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About This Report

This report describes the actual practice of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the Company, Dahua, or Dahua Technology) in fulfilling its social responsibilities while achieving its development in 2020. It also details the Company's efforts at corporate governance, integrity management, the protection of shareholders' rights and interests, technological innovation, environmental protection, and public service activities, which is intended to strengthen the communication and connection between stakeholders and the Company.

Basis of Preparation

This report is made according to the “Sustainability Reporting Guidelines” issued by the Global Reporting Initiative (GRI) and the “Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies (revised in 2020)”, and the Company’s actual situations.

Time Scope

The reporting period is January 1, 2020, through December 31, 2020, and some information may be beyond this scope.

Report Scope

The report covers the information of Zhejiang Dahua Technology Co., Ltd. and its major subsidiaries.

Data Source

Information and cases disclosed in this report are mainly from the official documents, reports and relevant open data of Dahua and its major subsidiaries. The Company’s board of directors is responsible for the authenticity, accuracy, and completeness of this report.

Data Description

The Company’s financial statements of this year, the related documents, and the company’s statistics. Zhejiang Dahua Technology Co., Ltd. reserves the right to interpret this report.

Release Method

This report can be downloaded from the designated information disclosure website (www.cninfo.com.cn) and the website of Dahua (www.dahuatech.com). For more information beyond this report, refer to the Company’s annual report or visit the Company’s website.
### Performance Summary 2020

- **Type of Energy**
  - Gasoline: 67263.52 ton
  - Municipal water supply: 545530 ton
  - Natural gas: 919163 m³
  - Electricity: 51583003 GJ
  - Comprehensive energy consumption per RMB 10,000 products: 1702.25 kgce/10k units
  - Comprehensive electricity consumption per RMB 10,000 products: 1306.53 kgce/10k units

- **Hazardous Wastes**
  - Total amount of hazardous waste: 38.56 ton
  - Hazardous waste density: 8.56 ton

- **Recyclable Wastes**
  - Carton: 568.21 ton
  - Iron: 130.69 ton
  - Aluminum: 81.45 ton
  - Plastics: 88.37 ton

- **Domestic marketing agency**: 58 branches
- **Number of employees worldwide**: 18000+
- **Direct economic value increase**: 26,466 million yuan
- **Direct economic value**: 6 million yuan
- **Main stakeholders identified**: 846
- **Number of new patents and software copyrights during the reporting period**: 2,998
- **R&D investment during the reporting period**: 18000+ people
- **Number of employees worldwide**: 1117
- **Number of fresh graduate recruited**: 100%
- **Safety education coverage**: 0 hours
- **Average staff training hours**: 38 hours
- **Legal transfer rate of hazardous waste**: 93.67%
- **Coverage of material REACH SVHC information declaration confirmation**: 0 times
- **Total amount of recyclable wastes**: 3000+ million yuan
- **Comprehensive electricity consumption per RMB 10,000 products**: 2.82 kgce/10k units

### Statement from the Chairman

In 2020, the COVID-19 pandemic caused an unprecedented impact on the global economy and social operation, triggering a number of "pauses" and "restarts" in the economic and social operation in various countries. At the beginning of the outbreak, relying on its technical accumulation and advantages in infrared thermal imaging and artificial intelligence, Dahua quickly developed the ultra-high-precision thermal imaging body temperature measurement solution to provide protection for various industries, such as transportation hubs, hospitals, schools, enterprises, and municipal institutions. Meanwhile, Dahua joined hands with its partners to participate in the planning and construction of Leishenshan and Huoshenshan hospitals, so as to ensure their smooth completion, and normal and stable operation. During the pandemic, Dahua continued to provide technological pandemic prevention solutions as well as humanitarian assistance to the best of its ability to global customers, offering strong protection for global pandemic containment, and the resumption of work and production.

In the meantime, we also note that there is still a long way to go in improving social security around the world, and the degree of digitalization and intelligence still varies from industry to industry, with tremendous gaps. In addition, the degree of intelligence in everyday life is still relatively rudimentary, and information security and privacy protection still need to be strengthened. Therefore, in the past year, Dahua continued to uphold the mission of "Enabling a safer society and smarter living", and more actively involved in building an upgraded "fast track" of industry transformation through visualization, automation, and intelligent technology, facilitating the solution of production and livelihood problems in such fields as high-rise littering, campus safety, pandemic prevention in farming, cultural relic preservation, and pollution prevention and control. The Company was committed to building an efficient and transparent governance system to continuously improve its value and management transparency. We adhered to compliant integrity operation and fully integrated compliance management requirements into all aspects of the Company’s production and operation management. In addition, the Company devoted itself to innovation and research, strengthened network security and privacy protection, and focused on the continuous building of core security technology, new privacy technology, and security engineering capabilities. We reinforced the people-oriented caring for employees and continuously enhanced the focus on humanistic values. We adhered to opening up and cooperation, strengthened the collaboration across the global industry, with tremendous gaps. In addition, the degree of intelligence in everyday life is still relatively rudimentary, and information security and privacy protection still need to be strengthened. Therefore, in the past year, Dahua continued to uphold the mission of "Enabling a safer society and smarter living", and more actively involved in building an upgraded "fast track" of industry transformation through visualization, automation, and intelligent technology, facilitating the solution of production and livelihood problems in such fields as high-rise littering, campus safety, pandemic prevention in farming, cultural relic preservation, and pollution prevention and control. The Company was committed to building an efficient and transparent governance system to continuously improve its value and management transparency. We adhered to compliant integrity operation and fully integrated compliance management requirements into all aspects of the Company’s production and operation management. In addition, the Company devoted itself to innovation and research, strengthened network security and privacy protection, and focused on the continuous building of core security technology, new privacy technology, and security engineering capabilities. We reinforced the people-oriented caring for employees and continuously enhanced the focus on humanistic values. We adhered to opening up and cooperation, strengthened the collaboration across the global industry chain, and actively involved in the important links of the global industry chain so as to promote more comprehensive and open ecological cooperation. We also practiced green manufacturing, upheld the responsibility to protect the environment, and promoted green manufacturing in all business aspects.

Looking ahead, in the face of the uncertain international environment, rapidly developing new technologies, and mankind’s aspiration and demand for a better life, we will adhere to innovation and development to accelerate the promotion and application of new technologies. The Company will persist in opening up and cooperation to promote the ecological prosperity of the industry. We will also uphold green environmental protection to boost ecological environmental protection, and undertake practical work to actively fulfill social responsibility and lead the sustainable development of the industry, so as to strive to make more contributions to the social and economic development and environmental protection.
About Dahua

Zhejiang Dahua Technology Co., Ltd. is a leading video-centric smart IoT solutions and service provider. Based on technological innovation and giving full play to the value of data, it provides end-to-end security solutions, data services, and intelligent innovation business, continuously creating value for urban governance, enterprise operation, and the life of individuals.

The Company has more than 18,000 employees, over 50% of which are engaged in R&D. Since the launch of the industry’s first independently developed 8-channel embedded DVR in 2002, Dahua has devoted itself to technological innovation and been continuously increasing its investment in R&D, with around 50% of its sales revenue invested in R&D every year. Currently, Dahua has established Advanced Technology Research Institute, AIoT Big Data Institute, Central Institute, Cyber Security Institute, and Smart City Institute. The company continues to explore emerging opportunities based on its video IoT technologies, and has already expanded its businesses in machine vision, video conferencing systems, professional drones, smart fire control, automotive technologies, smart storage, smart security, and robotics, among others.
Dahua has a global marketing and service network with more than 200 offices in 32 provinces and cities in China, and 58 overseas branches in Asia, Europe, Africa, and America, serving customers worldwide. Dahua products cover 180 countries and regions worldwide and are widely applied in key areas such as transportation, public livelihood, manufacturing, logistics, retail, finance, and energy. Dahua has a global marketing and service network with more than 200 offices in 32 provinces and cities in China, and 58 overseas branches in Asia, Europe, Africa, and America, serving customers worldwide. Dahua products cover 180 countries and regions worldwide and are widely applied in key areas such as transportation, public livelihood, manufacturing, logistics, retail, finance, and energy.

Shareholders and shareholders meeting: The Company standardizes the calling, convening, and voting procedures in accordance with the regulations and requirements of the Regulatory Opinions for the General Assemblies of Shareholders of Listed Companies, the Articles of Association and the Rules of Procedures of the Shareholders General Meeting. Associated shareholders shall avoid voting when relevant issues are being discussed during these meetings, and connected transactions are ensured to be fair and rational without harming the interests of shareholders. Treat all shareholders equally to ensure that shareholders, especially minority shareholders, can fully exercise their rights. General meetings of shareholders are convened by the Company's board of directors and witnessed by lawyer(s) on-site.

Company and controlling shareholders: The Company is independent from its controlling shareholders in terms of business, personnel, assets, finance, and organizations. The Company’s board of directors, board of supervisors, and other internal institutions operate independently. The controlling shareholders of the Company are able to strictly regulate their behaviors, without any behavior that directly or indirectly interfere with the Company’s decision-making and business activities beyond their general meetings, or any non-operational behavior of appropriation of the capital of listed companies.

Directors and board of directors: The Company currently has eight directors, including three independent directors, all of whom are experts in fields such as the industry, corporate management and financial accounting. The number and composition of the board of directors meet the requirements of relevant laws and regulations and the Articles of Association. The board of directors convenes board meetings and implements resolutions of shareholders meetings in strict accordance with the Articles of Association and the Rules of Procedure of the Board of Directors. All the directors conscientiously perform their due duties and attend board meetings and shareholders meetings, and safeguard the legitimate rights and interests of the Company and shareholders.

Supervisors and the board of supervisors: The Company currently has three supervisors, including two employee supervisors. The number and composition of the board of supervisors meet the requirements of relevant laws and regulations and the Articles of Association. The board of supervisors convenes supervisor meetings in strict accordance with the Articles of Association and the Rules of Procedure of the Board of Supervisors. All the supervisors perform their duties conscientiously, and effectively supervise and express independent opinions on the legitimacy and compliance of the performance of the corporate finance, directors and senior managers in an integral, diligent and conscious manner, to safeguard the legitimate rights and interests of the Company and shareholders.

Specific members of the committees under the board of directors: Audit Committee: Liu Hanlin (convener), Yang Huayong, and Chen Ailing; mainly responsible for communicating, supervision and verification of internal and external audits of the Company. Nomination Committee: Yang Huayong (convener), Liu Hanlin, and Fu Liquan; mainly responsible for selecting candidates and selecting directors, and selecting directors and managers for the board and managers of the Company, as well as formulating remuneration policies with regard to the establishment of formal and transparent procedures.

Strategy Committee: Fu Liquan (convener), Zhang Yuli, Wu Jun, Zhang Xingming, and Zhu Jiangming; mainly responsible for conducting research and making recommendations on the Company’s long-term development strategy and major investment decisions.

During the reporting period, the Company adopts a variety of meeting forms to ensure the smooth convening of the three important meetings, and actively encourage its directors, supervisors and senior managers to fully perform their duties. In 2020, the Company organized 35 board meetings, 9 supervisors meetings, and 5 shareholders meetings to strengthen the awareness of internal information disclosure compliance, with focus on matters such as foreign investment, related transactions, external guarantees, and external financial assistance. It was awarded the Best Board of Directors of the 11th Tianma Award for Investor Relations of Chinese Listed Companies.

For more information pertaining corporate governance, please refer to the "Corporate Governance" section of the 2020 Annual Report.
Adhere to Compliant Integrity Operation

As a global commercial entity, Dahua Technology has always practiced legal and compliant operations with strict adherence to the Code of Conduct and market discipline guidelines. In order to further enhance the Company’s competitiveness in the global business expansion and continuously improve the high-quality and steady growth of the Company’s performance, the company-level ethical compliance management has been strengthened, concerning the reporting period. The Ethical Compliance Management Organization is composed of the Ethical Compliance Management Committee and the Ethical Compliance Operation Management Executive Body.

The Ethical Compliance Management Committee is responsible for formulating and implementing the overall management strategies and organizational forms of the Company’s ethical compliance management, overseeing the overall work of the Ethical Compliance Management Executive Body, periodically reviewing the implementation of these plans, and making decisions on the major issues related to the Company’s ethical compliance

The Ethical Compliance Operation Management Executive Body is divided into the special compliance group and the business compliance group. Among them, the special compliance group is responsible for formulating corresponding operation plans from five major directions, namely, export control, cybersecurity, data protection, product compliance, and high-risk behavior prevention and correction. The business compliance group is responsible for achieving those objectives in the business sector, so as to ensure the effective operation of the business compliance group formulates corresponding work objectives and plans, and cooperates with each professional compliance group to achieve those objectives in the business sector, so as to ensure the effective implementation of the business compliance group.

The Special Compliance Group of the Ethical Compliance Management Organization is composed of the Company's special compliance department and the anti-corruption department. The anti-corruption department is mainly responsible for conducting anti-corruption propaganda in the form of special reports through the internal media, and establishing the corporate integrity day and related activities, and organizing and supervising institutions to conduct public security and prosecution publicity training, anti-corruption administration publicity activities to continuously enhance employees’ integrity awareness, and promote their integrity and self-discipline through education, systems, and supervision. In August 2020, the entire procurement staff attended the Company’s integrity training, and the integrity and corruption exam that occurred in neighboring companies. The Company requires employees to comply with laws, regulations and ethics in all business dealings, and to follow relevant rules of the Company, the department and the their own business areas. If an employee acts in violation of the Code of Conduct, the employee and his/her supervisor shall be subject to corresponding disciplinary punishment. Required by law, Dahua must report the violation to the appropriate government agency, and the employee must cooperate to ensure that the violation is identified and resolved in a timely manner. Exposed internal control loopholes shall be promptly rectified by relevant persons in charge. In addition, the Administrative Measures for Reporting Corrupt Practices specifies reporting methods, reporting channels, effective reporting elements, and report handling to encourage employees and related parties to report any behaviors that violate laws, regulations, or professional ethics against Dahua or Dahua business, promoting trust and transparency within the Company.

