	Diesel consumption	Liter	279,583.00
	Compressed/pipeline natural gas consumption	m ³	68,895,974.49
Use of water resource	Total water consumption	Tons	23,862,429.00
	Intensity of water consumption	Tons per 10k revenue	0.5966
Packaging material use ²⁹	Total usage	Tons	655,836.00
	Usage density	Tons per 10k revenue	0.0164

²⁸ In 2024, the types of energy consumed by the Group include consumption for fixed equipment, official vehicles, staff canteens, purchased electricity and purchased heat, and the sources of the above data are the relevant invoices or production statements. The energy consumption coefficient refers to the conversion factor provided by the International Energy Agency and the national "General Rules for Calculating Comprehensive Energy Consumption (GB/T 2589-2020)".

²⁹ Packaging materials include corrugated paper, specialty paper and other paper materials.

Social Data

Indicators			Unit	2024
Employee Type	Employees headcount		'000 People	198
	By gender	Male	'000 People	140
		Female	'000 People	58
	By region	Chinese Mainland, Hong Kong, Macau, and Taiwan	'000 People	163
		Overseas	'000 People	35
	By age group	Aged 30 and below	'000 People	84
		Aged 31 to 50	'000 People	104
		Aged over 50	'000 People	10
	By employment type	Full-time	'000 People	195
		Part-time	'000 People	3
	By position level	Management	'000 People	5
		General employees	'000 People	193
Employee Diversity	Minority employees		'000 People	12
Employee Turnover Rate	By gender	Male	%	28.99
		Female	%	10.54
	By age group	Aged 30 and below	%	26.53
		Aged 31 to 50	%	12.47
		Aged over 50	%	0.60
	By region	Chinese Mainland, Hong Kong, Macau, and Taiwan	%	36.41
		Overseas	%	3.18
		Occupational Health and Safety	The number of deaths due to work-related accidents	2022
2023	Person			0
2024	Person			0
The rate of deaths due to work-related accidents	2022		%	0
	2023		%	0
	2024		%	0
Number of workdays lost due to occupational Injuries			Days	6,792
Work injury insurance	Investment amount		RMB 10,000	7,916.4
	Coverage rate		%	100

Indicators			Unit	2024
Employee Training and Development ³⁰	Coverage of trained employees by gender	Male	%	70.13
		Female	%	29.87
	Coverage of trained employees by employee category	Senior management	%	0.35
		Middle management	%	4.25
		General employees	%	95.40
	Average training hours by gender	Male	Hours	6.54
		Female	Hours	6.65
	Average training hours by employee category	Senior management	Hours	28.36
		Middle management	Hours	43.78
		General employees	Hours	6.48
	Employee training coverage		%	100
Amount invested in supporting employee continuing education		RMB10,000	1,540	
Amount spent on training and development		RMB 100 million	1.73	
Social Public Welfare	Social public welfare contribution hours by field	Environmental protection field	Hours	1,792
		Health field	Hours	512
		Other fields	Hours	5
	Number of participants in social public welfare		Person-times	2,880
Suppliers ³¹	Number of suppliers by region	South China	/	2,095
		East China	/	2,129
		Central China	/	281
		North China	/	102
		Northeast China	/	14
		Northwest China	/	10
		Southwest China	/	155
		Hong Kong, Macao and Taiwan	/	28
		Overseas	/	143
		Product Responsibility	Customer satisfaction	
Product and service complaint rate			%	0.05
Anti-corruption ³²	Number of anti-corruption training by employee category	Senior management	Person	109
		Middle management	Person	1,660
		General employees	Person	99,967

³⁰ The formula for calculating the proportion of trained employees is: the number of trained employees in this category /the total number of trained employees. The training data is the course information recorded on the M-learning platform, and it does not include some data from offline trainings that have not been recorded on the M-learning platform.

³¹ Refer to material suppliers.

³² The anti-corruption training data only counts the number of participants on the online M-learning platform and does not include the number of participants in offline anti-corruption training.

Appendix 4: Report Index Table

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index ³³	Response
Chapter 1 General Provisions			
Article 1、Article 2、Article 3、Article 4、Article 5、Article 6、Article 7、Article 8、Article 9、Article 10	Governance Structure Reporting Principles Reporting Scope	GRI 1: Foundation 2021 GRI 2: General Disclosure 2021 GRI 3: Material Topics 2021	Midea Group strictly complies with the Sustainability Report Guideline of SZSE and the ESG Reporting Code of HKEx, demonstrating its impact on economy, society and environment from multiple aspects, and explaining information sources, standards and references at appropriate places. In addition, we disclose internal ESG governance structure and board functions in accordance with the mandatory disclosure requirements of the ESG Reporting Code. Please see the "Sustainable Development Governance" section for more details.
Chapter 2 Framework for Sustainable Development Information Disclosure			
Article 11、Article 12、Article 13、Article 14、Article 15、Article 16、Article 17、Article 18、Article 19	Reporting Principles	GRI 2: General Disclosure 2021 GRI 3: Material Topics 2021	Based on our industry and business nature, we conduct research on stakeholders, identify sustainable development-related impacts, risks, and opportunities, and prioritize them. For ESG issues based on double materiality, we disclose them according to the four aspects stipulated in the Sustainability Report Guideline, as detailed in the "Stakeholder Engagement" section.

