



2021 Environmental, Social and Governance Report

BIG DATA

5G



DAHUA
TECHNOLOGY

Dahua Think#

CLOUD

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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 or Dahua) in fulfilling its social responsibilities while achieving its development in 2021. 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 welfare activities, so as to strengthen the communication and connection between interested parties 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 *Guidance on Social Responsibility* (GB/T 36000), and the Company's actual situations.

Time Scope

The reporting period is January 1, 2021, through December 31, 2021, and some information may be beyond this 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.

This document is a translated version of the Chinese version 2021 Environmental, Social and Governance Report (“2021年大华股份环境、社会及管治报告”), and the published ESG report in the Chinese version shall prevail.

The complete published Chinese 2021 Environmental, Social and Governance Report may be obtained at <http://www.cninfo.com.cn>.

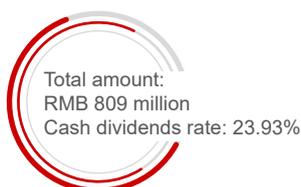
Performance Summary 2021

During the reporting period, the Company continued to increase the investment in R&D with customer demand as the guide and technological innovation as the drive, to provide the foundation for the long-term sustainable and steady development of the Company. The Company continued to promote management reform, balance the improvement of profitability while maintaining steady growth of scale, further realize value creation and win-win results for multiple sides, and constantly create returns for interested parties.

Direct Economic Value



Cash Dividends



Tax Revenue



RMB 3.452 Billion	R&D investment during the reporting period	1133 pcs	Number of new patents and software copyrights during the reporting period	 Innovation and Research
52.6 %	Growth rate of new intellectual property in the reporting period	4472 pcs	Cumulative number of patents and software copyrights	

 Employee Growth and Partnership Ecosystem	22000+ People	Number of employees worldwide	32.5 %	Increase in number of employees worldwide	975000 hours	Total staff training hours
	42.6 hours	Average staff training hours	100 %	Safety education coverage	1230 dealers	Dealer training coverage
	2600+ hours	Total dealer training hours	95 %	Coverage rate of new suppliers screened by environmental standards		

446 Ton	Recyclable wastes	126 pcs	Number of products with China Energy Conservation Certification	 Green Operation	
39 %	Growth rate of products with China Energy Conservation Certification	95520 pcs	Number of materials with RoHS certification reports		
100 %	Coverage of material REACH SVHC information declaration confirmation				
1529810.89 TCE	Direct Energy Consumption	8910583.55 TCE	Indirect Energy Consumption	53488.55 Tons of CO2	Total Greenhouse Gas Emissions

 Safe Production	0	Number of accidents involving excessive emissions and chemical spills	100 %	Legal transfer rate of hazardous waste	
	0	Number of accidents involving excessive emissions of waste water, waste gas and noise	0	Number of accidents involving chemical spills	100 %

Statement from the Chairman



2021 marks the 20th anniversary of Dahua's entry into the video industry. The past 20 years is a period of rapid compound growth for Dahua. We have established a global network for sales and service to quickly deliver end-to-end video-centric smart IoT solutions, products and services for 180 countries and regions. We have continued to integrate social responsibility into Dahua's long-term development, actively fulfilled our social responsibility and vigorously innovated green technology, and strived for sustainable, green and high-quality economic and social development.

In the past year, in the face of a complex external environment including the global pandemic, short supply of key components such as chips, and sharp fluctuations in commodity prices and exchange rates, we have been committed to the mission of "Enabling a safer society and smarter living", fulfilled our duties and made continuous efforts. With key information technologies such as software, big data, artificial intelligence and AIOT, we helped prevent and control the global pandemic, reduce urban traffic accidents and personal and property losses, protect the ecological environment, and improve the efficiency of green energy such as photovoltaic power and wind power. We assisted in prevention of forest fire,

prohibition of straw burning in rural areas, pollution management of high-emission organizations, prohibition of fishing in the Yangtze River and other environmental protection actions, thus helping achieve the goals of carbon peak and carbon neutrality through smart power solutions. We provided more effective products and solutions for urban digital innovation and enterprise digital intelligence transformation, so as to offer Dahua solutions for a better life.

In the past year, we have devoted to efficient innovation and high-quality development, and released the strategy of "Dahua Think #Internet of Things for a Future of Digital Intelligence". By positioning ourselves as the video-centric smart IoT solution and service provider, and exploring the two major technical directions of AIOT and the IoT digital intelligence platforms, we aim to empower countless industries and drive the digital intelligence transformation of cities, enterprises and families. We strengthened collaborations with partners in the global industrial chain, and optimized our global business planning of sales, service and supply chain to forge more comprehensive and open ecological partnerships.

In the past year, Dahua continuously optimized the system and capabilities of corporate governance. We adhered to keeping compliance with the integrity operation, improved the internal system, and fully integrated compliance management into all aspects of Dahua's planning, operation and management. We have adopted a people-oriented approach, taken care of our employees, and embarked on a journey towards shared prosperity, thus promoting the construction of an ecosystem featuring common development of all employees through our continuous efforts in the fulfillment of career development, income growth, welfare and job satisfaction improvement, and social responsibility practice for all employees. We have adhered to the responsibility of protecting the environment, advocated green intelligent IoT, led the innovative development of environmental protection, applied environmental protection requirements in R&D, manufacturing and IoT solutions, and practiced green manufacturing and green development.

In 2022, we will transform ourselves through digital intelligence, lead the sustainable development of the industry, increase investment in R&D, and strengthen the "5 Full" capabilities including Full Sensing, Full Intelligence, Full Connection, Full Computing, and Full Ecosystem. We will use digital technology to empower numerous industries, create great value for customers, partners and society, and strive to make more contributions to social and economic development as well as environmental protection.

We must spare no effort and make every moment count as we embark on a new journey and aim for a greater future with our practical efforts. We look forward to a better year of 2022.

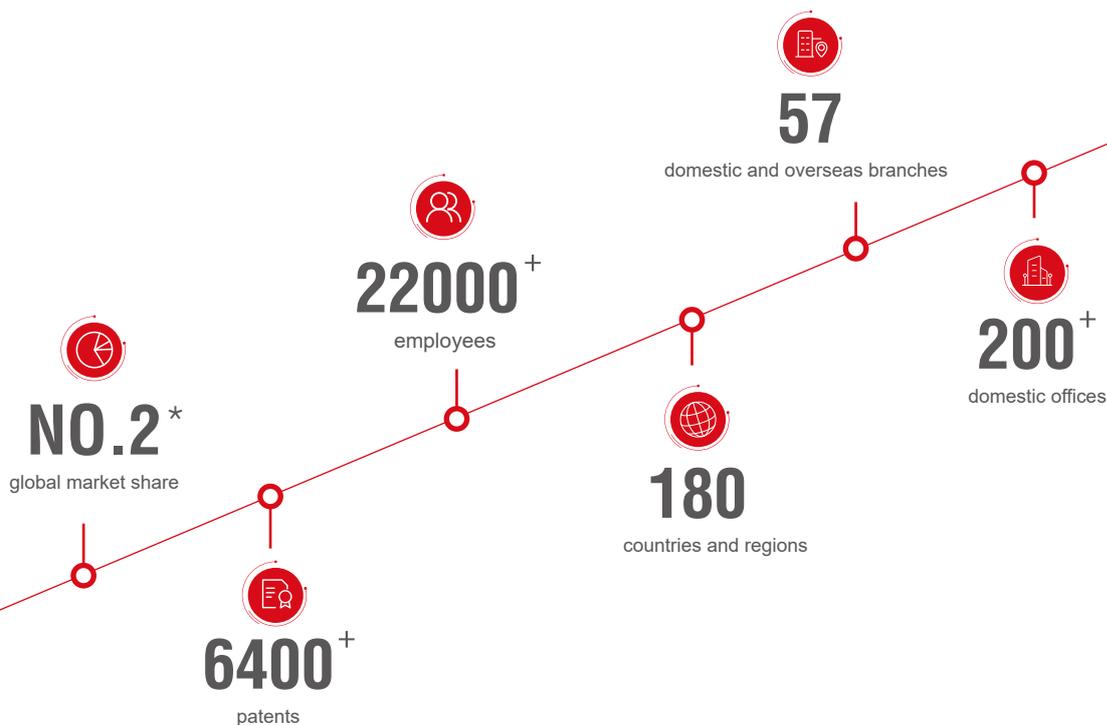
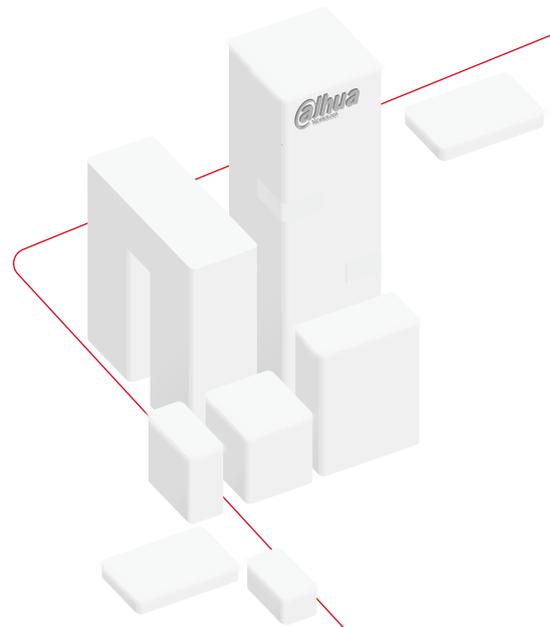
Chairman and President:

About Dahua

Zhejiang Dahua Technology Co., Ltd. is a world-leading video-centric smart IoT solutions and service provider. Being committed to technological innovation, Dahua focuses on two core businesses of cities and enterprises. By constantly improving its capabilities in AIOT and the IoT digital intelligence platform, Dahua promotes the upgrade of cities and enterprises in an all-round way through digital intelligence based on customer needs, and provides one-stop smart IoT services and solutions for cities, enterprises and families.