In 2019, Dahua joined the Trust and Integrity Enterprise Alliance, established a clean-administration account, and continued to conduct clean-administration publicity activities to continuously enhance employees’ integrity awareness, and promote their integrity and self-discipline through education, systems, and supervision. In August 2020, the entire procurement staff attended the Company’s integrity training, and the integrity and corruption exam that occurred in neighboring companies. The Company requires employees to comply with laws, regulations and ethics in all business dealings, and to follow relevant rules of the Company, the department and the their own business areas. If an employee acts in violation of the Code of Conduct, the employee and his/her supervisor shall be subject to corresponding disciplinary punishment. Required by law, Dahua must report the violation to the appropriate government agency, and the employee must cooperate to ensure that the violation is identified and resolved in a timely manner. Exposed internal control loopholes shall be promptly rectified by relevant persons in charge. In addition, the Administrative Measures for Reporting Corrupt Practices specifies reporting methods, reporting channels, effective reporting elements, and report handling to encourage employees and related parties to report any behaviors that violate laws, regulations, or professional ethics against Dahua or Dahua business, promoting trust and transparency within the Company.

In 2020, Dahua continued to write and publicize integrity cases, established the Dahua Ethics Management Committee and the Code of Conduct Group, and held regular meetings to actively engage in local government’s anti-corruption administration activities. By the end of 2020, the Company’s ethical compliance department has been reduced to three sub-modules: management risk assessment, transaction authorization, compliance training, screening mechanism, documentation retention, inspection and audit, and violation detection and correction.

Customer Data and Privacy Protection

Dahua pays great attention to data security and privacy protection, and takes it as one of the guiding principles. Dahua has always been positive and practical in developing strategies in response to Cybersecurity Law of the People’s Republic of China, GDPR/2016/679 The General Data Protection Regulation, and CNIS/2017/38 Cybersecurity Law of the People’s Republic of China.

In the same period, to further enhance the Company’s rapid globalization strategy, Dahua has formulated Dahua Personal Data and Privacy Protection Standard based on product privacy requirements, privacy design principles, personal information protection rules and regulations, and international rules and regulations to provide a comprehensive data protection framework, which provides legal backbones to ensure the tax process implementation and continuous update are in accordance with regulations. Moreover, the Company regularly reviews the compliance status of its internal staff, and shall seriously handle any violations in accordance with the regulations.

Trade Compliance

Focusing on export control compliance, trade compliance has made comprehensive planning for export control compliance measures, formulated the Company’s Export Control Compliance Manual, and built up a brand management and anti-corruption control system to conduct public security and prosecution publicity training, risk assessment, transaction authorization, compliance training, screening mechanism, documentation retention, inspection and audit, and violation detection and correction.

The Company’s export control compliance system covers aspects including the inspection of sanctions lists at home and abroad, the determination of material and product compliance attributes, the management of regulated product sales processes, the risk assessment of regulated product procurement, and the risk assessment, audit, and compliance improvement of cooperative project development. This system has incorporated comprehensive risk management programs and systems of the Company to achieve automatic control. Based on the annual internal audit, a variety of internal and external audits are conducted. When no violations or critical non-conformities are identified, continuous improvements are made to control methods and processes, so as to continuously enhance export compliance control.

Tax Compliance

Tax compliance focuses on establishing a standardized global tax compliance system for the Company’s global business operations, and on the overall management of tax risks. In order to effectively achieve tax compliance with tax authorities, we have carried out corresponding process development, including the standardization and formation of a fixed process of tax calculation templates, and the documentation of daily tax work operation manuals and procedures. The relevant information system construction is also being continuously optimized, including the global data platform; related transaction parsing system, reconciliation system, and invoicing system, to ensure the tax process implementation and continuous update are in accordance with regulations. Meanwhile, by establishing and improving our electronic file management system, we have effectively managed tax compliance-related documents to meet compliance requirements. In addition, we regularly identify tax risks and continuously follow-up on their resolution. We effectively respond to and manage all kinds of tax disputes that may occur globally, achieving penalty-free settlement. In response to the complexity and distinctiveness of compliance in each country and region, we have set up a special team to build the top-level compliance framework in a dedicated form so as to gradually realize the improvement of the global tax compliance system.

Product Compliance

Our product is coordinated and managed by the Product Compliance Unit, which is responsible for formulating the overall product compliance strategy and implementing the integration and management of data compliance mechanisms and processes, building an internal cross-departmental management system, and ensuring the implementation of product compliance requirements in various business processes and business end-to-end processes. Product compliance requirements run through the entire product lifecycle. The requirements of product compliance are already covered in the demands of setting up a new project product; in the product design, testing and verification, product compliance requirements are implemented in business processes and specifications; in the process of product manufacturing, inspection and testing are strictly conducted in accordance with product compliance requirements; when the product or the standard is changed after sales, product testing reports and certifications, among other qualifications, are updated as required in accordance with compliance requirements. Dahua not only pays attention to the product compliance of its own brand, but also attends to the product compliance of its suppliers and customers, with corresponding certification processes and specifications issued to achieve full-round product compliance control. The implementation of these key processes has provided strong guarantee for Dahua’s products sold to the global market in compliance.

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Fair Competition

Dahua advocates for fair competition and fair transactions, complies with anti-competitive and anti-monopoly laws and regulations applicable when conducting business at home and abroad, and actively performs anti-trust review that its business may involve. By publishing the Code of Conduct, Dahua always seeks fair and honest competition, and aims to develop its competitive edge through quality products and services rather than unfair means of illegal business practices. In order to continuously abide by laws and regulations on its business, the Company maintains close contact with local law firms at places where its business is conducted, and operates according to their professional advice and guidance. As of the date of this Report, Dahua has not had any lawsuits involving unfair competition or violation of antitrust laws. In its overseas investment projects, the Company strictly fulfills its antitrust review obligations in accordance with the requirements of various governmental institutions.

Risk Management

Based on the COSO-ERM framework and BCM business continuity management system, the Company has established a “risk-oriented, system-based, process-bonded, control-enabled, and IT-supported” risk management system framework to provide excellent support for the realization of corporate strategies. Through identifying risks and evaluating their levels in terms of severity, likelihood and effectiveness of controls, as well as assessing risk management models, Dahua has developed a hierarchical decision-making authorization system according to the acceptable level of risks, establish or optimize systems and processes, promote the IT-supported processes and other control activities, and establish process systems such as the Risk Assessment Management Procedures, the Operational Guidelines for the Company’s External Guarantees, the Internal Operational Guidelines for the Company’s External Financial Statement, the Contract Management System, the Risk Management Process, and the Risk Management System for Handling Major Accidents. To comprehensively address the internal and external risks that may be foreseen in production and operation activities.

In addition, the Company emphasizes the cultivation of risk awareness and regularly organizes risk management training for all departments, so as to develop the Company’s risk handling and warning capabilities and develop the risk control awareness among all staff.

Table Risk Management Mechanism

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Preventive Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational Guarantee</strong></td>
<td>• The Company has set up risk control groups such as the Strategy Decentralizing Committee, the Audit Committee, the Safety Production Committee, the Compliance Committee, for the establishment and operation of the risk control system.</td>
</tr>
<tr>
<td>• The Company has set up a model of three lines of defense against risks (business department, internal control department, and internal audit department) to build a risk-oriented internal control framework.</td>
<td></td>
</tr>
</tbody>
</table>

**Risk Identification**

- Identify and review risks at the corporate level, branches and subsidiaries through interviews, special reports on internal audits, special surveys on key issues, reviews of major issues and special surveys on key points in various risk management, audit, and continuous improvement activities, and identify the relationship between the department in the actual situation, and that the risk management model, consistently and dynamically identify the dynamic changes of risks according to the actual business level and process.

**Risk Assessment**

- Based on the risk database, through the introduction of various sources of risk information such as regulatory tips, industry risks, research, audit findings, feedback from managers, evaluate the likelihood of risk events, the degree of impact caused, and the vulnerability of countermeasures in terms of size, and risk control. For high-risk activities, the Company has established an independent internal risk control system to carefully manage, and risk management measures are divided into categories to achieve comprehensive risk analysis and evaluation.

**Risk Response**

- Determine response strategies to respond to risk assessment results, including risk reporting, risk understanding, risk reduction, risk avoidance, and risk transferring strategies.

**Risk Response specialization**: Consistent internal control management support in place with the internal control management requirements for companies listed on the Shenzhen Stock Exchange.

**Sustainable Development Strategies**

As a world-leading video-centric smart IoT solutions and service provider, Dahua is committed to bringing excellent technical services to every corner of the world and to building a green, eco-friendly, safe, and smart world. It aims to create greater value for customers and play a greater role in the sustainable development of society. These are captured by the mission of “Enabling a safer society and smarter living” that it advocates and makes great effort to realize.

Dahua fully integrates sustainable development into its overall development strategy. In September 2015, world leaders adopted the 2015 Agenda for Sustainable Development at the United Nations Summit. The agenda includes 17 sustainable development goals, which came into effect on January 1, 2016.

According to its sustainable development strategies, Dahua has developed detailed action plans based on the 17 goals, making sure that the sustainable management goals are fully implemented. The Company’s sustainable development management committee reviews the performance.

**Sustainable Development Goals**

<table>
<thead>
<tr>
<th>Sustainable Development Goal</th>
<th>Dahua’s Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No poverty</strong></td>
<td>• Establish a social security system for Dahua’s employees and improve their welfare</td>
</tr>
<tr>
<td>• Advocate public welfare activities to alleviate poverty, carry out charitable activities to help needy students, donate clothes every year, and participate in the activity of “10,000 enterprises helping 50,000 villages” in Hangzhou.</td>
<td></td>
</tr>
<tr>
<td><strong>Zero hunger</strong></td>
<td>• Provide a variety of healthy and nutritious meals for employees.</td>
</tr>
<tr>
<td><strong>Good health and well-being</strong></td>
<td>• Sponsor public welfare activities, carry out fundraising activities for flood relief, help disaster-stricken areas in Ningguo of Anhui Province, and donate mineral water, eight measures, rice, cooking oil and other supplies.</td>
</tr>
<tr>
<td><strong>High-quality education</strong></td>
<td>• Provide China Grain Reserves Group a cooperative smart storage scheme to safeguard food security.</td>
</tr>
<tr>
<td><strong>Gender equality</strong></td>
<td>• Increase female representation in both management and primary-level positions.</td>
</tr>
<tr>
<td><strong>Clean water and sanitation facilities</strong></td>
<td>• Provide equal training sessions and resources to risk and female employees.</td>
</tr>
<tr>
<td><strong>Affordable clean energy</strong></td>
<td>• Provide intelligent energy solutions to promote environmental protection and energy conservation with technology. Improve enterprises’ security systems, production, control, management, and help energy enterprises realize clean energy upgrades.</td>
</tr>
<tr>
<td><strong>Decent work and economic growth</strong></td>
<td>• Improve the energy efficiency of production bases based on the actual needs of the production process and other scenarios of energy enterprises.</td>
</tr>
</tbody>
</table>

**Recognition**

2020 Environmental, Social and Governance Report of Zhejiang Dahua Technology Co., Ltd.
Duties of the Sustainable Development Management Committee

- Formulate the Company’s sustainable development strategy, objectives, policies, and systems, and supervise the implementation.
- Coordinate the establishment, implementation, and continuous improvement of the sustainable development management system to ensure that Dahua’s sustainable development management complies with relevant laws and regulations and customer requirements.
- Guide the establishment, operation and improvement of the Company’s EHS management system, and be responsible for handling major EHS issues.

Responsibilities of the Working Group

- Release the decision-making mechanism of the committee.
- Responsible for the implementation, coordination and follow-up of daily work.

Sustainable Development Management Committee

Director: Executive President
Members: Members of the Management Committee

Working Group

Duties and Operations of the Sustainable Development Management Committee

In order to achieve the company’s sustainable development strategy, Dahua has developed a sustainable development management mechanism. A company-level management system for sustainable development is developed to promote fair trade, supply chain ecosystem, enterprise security and health protection, labor management, environmental management, and social contributions, etc. Dahua has established a company-level management committee as the executive body of sustainable development management.

The sustainable development management committee is composed of more than 10 leaders from the management committee, R&D center, administration center, human resources center and other departments. The director of the committee is Dahua’s executive president. The executive team under the committee is mainly responsible for the implementation and coordination of the committee’s daily work and the realization of the objectives listed in the sustainable development strategy.

Risks and Opportunities in Sustainable Development

We have integrated sustainable development risk management into its scope of management, adopted comprehensive risk and opportunity management measures and internal control, enhanced risk resistance capacity, and provided operational guidance for the incorporation and application of these measures in the quality and environmental management system as well as for the evaluation of the effectiveness of these measures. It is important to identify all potential sustainable development risks and opportunities as we refer to them when carrying out annual strategic planning, which drives us to formulate specific goals and work plans.