³³ Midea Group has reported in accordance with the GRI Standards for the period from January 1, 2024, to December 31, 2024

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index	Response
Chapter 3 Environmental Disclosure			
Section I: Addressing Climate Change			
Article 20、Article 21、Article 22、Article 23、Article 24、Article 25、Article 26、Article 27、Article 28	Climate-related Disclosures: Governance Strategy Risk Management Indicators and Targets A1 General Disclosure KPI A1.1 KPI A1.5 KPI A2.1 KPI A2.3	GRI 201: Economic Performance 2016 201-2 Financial implications and other risks and opportunities due to climate change GRI 302: Energy 2016 302-1 Energy consumption within the organization 302-2 Energy consumption outside the organization 302-3 Energy intensity 302-4 Reduction of energy consumption 302-5 Reductions in energy requirements of products and services GRI 305: Emissions 2016 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other Indirect (Scope 3) GHG emissions 305-4 GHG emissions intensity 305-5 Reduction of GHG emissions 305-7 Nitrogen Oxides (NOX), Sulfur Oxides (SOX), and Other significant air emissions	Feature - Committed to Zero, Addressing Climate Challenges Green Mission: Advancing Environmental Friendliness Appendix 3: Key Performance Indicators

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index	Response
Chapter 3 Environmental Disclosure			
Section II: Pollution Prevention and Ecosystem Protection			
Article 29、Article 30、Article 31、Article 32、Article 33	A1 General Disclosure	2-27 Compliance with laws and regulations	Green Mission: Advancing Environmental Friendliness
	KPI A1.3	GRI 303: Water and Effluents 2018	Harmonious Coexistence: Upholding Ecological Redlines
	KPI A1.4	GRI 304: Biodiversity 2016	Appendix 3: Key Performance Indicators
	KPI A1.6	304-2 Significant impacts of activities, products and services on biodiversity	
	KPI A2.4	GRI 305: Emissions 2016	
	A3 General Disclosure	GRI 306: Waste 2020	
	KPI A3.1	306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	
Section III: Resource Utilization and Circular Economy			
Article 34、Article 35、Article 36、Article 37	A2 General Disclosure	GRI 301: Materials 2016	Green Mission: Advancing Environmental Friendliness
	KPI A2.2	GRI 302: Energy 2016	Appendix 3: Key Performance Indicators
	KPI A2.5	302-1 Energy consumption within the organization	
		302-2 Energy consumption outside of the organization	
		302-3 Energy intensity	
		302-4 Reduction of energy consumption	
		303: Water and Effluents 2018	
		303-1 Interactions with water as a shared resource	
		303-2 Management of water discharged-related impacts	
		303-4 Water discharge	
		303-5 Water consumption	
		306: Waste 2020	
		306-1 Waste generation and significant waste-related impacts	
		306-2 Management of significant waste-related impacts	

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index	Response
Chapter 4: Social Disclosure			
Section 1: Rural Revitalization and Social Contributions			
Article 38、Article 39、Article 40	B8 General Disclosure KPI B8.1 KPI B8.2	GRI 203: Indirect Economic Impacts 2016 203-1 Infrastructure investments and services supported	Deep Commitment: Fostering a Harmonious Society
Section 2: Innovation-driven Development and Technological Ethics			
Article 41、Article 42、Article 43	/	/	Technology Leadership: Rigid Quality Management
Chapter 3 Suppliers and Customers			
Article 44、Article 45、Article 46	B5 General Disclosure KPI B5.1 KPI B5.2 KPI B5.3 KPI B5.4	GRI 204: Procurement Practices 2016 GRI 308: Supplier Environmental Assessment 2016 308-1 New suppliers that were screened using environmental criteria 308-2 Negative environmental impacts in the supply chain and actions taken GRI 414: Supplier Social Assessment 2016 414-2 Negative social impacts in the supply chain and actions taken	Collaborative Cooperation: Jointly Create Long-Term Value
Article 47	B6 General Disclosure KPI B6.1 KPI B6.2 KPI B6.3 KPI B6.4	GRI 416: Customer Health and Safety 2016 GRI 417: Marketing and Labeling 2016	Technology Leadership: Rigid Quality Management Detail Oriented: Stringent Service Standards
Article 48	KPI B6.5	GRI 418: Customer Privacy 2016 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Detail Oriented: Stringent Service Standards