The Company has more than 22,000 employees, over 50% of which are engaged in R&D. Around 10% of its sales revenue is invested in R&D each year. It has been making continuous efforts in technological innovation. Currently, Dahua has established the Advanced Technology Research Institute, Big Data Institute, Central Institute, Cyber Security Research Institute, and Smart City Institute. Based on the insight into the smart IoT and the relevant planning, Dahua continuously explores new business opportunities, extending its business scope to machine vision, robots, collaboration through videos, smart fire protection, automotive electronics, smart storage, smart security check, smart display control, and smart control, among others.

* Data source: The 2021 Global Intelligent Video Surveillance Market Information Service Report released by OMDIA, a market research organization



Global Network

Dahua has a global marketing and service network with 57 domestic and overseas branches in Asia, North America, South America, Europe, Africa and Oceania, and more than 200 offices in China to provide fast and high-quality services to customers. Dahua products are available in over 180 countries and regions around the world. They are widely applied to multiple fields such as traffic, manufacturing, education, energy, finance and environment protection to enable a safer society and smarter living.



4 manufacturing and supply centers

Hangzhou (China), Changsha (China),
India, Vietnam



6 continents covered

Asia, Europe, Africa, North America,
South America, Oceania



5 research centers

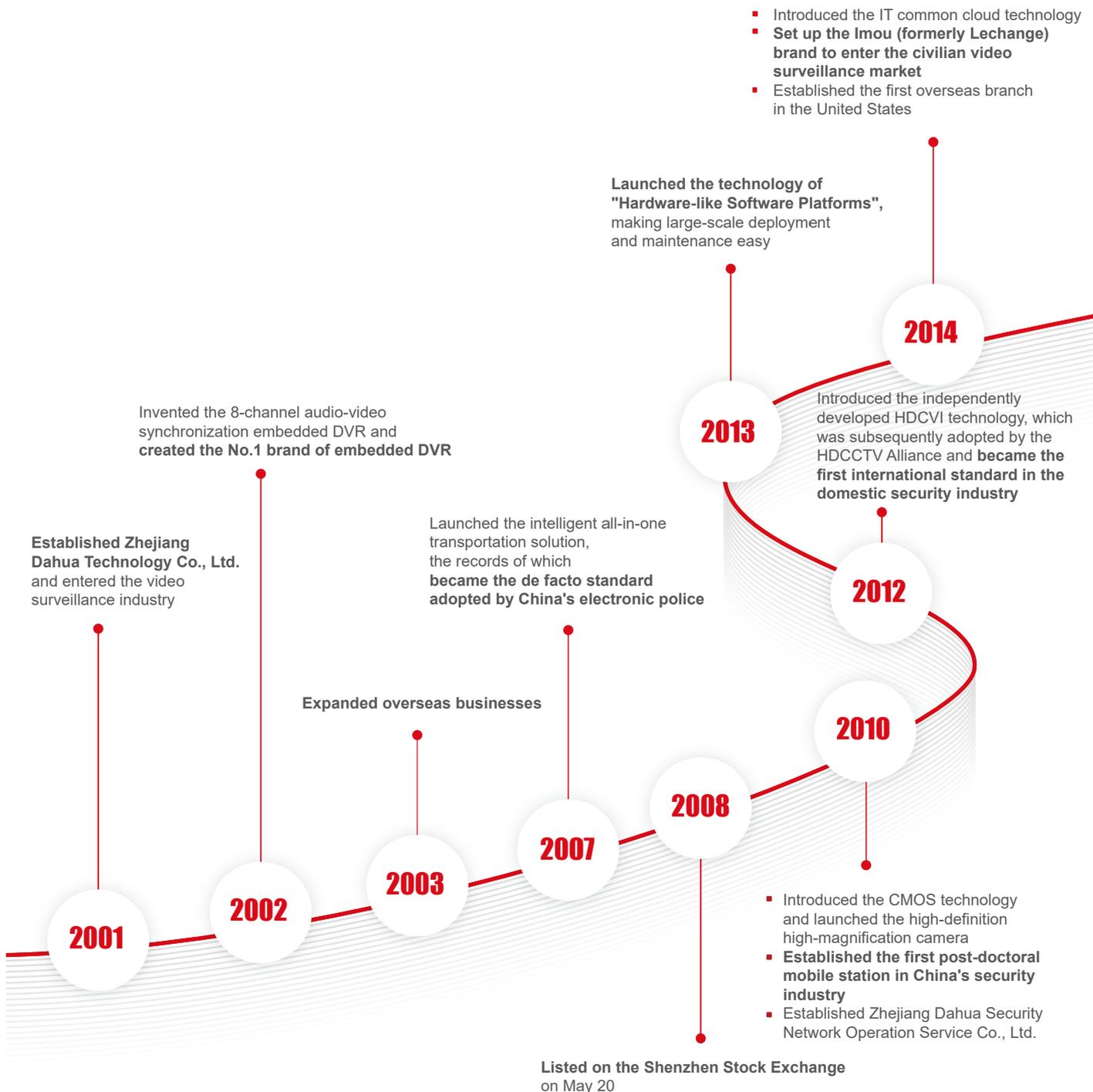
Hangzhou (China), Xi'an (China),
Chengdu (China), Poland, Mexico



28 global service outlets

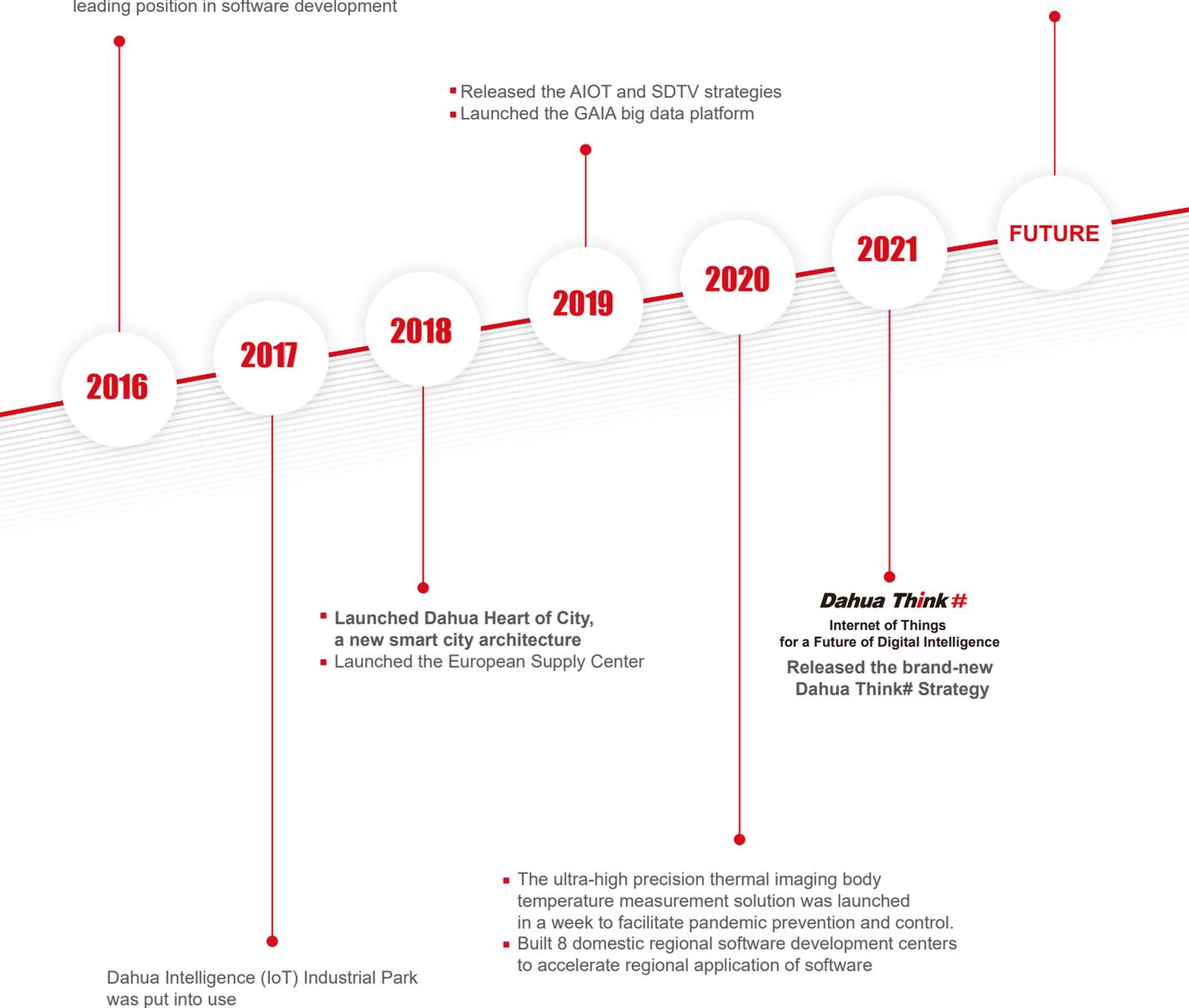
Hangzhou (China), Hong Kong (China),
Russia, Poland, Dubai, India, Indonesia,
South Africa, the United States, Brazil,
Mexico, etc.