The major opportunities and challenges in the external environment at present are the differences in technology application capabilities of different countries and regions in the world, which is not conducive to the synchronous and balanced development, personalized and scenario-based intelligent applications are required for industry segments and specific groups. Dahua has seized opportunities and faced up to challenges by actively participating in the global strategic cooperation, completing the planning and design together, providing customized services and application solutions for customers, jointly developing an application development platform which is easy to use, and striving to bring Dahua’s extraordinary technologies and services to every corner of the world.
Interested Party Participation

The main interested parties of Dahua include customers, partners, employees, governments, investors, etc. Interested party participation is the first step in ESG management. Understanding interested parties’ expectations of the Company and the major ESG issues of concern can help the Company plan for its long-term sustainable development. Therefore, we actively work on building the bridge of communication with interested parties, and identify and respond to the expectations of interested parties in multiple dimensions and through multiple channels.

Focus on Substantive Issues

Dahua conducts materiality assessment through media research and interested party surveys. Issues are prioritized from the perspective of internal and external interested parties, and key sustainability management issues are reviewed, to identify issues for the Report. The identified issues will be evaluated in accordance with the GRI Standards Guidelines and prioritized to ensure the balanced content of the Report.

<table>
<thead>
<tr>
<th>Interested Party</th>
<th>Main Concerns</th>
<th>Communication Channels</th>
<th>Dahua’s Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>• Product safety and service quality</td>
<td>• 400 customer service Hotlines</td>
<td>• Insist on customer-centric, quality-backed craftsman spirit that seeks opportunities from customer demands and boost the success of customers</td>
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<tr>
<td></td>
<td>• Customer health and safety</td>
<td>• Customer satisfaction survey</td>
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<td></td>
<td>• Cyber security and user privacy protection</td>
<td>• Customer meeting</td>
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<td></td>
<td>• R&amp;D and innovation</td>
<td>• Customer evaluation, research and cooperation projects</td>
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<td></td>
<td>• Scenario-based customer solutions</td>
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<tr>
<td>Employee</td>
<td>• Health and safety at work</td>
<td>• Employee representative communication meeting</td>
<td>• Establish sound management and safeguard systems for employee health and safety</td>
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<td></td>
<td>• Compensation and welfare</td>
<td>• Employee survey</td>
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<td></td>
<td>• Career development</td>
<td>• Manager feedback</td>
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<td></td>
<td>• Humanistic care</td>
<td>• Dahua Staff electronic magazine</td>
<td></td>
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<td></td>
<td></td>
<td>• Complaints, suggestions, reports and complaints</td>
<td></td>
</tr>
<tr>
<td>Partner</td>
<td>• Win-Win cooperation</td>
<td>• Field investigation</td>
<td>• Adhere to ethical and transparent procurement and zero tolerance for bribery and corruption</td>
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<td></td>
<td>• Training and empowerment</td>
<td>• Supplier conference</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Integrity and trustworthiness</td>
<td>• Supplier training</td>
<td></td>
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<tr>
<td></td>
<td>• Supplier management</td>
<td>• Channel conference</td>
<td></td>
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<tr>
<td></td>
<td>• Sustainable development</td>
<td>• Cloud business platform</td>
<td></td>
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<tr>
<td>Governments and regulators</td>
<td>• Compliance with law</td>
<td>• Periodical reports/Temporary announcements</td>
<td>• Adhere to business ethics, international conventions and relevant laws and regulations of various countries</td>
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<tr>
<td></td>
<td>• Employment and wealth creation</td>
<td>• Governmental meetings</td>
<td></td>
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<tr>
<td></td>
<td>• Safe production</td>
<td>• Fill in various forms as required and attend related trainings and meetings</td>
<td></td>
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<tr>
<td></td>
<td>• Green production</td>
<td>• Field investigation</td>
<td></td>
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<td></td>
<td>• Tax payment according to law</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• Environmental protection</td>
<td></td>
<td></td>
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<tr>
<td>Shareholder/Investor</td>
<td>• Performance growth</td>
<td>• Periodical reports/Temporary announcements</td>
<td>• Adhere to the sinking strategy, continuously empower partners and achieve co-construction and sharing</td>
</tr>
<tr>
<td></td>
<td>• Sustainable operation</td>
<td>• Investor meetings, field research, strategy meetings, investor presentations, etc.</td>
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<td></td>
<td>• Information disclosure</td>
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<tr>
<td>Community</td>
<td>• Communication with communities</td>
<td>• Information transparency and timely disclosure</td>
<td></td>
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<tr>
<td></td>
<td>• Environmental protection</td>
<td></td>
<td></td>
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<tr>
<td>Digital Intelligence Empowerment, Technology for Good Deeds</td>
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</tbody>
</table>

Upholding the mission of “Enabling a safer society and smarter living”, Dahua actively cultivates a culture of responsibility, vigorously supports national and local public welfare programs, encourages and supports employees to carry out charity activities for the public good. Through continuous public welfare activities, Dahua plays the role of a “good business entity” while shouldering the responsibility of a “member of the society”.

2020 was an extremely eventful year. At the beginning of the year when the pandemic broke out, the Chairman of Dahua took the lead in setting up a dedicated team that successfully developed antipandemic products and immediately donated equipment and targeted supplies to hospitals and governments. In just 3 months, Dahua released 6 holistic solutions and won 4 social awards, building a scientific and technological defense line to contain the pandemic.

In addition, in the face of the pandemic, Dahua gave full play to its social attributes as an enterprise and immediately donated 10 million RMB to fight the pandemic(s) which 5 million RMB in cash was used to build the health stations and 5 million RMB for anti-pandemic equipment was donated to Zhejiang Provincial Government. Dahua also organized forces to participate in the construction and support of Huoshenshan and Leishenshan Hospitals, as well as the donation activities of charity associations and Red Cross societies at all levels including Zhejiang Province, Hangzhou City and Binjiang District.

Technology-Enabled Anti-Pandemic Efforts, Braving the Adversity

United Fight Against the Pandemic, Despite the Hardships and Dangers - Dahua’s Anti-Pandemic Efforts with Technology

Since the outbreak of the COVID-19 pandemic in late 2019, Dahua has always been fighting on the front line with science and technology, implementing an ultra-high precision thermal imaging body temperature measurement solution to quickly build strong defense for life protection in various industries and settings, including railway stations, high-speed trains, airports, public service institutions, enterprises, and hospitals. Dahua provided high-precision and reliable anti-pandemic services, every Dahua employee has been showing warm and strong support, giving more people the courage and power to beat the pandemic!

Contributing to the Fight Against the Pandemic with Contactless High-Precision Thermal Imaging

Temperature Measurement

Body temperature screening is the first gateway to pandemic containment, and also the key weapon to win this battle. On January 21, 2020, Dahua’s R&D team was commissioned in the face of danger, giving up their Spring Festival vacation and reunion, to develop supporting devices. After overcoming a variety of difficulties such as lack of manpower and shortage of materials and equipment, they successfully completed the development of a number of devices such as the human thermal imaging temperature measurement device within a short period of time, and then improved the temperature measurement to ±0.3°C accuracy, enabling the thermal imaging body temperature measurement to be used throughout our country, and effectively curbing the spread of the pandemic in various places.

Supporting Communities to Surmount Difficulties

Dahua’s at-home community quarantine personnel control solution set up intelligent body detection areas to deploy intelligent guard cameras in quarantine areas. When a person under quarantine went out, the body detection area was immediately triggered, coupled with sound and white light reminders, and supervisors could timely voice intercom with the person to dissuade them, which effectively enhanced the precursory awareness of home quarantine personnel in communities and improved the containment efficiency.

Safeguarding the “Two Hospitals”

In order to ensure the smooth completion and stable operation of the Leishenshan and Huoshenshan Hospitals (hereinafter referred to as the “Two Hospitals”), Dahua set up an emergency response team in the first instance and joined hands with partners to form a comprehensive solution of the Two Hospitals, committing itself to the smoothened battle together with the state and the hospital. Through the operation of hospitals with clear movement lines for medical care, patients and logistics, and separate flow of clean and dirty items without mutual interference, Dahua provided intelligent safety control devices in wards, reception rooms, ICUs, medical technology department, network rooms, supply storage rooms, garbage rooms and rooms and areas for disinfection processing rooms to achieve no dead-end, multi-angle and all-around guarding.

Helping Enterprises and Institutions to Fight the “Pandemic” Online

After the work and production resumed gradually across China, online conference has become a new choice for many enterprises and institutions in order to prevent the possible transmission of the epidemic, enhance management, enterprise production and operation activities. In response to the national call of “United Fight Against the Pandemic”, Dahua has developed a comprehensive solution for online conference and remote teaching, including intelligent devices such as its intelligent conference terminal, intelligent tablet, ultra-HD camera, and the thermal imaging, integrated with advanced technologies such as AI, 5G data, and intelligent algorithms, and relied on its advanced cloud platform, realizing the application in various scenarios such as remote office, command and scheduling, remote diagnosis, and remote consultation and creating an efficient online communication platform for enterprises and institutions to resume operation during the pandemic.

During the pandemic, Dahua also joined hands with China Telecom to co-develop and launch the E-Cloud conference platform based on their advantages in video conferencing technology and mobile internet service capability, serving the information center of SAACG, Ministry of Industry and Information Technology, many local health care commissions, government institutions, and various enterprises, helping them resume work and production safely during the pandemic.

Helping the World’s Oldest Amusement Park Resume Operations Amidst the Pandemic

With 165 years of operation, the Royal Portuguese Hospital in Pernambuco, Brazil, is the most comprehensive medical center in the northern and northeastern regions of Brazil. Dahua’s intelligent medical solution deploys a comprehensive intelligent surveillance system for the hospital, combined with an intelligent parking lot management solution to effectively manage the flow of people and vehicles entering the hospital. It also facilitates the full consolidation, control and integrated operation of security resources for the hospital’s surveillance staff. The project has successfully applied the intelligent video surveillance system to the hospital environment, effectively improving the overall security of the hospital while providing better services to visitors and patients, meeting customers’ needs for quality, reliability and scalability, and facilitating the rapid advancement of Royal Portuguese Hospital towards “Hospital 4.0”.

Smart Campus, Safeguarding Students and Teachers

Cambridge, violence, theft, on-campus traffic safety and the current pandemic have led to an increased focus on campus safety, with more and more schools deploying intelligent technologies to enable proactive defense and improve management efficiency. Founded in 2005, Jadara University is an international university with global standards of excellence in teaching, research, creativity, community service and leadership. Jadara University regards “safeguarding a safe environment for students” as a key component of its overall success. With Dahua’s smart education solution, it provides three strong lines of defense for students and teachers, enabling 24/7 around security, reducing damage and theft on campus, significantly enhancing the overall security of Jadara University, and becoming an effective way to monitor the classroom efficiency and quality of teaching staff.

Intelligent Security, Powering Hospital Operations

In order to eliminate the existing dormitory security hazards, the development of a dormitory security management system is imminent. Dahua’s intelligent gate management system, as a necessary pass for entering and leaving dormitories, is a hard-hearted guard indispensable for guaranteeing students’ safety. To store data collection feature can accurately and quickly distinguish acknowledged/disabled entry/exit from dormitories, so as to keep possible and hidden dangers out and make dormitories the safest home for students in campus. With the adoption of Dahua’s intelligent dormitory management system, dormitory managers can grasp the situation of students returning late or not returning, always keep students safe at school, take responsibility for students, and make campus dormitories safer!

AI-Powered Education, Protecting Students’ “Home”

In order to help all students return to classes, Dahua provided technology for the dormitory, and once again, Dahua actively advocated a culture of responsibility, vigorously supports national and local public welfare programs, encourages and supports employees to carry out charity activities for the public good. Through continuous public welfare activities, Dahua plays the role of a “good business entity” while shouldering the responsibility of a “member of the society”.

Holographic Monitoring of Electricity Supply, Guarding Lights That Are On In Every Household

Dahua applies visible light and infrared thermal imaging cameras and inspection robots, combined with various fusion technologies, to implement intelligent IOT perception, monitoring and analysis for substation equipment, and comprehensively improve the substation inspection efficiency. Through video holographic perception, Dahua boosts the intelligent upgrade and digital transformation of the power industry, realizing full prevention of power equipment status, full online corporate management, real-time monitoring and diagnosis of risk control, production command penetration and emergency response of electricity enterprises, and effectively guaranteeing the stable operation and reliable supply of the power system.

AI Intelligent Identification, Leaving High-Rise Lifting Nowhere to Hide

With the profound accumulation in the field of artificial intelligence and advanced algorithms, Dahua has taken the lead in launching a real-time intelligent public security management system after unremitting research and testing, enabling all-weather intelligent monitoring of lifting events. Once an object (as small as a cigarette butt) is found to be falling from a high place, the camera can detect it in real time through the algorithm, and transmit the alarm information to the back office in the monitoring center in the first place, which will be displayed in a pop-up window with sound alarm. It can also display the trajectory of the object and calibrate the floor so as to help administrators quickly locate the perpetrator. The alarm event and intelligent video can also be played back later to locate the perpetrator, without the need to review the video frame by frame, which is time-consuming and laborious, thus greatly reducing the workload of administrators. With advanced algorithms, efficient arithmetic power and back-end support, Dahua’s real-time intelligent alarm solution for high-rise lifting forms an overall closed loop from real-time monitoring to activating alarms, then to notifying administrators in real-time for handling.