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index	Response
Chapter 4: Social Disclosure			
Chapter 4 Employees			
Article 49、 Article 50	B1 General Disclosure	GRI 401: Employment 2016	People-Centric: Valuing Midea's Talent
	KPI B1.1	401-1 New employee hire and employee turnover	
	KPI B1.2	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	B2 General Disclosure	GRI 403: Occupational Health and Safety 2018	
	KPI B2.1	403-1 Occupational health and safety management system	
	KPI B2.2	403-2 Hazard identification, risk Assessment and incident investigation	
	KPI B2.3	403-5 Worker training on occupational health and safety	
	B3 General Disclosure	403-6 Promotion of worker health	
	KPI B3.1	403-9 Work-related injuries	
	KPI B3.2	GRI 404: Training and Education 2016	
	B4 General Disclosure	404-1 Average hours of training per year per employee	
	KPI B4.1	GRI 405: Diversity and Equal Opportunity 2016	
	KPI B4.2	405-1 Diversity of governance bodies and employees	
		GRI 406: Non-discrimination 2016	
		406-1 Incidents of discrimination and corrective actions taken	

Sustainability Report Guideline	ESG Reporting Code	GRI Content Index	Response
Chapter 5: Disclosure of Corporate Governance Information Related to Sustainability			
Section 1: Mechanisms for Corporate Governance Related to Sustainability			
Article 51、Article 52、Article 53	/	GRI 2: General Disclosures 2021 2-29 Approach to stakeholder engagement GRI 3: Material Topics 2021 3-1 Process to determine material topics	Sustainable Development Governance
Section 2: Business Conduct			
Article 54、Article 55、Article 56	B7 General Disclosure KPI B7.1 KPI B7.2 KPI B7.3	GRI 205: Anti-corruption 2016 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken GRI 206: Anti-competitive Behavior 2016 206-1 Legal actions for anti-competitive, antitrust, and monopoly practices	Self-Growth: Enhance Comprehensive Governance
Chapter 6: Supplementary Provisions and Interpretation			
Article 57、Article 58、Article 59、Article 60、Article 61、Article 62	/	GRI 1: Foundation 2021	The Report strictly follows the Sustainability Report Guideline and the ESG Reporting Code and is prepared in accordance with GRI standards, including the index table of indicators.

Appendix 5: Assurance Statement

SGS

ASSURANCE STATEMENT
CN25/00001513

SGS

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE MIDEA GROUP'S ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT FOR 2024

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by MIDEA GROUP CO., LTD. (hereinafter referred to as Midea Group) to conduct an independent assurance of the Chinese version of 2024 Midea Group Environmental, Social and Governance Report (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Midea Group's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the ESG governing body and the management of Midea Group. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all Midea Group's stakeholders.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report's content is in accordance with the requirements of Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules published by Hong Kong Exchanges and Clearing Limited's (HKEX) and refers to the requirements of GRI Standards 2021.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees on-site at the headquarters of Midea Group, No. 6 Midea Road, Beijiao Town, Shunde District, Foshan City, Guangdong Province, P.R. China; and online review and validation of documentation and records with relevant personnel of Midea Group's affiliates where relevant.

SGS

SGS

LIMITATIONS AND MITIGATION

Data drawn directly from independently audited financial accounts and intensity data calculated based on financial data has not been checked back to source as part of this assurance process.

The greenhouse gas emissions related data in the Report has not undergone verification by an independent third-party auditor. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

This assurance engagement was restricted to the group level of Midea Group and did not include traceability of original data from all subordinate institutions.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from Midea Group, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

The Report conforms to the four principles of the AA1000AS v3 to the following extent:

INCLUSIVITY

The Report has identified the organization's stakeholders, collected their expectations and concerns, established methods for stakeholder communication and engagement, and undertaken various forms of dialogue and interaction with them.

MATERIALITY

The Report has reasonably disclosed significant issues and indicators that materially affect stakeholder evaluations and decisions, reflecting the organization's most significant impacts on economic, environmental, and social matters based on the concerns raised by relevant stakeholders.

RESPONSIVENESS

The Report has demonstrated the established channels for stakeholder interaction and has fully addressed stakeholder concerns and expectations. Additionally, it has provided transparent responses on material issues to an appropriate extent.

IMPACT

The Report has provided an account of the monitoring and measurement of the principal activities' impacts concerning environmental, social, and governance (ESG) issues.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF LISTING RULES PUBLISHED BY HKEX and GRI STANDARDS 2021

The assurance team concludes that the Report has been prepared in accordance with the requirements of Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules published by HKEX and has referred to the requirements of GRI Standards 2021.

SGS

FINDINGS AND RECOMMENDATIONS

All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of *Midea Group* to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 13th, 2025
WWW.SGS.COM



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