History



Obtained the CMMI5 certification, thus establishing the company's global leading position in software development

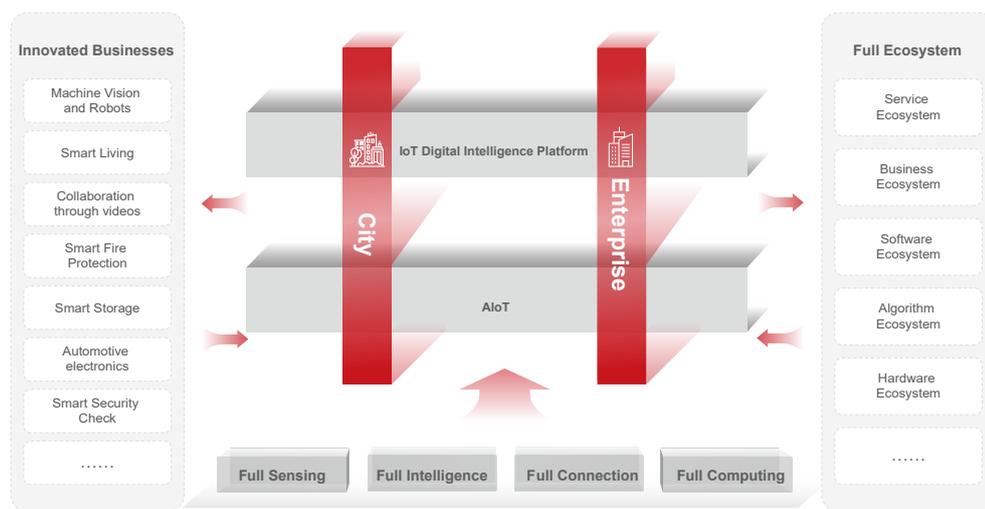
Provide video-centric smart IoT solutions and services to facilitate digital innovation of cities and digital intelligence transformation of enterprises



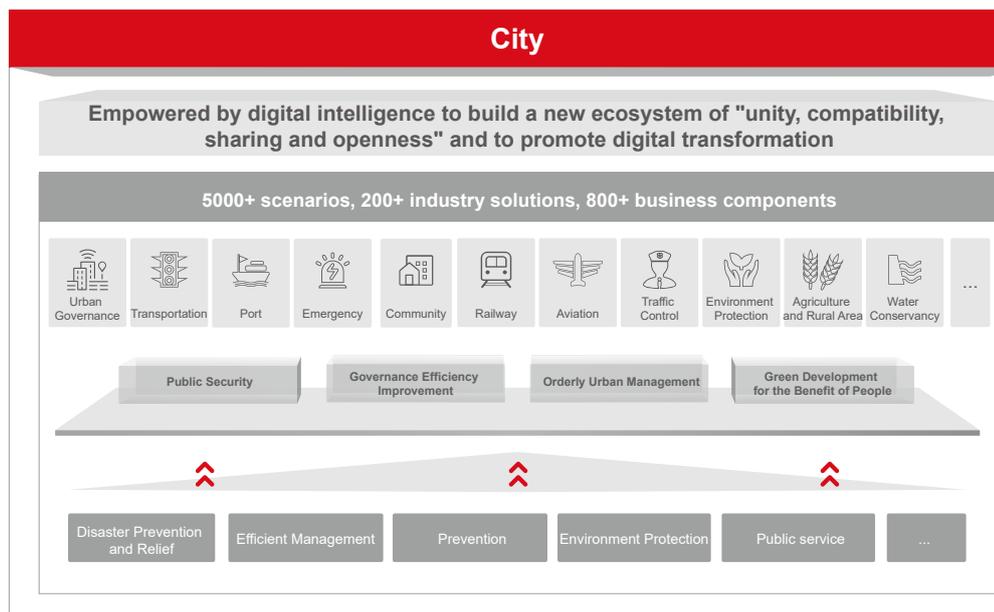
Brand Strategy

Dahua Think# Internet of Things for a Future of Digital Intelligence

In October 2021, Dahua released the brand-new Dahua Think# strategy. With 20 years of experience in technology and persistence in the industry, Dahua has adhered to its strategic positioning as a video-centric smart IoT solution and service provider, and focused on the strategies for two major businesses of cities and enterprises and the two major technical areas of AIoT and the IoT digital intelligence platform. It has continuously consolidated the foundation of its "5 Full" capabilities that include Full Sensing, Full Intelligence, Full Connection, Full Computing, and Full Ecosystem to provide the value of smart IoT. Together with its partners, Dahua aims to create a collaborative and mutually beneficial smart IoT ecosystem community. While enabling digital innovation of cities and digital intelligence transformation of enterprises, Dahua has also promoted the sustainable, green, and high-quality economic and social development.

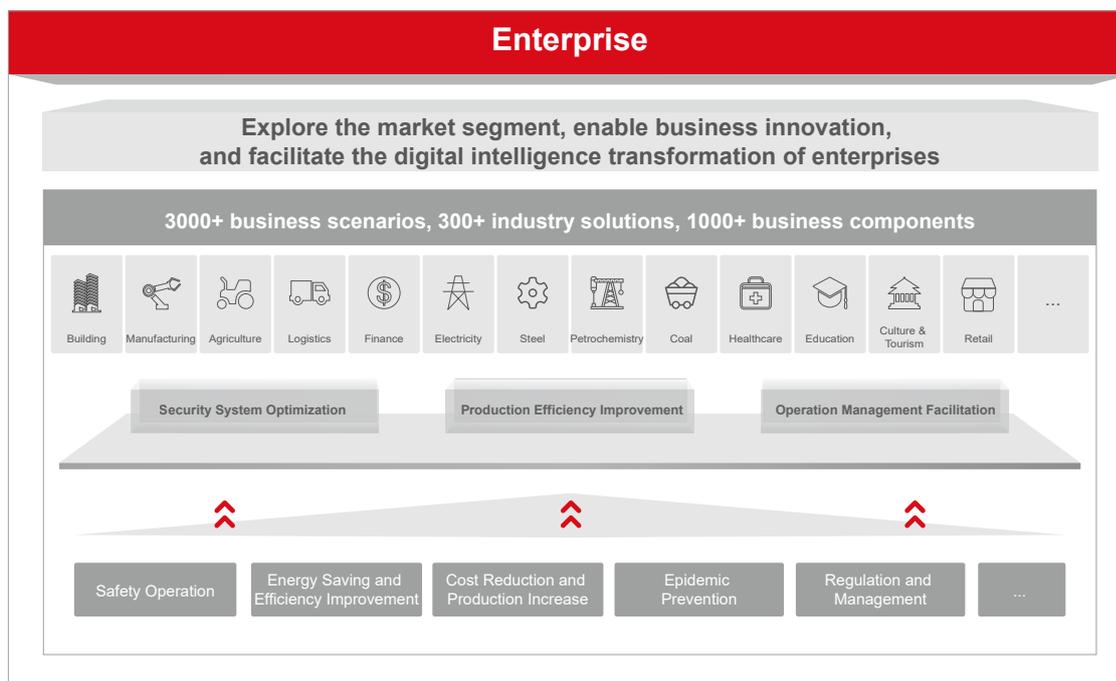


Dahua Think# Focusing on Strategies of Two Businesses of Cities and Enterprises



Brand Strategy

Dahua Think# Focusing on Strategies of Two Businesses of Cities and Enterprises



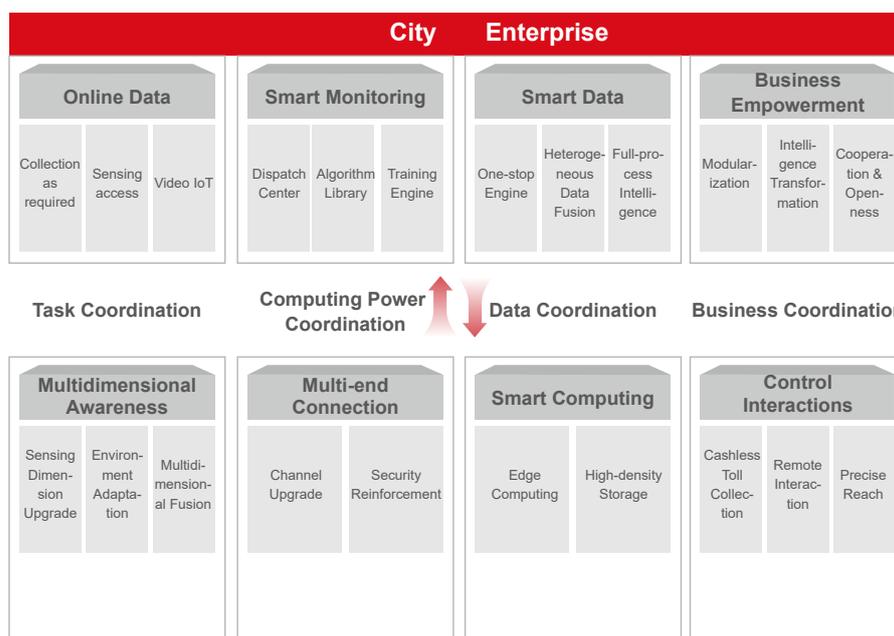
Dahua Think# Adhering to Two Technical Strategies of AIOT and the IoT Digital Intelligence Platform

▶ IOT DIGITAL INTELLIGENCE PLATFORM

Accumulate the core technologies and industry paradigms of video IoT to empower thousands of industries to realize digital intelligence transformation

▶ AIOT

Build leading capabilities of sensing, connection, edge computing and control interactions to create a world of digital intelligence

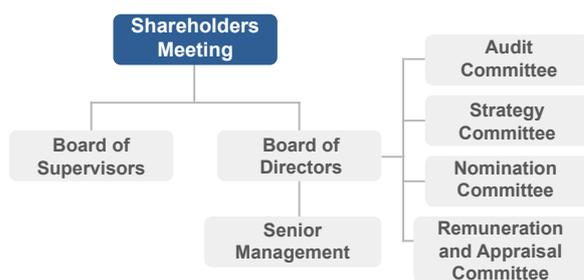


Build an Efficient and Transparent Governance System

Corporate Governance

Dahua strictly follows the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies in China, the Rules Governing the Listing of Shares on Shenzhen Stock Exchange and other relevant laws and regulations and regulatory documents of regulatory authorities to establish a mutually independent governance structure with checks and balances featuring shareholders' meeting, board of directors, board of supervisors and management. Each party fulfills its obligation and shoulders its responsibility to ensure the regulated operation of Dahua.