Guarding Lights That are On In Every Household

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Intelligent Security, Powering Hospital Operations

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Protection and Prevention of Women and Children, Creating Intelligent and Safe Public Transportation

Public safety incidents on buses have been frequent in India over recent years, threatening the personal safety of passengers. In order to protect the safety of women and children taking buses, a city in India actively responds to the national policy and focuses on building the safest bus system in the country. Through Dahua’s bus solution, an integrated bus video surveillance system is deployed, which improves the safety of bus travel. The integrated bus video surveillance system enables bus operators to manage the buses remotely, and to handle any emergencies in a timely manner. Meanwhile, through the positioning of vehicles and the setting of bus routes, it regulates drivers to follow the Intelligent Transportation System solutions such as illegal detections by drivers. The solution also offers O&M features such as route maps and runtime statistics, which can help bus operators better manage bus routes and drivers while improving safety.

Intelligent Security, Powering Hospital Operations

In order to eliminate the existing dormitory security hazards, the development of a dormitory security management system is imminent. Dahua’s intelligent gate management system, as a necessary pass for entering and leaving dormitories, is a hard-hearted guard indispensable for guaranteeing students’ safety. To store data collection feature can accurately and quickly distinguish acknowledged/disabled entry/exit from dormitories, so as to keep possible and hidden dangers out and make dormitories the safest home for students in campus. With the adoption of Dahua’s intelligent dormitory management system, dormitory managers can grasp the situation of students returning late or not returning, always keep students safe at school, take responsibility for students, and make campus dormitories safer!
Building Smart Hospitals to Protect the Safety of Doctors and Patients

Utilising its own products and technical advantages, Dahua’s intelligent security solution eliminates the need for manual checking of temperature and health code, and realizes the quick self-service passage by simply scanning the ID card or health code or face, which effectively relieves the work pressure of medical staff and also reduces the chance of cross-infection.

Dahua’s intelligent security check solution facilitates the building of safe hospitals, transforming and upgrading the security check process at the entrances and exits of hospitals, and utilizing the advantages of information technology and intelligent analysis algorithms to realize the funders of alarm linkage, human-package integration and mobile disposal, so as to achieve source containment with the security detection of various people entering hospitals and guarantee the safety in hospitals.

Intelligent Care to Effectively Improve Farming Safety and Efficiency

Facing the severe situation of the national promotion of pig production and the containment of African swine fever in breeding enterprises, Dahua has combined its own products and technical advantages to quickly introduce biosecurity control solutions and continuously providing the solutions to a number of new and established pig farms under many head enterprises, assisting them in standardizing personnel workflow, effectively preventing African swine fever and reducing enterprise losses. Meanwhile, Dahua continues to cultivate the field of intelligent farming, and through a series of intelligent products and applications such as pig inventory, pig temperature measurement, pig detection, protective clothing detection, and intelligent inspection of pig barns, it has formed a complete set of mature solutions for group management and intelligent operation, helping enterprises significantly reduce costs and improve efficiency.

Intelligent Empowerment of Firefighting, Technology Protection of Renowned Cities

With the technical advantages of Dahua’s surveillance products and solutions and the full use of the advantages of image, thermal imaging, and ground control of man-made fire sources, Dahua has introduced a series of high-tech solutions to effectively contribute to the “early prevention, early detection, early elimination” of fire hazards in southwest forest areas, and committing to biodiversity protection through effective actions.

Utilizing its own products and technical advantages, Dahua has combined in an all-round manner detection and alarm linkage, human-package integration and mobile disposal, so as to achieve source containment with the security detection of various people entering hospitals and guarantee the safety in hospitals.

Contributing to Fishing Ban on Yangtze River for Future Generations

Dahua’s intelligent fishing ban solution has created a three-dimensional fishing ban supervision system to achieve refined management of banned areas and deliver good results. Using cloud computing, big data and mobile patrol, the solutions can quickly cover the prohibited fishing river section and make up for the patrol and event handling in areas that were reached quickly by human vehicles and boats, for example, by carrying video + call-out system, the system can quickly give warning to illegal fishing persons and disperse them from fishing, improving patrol inspection efficiency. The use of the solution also enables the realization of catch identification and classification, so as to achieve all-weather supervision and precise crackdown on illegal fishing vessels; meanwhile, the system monitors and warns against illegal anglers on shore embankment, notifies drones and patrol enforcement officers to the scene to educate and persuade them to leave, and warn and punish them involved in multiple violations captured by the system. The pilot fishing ban project and its effectiveness provide a strong technical guarantee system to facilitate the implementation of the local 10-year fishing ban on the Yangtze River.

Intelligent Protection of Lush Mountains and Lucid Waters, to Build a Beautiful Ecology

Dahua has fully participated in the forest fire prevention plot in Yuxi, Dali, and Chuxiong, among others, in Yunnan Province. Through intelligent analysis and comparison of satellite remote sensing images, aerial fire patrol and reconnaissance by drones, all-weather monitoring by high tower thermal imaging, and ground control of man-made fire sources, Dahua has formed an integrated forest fire prevention monitoring and setting system from the sky and tower to the ground, effectively contributing to the “early prevention, reduction and elimination” of fire hazards in southwest forest areas, and committing to biodiversity protection through effective actions.

Intelligent Supervision, to Protect the Safety of “Food Baskets”

Facing the severe situation of the national promotion of pig production and the containment of African swine fever in breeding enterprises, Dahua has combined its own products and technical advantages to quickly introduce biosecurity control solutions and continuously providing the solutions to a number of new and established pig farms under many head enterprises, assisting them in standardizing personnel workflow, effectively preventing African swine fever and reducing enterprise losses. Meanwhile, Dahua continues to cultivate the field of intelligent farming, and through a series of intelligent products and applications such as pig inventory, pig temperature measurement, pig detection, protective clothing detection, and intelligent inspection of pig barns, it has formed a complete set of mature solutions for group management and intelligent operation, helping enterprises significantly reduce costs and improve efficiency.

Intelligent Pollution Control, Guarding the Blue Sky and White Clouds

Dahua employs the infrared thermal imaging camera to conduct 360° and 7×24 automatic monitoring of fires. Detection of such incidents will be immediately reported to the control platform, and the fire alarm signal will be instantly sent to the law enforcement department in the corresponding area for timely handling. When the system is completed, it will transform the fire detection model of the straw burning monitoring from manual patrol to automatic camera inspection, thereby greatly improving the efficiency of control and handling.

Public Welfare Activities

Passing on Love and Voluntary Blood Donation

Every year in July or August, Dahua regularly holds blood donation activities, and the total amount of blood donated for 5 consecutive years is 311,825 ml. Donate blood to help those in need, pass on hope with true heart of love, and cheer for life with passion. “Pass on the light of life with love”. On July 21, 2020, Dahua’s labor union organized the annual blood donation activity for the public welfare season, with a total of 360 people donating blood and 105,130 ml of blood donated.

Dahua’s intelligent security check solution facilitates the building of safe hospitals, transforming and upgrading the security check process at the entrances and exits of hospitals, and utilizing the advantages of information technology and intelligent analysis algorithms to realize the funders of alarm linkage, human-package integration and mobile disposal, so as to achieve source containment with the security detection of various people entering hospitals and guarantee the safety in hospitals.

Donation for Poverty Alleviation

The outbreak of the pandemic in 2020 posed a new test for the poverty alleviation work. Dahua made continuous contributions by first addressing the needs of the impoverished village.

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Dahua also made continuous contributions by first addressing the needs of the impoverished village.
| Intensive Operation, For High Quality Development |

**Innovation and Research**

Innovation is a key driving force and core competitiveness for the development of Dahua. We annually invest 10% of sales revenue in research and innovation to secure our leading position of the industry technology development in order to satisfy even changing demands of customers. Dahua Technology has built five research institutes covering advanced technology, big data, control, cyber security and smart city and possesses a national post-doctoral scientific research workstation. As the state-accredited enterprise technology center and national pilot innovative enterprise, Dahua continues to make breakthrough contribution and leads industry development.

- **Advanced Technology Research Institute**
- **Central Institute**
- **Cyber Security Research Institute**
- **New Smart City Research Institute**

Working on Innovation and Research

Innovation and research capability is one of our most important core competitiveness and also a solid guarantee for sustainable and robust growth of our core business. Through years of researches and practices, Dahua has not only accumulated a series of internationally leading core technologies and intellectual properties, but also created a research platform with supporting solutions, products and technologies. Dahua has accumulated rich experience in research and patent application and registration, and gained effective research management capability. These advantages have been successfully applied in the research practice of Dahua, laying a solid foundation for long-term sustainable development, and becoming core competitiveness.

- **Research Strategy and Strategic Target**

In regards to technological innovation and product research, we adhere to IPD core concept, and build a strategic management mechanism of strategy planning (SP), business planning (BP), implementation and monitoring, performance evaluation with market and technology as two driving factors. With continuous optimization of Dahua’s IPD process, we coordinate with resources of all departments based on research to ensure continuous competitiveness of Dahua products and solutions. In realization of solutions and products, we have strengthened quality control over all research stages from project initiation to product launch, so as to make sure every launched solution and product meets market and customers' requirements. With years of accumulation and input of our research system, we have built new research centers to improve research quality and efficiency.

- **Industry-University-Research Cooperation**

Dahua takes the lead in building post-doctoral scientific research workstation in the industry to set up high-end talent cultivation base, and facilitate external resource utilization by introducing international advanced technologies, cooperating with customers and suppliers as well as universities and colleges, and introducing internationalized software. Dahua has established cooperation with national well-known universities, and set up joint laboratories with domestic and overseas well-known enterprises on the basis of strategic partnership of “Resource Sharing and Win-win Cooperation”, to jointly promote new technological revolution and positively promote product, technology and management innovation, boosting rapid development.

**Engineering Experiment Center**

In 2020, Dahua Engineering Experiment Center was established as a strong support to enhance Dahua’s technological innovation capability and guarantee for technology evaluation, technology introduction and technology absorption. Covering an area of about 5,000 square meters, the Engineering Experiment Center conducts basic research and engineering experiments in all fields. The Center comprises 51 laboratories, including Reliability Lab, EMC Darkroom, RF Lab, Safety Lab, Comprehensive Structure Lab, Thermodynamics Lab, Acoustics Lab, Packaging Lab, Industrial Design Lab, Image Lab, and Motion Control Lab, enabling all basic studies on materials, components, single boards and whole machines, to guarantee product quality in all aspects and continuously drive product innovation. Based on this cluster of labs, 148 experimental capabilities have been constructed, including 68 research-based capabilities, such as natural aging, aging evaluation capability of devices, and cellular RF performance analysis capability, and 80 test-based capabilities, such as infrared lamp performance testing capability and product radiation conduction heat testing capability.

The research capability of the Engineering Experiment Center also accelerates new technology breakthroughs and industrialization. For example, the breakthrough of high emissivity material tops the industry, with its emissivity of 0.98±0.1°C higher than the industry level of 0.97±0.2°C, and successfully applied to thermal imaging temperature measurement products; the self-developed industry-first 600°F temperature measurement radis has an active detection distance of 70 meters and achieves automatic video fusion calibration. Based on the integration of the competence set of the Engineering Experiment Center, Dahua has won the honor of “Zhejiang Province Key Laboratory” in the field of visual ICT fusion application technology.

In addition, through the internal refinement management and continuous improvement of testing capabilities, the competence of the Engineering Experiment Center has been recognized by numerous authoritative institutions. For example, the Reliability Lab has obtained the national CNAS certification from the national CNAS institution; the Safety Lab has established a strategic partnership with a world-renowned third-party authority.

**Participating in Standard Preparation and Release**

Dahua Technology prepared HDVc specification which has been accepted by international HDVc organization and AP standard is released based on such specification. It becomes the first specification in the security industry of China to be incorporated into international standards.

Dahua has led and participated in the preparation of 2 international standards, 25 national standards, 89 industry standards, 42 local standards, and 18 group and Zhejiang manufacturing standards. Within the reporting period, Dahua has obtained a variety of achievements in patents and software copyrights.

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<th>Category</th>
<th>Unit</th>
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<tr>
<td>New Patent</td>
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**Intensive Operation, For High Quality Development**

**Research Strategy and Strategic Target**

- **Research Institute**
- **Engineering Experiment Center**

**Participating in Standard Preparation and Release**

- **New Patent**
- **New Software Copyright**
- **Accumulated Software Copyright**

**Accumulated Registered Trademark**
Cyber Security

The integrated development of the five core technologies, namely, cloud computing, big data, IoT, artificial intelligence and 5G, pushes human security into the era of AIoT. While emerging technologies are advancing human progress, the open network architecture also generates new threats and challenges. Dahua has always taken cyber security and privacy protection as one of its top agendas, and faced the challenges of cyber security with a positive, open, responsible and cooperative attitude and philosophy.

In order to provide global customers with continuous leading technology and service experience in security and privacy, during the reporting period, Dahua officially changed its Cyber Security Product Line to Cyber Security Research Institute, with more focus on the continuous development of core security technologies, new privacy technologies, and security engineering capabilities, dedicated to providing customers with more secure products and solutions and fast security emergency services.

Systematic Professional Security Team

Dahua has established a systematic professional security team to secure cyber security in all execution units through the hierarchical organization structure, covering R&D, market, supply chain, and delivery service.