The board of directors has four professional committees to assist the board of directors in performing decision-making and monitoring functions in terms of strategic decision-making, nomination, compensation and assessment, and audit. Dahua has also employed independent directors to participate in decision-making and supervision, reinforcing the objective and scientific decision-making by the board of directors.



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. The general meetings of shareholders are convened by the Company's board of directors and witnessed by the lawyer.

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 seven directors, including three independent directors, all of whom are experts in fields such as 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 the resolutions of the shareholders' meeting in strict accordance with the *Articles of Association*

and the *Rules of Procedure of the Board of Directors*; all the directors are able to perform their due duties and conscientiously attend the Board meetings and shareholders' meetings to 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 conscientious 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), Cao Yanlong, and Chen Ailing; mainly responsible for communication, supervision and verification of internal and external audits of the Company.

Nomination Committee: Cao Yanlong (convener), Liu Hanlin, and Fu Liqian; mainly responsible for selecting and making suggestions on candidates, selection criteria and procedures for the board directors and managers of the Company.

Remuneration and Appraisal Committee: Zhang Yuli (convener), Liu Hanlin, and Zhang Xingming; mainly responsible for studying and reviewing the remuneration policies and plans of the board directors and management of the Company, as well as formulating remuneration policies with regard to the establishment of formal and transparent procedures.

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

During the report 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 2021, the Company organized 18 board meetings, 11 supervisors meetings and 4 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, among others

During the report period, the independent directors of the Company look closely at corporate operations and perform their duties independently in accordance with relevant rules, laws and regulations, proposing many professional opinions on the improvement of the corporate system and daily operation decisions, and thus playing their due role in perfecting the corporate supervisory mechanism and safeguarding the interests of the Company and shareholders, especially those of public stocks.

For more information pertaining corporate governance, see the "Corporate Governance" section of the 2021 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, market discipline and international rules. In order to further enhance the Company's competitiveness in the global business expansion, the Company continues to guarantee the high-quality and steady growth of the Company's performance. The Ethics Compliance Management Organization is composed of the Ethics Compliance Management Committee and the Ethics Compliance Operation Management Executive Body. The Executive Body consists of the Special Compliance Group and Business Compliance Group.

Responsibilities of the Ethics Compliance Management Committee:

1. Formulate the overall requirements, management strategies and organizational forms of the Company's corporate ethics compliance management;
2. Review the operation plans of each Ethical Compliance Management Executive Body based on the Company's overall requirements for ethics compliance management, and periodically review the implementation of these plans;
3. Other major decisions concerning the Company's corporate ethics compliance.

Responsibilities of the Ethics Compliance Operation Management Executive Body:

1. Special Compliance Group

- 1). Formulate operation plans for corresponding modules based on the Company's ethics compliance management requirements, and submit them to the Ethics Compliance Management Committee for review;
- 2) Work towards the ethics compliance operation objectives of the corresponding module, recruit professionals and improve capabilities in the field, establish systematic management and regulation standards, coordinate the efforts of different executive departments and compliance groups, refine the plan and promote the implementation of the plan;
- 3) Regularly carry out special audits in the field and promote the improvement of the auditing work;
- 4) Regularly report progress to the Ethics Compliance Management Committee;
- 5) Collect and solve compliance problems in this module in a timely manner. For any problem that defies solutions, report it to the Company's Ethics Compliance Management Committee for decision-making after making clear suggestions on the problem.

2. Business Compliance Group

- 1) Formulate the overall objectives and work plans of the business sector, and promote the implementation of the business compliance work of the sector;
- 2) Cooperate with each Special Compliance Group to achieve objectives in the business sector, so as to ensure the effective implementation of various compliance plans and measures;
- 3) Collect and solve business compliance issues in the business sector in a timely manner; For any problem that defies solutions, cooperate with each Special Compliance Group to push for solutions. For any problem that still cannot be addressed, report it to the Company's Ethics Compliance Management Committee for decision-making after making clear suggestions on the problem.

Operation Mechanism of Ethics Compliance Management Organization:

1. Convene quarterly meeting of the Ethics Compliance Management Committee to review the periodic plan and implementation of ethics compliance operation management, and make decisions on major issues of ethics compliance operation management; in the case of urgent or sudden problems, convene special meetings as needed;

2. Each group of the Ethics Compliance Operation Management Executive Body shall hold monthly operation meetings to manage the periodic plan and implementation of each module's ethics compliance operation management work; if problems are beyond the scope of authority or defy judgments, and thus it is impossible to make decisions, submit relevant matters to the Ethics Compliance Management Committee for deliberation and decision-making in a timely manner as needed.

Dahua requires all employees to be fully aware of compliance, ensures that employees at all levels are well informed of and adhere to compliance requirements through publicity and training, and sign the corresponding commitment documents. The Company regularly reviews the compliance status of its internal staff, and shall seriously handle any violations in accordance with the regulations.

Ethics and Integrity

Dahua adheres to the principle of "honesty for success" and is committed to strict business code of conduct and ethics rules, aiming at building a transparent, fair, equal, honest and trustworthy business cooperation environment for our employees, suppliers and customers. Dahua believes that corruption is the most serious injustice to hardworking employees. Therefore, Dahua attaches great importance to the enrichment of employees' spiritual well-being while actively leading employees at all levels to improve their material well-being. Since 2017, Dahua has regularly carried out honesty and integrity training for new employees and employees at key positions every month. In addition, Dahua joined the Trust and Integrity Enterprise Alliance in 2019 to jointly resist corruption with other members of the Alliance. In 2021, Dahua further strengthened the development of clean administration, launching the first Clean Administration Month campaign with the theme of "Understanding responsibility, taking responsibility and performing responsibility". The campaign included commitment signature on the wall, clean administration case study seminars and quizzes, which have been widely praised by employees from all regions and levels.



Honest Dahua: Clean Administration Month

Before major public holidays, Dahua sends a "Integrity Festival" reminder and relevant management rules to all employees, and clearly informs the official reporting channel and complaint channel for corruption; also, following the publication of the *Anti-Corruption Case Compilation*, in 2021 Dahua released the "Clean Administration Comic" which has a wide audience to make employees unwilling to be corrupted in daily work.



Honesty Reminder & Comic

To create an environment where it is impossible for employees to be corrupted, the Company has periodically revised normative guidelines including the *Eight Provisions on the Work Style of Dahua Cadres*, the *Code of Conduct*, the *Anti-Fraud System*, the *Administrative Measures for Reporting Corrupt Practices*, the *Administrative Measures for Employees' Acceptance of Gifts, Gratuities, and Other Coupons (Cards)*, the *Administrative Measures for Rewards and Punishments*, the *Administrative Measures for Confidentiality*, and the *Employee Handbook*. In 2021, Dahua updated and re-published the *Notice on Rewards for Real-Name Reporting*, which reiterated that corruption is the bottom-line mistake that

the Company cannot tolerate. The Company will never be soft on corruption at any time, and it will continue to improve the policies and processes while building an internal accountability system, and work with all employees to defend honesty, transparency and integrity which consists of the cornerstone of the Company. The notice explicitly encourages embezzlement reporting:

- (1) If the complaint information is incorrect, the Company will clarify the issue and will not hold any party responsible;
- (2) In the case of real-name reporting, if the complaint information is proved true after investigation, and thus plays an important role in cracking the case, helps recovering or reducing the Company's economic losses, or makes other substantial contributions to the Company, the Company will give rewards according to the *Notice on Rewards for Real-Name Reporting*.

In 2021, Dahua set up an official WeChat account reporting channel in addition to the reporting mailbox and hotline, to make it more convenient for interest impaired parties to file complaints and safeguard the Company's reputation of "Honest Dahua" with all sectors of society.

Complaint and Reporting Channel:

Official WeChat Account: Fanghua Society - Honest Dahua - Complaint and Reporting Channel

Email: jbrx@dahuatech.com

Tel: 86-0571-28816326

Under no circumstances will Dahua allow any retaliation against any reporter who, in good faith, believes that certain actions may violate applicable laws, rules and regulations. Any superior or other employee who threatens or impose sanctions on any reporter will be subject to penalties including disciplinary action and even dismissal.

Data Protection

The Company pays great attention to data security and privacy protection and takes it as one of our guiding principles. Since the promulgation of the *Cyber Security Law of the People's Republic of China*, the GB/T 35273 Information Security Technology - Personal Information Security Specification, the EU's *General Data Protection Regulation (GDPR)*, and other laws and regulations, the Company has made active responses by setting up a special cyber security and data protection team to pay close attention to the global data protection laws and regulations, formulating pragmatic compliance strategies, conducting comprehensive compliance audits, and strictly following the requirements of laws and regulations. In addition, the Company has collaborated with third-party authorities to introduce external evaluation and certification, and has passed the German TÜV Rheinland privacy protection certification for IoT products, IoT service privacy protection certification, ISO27701 privacy information management system certification and ISO27018 cloud privacy protection certification.