• As a supreme decision-making organization of cyber security, our cyber security committee is the leadership decision-making institution of cyber security under the leadership of the Board of Directors and is responsible for overall planning, coordinating, guiding and monitoring cyber security work at a strategic level.

• As a joint executive team across business, the cyber security execution group is responsible for leading discussion and formulating mechanisms and strategies relevant to cyber security at a tactical level, and for developing, tracking and processing daily cyber security at an executive level. It covers research, market, supply chain, delivery service and legal service, and quickly implements Dahua’s cyber security resolutions in every of its business systems.

• The Cyber Security Research Institute is an entity organization for security and privacy technology research, security development process development, and building security engineering capacity. Its responsibility includes the implementation of security and privacy requirements, security and privacy risk assessment, security and privacy design, penetration testing, vulnerability management, and emergency response, as well as the design of security process systems and security compliance systems.

• A cyber security engineering group is set up for every product line to closely interact with the Cyber Security Research Institute, so as to achieve the rapid implementation of security standards and regulations, security and privacy technologies, and vulnerability repair and handling across all products.

Processed Management of sSDLC Security Software Development Life Cycle

With reference to the best security practice in the industry, Dahua has established a full set of sSDLC security development process systems, and fully implemented them in the R&D center. Through efforts of the professional security team, the capabilities on the whole process covering security demand, assessment, design, coding and testing of products and solutions are improved and the security strategies are implemented to ensure that all products are developed in compliance with high-standard security requirements and pass rigorous offensive and defensive testing and verification.

Continuously Evolved and Comprehensive Security Baseline

Since the launch of the “Security Baseline” plan in 2016, Dahua has been adhering to the core principles of “Security by Design” and “Security by Default”, digging deep into product security technologies, dedicating to “Providing best feature experience with default security technology guarantee for users.”

With the security baseline based on and practicing the design principle centering on security and privacy, Dahua has constructed a product security layout of “AAA+CIA+P”, forming a systematic security framework covering physical security, system security, application security, data security, cyber security and privacy protection.

The “AAA+CIA+P” security elements are laid out as follows:

- AAA: Authentication, Authorization, Audit
- CIA: Confidentiality, Integrity, Availability
- P: Privacy Protection

As one of the important enterprise standards of Dahua, the security baseline is an integral part of Dahua management process of security development life cycle, and has been deeply integrated into the product quality assurance system to make sure default security technology guarantee for the full series of products.
Continuously Upgraded Security Baseline

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<tr>
<th>Security baseline</th>
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<td>- No Default Account</td>
<td>- Built-in Firewall</td>
<td>- Security Realm</td>
<td>- Reliable Upgrade</td>
<td>- Built-in Firewalls</td>
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<td>- Environment Management</td>
<td>- Internal Data Encryption and Storage</td>
<td>- Encryption Function</td>
<td>- Privacy Protection</td>
<td>- Reliable Upgrades</td>
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<td>- Government Data Encryption and Storage</td>
<td>- Session Protection</td>
<td>- Encryption Function</td>
<td>- Secure Start</td>
<td>- Firmware Encryption</td>
<td>- Open Source Software Certification</td>
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Professional Product Security Incident Response Team

Dahua Product Security Incident Response Team (PSIRT) is responsible for the management of the security environment and product vulnerabilities in accordance with the industry practices. We offer 24/7 service to respond to global security issues and timely provide security notice and reinforcement services. Ensure that security issues reported to Dahua through official channels can be responded to within 24 hours, or 48 hours at the latest.

As for the management of security issues, Dahua PSIRT adopts SN (Security Notice) and SA (Security Advisory) for customer communication to make sure that customers are properly informed of such issues at different stages.

Dahua PSIRT actively participates in various industry and public activities, and keeps a positive and open attitude about exchange and communication with government CERT, customer CERT/PSIRT, other suppliers, researchers, and third-party coordination units. By joining the Forum of Incident Response and Security Teams (FIRST), CCE Numbering Authorities (CNAs), China National Vulnerability Database of Information Security (CNNVD), China National Vulnerability Database (CNVD), China Cyber Threat Governance Alliance (CCTGA), Industrial Information Security Incident Services Support Unit, and other information security organizations, Dahua plays its full role as a member in realizing the working mechanism of cyber threat information sharing and mutual collaboration.

Dahua has developed a worldwide after-sales team. Cyber security issues have high handling priority in after-sales services. Dahua’s Cyber Security Committee and PSIRT offer timely incident handling services through the worldwide after-sales system once security issues occur.

Positively Build Security Capability Facing End Customers

Securing cyber security is a systematic project, requiring the support from both technology and management. Dahua Technology takes effort to offer products and solutions with optimized security state together with partners and customers. As a device manufacturer, Dahua takes effort to offer more secure products for customers, meanwhile, it works to guide downstream partners and customers to correctly use these security functions.

Dahua routinely carries out basic security skill trainings and tests on global pre-sales and after-sales technology personnel, to make sure that Dahua security strategies can be accurately passed on to end customers.

Dahua also conducts relevant security training and communication with partners to ensure that partners can reasonably enable security features and formulate complete security policies when integrating or using Dahua products, so that end customers can enjoy default and improved security protection. For example, Dahua recommends configuring strong passwords, periodically changing device passwords, enabling access control policies, and timely updating firmware and client software, in order to improve the security protection of the cyber environment and the device itself, and reduce the risk of cyber attacks.

Service System

Dahua has transformed from the traditional after-sales service to the one-stop after-sales service system, establishing 140+ after-sales service networks worldwide, gradually adding 4 call centers and 16 single-country service hotlines, covering 180 countries and regions worldwide, providing maintenance, online technical support and spare parts services during the product life cycle. Dahua has set up repair training centers and repair support centers for authorized repair providers worldwide to respond to customer needs in real time and enhance its after-sales service capability.

Building Omni-Channel Multi-Media Service Channels

Build a domestic technical support system to deliver services mainly by hotlines, supplemented by omni-channel multimedia network services including WeChat, QQ, official website, APP and mailboxes, with an annual growth of 10% in hotline services, 34% in robot self-service and 2% in Internet services.

Optimizing the Layout of Customer Service Technical Support

Optimize the ITR problem handling process and capacity building, build a unified technical support service website, and load multi-dimensional technical materials such as service policies, intelligent robots, knowledge base, multimedia teaching videos, and tools, to help customers learn about and solve their daily problems.

Managing the Technical Support Fusion Transformation

The technical support fusion transformation integrates the processes and capabilities of regional technology, call center, ITR, and PDT in the technical support modules of original different positions, with customer problems as the main line, to quickly and efficiently solve customer problems layer by layer, and to form reverse data analysis and feedback for product development and improvement.

https://www.dahuatech.com/service/network.html
Dahua always believes that employees are one of the most valuable assets, respects and pays attention to the hard work of every employee, protects their rights and interests, clarifies the goal and vision, and strives to create a comfortable and inviting working environment for employees so that they can grow together with Dahua.

Human Rights Management

In business practice, Dahua values principles of human rights as stipulated in Universal Declaration of Human Rights, International Conventions on Economic, Social, and Cultural Rights, International Conventions on Civil and Political Rights, and United Nations Guiding Principles for Business and Human Rights. The internal Social Responsibility Management Manual is developed according to policies and objectives listed in SA8000 International Standard and Social Accountability, and efforts are made to incorporate these regulations into daily workflow and policies, so as to improve the value of Dahua's social responsibility activities. The company respects employees’ rights of freedom of association and collective bargaining that are in accordance with national laws and under voluntary conditions, protects employees' personal information and privacy, and clearly prohibits all possible illegal employment practices such as employment of child labor, forced labor, and restraint of freedom.

In order to maintain the harmonious and stable development and protect the rights and interests of employees, Dahua has established the Dahua Labor Union, to actively organize activities to motivate the employees, and to act as a bridge between Dahua and the employees, to listen to their opinions and protect their rights and interests.

As of December 31, 2020, Dahua had a total of 18,000 employees worldwide.

Recruitment

Dahua builds an international talent team in line with its development strategy through external talent introduction and internal talent cultivation. Based on strategies, we continue to optimize the talent strategy in human resources, and continuously improve talent selection and development systems. The company emphasizes the employment of professional and innovative talents, and continuously improves their professional skills. Employment of employees of the same position and rank are compared and ranked together on the basis of the absolute evaluation, to generate a healthy and competitive work environment.

Compensation and Welfare

Dahua always dedicates itself to constant improvement of the comprehensive incentive system that takes full consideration of employees’ material and spiritual needs, as well as short-term and long-term needs, providing them with competitive salaries and comprehensive welfare guarantees. Dahua advocates “winners-orientation” and encourages resources to be directed to winners. Some of the outstanding key employees are also entitled to stock option incentives and innovative business follow-on investment plans. In accordance with relevant national and local laws and regulations, Dahua pays employees’ labor compensation in full on time, and provides them with legal benefits such as “five social insurances and one housing fund”, as well as additional work benefits including supplementary holidays, supplementary medical insurance, meals, communications, and interest-free loan for house purchase.

In terms of talent incentive, we strive to share the fruits of the Company’s development with employees who grow with and contribute to the Company by creating a continuous material incentive system through stock option incentive, year-end bonus and venture capital platform. For employees with excellent performance, the Star of Endeavor Award is also set up for them, together with written publicity and experience sharing, to continuously create a motivated and upbeat organizational atmosphere.

In addition, the Company continues to improve the quality of life of its employees through interest-free loan for house purchase, annual health check-up, meal allowance, high temperature allowance and communication allowance. To solve the problem of difficult parking for employees, the Company has funded the construction of a parking building, which can accommodate nearly 1,000 employee vehicles.

The Company carries out performance appraisal based on the principles of fairness, openness, impartiality, scientificity, clarity, and objectivity, and evaluates the actual achievement of the performance target of the appraisal based on concrete results and performance by combination of absolute and relative evaluation. The absolute evaluation is the “ratio to others”, in which employees of the same position and rank are compared and ranked together on the basis of the absolute evaluation criteria, to generate a win-win state of normal distribution and evaluate the performance level, so as to inspire employees to catch up with each other and strive to become better performers.

Employee Growth

Dahua regards talent as valuable assets. Talent strategy is an integral part of the Company's strategy, and also a key cornerstone and guarantee for the long-term development of the Company. "Breaking the boundary of ability and cultivating more talent" is a main line of Dahua’s development strategy. In 2020, the employment of college students nationwide was heavily affected by the pandemic. Dahua fully fulfilled its social responsibility and responded to the call of the Ministry of Education by proposing a recruitment plan of fresh graduates for the next three years. Dahua changed from the previous offline campaigns in various universities to an online recruitment mode featuring online communication, online presentation, and online interviews. In addition, Dahua launched the “Two 100” campaign, i.e. covering 100 key target universities and developing 100 campus recruitment ambassadors to convey the vision, mission, values, and “Star Power” of Dahua to university students. In the end, 1,185 fresh graduates (with 53.42% of them holding a Master’s degree or doctoral degree) matching the culture and job requirements of Dahua were selected from more than 1,800 global universities in 2020.

Experts into Campus

In order to better enable students to understand cutting-edge technologies and enhance their workplace competences, Dahua Campus regularly organizes specialists in R&D and functions to campus to communicate with students.

Performance Management

The Company has established a reasonable and comprehensive performance management system, which closely integrates strategic planning with performance management and forms a closed virtuous cycle system through several processes, such as assessment plan formulation, process counseling, performance evaluation, assessment result application, and performance improvement cycle. Through scientific management methods, the individual performance of employees and the overall performance of the Company are organically combined to closely follow Dahua’s strategic development direction.

1. KPI + Personal performance breakdown (strategic orientation)

2. Department performance breakdown (strategic alignment)

3. Staff performance breakdown (strategic engagement)

Employee Satisfaction

Dahua Campus regularly invites experts into campus to communicate with students.workplace professionals.

While making business innovation and undertaking responsibilities for shareholders and employees, Dahua Technology always remembers to shoulder the social responsibility. It stresses the importance of increased focus on human values during management, emphasizes enterprise’s contribution to economic development, and continuously puts these perspectives into action. Dahua is committed to the “customer-centric, and stra-
Career Development
The company has established a sophisticated mechanism for talent training and development, a qualification management system, guiding employees on career development. Employees can grow, both in the management channel and in the technology channel.

In addition, the company offers multiple talent development solutions to help employees with their career development, such as Leaders Program, Reserve Cadre Pilot Project, Starburun Program (High Potential), Dandelion Program, and Internal Talent Market.

- **Give Full Play to Employees’ Potential and Initiatives**
  In order to establish itself as a learning-based organization, the company has built an employee qualification mechanism to prompt employees to continuously learn and take the initiative to exert their strengths. With explicit job responsibilities and full authorization, employees are guided to work creatively and independently to give full play to their potential.

- **Establish a Multi-Channel Talent Training System to Provide Employees with Opportunities for Learning and Development**
  According to the different abilities, hobbies and characteristics of various positions of employees, Dahua provides two channels for their career development: the channel of technology, and the channel of management, so as to get them fully motivated.

  Based on the dual channels of development, Dahua sets up posting standards and learning resources to enhance the competence of employees. Meanwhile, the company adopts the mode of separated evaluation and employment, and provides development opportunities for employees on the basis of their abilities shown through job performance, in the form of organizational competition, competitive recruitment, internal recruitment, and various resource pools.

Training
In terms of the career development of employees, the company provides dual channels of management and expertise, and constantly develops a qualification system with “ability” as the core, a job appointment and removal procedure with “responsibility” as the core, and a job matching procedure with “contribution” as the core. Dahua also provides timely incentives through the salary system, so as to fully enable employees to develop their abilities, undertake responsibilities and realize values, and obtain continuous improvement. The company continues to enhance the professional atmosphere of the organization through the establishment and operation of Professional Committee/Technical Committee. The company plans for the development of its professional/technical system, precipitates its knowledge and experience, and provides employees with clear professional competence standards and learning resources, so as to continuously and comprehensively improve the professional/technical competence of employees, and lay a solid foundation for them to undertake “responsibility” and continue to “contribute” on their posts.

During the reporting period, the company launched the Dandelion Plan for the mobility of technical staff. The Dandelion Plan fully respects the will of employees and adopts a voluntary application model, with the encouragement and support of established regulations on the company level.

During the reporting period, the company launched a number of differentiated development programs for different employees to fully cover their development needs. For example, the “Dandelion Plan”, based on the will of employees, aims at the mobility and rotation practice of technical staff; the “Leader Plan”, supporting the breakthrough development of experts in various fields; the “Cadre Reserve Plan”, aiming at the development and training of excellent managers; and the “Starburun Program”, aiming at high-potential employees.

The company emphasizes staff training and practice, and upholds the “business success-oriented, organization development-centered, and personal growth-based” training concept, with managers at all levels actively participating in the development and teaching of training sessions, and “cultivating better people with the best people”.

Employee Care
With concern for the physical and mental health of every employee, Dahua creates a good working environment for its employees, respects them, encourages them to actively participate in all aspects of Dahua’s operation, maintains good communication channels, and inspires them to recognize the mission and value of work. Dahua actively promotes and implements democratic management, and safeguards the democratic rights of employees.

The company continues to innovate formal democratic management, provide employees with relevant information through more channels, and enable immediate interactions and feedbacks. When setting up rules and regulations related to attendance approval, performance appraisal, employee rewards and punishments, salary payment, social insurance, and welfare benefits, the company will seek inputs from labor union and employee representatives by making information public on company official system or in written format.

It sets up electronic bulletin boards at eye-catching positions of canteens, elevators and floors, and regularly updates the content according to the actual situation of each department, including latest events, operation and management updates, and development status of Dahua. A public platform at company level has been set up on the company’s internal website.

Messages such as important announcements, personal appointment and dismissal, systemannes, and enterprise news are published to all members of the company. Information such as technology, quality, and rationalization proposals can also be submitted through this platform. At the same time, an employee forum is launched, facilitating employees to express their views, participate in online communications and discussions. And also the company culture is promoted to employees in ways that are welcomed by them. The company has also launched the project of “Proposing Once at Most”, which facilitates employees to express their opinions, suggestions the build-up of employees in ways that are welcomed by them. The company has also launched the project of “Proposing Once at Most”, which facilitates employees to express their opinions, suggestions, and feedbacks, and responses to their problems and questions in the first time. It also enables senior leaders to understand the real demands of employees quicker and more efficiently.

The female employee committee safeguards the legitimate rights and interests of female employees according to the law, focusing on the protection of female employees during their menstrual period, pregnancy, maternity period, and lactation period, as well as their special interests such as forbidden labor, health care, and maternity insurance. In addition, the company continues to pay attention to and help out employees in difficulties due to unexpected problems in their families.

- **Exciting Activities to Care for Dahua Strivers**
  Dahua is dedicated to building its cultural atmosphere, and keeps experimenting with more diversified platforms and innovative media interactions. The employees culture system ranges from offline to online, headquarters to regions, and local to global, has been gradually established, enabling more Dahua fellows to feel and practice the “customer-centered and striver-oriented” corporate culture.

- **Happiness Season Series**
  - **Exciting Activities to Care for Dahua Strivers**
  - **Happiness Season Series**
  - **Health Season Series**

Care for female employees
Consolation for employees not going home during the Spring Festival
Consolation for employees working in outdoor high temperature

- **Management channel**
  - Senior manager
  - Senior expert
  - Junior staff
  - Beginner

- **Professional technology channel**
  - Senior manager
  - Senior expert

- **Employee Career Development Channel**
  - New Employee Training
  - Leadership and Management Training
  - Business Scenario Training
  - The Spark Project
  - Youth Training System
  - Training Platform
Occupational Health

Dahua strictly observes the relevant provisions of national and local laws and regulations, to strengthen occupational health, safety and environmental management, consistently improve the management mechanism, and protect employee safety and company property. The company strictly follows relevant regulations, and has formulated corresponding rules and regulations such as “DH QP 020 Environmental Health Operation Management Procedures”, "Safety Production Management System", “DH-BPR-BS-463-S01-Company Safety Management System”, and "DH-BPR-BS-463-001 Safety Management And Prevention Guidance" which have clear requirements, as well as distinct reward and punishment standards, consistently improving the ability of safety production and environmental management. At the same time, the working committee of safety production was established to consistently improve the management organization. All personnel have signed the responsibility statement of safety production at different levels, with clear safety objectives and responsibilities detailed to individuals. Annual assessment is conducted. In addition, the company increases surveillance on high-risk sites through reinforced management of technical safety measures at production site. As a result, safety production is in sound condition and under continuous improvement. No safety production accidents have occurred in the past three years.

The company adheres to the policy of “safety first, prevention centered, and comprehensive treatment” to carry out safety production management, establishing a harmonious, safe and enlightened production environment.

Safety Production System Construction

Dahua strictly abides by the Law of the People’s Republic of China on Work Safety, the Regulations on Work Injury Insurance and other related laws and regulations, focuses on the management of work safety, and always implements the production safety policy of “safety first, prevention oriented, and comprehensive management”. It firmly implements the production safety responsibility system, comprehensively carries out the investigation and treatment of hidden dangers in production safety, and extends the safety technology from production sites to the whole process of R&D, procurement and product life cycle management.

Dahua obtained OHSAS18001 Occupational Health and Safety Management System Certification in 2010, which was upgraded into the ISO45001 international standard in 2018. In 2017, Dahua was rated as “Grade II Enterprise of Safety Production Standardization”. To ensure the effective operation of the system and its control or eliminate potential environmental impacts and occupational health and safety hazards, on one hand, a series of policies, such as “Safety Production Management System”, “Production Operation Specification”, “Equipment Safety Management System”, and “Hazardous Chemicals Management System”, are utilized to detail safety standards and work specifications to guide employee for standardized operations. On the other hand, the metric organizational management model is adopted, so that the safety management committee of the base implement various of safety-related working responsibilities specific to each post, to organize regular safety meetings, regular safety inspections, fire drills, and other safety-themed activities.  

During the reporting period, Dahua system operated smoothly and the overall safety risks were under control. Dahua continuously strengthened safety publicity and training, and organized a series of diversified emergency drills to enhance the safety awareness of employees.
**Win-Win Cooperation Sustainable Development**

### Responsible Sourcing

#### Supplier Management

Following the principles of “win-win cooperation, transparency, and compliance,” we established and maintained a good relationship with suppliers, banks, and other related parties through contract-based strategic cooperation. As of the end of 2020, the Company has included more than 1547 suppliers worldwide in its resource pool for qualified suppliers, which covers material suppliers and service suppliers.

#### Green Sourcing Practice with Good Faith

To ensure the rapid launch of products and healthy development of the Company, we are committed to building a high-quality, efficient, safe, and reliable supply chain system. We develop and manage suppliers based on the concept of “support, company, and growth” and have established a transparent and green-supplier collaboration platform, which realized the information exchange and sharing and efficient cooperation among suppliers on the supply chain. As of the reporting period, Dahua has established a cooperative relationship with 192 suppliers.

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### Win-Win Cooperation Sustainable Development

**Supplier development — Open and transparent incorporation process**
- Customize supplier development strategies by category, establish a hierarchical management mechanism based on category, and define the incorporation threshold standard, with the red line one vote veto
- Clarify environmental protection qualifications, social responsibility, integrity, and confidentiality requirements, and sign environmental protection, integrity, and confidentiality agreements
- Establish the collective on-site review mechanism of three parties of technology, quality, and procurement, to incorporate suppliers in the IT system monitoring of the whole process

**Supplier cooperation — IT-supported networked whole process**
- Suppliers participate in the early development and verification of new devices, and assist in the whole process of contract conclusion
- SCF/3M supports the whole process tracking of orders and improves the satisfaction rate of delivery
- IT system supports the key process parameters, production, delivery, and quality data of suppliers’ devices
- Build a cost model to achieve cost coordination between suppliers and demanders

**Supplier improvement — Fair and continuous improvement and exit mechanism**
- Provide lean guidance for suppliers with poor performance, and incentivize suppliers with good performance, to motivate suppliers and achieve win-win results
- Implement a strict supplier exit mechanism, that replaces or phases out suppliers who violate the red line or remain incompetent after guidance in time
- AIV library and potential supplier library guarantee the supplies of the resource pool

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### Safety Management Monitoring System

Safety management system is an important branch of safety governance. Based on the dynamic management of “five elements”, namely, people, machine, material, environment, and management, a safety management system is established in compliance with requirements such as safety standardization and EHS, offering real-time, highly integrated, and classified management and enabling timely warning of dangers to quickly locate the exception and reduce the scope and level of dangers.

In 2020, in the face of the pandemic, the Park Safety Committee formulated detailed preventive measures according to relevant government policies. For example, the cafeteria adopted separate tables and batches of dining to avoid unnecessary risks when dining; outgoing employees and employees living outside of the park needed to show green code, had temperatures measured, and track checked daily at work; during the pandemic, disinfectants, hand sanitizers, independent quarantine rooms, masks, and tents; when employees had fever, cough, and other abnormalities, special vehicles were arranged to send them to hospitals.
Green mutual development
In the face of the uncertainties of the changing market, supply security has become a strategic action item of the supply chain. We carried out all-around lean sourcing through contract commitments, diversification of supplied resources, fine supply management, and optimized supply and demand schemes and tried our best to handle the uncertain supply environment with a defined standard code of conduct for sourcing.

Supply Security

• Cost analysis on key materials and scientific cost reduction
• One-stop inquiry and quotation management
• Annual bidding plan for standard products
• Bidding platform
• Performance-based quota

• Set an approval baseline for new materials, and identify new material delivery and cost control risk in advance
• Promote the construction of general material library

Purchasing Order Management
• Provide multiple channels of self-recommender, such as emails, websites, and official WeChat accounts, with visible progress
• Incorporate assessment from three parties
• Manage key supplier processes

Material Selection Management
• Set an approval baseline for new materials, and identify new material delivery and cost control risk in advance
• Promote the construction of general material library

Material Price Management
• One-stop inquiry and quotation management
• Annual bidding plan for standard products
• Bidding platform
• Performance-based quota

Comprehensive interaction and agreement management
• Damage information and reputation management
•及时沟通，分享重要信息，确保供应商对产品质量的管理控制
•及时沟通，分享重要信息，确保供应商对产品质量的管理控制

Supplier Collaboration Management
• Sustainable development and continuous improvement of the supply chain

Supplier Performance Management
• Supplier Lean Improvement
• Supplier Lean Improvement
• Supplier Lean Improvement
• Supplier Lean Improvement

Supplier Lean Improvement
• Material source and model selection, and scheme confirmation
• Drawing parameters
• Mold design, etc.
• Cost analysis on key materials and scientific cost reduction

Material Lean management
• On-site price verification and cost analysis
• Market price indexation for products
• System or on-site validation

Order placement
• Adopt the supplier and price information exchange platform
• Achieve inventory, EDI connection, and electronic data exchange
• System signature adopted

Production collaboration
• Pooling management of VM and RM
• Manage supplier risks in an orderly manner and manage the preparation of suppliers according to the timelines of demand and suppliers
• Promote the use of environmentally friendly transport boxes

Delivery and storage
• Enable multiple payment methods
• Provide multiple payment methods

Payment settlement
• Provide multiple payment methods
• Provide multiple payment methods

Win-Win Cooperation
Strategic layout and sincere cooperation
• High-level interactions and information sharing
• Enhanced internal strategy cooperation agreements
• Technology exchange and commercial negotiation
• Cooperation vision and professional

Visible performance and problem analysis
• Three-level multiple measures of quality/delivery/cost for performance evaluation
• Strengthen multi-dimensional post-purchase communication and cooperation to solve problems
• Review implementation measures, and the selection of new technologies and new schemes

Information layout for collaborative growth
• Information system linkage and data exchange
• Supplier check and first support
• SC collaboration and professional skills improvement
• Financial support and monetary rewards

Key suppliers
Maintain more than 10% of Dahua’s business to ensure stable delivery and maintain
• Cost analysis on key materials and scientific cost reduction
• One-stop inquiry and quotation management
• Annual bidding plan for standard products
• Bidding platform
• Performance-based quota

Low-cost major suppliers
Increase market competitiveness to protect production capacity increase
• Three-level multiple measures of quality/delivery/cost for performance evaluation
• Strengthen multi-dimensional post-purchase communication and cooperation to solve problems
• Review implementation measures, and the selection of new technologies and new schemes

Low-cost leverage suppliers
Promote the construction of general material library
• Information system linkage and data exchange
• Supplier check and first support
• SC collaboration and professional skills improvement
• Financial support and monetary rewards

Other trading suppliers
Be on a list of trading selected cost and maintaining stable

As of the reporting period, up to 50% of the suppliers have maintained cooperation with the Company for more than 5 years. Based on the concept of collaboration, the Company fully carried out all the processes from the determination of material requirements and cost accounting to the placement of purchase order, delivery, and payment. Duties for each process can be timely performed. Business units can timely communicate with suppliers in terms of cost, planned capacity, and funds, and balance the purchase cost of the company and the material delivery by suppliers.