During the reporting period, with the effective of the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, in order to further improve the data protection of products and services and better help customers achieve compliance, the Special Compliance Group has updated the *Personal Data and Privacy Protection Code* according to product privacy requirements, privacy design principles, and the latest laws and regulations. The Company introduces a privacy baseline in the product requirement validation and design phase, adopts business-friendly protection measures throughout the entire life cycle of the product including data collection, transmission, storage, use and deletion, and continues to practice the principles of Privacy by Design and Privacy by Default by taking into account the user experience features such as privacy policies and privacy-friendly settings.

In July 2021, Cloud Dahua passed the Trusted Cloud Service (TRUCS) certification with its continuous efforts in the development of data security protection and security management throughout the entire life cycle of data, which represents that Cloud Dahua has met all certification requirements including data security, service continuity and user rights protection. This is an important basis for customers to choose Cloud Dahua as their provider of secure and trusted cloud services.



Trade Compliance

The Company complies with relevant laws and regulations of China, the United Nations, the United States and the European Union. A Trade Compliance Group has been set up under the Ethics Compliance Management Committee to formulate the overall strategy of the Company's trade compliance, as well as establish and improve the compliance policies and processes. Through early risk management and management compliance, the Company promotes the implementation of trade compliance requirements in various business areas to ensure the all-round implementation of trade compliance policies and control processes in the Company.

During the reporting period, we continued to improve the Company's trade compliance system, and follow up on the trade compliance regulations, policies, and law enforcement cases of various countries. Under the guidance of relevant professional organizations and other external resources, we have released the updated *Dahua Export Control Compliance Manual 2.0* and the export control compliance operation guidelines for business departments such as R&D, supply chain and sales, integrating compliance management requirements into every stage of the Company's production and operation management.

Based on the factors such as items, end users, destination countries/regions, and end purposes, the Company has set up compliance control points in the business process for implementation through informatization and digitization, and optimized the identification and management of trade compliance risks in all stages of the business process including R&D, procurement, sales, delivery

and service to ensure information security and automatic control. During the reporting period, through regular inspection by the trade compliance team, self-inspection by each business department and annual audit by the internal audit department, we ensured the implementation of the Company's trade compliance governance requirements and compliance control points, and performed targeted optimization and update of internal policies to promote the continuous improvement of the trade compliance system.

At the same time, we have actively carried out compliance training and strengthened employees' compliance awareness through training for all employees and targeted training of relevant departments. We have enabled compliance personnel in each department to be familiar with compliance policies and requirements, as well as control measures and operations to carry out compliance work more effectively.

Tax Compliance

Tax compliance refers to the conformity of operation and management behaviors of enterprises and their employees to the laws, regulations and regulations on taxation. The Company's tax department 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 compliance with tax requirements, the Company has 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 tax platform, related transaction pricing sys-

tem, reconciliation system, and invoicing system, to ensure the tax process implementation and continuous update are in place according to regulations. Meanwhile, by establishing and improving our electronic file management system, the Company has effectively managed tax compliance-related documents to meet compliance requirements. In addition, the Company regularly examines tax risks and continuously follows up on their resolution. The Company effectively responds to and manages all kinds of tax disputes that may occur globally. In response to the complexity and distinctiveness of compliance in each country and region, the Company has 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

Product compliance management is coordinated and managed by the Product Compliance Unit, which is responsible for formulating the overall product compliance strategy, establishing and improving product compliance mechanisms and processes, building an internal cross-department product compliance management platform, promoting the implementation of product compliance requirements in various business lines, and realizing visual and controllable product compliance management. Product compliance requirements run through the entire product life cycle. The requirements of product compliance are met in every stage from the initial stage of product demand validation; in the product design, testing and verification stage, product compliance standards and laws and regulations are introduced, and product compliance requirements are integrated into business processes and specifications; in the stage of product manufacturing, inspection and testing are strictly conducted in accor-

dance with product compliance requirements; when the product or the standard is changed after the product is certified, product testing reports and certifications, among other qualifications, are updated as required in accordance with compliance requirements to ensure the consistency of mass-produced products and certified products, as well as the validity of testing reports and certifications. In the process of product sales, the Company sells products in strict compliance with national laws and regulations. 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 all-round product compliance control. The implementation of these key measures has provided strong guarantee for the compliance of Dahua's product sales in the global market.

Fair Competition

Advocating fair competition and fair trade, Dahua always seeks fair and honest competition, and persists in developing its competitive edge through quality products and services rather than unethical or illegal business practices. The Company continues to pay attention to the developments of the legislation, law enforcement and administration of justice related to monopoly and unfair competition in the jurisdictions where it operates its business. In addition, Dahua regularly reviews and evaluates the compliance of its own competition behavior and business operations, and actively formulates and updates enterprise compliance policies including the *Code of Conduct*. In foreign invest-

ment projects, compliance review obligations are performed in strict accordance with local laws and regulations. The Company continues to introduce high-quality external law firm resources at home and abroad, and organizes various departments to carry out compliance training on anti-monopoly and anti-unfair competition according to the opinions and guidance of professional lawyers, so as to keep improving employees' awareness of fairness and honest competition, create a stronger compliance culture featuring opposition to monopoly and unfair competition, and continue to strengthen the organization's systematic ability to prevent and handle relevant compliance risks.

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 (see the figure on the right) 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 existing measures, we improve the 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 (see the table below) 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 Assistance*, the *Contract Management Measures*, the *Risk Management Process*, and the *Response Mechanism for Handling Major Accidents*, to comprehensively address the internal and external risks that may be foreseen in production and operation activities.



Figure Risk Management Framework

Table Risk Management Process

Management Process	Main Content
Foundation building	<ul style="list-style-type: none"> The Company has set up risk control groups such as the Strategic Decision-making Committee, the Audit Committee, the Information Security Committee, the Safety Production Committee, the Compliance Committee, and the Corporate Pandemic Containment Team; 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; The main business functions at the corporate level and branches and subsidiaries designate department-level contact persons for internal control.
Risk identification	<ul style="list-style-type: none"> Identify and review risks at the corporate level, branches and subsidiaries through interviews, special reports on internal audits, special surveys on related issues, reviews of major issues and special surveys on key control points in various fields, among others. Build and continuously enrich the risk database of each business segment and department in line with the actual situation, and chart the risk map. Meanwhile, constantly and dynamically identify the dynamic changes of risks according to the latest business adjustments and planning.
Risk assessment	<ul style="list-style-type: none"> Based on the risk database, through the introduction of various sources of risk information such as regulatory tips, industry risks, research, audit findings, and feedback from managers, evaluate the likelihood of risk events, the degree of impact caused, and the vulnerability of countermeasures in terms of risk level, and then conduct an overall evaluation by combining the major risk categories to achieve comprehensive risk analysis and evaluation.
Risk response	<ul style="list-style-type: none"> Determine response strategies to risks based on risk assessment results, including risk reporting, risk undertaking, risk avoidance, risk mitigation, and risk transfer strategies, specifically: Risk response compliance: Consolidate internal control management support in accordance with the internal control requirements for companies listed on the Shenzhen Stock Exchange; Scenario-based risk response: Conduct in-depth assessment of processes and internal controls in high-risk areas such as marketing, delivery, and procurement, and adopt different risk management models for different business scenarios; Risk response by levels: Promote the review of high-risk matters in various fields, and gradually establish a hierarchical and graded authorization mechanism, with clear authorized details at each level, and clear approval and authorization procedures for each matter, to achieve the matching of authority and responsibility, reduce ambiguity, optimize the distribution of power, enable senior management to direct energy on the management capability development of the Company, and balance operational risks and development efficiency; Risk response specialization: For high-risk business, establish company-level and department-level internal control specialization to closely and effectively integrate internal control with business processes to avoid or reduce the occurrence of risks.
Risk monitoring	<ul style="list-style-type: none"> A risk monitoring mechanism is established to routinely monitor and check the response to risks and ensure that the outcomes of risk response are guaranteed both in the design of response plans and in their implementation. For example, the risk response is monitored through the review of matters such as large receivables, large inventory losses, and large returns.
Reporting mechanism	<ul style="list-style-type: none"> Regular training on risk awareness and capability: Strengthen the awareness of internal risk control through the sharing of classic cases, special training, and the establishment of internal control risk mailboxes to form an atmosphere of consistent emphasis on internal control, so that every employee understands and consciously participates in internal control; Reporting mechanism: In order to better manage risks, a risk reporting mechanism is established in the form of regular routine reports, special risk reports, and major risk/emergency risk reports, to reflect the substantive risk status faced by the operation and management of each branch, subsidiary, and department in a comprehensive, timely, and objective manner during the reporting period.