Stable and Consecutive Supply
Dahua is always committed to establishing a sound, sustainable, and stable cooperation relationship with suppliers. Half of the suppliers have maintained cooperation with Dahua for more than 5 years. It mainly owes to the timely fulfillment of duties for each process (from the determination of material requirements and cost accounting to the placement of purchase order, delivery, and payment). Business units can timely communicate with suppliers in terms of cost, planned capacity, and funds, and balance the purchase cost of the company and the material delivery by suppliers.

• Lean sourcing through contract commitments, diversification of supplied resources, fine supply management, and optimized supply and demand schemes
• Supplier performance evaluation standards
• Supplier performance evaluation standards
• Supplier performance evaluation standards
• Supplier performance evaluation standards

Comprehensive analysis of costs and materials, to achieve the optimization of production processes and reduce costs.

Material Lean management
• Material source and model selection, and scheme confirmation
• Drawing parameters
• Mold design, etc.

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• Mold design, etc.

Material Lean management
• Material source and model selection, and scheme confirmation
• Drawing parameters
• Mold design, etc.

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• Mold design, etc.
Environment-friendly and Harmonious Sourcing

Dahua is committed to promoting a harmonious society, and pursuing harmony between different people and between man and nature. It’s a responsible enterprise seeking orderly development.

Preliminary evaluation report and on-site audit
• Supplier provides preliminary evaluation report
• Review the environmental system, operating personnel and production process documents
• Carry out on-site audit of supplier production
• Review the compliance of new materials and secondary materials suppliers

Product sampling inspection and surprise checks
• Perform sampling inspection on materials provided by suppliers to see whether they meet the environmental requirements
• Carry out on-site audit of supplier production
• Perform sampling inspection on materials provided by suppliers to see whether they meet the requirements of the agreement

Control of Conflict Minerals

Conflict minerals refer to tin (Sn), tungsten (W), tantalum (Ta), gold (Au), and other minerals derived from the Democratic Republic of Congo (DRC) and surrounding countries. The mining and sales of such minerals often go with severe human rights abuses and environmental crises, and may provide financial support to persistent illegal armed groups and regional armed conflicts in these countries.

Dahua keeps fulfilling its social responsibility as an enterprise citizen, adheres to ethical sourcing, and promotes the sustainable development of the industry chain.

Not purchasing and using conflict minerals in our corporate social responsibility. We will do our best to make sure that we only purchase and use conflict-free minerals in the supply chain in a commercially reasonable range. According to Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas issued by the Organisation for Economic Cooperation and Development (OECD), Dahua continuously and comprehensively manages all potential risks in the supply chain, and assists the suppliers in purchasing and using conflict-free minerals with the help of the “conflict minerals plan” and the relevant resources provided by Responsible Minerals Initiative–organisations to jointly fulfill the corporate social responsibilities.

We ask suppliers to:
• Sign Declaration of Minerals Conflict-Free to make sure that the products supplied to Dahua and its ARAs contain no conflict minerals or metals.
• Fill in Conflict Minerals Reporting Template (CMRT) to disclose information about origins of minerals, mined products and their downstream supply chains.
• Make due diligence plans for themselves, and policies of conflict-free minerals purchasing.
• Provide conflict-free minerals compliance documents of the products as required by Dahua.

Dahua carries out periodic investigations on the suppliers, if any information provided by the suppliers fail to be verified or suppliers do not take effective measures to comply with the conflict minerals policy of Dahua, Dahua reserves the right to terminate the cooperation with the suppliers. Dahua guarantees supply from the conflict-free smelters. We also offer support to the suppliers to further raise their awareness on conflict minerals laws and regulations, and effectively avoid any conflict minerals to be used in the supply chain through cooperation with customers, business partners and the government by promoting smelting plants to join the Responsible Minerals Assurance Programs (RMAs).

Handling mechanism for conflict minerals

Dahua is currently actively and actively implementing the control of conflict minerals. We offer training and guidance on the supply chain to further raise the awareness of customers and business partners related to conflict minerals, and effectively avoid the use of any conflict minerals in the supply chain through cooperation with customers, business partners, and the government by promoting smelting plants to join the Responsible Minerals Assurance Programs (RMAs).

To handle the possible risks of conflict minerals, Dahua has formulated the corresponding contingency plans and defined the response mechanism and handling processes for issues in connection with conflict minerals to further improve the emergency handling capacity for risks of conflict minerals.

Efficient Logistics Management System

In the rapid developing logistics era, customer satisfaction is closely related to the timeliness ratio of product delivery. A complete logistics system with a rapid response is an important link that supports the supply chain. In the reporting period, Dahua established three main overseas supply centers and N sub-warehouses. Supported by local logistics resources, the logistics time reduced from 12 days to 5 days. We set up VMR warehouses to reduce the warehouse area for materials, improve the turnover rate of materials, enhance the response capacity for emergencies, and reduce supply risks.

Management System for Conflict Minerals:

In consideration of the possible compliance risks or influence brought by the conflict minerals, Dahua has included the conflict minerals in the centralized management of the Product Compliance Committee, formulated control strategies, and monitored the operational risks.

The supply chain and the relevant departments are responsible for promoting the implementation of the control strategies and monitoring the implementation of the control strategies and control the risk of conflict minerals according to the dynamic updates of laws and regulations related to conflict minerals.

Supplier review:
The control of conflict minerals is taken as one of the base lines for the import of suppliers, and is included in the Management Process for the import of Suppliers. The criteria for supplier evaluation of the import of suppliers includes the commitment and actions of suppliers towards conflict minerals. The supplier evaluation results are also included as one of the on-site review items for the import of suppliers.

Supplier import:
All the suppliers are required to sign and comply with the “Declaration of Minerals Conflict-Free” in the Framework Agreement on Sourcing. Due diligence for the supply chain:
Dahua conducts annual due diligence for the supply chain and carries out recycling and inspection. In the reporting period, Dahua has distributed the “Questionnaire on the Conflict Minerals Cobalt – CET 2.1.17” and the “Questionnaire on the Conflict Minerals (gold, tantalum, tungsten, and tin) – CMRT 0.01” to complete the due diligence. The response rate of suppliers is 100%. The questionnaire covers the purchase, use, and sales of minerals, which can be used in improving the efficiency of subsequent due diligence and the analysis of issues. Violations of Dahua caused by conflict minerals:
Supplier collaboration:
Through the supplier coordination center, we assist them in building the capacity for the control of conflict minerals and jointly fulfill corporate social responsibilities with them.

Risk warning in advance
Interpret relevant regulations on conflict minerals for each supplier in advance and publish the impacts of using conflict minerals. If a supplier is found to have illegal行为, immediately carry out the suspension investigation of its products and identify and warn early potential risks resulted.

Emergency settlement in the middle of an event
1. Stop using current materials of non-compliant supplier, make rectifications, and adjust the quota of its new products.
2. The new products shall be delivered from the market and replaced by reliable products.
3. In case of various impacts on the Company or customers, suppliers should be held fully accountable.

Summary and improvement afterwards
Summarize the reasons and fundamental problems of illegal use of conflict minerals, and make adjustment to the relevant product design standards or supplier management regulations to avoid similar risks during new material selection or supplier selection in the future.

Management of conflict minerals

In the reporting period, Dahua has formulated the corresponding contingency plans and defined the response mechanism and handling processes for issues in connection with conflict minerals to further improve the emergency handling capacity for risks of conflict minerals.

1. Stop using current materials of non-compliant supplier, make rectifications, and adjust the quota of its new products.
2. The new products shall be delivered from the market and replaced by reliable products.
3. In case of various impacts on the Company or customers, suppliers should be held fully accountable.

After warehouse setup
Supplier Storage in Hong Kong
• Reduce the procurement time, with the bonded warehouse as the supplier warehouse to provide on-demand delivery according to the production consumption
• Stock to advance in the bonded warehouse, reduce the logistics cycle time
• Reduce and fix in the delivery frequency
Strategic Cooperation with Suppliers

This chapter describes the cooperation with strategic suppliers through technology and services. The company is committed to strengthening the strategic cooperation with suppliers as a strategic focus. The company has procured a complete training certification system to provide suppliers with advanced technical training opportunities to enhance their technical and training capabilities. It has established a new cooperation framework with suppliers in the field of digital technology and intelligence, aimed at accelerating the training, competition, and development of high-quality technical talents to enhance the core competitiveness of suppliers.

Growth of Distributors

This chapter describes the cooperation with distributors, who are an important part of the company's target customer base. The company is committed to building a strategic cooperation agreement with distributors and taking mutual growth as a strategic focus. The company is committed to providing strategic cooperation agreements, joint development of products, and joint growth of businesses.

Strategic Cooperation Agreement

The company is committed to building a strategic cooperation agreement with distributors, who are an important part of the company's target customer base. The company has established a new cooperation framework with distributors in the field of digital technology and intelligence, aimed at accelerating the training, competition, and development of high-quality technical talents. The company is committed to providing strategic cooperation agreements, joint development of products, and joint growth of businesses.

Integrated Supply Chain

The integrated supply chain covers sales, production, storage, transportation, and after-sales service. The company is committed to building an open platform for business, providing suppliers with preferential policies to help them make quick decisions on production, and helping them establish a smart business application. The company is committed to providing preferential policies to help suppliers establish a smart business application.

Mutual Growth

Growth of Suppliers

Every year, we will make a list for suppliers who need training according to the performance of suppliers in the previous year. The purchase department will organize the selection of qualified S&D department to form a mentoring group specialized for the suppliers.

Targeted on-site guidance to suppliers

- Strategic Cooperation with Suppliers
  The company takes comprehensive measures to deepen the cooperation with strategic suppliers through regular high-level reciprocal visits, strategic cooperation agreements, and joint development of products.

- Growth of Distributors
  The company takes “empowering joint cultivation, joint construction and sharing” as the concept for the cooperation with distributors and always takes mutual growth with distributors as a strategic focus. The company has built a complete training certification system to provide suppliers with advanced technical training opportunities to enhance their technical and training capabilities.

- Strategic Cooperation Agreement
  The company has established a strategic cooperation framework with suppliers in the field of digital technology and intelligence, aimed at accelerating the training, competition, and development of high-quality technical talents. The company is committed to providing strategic cooperation agreements, joint development of products, and joint growth of businesses.

- Integrated Supply Chain
  The integrated supply chain covers sales, production, storage, transportation, and after-sales service. The company is committed to building an open platform for business, providing suppliers with preferential policies to help them make quick decisions on production, and helping them establish a smart business application. The company is committed to providing preferential policies to help suppliers establish a smart business application.

- Mutual Growth
  Every year, we will make a list for suppliers who need training according to the performance of suppliers in the previous year. The purchase department will organize the selection of qualified S&D department to form a mentoring group specialized for the suppliers.
Expand the Arrangements for the Supply Chain Industry

Dahua has received ISO 50003 Energy Management System Certification, and IEC 64001 Environmental Management System Certification. By establishing and running a complete recycling management system for energy management, Dahua has established an effective and documented energy management system. "Process Approach" and "PDCA Model" are adopted for the energy review of all processes involved in the corporate operation, and are continuously improved for their effectiveness.

Dahua Technology has adopted a series of energy management measures to define energy-saving controls over the entire consumption of energy such as electricity and natural gas in the main production process, supporting production process and auxiliary production process. A decision system based on objective data is established to comprehensively and meticulously improve energy efficiency from the macro to the micro, management to implementation. Refined energy management is practiced to further enhance energy management and reduce production and operation energy consumption.

| Practice the Responsibility for Green Development |

Establish an Integrated Information-based System

In September 2020, Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism elected Dahua Smart (IoT) Industrial Park as one of the ten tourist attractions due to its digital layout and practice in intelligent manufacturing and smart park.

Glories of the Supply Chain

In December 2020, a list was published for the first batch of twelve "future factories" in Zhejiang. In the field of intelligent manufacturing, Dahua Smart (IoT) Industrial Park is elected as one of the "future factories". Meanwhile, with the all-in-one advantage of the supply chain, it's evaluated as a champion-type "host factory of the supply chain".

Since its establishment in 2016, the park has consecutively invested in automatic production equipment and has formed an automatic manufacturing team with 200 members who will lead the way for the intelligent manufacturing of the security industry, promote the development and practical application of core intelligent technologies, and satisfy the status of enterprises.

Dahua introduced and established environmental and occupational health management system, and hazardous substances process management to ensure the continuous and effective operation of the hazardous substances process management system in the company.

Research Automation Applications for Industrial Manufacturing

Machine learning and artificial intelligence are widely used in the company. Man-machine collaborative production and unmanned production lines have realized integrated production from assembly to packing. While enhancing the production efficiency and reducing the loss in transportation, they reduced the labor intensity for employees, the lines can effectively improve the output, which brought a large increase in the per capita total output value.

Taking the production lines for front manufacturing as an example, the simple manual production lines are optimized into automatic one-stream production lines. While reducing the labor intensity for employees, the lines can effectively improve the output, which brought a large increase in the per capita total output value. By integrating the man-machine integrated automatic manufacturing concept on this basis, tollesome and repeated work is handled by automatic equipment. Man-machine collaborated production, in which the employees are mainly responsible for quality management, process parameter adjustment, and product output value and product quality while reducing the workload of employees.

Since the implementation of "Made in China 2025" strategic planning, Dahua Smart (IoT) Industrial Park has constructed a sample for intelligent future factories. To point out an important development path for future manufacturing factories, the park applied intelligent technologies to manufacturing and services. Not only in its factories got benefits from intelligent manufacturing, but also the upstream and downstream enterprises are provided with advanced technical solutions for intelligent manufacturing. The whole industry is making strides towards intelligent manufacturing.

Shaping A Pro-Environment Culture

Dahua strives to create a green, safe, and harmonious environment, since the corporate sustainable development is inseparable from the enhancement of employees' environmental protection awareness. An energy-saving and emission-reduction atmosphere is created through various measures and operation management strategies, which underlying tenants and employees' awareness of energy-saving and consumption reduction.

In the meantime, Dahua Technology actively explores and experiments in effective environmental control schemes, as well as set up green product management platform (GPM) to make green production and hazardous substance management intelligent and informatized. Dahua thoroughly identifies relevant laws and regulations of environmental protection, and actively promotes environmental protection education for all employees and external suppliers to foster a green working environment and atmosphere.

Environmental Guideline

"Advocate green intelligent Internet of Things and lead the innovative development of environmental protection"

Advocate green policy and set up green mechanism to comprehensively improve the awareness on environmental compliance of employees and suppliers. Incorporate green production and environmental protection requirements into product research and development, product manufacturing, and intelligent Internet of Things solutions, promoting research and development of green technologies, and ensuring the continuous and effective operation of the hazardous substances process management system in the company.

"Continue to meet customer demands and undertake global social responsibility with courage"

Attach great importance to the sustainable co-development of human and environment. In the process of global market expansion and business upgrade, observe strictly with various national and regional environmental laws and regulations, international conventions, and diversified customer demands for environmental protection, improve customer's comprehensive service ability, and ensure product compliance. Minimize the impact of production and operation processes on human and health, while making profits to be accessible to share with tenants and ensuring legal responsibility.

Research Automation Applications for Industrial Manufacturing

In September 2020, Hangzhou Municipal Bureau of Culture, Radio, TV and Tourism elected Ten Tourist Attractions of Hangzhou for Digital Economy. As a one-stop smart park on the leading edge of smart IoT, Dahua Smart (IoT) Industrial Park is elected as one of the ten tourist attractions due to its digital layout and practice in intelligent manufacturing and smart park.

In the process of active exploration of the overseas market, Dahua continues with its global layout by utilizing its comprehensive advantages in technology research and development, project design, service support, and green operation, further realizing its green expansion and business upgrade in the global market.

Green Development Strategy

Dahua is always committed to environmental protection and production of green products. While focusing on providing quality products and services, Dahua introduced and established environmental and occupational health management system, and hazardous substances management system, to safeguard employee health, protect environment, produce green products, and minimize the adverse impacts on environment from production activities, fully assuming its social responsibility of green and sustainable development.
Environmental Compliance Management System

By establishing the Hazardous Substances Process Management System (HSPS) and the environmental certification scheme, Dahua has strictly followed the requirements of QCISO9001:2015 the Hazardous Substances Process Management System Standards and made active approach to offer sufficient response to the regulations of the use of hazardous substances in electrical and electronic products required by customers in the global market represented by the European Union and other environmental protection related regulations, fully implementing the end-to-end environmental compliance business requirements. The operation of the system adheres to the practical and realistic principle, and the management and control procedure is systematic and standardized in coordination with GPM platform, enabling the upstream and downstream to be synchronous, transparent, and efficient.

Dahua has established a cross-departmental environmental compliance management group led by senior leaders in person to formulate environmental guidelines and reduction targets in the medium and long term. Environmental Compliance Group: Responsible for following up the interpretation, update, process transformation, and implementation of all environmental regulations and requirements. The Procurement Department, SQE, and other relevant functional departments are responsible for the formulation and implementation of the overall environmental compliance requirements of the supplier, as well as regular review and revision of environmental compliance management policies. It is also required to proceed with relevant procurement operations in strict accordance with requirements. Identify risks on the spot as early as possible.

Supplier introduction: The review group, composed of Procurement Department, R&D, SQE, and other departments, shall evaluate the assessment requirements, including environmental compliance requirements, according to the classification of suppliers, which can be included in the supplier system after passing the review. All suppliers are required to sign and comply with the relevant provisions of RS and Environmental Protection Commitment in the Procurement Framework Agreement.

Material import: Each material in the material management system has independent environmental protection label. In addition to providing the necessary RoHS inspection report and completing REACH substance declaration requirements, material introduction shall carry out sampling inspection by the third party according to the environmental protection risk level. After the delivery of mass production, the internal laboratory shall undertake the inspection of incoming materials for verification.

HSFM management system review mechanism: Combine the Hazardous Substances Process Management System with the Quality Management System, formulate annual internal audit plan, conduct cross-departmental audit by professionally trained auditors, and fully verify the effectiveness of the system-operation.

Establish a unified business interchange window for environmental compliance, and at the same time connect with external environmental compliance requirements, suppliers’ technical support, and internal process management consulting as the supplement to the compliance management system.

System Certification

In terms of environmental compliance management, Dahua has received ISO 14001:2015, 2012 Hazardous Substances Process Management System Certification. Moreover, it has also received green product certifications, such as Five Star Certificate of Green Supply Chain Assessment, China Environmental Labelling Certification, and the title of “China Environmental Labelling Outstanding Enterprise”.

Environmental friendly product development and design

Dahua thoroughly identifies relevant laws and regulations from the beginning of product design and production, and attaches great importance to the requirements of hazardous substances limit requirements as listed in certain instructions related to environmental compliance, such as RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals).

Supply chain environmental protection risk identification and management

Supplier environmental protection requirements: In order to be included as official suppliers, all suppliers shall be inspected by SQE, procurement, and R&D on the site for supplier environmental protection review and sign EHS and Environmental Protection Commitment when being introduced into the supply chain. On-site inspection includes but is not limited to whether environmental protection management requirements of raw materials, and consumable materials applied in the manufacturing process and key technologies meet the environmental protection requirements, and the implementation of other internal environmental protection management process of the supplier.

Establishment of inspection laboratory

Professional inspector: Dahua has founded a professional laboratory for the inspection of hazardous substances, including physical testing and chemical testing, which is mainly composed of GC-MS (gas chromatography-mass spectrometer), and other core devices. The experiment operators can only operate after receiving a series of training in standards, operation, and safety awareness, and passing the examination. In order to ensure the accuracy and effectiveness of internal test results, it is required to tighten internally the standard limit requirements, increase the quality control samples, and irregularly carry out the blind sample comparison tests in third-party laboratories.

Environmental protection sampling inspection and control of critical process (SCF)

On the premise of full assessment of the environmental protection risks of materials, Dahua has developed an efficient sampling inspection mechanism for incoming materials. Meanwhile, Dahua has conducted environmental compliance monitoring of the processes of high risk and relevant consumables in the production process to eliminate environmental compliance risks of mass production to the greatest extent.

Improvement of environmental compliance awareness

Establish internal and external environmental compliance standard libraries respectively, conduct training on management requirements for relevant employees in the environmental compliance management system, and reinforce the education on external suppliers at the same time to jointly enhance internal and external environmental compliance awareness.

Green sustainable management

Professional internal auditor mechanism: In strict accordance with the Environmental Compliance Management System QCISO9001:2015, conduct internal review and regular management review every year according to the review plan and correct the non-conformance items and items to be improved.

There are more than 42-certified internal auditors in Dahua.

Environmental protection information update and self-declaration

The Company independently developed the Green Product Management Platform (GPM), an environmental protection system, forming an environmental compliance management mechanism from the material source. Trigger the update mechanism: Update the environmental protection information of the materials which are still in mass production and delivery every two years.

Compliance declaration mechanism: Establish compliance declaration procedure based on different regulations to complete the collection and confirmation of substance information and compliance status.

Green Product Management Platform

The Green Product Management Platform (GPM) is a cross-platform IT system independently developed by Dahua Technology, dedicated to more effectively and comprehensively managing the green pre-environment features of products. This tool has fully realized the transition from the previous passive, manual and fragmented environmental protection management to an intelligent and open environmental management platform fully integrated with existing business processes, greatly promoting the standardization and systematic process of environmental protection design, avoiding negligence caused by manual operations, improving the efficiency of green product management, reducing the risk of excessive harmful substances in products, lowering management costs, and enhancing customer satisfaction.
Dahua Smart (IoT) Industrial Park has established an Intelligent Park Environment Management Platform to monitor the electricity and water consumption in real time and check the efficient use of energy as a key element on the platform. It facilitates the reduction of energy cost and the establishment of a decision-making system based on objective data, and provides users with more in-depth functions and services from two perspectives of energy saving control and energy consumption management.

The company enables functions such as electricity and gas energy consumption metering and billing, report analysis, constant online monitoring of energy consumption, and energy diagnosis and analysis, providing managers with comprehensive energy management services, to improve their efficiency and level of energy management and reduce operation and maintenance costs. The monitoring and measuring equipment required for energy management are calibrated and maintained in accordance with the Monitoring and Measuring Equipment Control Procedures, and relevant recorded shall be saved, to ensure that the data provided by these equipment for monitoring key features is accurate and reliable.

As an industrial enterprise, energy consumption is of great importance. Dahua shall focus on strengthening energy management, fully tap into enterprises’ potential in energy saving and consumption reduction, and effectively improve resource utilization, so as to put energy saving and emission reduction into practice as a matter of urgency. Dahua attaches great importance to reducing energy consumption through investigating on the public electrical devices and facilities, formulated energy-saving renovation plans or suggestions to gradually carry out the renovation, which has made outstanding achievements. The electricity consumption per capita is reduced by about 15%-18%.

During the reporting period, the Packaging Design Improvement Group adopted reduction design to continuously reduce consumption of packaging materials and improve the reusability rate of packaging.
Solid Waste Management

Dahua has specifically formulated the exclusive site management system for hazardous wastes and account management system according to the environmental pollution control law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste to ensure the reasonable, standardized, and effective management of hazardous wastes.

Dahua has formulated a recycling plan for waste electronic products and electrical appliances generated due to quality issues and product expiration to minimize the generation of electronic waste and reduce operating costs. The recycling process of electronic/electrical waste, including material return, material acceptance, disposal evaluation, disposal process, and scrap management has been standardized to achieve full control of the entire recycling process.

Reasonable Emission

Dahua Technology is a high-tech research and development enterprise, and uses international advanced equipment and technology for production. Its workshops are equipped with exhaust systems to collect waste gas uniformly. Testing agencies regularly conduct on-site inspections and output the industrial exhaust Gas Inspection Report, showing that all indicators have met national relevant standards. Dahua has installed fume purification devices certified by the environmental protection department to deal with oil fumes from canteens, which is fully processed before being discharged.

The measures adopted by Dahua to eliminate pollution sources are in accord with industrial policies, and clean production requirements. The pollution emission meets the corresponding national standard. Therefore, the quality of the environment is not affected, and the ecological environment will not be changed.

Hazardous Chemicals Management

According to Regulations on the Control over Safety of Dangerous Chemicals, Dahua has established specifications of daily receiving, delivery, and storage management of hazardous chemicals in order to improve the company’s safety production management capability, enhance the management of hazardous chemical storage, and in and out of warehouse management, and realize the safety production guideline of “comprehensive governance, full participation, and continuous improvement”.

Chemical warehouse: Establish independent chemical warehouses, use proper safety measures according to the categories and features of hazardous chemicals, and establish emergency plans and emergency response systems. When the emergency occurs, the correct emergency response and effective safety measures can be taken.

Personnel management: The personnel in the warehouse of hazardous chemical must be trained in safety education with qualification certificates.

Ex- and IN-warehousing regulation: The warehouse of hazardous chemicals must strictly carry out the on-site warehousing registration and security inspection of hazardous chemicals according to the national regulatory requirements. In case of the occurrence of hazardous incidents, signs only those that have passed the inspection can be issued to use the warehouse.

Use

In the process of use, chemicals in the storage warehouse, it is required to ensure the safety of the warehouse, and the entire chemical management platform. Protection requirements: It is required to wear personal protective equipment such as masks and protective gowns when operating.

Use storage regulations: Establish a fixed place for hazardous waste storage, with clear labeling and warehousing, and hazardous wastes are transferred to a qualified party to dispose of it.

Hazardous Waste Treatment

Discharge Standard

The discharged water body is annually detected and the discharged water body is annually detected and the waste water concentration is strictly controlled so that any problem once found can be rectified in a timely manner. The monitoring department is required to store the chemicals temporarily in the explosion-proof cabinet specifically set up in the warehouse, and only the qualified personnel with qualification certificates for management and inspection can enter.

Daily monitoring: On-site use of chemicals, it is required to cover the chemicals temporarily in the explosion-proof cabinet specifically set up in the warehouse, and only the qualified personnel can enter and use the chemicals temporarily.

Transportation management: The transportation of hazardous chemicals is strictly controlled, and the transportation vehicles must be equipped with necessary equipment corresponding to the prevention measures. Operation vehicles shall be equipped with corresponding prevention measures.
### Attachments

#### Attachment 2: Sustainability Reporting Guidelines (GRI Standards) Index

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