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

ESG Management

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 our 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 2030 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	Dahua's Actions
No poverty	<ul style="list-style-type: none"> Establish a social security system for employees to improve their welfare. Advocate public welfare activities to alleviate poverty, carry out charitable activities to help needy students, and donate clothes and books every year. On September 27, 2021, Dahua Huayu Public Welfare Development Center joined hands with the Zhejiang Lions Clubs Yuanmeng Service Team to organize a public welfare project with the theme of "Clothes for love. Books for warmth", during which 475 pieces of clothes and more than 200 books were collected.
Zero hunger	<ul style="list-style-type: none"> Provide a variety of healthy and safe meal options for employees. Sponsor public welfare causes, carry out flood relief activities in Zhengzhou, Henan Province, and send presents to families in need and families with children with disabilities during the Spring Festival. Dahua continues to improve the full-process digital intelligence management of food and make use of the IoT sensing and digital applications to protect the healthy growth of crops. The Company ensures food storage safety through comprehensive management, and guarantee food safety by using see-through kitchens where the entire cooking process is visible. Dahua has launched a full-process regulatory solution for food production, transportation, storage, and sales to supervise the entire process, making use of AI to ensure food safety. The Company has promoted the implementation of the "Zhejiang Food Chain" and "Wuhua Smart Market" in Zhejiang, the smart cold chain project in Shandong, and many other projects such as Transparent Kitchens in Henan and Hubei. Dahua has helped Empresa Panamena de Alimentos (EPA), Panama's leading food processing enterprise, apply video surveillance solutions to enable record management on an integrated platform, strengthen food safety, and prevent and control the pandemic in the post-pandemic era.
Good health and well-being	<ul style="list-style-type: none"> Dahua has launched a smart elderly care solutions of "Internet+" and "AI+" that include different elderly care models such as home-based care, community care, and institutional care, providing more comprehensive and smarter safety measures for the elderly and promoting smart, convenient elderly care services. At present, Dahua has facilitated the implementation of projects in Guangzhou, Shenzhen, Huzhou and other regions in the country. In the Sixth People's Hospital of Shanghai, Dahua adopts smart approaches such as integrated gate and access control to divide the physical space inside the hospital, and assists the hospital's operation and management through digital means to offer a new direction for hospital management in the new era. Dahua has created a good working environment, set up staff physiotherapy rooms, carried out EAP psychological assistance program for employees, conducted EHS management system training, and reduced casualties. Dahua regularly commissions third-party institutions to conduct checks on all occupational disease hazards, equips relevant employees with labor protection supplies and organizes regular occupational health checks. Dahua has introduced and established the environmental and occupational health management system and the hazardous substances process management system to protect employees' health and the environment.
High-quality education	<ul style="list-style-type: none"> Dahua has joined hands with Shaoxing City on the "Smart Safe Campus" campaign to maintain the safety of more than 1190 campuses in the city and create a safe and harmonious environment for 742000 teachers and students in the city. To support the education development of Binjiang District, Hangzhou City, Dahua has donated one million RMB to fund the living and study of students with financial difficulty. Dahua has developed a good training system, set up a special committee and built a training base to guide employees to improve their abilities. The Company has carried out the dual empowerment mode of "external training" + "internal training", established an independent internal training system and carried out relevant training at the same time on the ELearning platform. Carry out university-enterprise cooperation by building technological innovation platforms, joint training bases, innovation practice centers to promote the integration of higher education and industrial development and enable technology to empower industrial development.
Gender equality	<ul style="list-style-type: none"> Increase the proportions of female managers and female employees. Provide equal training sessions and resources to male and female employees.
Clean water and sanitation facilities	<ul style="list-style-type: none"> Provide smart ecological solutions, and build a comprehensive "air and earth integration" intelligent monitoring and sensing system to realize the flat, intelligent and refined business integration application of ecological monitoring and protection. Provide Dahua's river visualization monitoring system solution, implement river monitoring and water quality monitoring, and ensure the availability of safe drinking water and sanitation facilities to reduce water pollution and conduct water resource management. Employ the intelligent management system of drinking water sources, which can monitor, visualize and control the water condition, to detect and make warnings about water quality, water level, floating objects, and illegal mining, aiming to protect the safety of water sources. Improve the utilization rate of recycled water.
Affordable clean energy	<ul style="list-style-type: none"> Embrace the development of clean energy and help achieve the goals of carbon peak and carbon neutrality. At photovoltaic power stations, the thermal imaging processing algorithm and the photogrammetry technology are used to improve the inspection efficiency and ensure the stable, efficient operation of photovoltaic power stations.

Sustainable Development Goals	Dahua's Actions
Affordable clean energy	<ul style="list-style-type: none"> At wind farms, Dahua develops the wind farm video management system for wind power operation enterprises, and sets up video monitoring systems across the entire wind farms to facilitate safe production and to realize less manpower at wind farms and intelligent operation and maintenance of wind farms. At hydropower stations, Dahua provides video monitoring of dam construction quality in every step and process for Wudongde Hydropower Station on Jinsha River, which is the seventh largest hydropower station in the world. Dahua has adopted thermal imaging and black body technology to facilitate intelligent construction, and used AI-based intelligent video analysis algorithms to realize intelligent, visualized control of the entire construction cycle.
Decent work and economic growth	<ul style="list-style-type: none"> Provide high-quality jobs and increase investments in job creation. Protect labor rights and interests.
Industry, innovation, and infrastructure	<ul style="list-style-type: none"> Promote smart manufacturing Promote the digital transformation of villages in many parts of the country, promote the revitalization of rural industries, and boost rural modernization. Release Dahua Think Strategy with the theme #Internet of Things for a Future of Digital Intelligence# to create an ecosystem community for the Internet of Things.
Reduce inequality	<ul style="list-style-type: none"> Democratic management+Human rights governance
Sustainable cities and communities	<ul style="list-style-type: none"> Dahua's smart city scheme is employed to enable the Company to continuously improve the modern digital system solution of urban governance with the help of multidimensional awareness, artificial intelligence, cloud computing, big data and other technologies, so as to modernize the government's governance system and capacity. Provide smart community and business park solutionsRealize the intelligent upgrades of the security and office applications in business parks to and improve the security and office productivity of enterprises. Facilitate the digital transformation of enterprises in every aspect to improve safety, enhance work efficiency and reduce management costs. Focus on people's livelihood, provide solutions for smart farmers markets, smart tea gardens, smart communities and rural traffic management through digital intelligence technology innovation and information services, aiming to upgrade and transform farmers' markets and old communities, and improve the safety of roads in villages. Dahua's digital solution to control traffic congestion helps quickly handle traffic accidents and clear the traffic, boost the intelligent management of traffic congestion, and make residents' traveling more convenient. Dahua joins hands with Xixi Management Committee of West Lake to build a comprehensive intelligent control platform and a vehicle reservation and management platform for the pain points in the management of West Lake scenic spot by using advanced video analysis algorithms, realizing a change in the management mode from post-accident handling to pre-accident warning,helping tourists improve their travel experience, and achieving the intelligent management and control of West Lake scenic spot.
Responsible consumption and production	<ul style="list-style-type: none"> Strengthen waste recycling in production Advocate the green policy, establish the green mechanism, and set up the green product management platform (GPM) to make green production and hazardous substance management intelligent and informatized.Integrate environmental protection requirements into product R&D, production and manufacturing, and smart IoT solutions, promote the R&D of green technology, produce green products, and minimize the impact of production on the environment. Working towards the goals of carbon peak and carbon neutrality, Dahua adopts in its headquarters park intelligent transformation measures such as "park intelligent brain", smart adjustment of central air conditioning and lighting system with automatic turning off. The power saving rate exceeds 20%. The conference rooms are equipped with electronic whiteboards to realize paperless office , multi-screen sharing and remote collaboration, creating a low-carbon office environment. Dahua's smart power consumption scheme empowers energy saving and emission reduction in various industries, and facilitates the achievement of carbon peak and carbon neutrality.
Action on climate change	<ul style="list-style-type: none"> Dahua's intelligent monitoring solution for air quality is applied to multiple scenarios such as open outdoor burning, "black-smoke" vehicles, and reduction of emission from moving sources to continuously boost the ability of air pollution prevention and control, and effectively improve air quality. Reduce carbon emission Dahua's intelligent forest fire monitoring system facilitates the monitoring, protection and recovery of forest and grass resources in Tibet, Yunnan, Hebei and other provinces. It promotes the use of information technology in the management of forest and grass, improves governance efficiency, protects forest with digital intelligence, and facilitates the achievement of goals of carbon peak and carbon neutrality.
Underwater creatures	<ul style="list-style-type: none"> Provide the smart ecosystem solutions. Dahua's deep-sea camera unveils the secret at 10000 meters underwater. It adopts digital technology in ocean-related activities, provides an ocean scenario-based intelligent solution, and facilitates the exploration of the vast, deep blue world. Intelligent fishing ban solution for Yangtze River creates an all-round supervision system for fishing ban to achieve refined management of the areas that prohibits fishing. It empowers the management of fishing ban in water areas through digital intelligence, to greatly improve the efficiency of inspection and protect the water ecological environment. Dahua's solution for fishing ban driven by digital intelligence guards the beauty of Dongting Lake with technology, protects the water ecosystem, and facilitates the intelligent fishery administration.
Terrestrial creatures	<ul style="list-style-type: none"> For the protection of rare and endangered animals and plants in the protected area, Dahua has built an intelligent monitoring and early warning system covering the whole area, to carry out comprehensive accurate observation, research and evaluation of wildlife, ecological types and biodiversity in the protected area, protect the balance between the species and the general ecological environment, and provide data for the development of ecological civilization. Protect wild animals on land, realize intelligent detection, analysis and counting of wild animals in conservation areas, and facilitate the close observation and study of the migration of rare wild animals. Dahua participated in the development of intelligent ecological protection system in Qinghai's "ecological window" program. Dahua 5G digital ecological intelligence monitoring system is used to protect biodiversity, and conduct comprehensive precision observation and research and evaluation of 62 national protected animal species such as Yunnan snub-nosed monkey, as well as ecological types and ecological diversification, in Yunnan Baima Snow Mountain National Nature Reserve, protecting the species and ecological balance.
Peace, just and strong institutions	<ul style="list-style-type: none"> Provide smart policing, traffic control, transportation, judicature, emergency solutions. Issue human rights policies and manifestos, and ask upper-stream supply chain partners to implement them.
Partnerships that promote the achievement of goals	<ul style="list-style-type: none"> Establish a comprehensive all-channel partner management system, and focus on the operation of the key advisory committee. At the same time, provide livestreaming courses on the Dahua cloud business platform for distributors and partners. The courses cover products, solutions, technologies, and industry insights, among others.In 2021, the Dahua cloud business platform conducted 116 livestreaming courses and online courses, with a total of 224000 viewers. Optimize the industrial ecology, industrial solutions partner ecosystems.

Sustainable Development Policy

Respect the value of the Company, partners, and employees, and comply with regulations, international standards, and internal rules and regulations. Strive to create value in corporate governance, social issue handling, environmental protection, talent development, and public welfare investment.

Sustainable Development Management System

In order to promote sustainable development of the Company's strategy execution and target achievement, Dahua introduced a sustainable development management system. Based on internal and external environments, Dahua pays close attention to the needs of interested parties to realize the closed loop management of the sustainable development goals and improve the satisfaction of all interested parties in the five aspects of planning, organization, process operation, performance evaluation and continuous improvement.

Guidelines regarding sustainable development management system stipulate the overall framework structure of the system, clarify the responsibilities and rights of the management level and all departments as well as the relations among them, and standardize all kinds of operation procedures and record management. Driven

by the management system and guidelines, Dahua's quality, health, safety and environmental management are implemented in an orderly manner.

Duties and Operations of the Sustainable Development Management Committee

To ensure the realization of the sustainable development strategies of the Company, Dahua has built the management mechanism and system for sustainable development. The Company's Sustainable Development Management Committee, as the executive body of sustainable development management, promotes fair trade, the establishment of a supply chain ecosystem, corporate security and health protection, labor management, environmental management, and social contributions, among others.

The Sustainable Development Management Committee is composed of more than 10 leaders from the operation management center, R&D center, administration center, human resources center and other departments. The director of the committee is Dahua's 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.

Duties of 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.

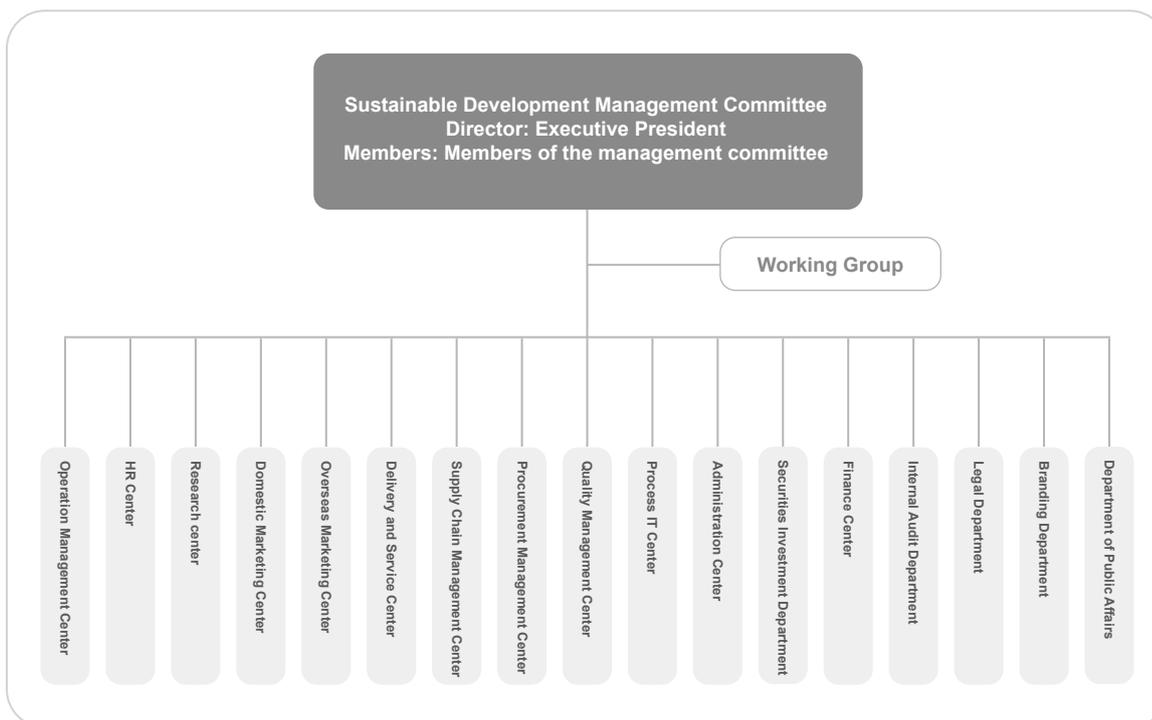


Figure Sustainable Development Management Committee

Risks and Opportunities in Sustainable Development

We have integrated sustainable development risk management into the Company's scope of business management, adopted comprehensive risk and opportunity management measures, 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 reference for strategic planning development, which drives us to formulate specific goals and annual 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

Interested Party Information and Communication

Dahua has always been adhering to the core concepts of "Customer-oriented, employee-based" and practicing the mission of "Enabling a safer society and smarter living". It fully considers and responds to interest-related concerns and demands, jointly promotes economic and social development with interested parties, and shares development achievements.

The main interested parties of Dahua include customers, partners, employees, governments, and investors. The trust and support of stakeholders are the basis for the survival and development of the Company. We have established communication mechanisms with interested parties. 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. We actively work on building the bridge of communication with interested parties, as well as identify and respond to the expectations of interested parties in multiple dimensions and through multiple channels.

Interested Party	Interested Party Expectations	Main Communication and Participation Mechanisms	Enterprise Response
Shareholder / Investor	<ul style="list-style-type: none"> Increase of market value and profit of the Company Sustainable Operation Information Disclosure Continuous improvement of the Company's performance in fulfilling its environmental and social responsibility 	<ul style="list-style-type: none"> Shareholders' meeting, information disclosure, the Company's website Investor meetings, field research, strategy meetings, investor presentations, etc. 	<ul style="list-style-type: none"> Information transparency and timely disclosure Efforts to improve performance, profit, and environmental and social responsibility management
Customer	<ul style="list-style-type: none"> Product safety and service quality Customer health and safety Cyber security and user privacy protection R&D and innovation Scenario-based customer solutions 	<ul style="list-style-type: none"> 400 customer service Hotlines Customer satisfaction survey Customer meeting Customer evaluation, research and cooperation projects 	<ul style="list-style-type: none"> Insist on customer-centric, quality-backed craftsman spirit that seeks opportunities from customer demands and boost the success of customers Establish a strict product safety control mechanism, implement strict product safety standards, and provide consumers with safe and reliable products and services Integrate sustainability requirements into the whole life cycle of products and advocate circular economy Regard cyber security and user privacy protection as an important guiding principle for the Company
Employee	<ul style="list-style-type: none"> Health and safety at work Compensation and welfare Career development Humanistic care 	<ul style="list-style-type: none"> Employee representative communication meeting Employee survey Manager feedback <i>Dahua Staff</i> electronic magazine Complaints, suggestions, reports and complaints for receiving complaints, suggestions, reports and complaints 	<ul style="list-style-type: none"> Establish sound management and safeguard systems for employee health and safety Adhere to the striver-awarded principle, encourage all kinds of talents to make the greatest contribution at the best time at the best position, and ensure they get the biggest returns Establish a sound training system and a clear path for career development Pay attention to diversification, establish good work conditions, and create a healthy work atmosphere
Partner	<ul style="list-style-type: none"> Win-Win Cooperation Training and Empowerment Integrity and Trustworthiness Supplier Management Sustainable Development 	<ul style="list-style-type: none"> Field Investigation Supplier Conference Supplier Training Channel conference Cloud business platform 	<ul style="list-style-type: none"> Adhere to ethical and transparent procurement and zero tolerance for bribery and corruption Conduct supplier training and coaching and carry out supplier development program Adhere to the sinking strategy, continuously empower partners and achieve co-construction and sharing
Governments and Regulators	<ul style="list-style-type: none"> Compliance with Law Employment and Wealth Creation Safe Production Green Production Tax Payment According to Law Environmental Protection 	<ul style="list-style-type: none"> Policy consultation Governmental Meetings Compliance management Fill in various forms as required and attend related trainings and meetings 	<ul style="list-style-type: none"> Abide by business ethics, international conventions and relevant laws and regulations of various countries Engage local labor force in employment process and local suppliers in procurement process, and pay taxes in accordance with laws Step up campaigns on production safety and strengthen oversight Make effort to reduce total emissions of industrial pollution Reduce carbon emissions, advocate circular economy and increase the use of renewable energy
Community	<ul style="list-style-type: none"> Communication with Communities Environmental Protection 	<ul style="list-style-type: none"> Community Activities Interviews and investigations 	<ul style="list-style-type: none"> Community activities Waste classification in the park Rectification and treatment of sewage discharge

Protection of Rights and Interests of All Relevant Parties - Return on Investment

During the reporting period, the Company has actively given back to shareholders, continuously improved the governance structure, strictly fulfilled the obligation of information disclosure, and strengthened the management of investor relations, striving to fulfill its obligations and raise awareness of protecting the rights and interests of shareholders.

Protection of the Rights and Interests of Shareholders and Creditors

1. Regulated and transparent information disclosure

Dahua has formulated relevant rules and regulations centering on the improvement of corporate governance according to laws and regulations such as *Company Law*, *Code of Corporate Governance for Listed Companies in China*, and *Guidelines of Articles of Association for Listed Companies*. It continuously promotes and strengthens the development of the Company's internal control management system, clarifies the responsibilities and authority in decision-making, execution, supervision and other aspects, and

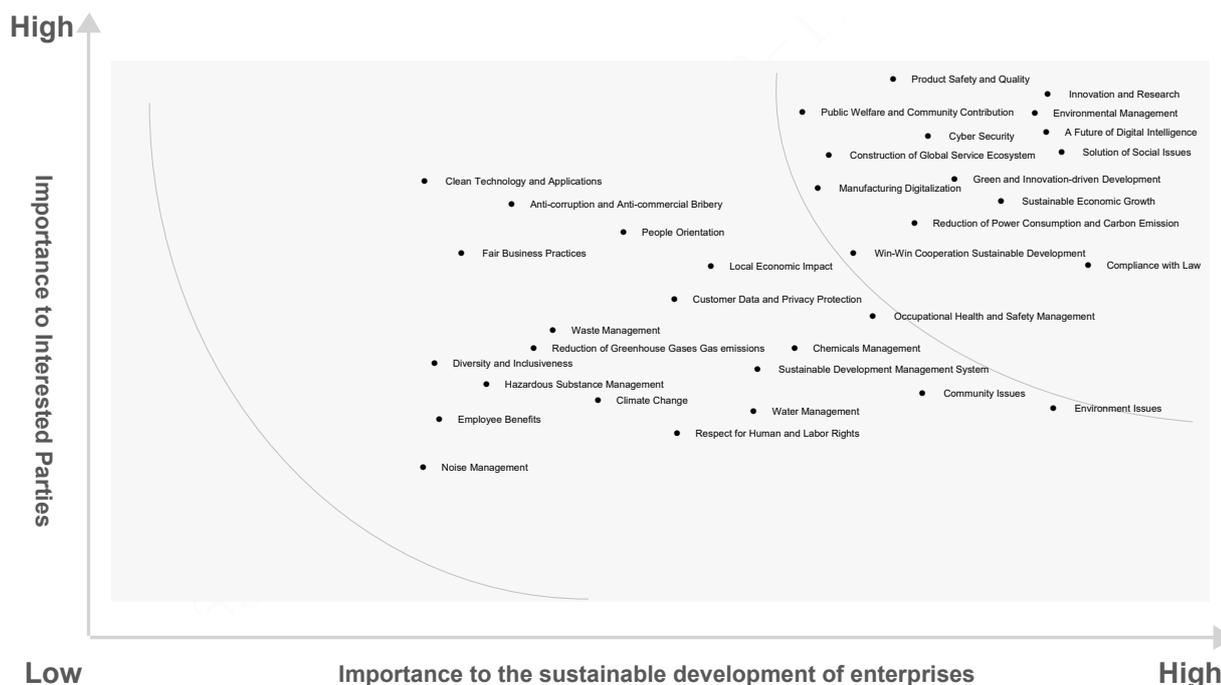
forms a reasonable and effective division of responsibilities and a mechanism that balances powers to ensure the authenticity, accuracy, completeness, timeliness and fairness of information disclosure. In 2021, the Company released 216 information disclosure announcements, and the information disclosure work was rated as excellent by Shenzhen Stock Exchange for 11 consecutive years.

2. Positive investor relations management

Dahua has always been committed to being a truthful, compliant and transparent listed company for investors, actively setting up a good communication mechanism with investors and fully protecting investors' right to know. After the release of the periodic report, the Company will hold a meeting on business performance as soon as possible, to ensure that investors have access to the Company's interpretation of its periodic reports truthfully, accurately, completely and timely as possible. During the report period, more than 80 groups of delegations, with a total of more than 2000 people, were received on site. The Company participated in 48 external broker strategy meetings, and organized 1 investor communication event, interacting with more than 1000 domestic and foreign investors. In addition, more than 400 hotline calls were answered and 250 questions on the Hudongyi platform of the Shenzhen Stock Exchange were answered.

Focus on Substantive Issues

Through media study and engaging interested parties in surveys, Dahua combines the opinions and expectations of interested parties with its own management and development needs to evaluate and analyze the importance of such issues, providing basis for formulating the long-term ESG strategy.



Empowerment by Digital Intelligence for Greatness

Empowerment by Digital Intelligence

Practicing the social responsibility to achieve goals of carbon peak and carbon neutrality, and empowering enterprises to save energy and reduce consumption

In order to realize the national goals of carbon neutrality and carbon peak, energy saving and emission reduction is an indispensable task for every enterprise during production and operation. Based on the demand of enterprise electricity management, Dahua has launched the comprehensive energy efficiency management solution for enterprises which focuses on energy saving, consumption reduction, and electricity safety. By adopting innovative sensing and detection technology, the solution detects various potential electricity hazards in electrical lines in real time to ensure the safety of electricity consumption. The solution can identify high energy consumption points or risky points according to the electricity consumption habits of the enterprise, and provide accurate big data risk assessment for safe electricity use by enterprises. Through advanced technologies such as Internet of Things, big data and 5G, as well as the unified management of the platform and the unified implementation of strategies, Dahua ensures electricity safety, energy saving and consumption reduction of the buildings and parks of enterprises to help the country achieve the goals of carbon peak and carbon neutrality.



Embracing clean energy and build a “green home”

At photovoltaic power stations, the thermal imaging analysis technology and the photogrammetry technology are used to make accurate analysis and judgment of the type and grade of hot spots on photovoltaic panels, and identify the positions of the defects to improve the inspection efficiency and ensure the stable, efficient operation of photovoltaic power stations. At wind farms, Dahua develops the wind farm video management system for wind power operation enterprises. By covering the entire wind farms with video monitoring systems, the system monitors in real time the station and wind turbine equipment as well as the surrounding environment of the wind farm, records the entire work process of operation personnel, and provides easy-to-read data for risk control in advance and operation management, facilitating safe production and realizing less manpower at wind farms and intelligent operation and maintenance of wind farms. In terms of hydropower stations, Dahua has developed a hydropower engineering machine vision intelligent monitoring platform for Wudongde Hydropower Station on Jinsha River, the seventh largest hydropower station in the world. It uses ultra-distance thermal imaging temperature measurement technology to conduct real-time accurate temperature measurement and over-limit warning for concrete. It can accurately control the temperature during the entire cycle from preparation in the mixing tower to setting out and leveling, and to pouring. The qualified rate is improved and cracks in the dam are prevented. At the same time, based on AI intelligent analysis of concrete production, transportation, pouring and maintenance, it can conduct all-round tracking on problems such as large aggregate concentration and water secretion and accurately control the quality of important steps such as thermal insulation covering and polyurethane spraying. Through the digital assets formed during dam construction, dam construction can be visualized and standardized, and information technology and smart technology are adopted to the construction.

Enabling vision to be a source of productivity and promoting the green development of steel industry

In iron and steel production, heating furnace and sintering furnace are important smelting equipment, and the conditions inside the furnaces need to be checked in real time during production. Dahua has collaborated with New Tianjin Steel Group to launch a furnace flame monitoring system, which adopts 24/7 HD monitoring, thermal imaging temperature measurement, flame status trend analysis and other technologies to meet the demanding requirement of monitoring at 2000°C inside the furnace, to realize real-time measurement of furnace temperature, real-time generation of temperature curve and real-time analysis of combustion status, and help operators to make timely adjustment of parameters such as feeding speed and combustion air volume, which ensures the safety of operation personnel, makes the furnace control system more intelligent, improves the operation efficiency of the furnace, reduces energy consumption, lowers the production cost of the enterprise, and realizes the green and sustainable development of the enterprise.



Using AI to safeguard coal mine production safety and facilitate smart mining

Based on the characteristics of coal mining scenario, Dahua has developed a solution adapting to the production process of coal. It has made full use of its advantage in algorithms and integrated equipment to develop a solution where faults such as belt deviation, blocking, foreign matter and fire can be automatically detected. While facilitating on-site inspection personnel to understand the running status of the belt machine and reducing the workload of inspection personnel, this solution improves the efficiency of handling malfunctions and reduces accident losses. In addition, videos applied in industrial production are used to monitor the safety of personnel, supervise equipment and inspect the production through visualization, and regulate and control violation behaviors, so as to further make the coal mining process more intelligent, reduce costs, and increase efficiency while ensuring safety.



Smart healthcare to help hospitals operate efficiently

To deal with hospital access management during the pandemic, Dahua has launched an intelligent hospital space order management scheme to facilitate the access management of hospital personnel, smart verification of health codes, and management of inpatient care providers and visitors. Using advanced technologies such as AI, big data, and IoT, the scheme can achieve more efficient hospital admission screening, orderly registration, easy management of inpatient care providers, and control of key areas to ensure the safety of medical care, keep the hospital environment clean and improve patients' medical experience. In the Sixth People's Hospital of Shanghai, Dahua adopts smart approaches such as integrated gate and access control to divide the physical space inside the hospital, realizes the security screening and verification of hospital admissions, and assists the hospital's operation and management through digital means to offer a new direction for hospital management in the new era.



Using technology to empower smart travel and create a new landscape

Dahua has joined hands with Xixi Management Committee of West Lake to build a comprehensive intelligent control platform and a vehicle reservation and management platform for the pain points in the management of West Lake scenic spot by using advanced video analysis algorithms. The platform can be used to serve as a remote megaphone to call out to illegal parking vehicles on the road, persuade tourists from trampling on the lawn, set off alarm when uncertified guides are trying to deceive tourists, and quickly approve the admission of vehicles on holidays if the drivers have booked a place for their vehicles. It has been applied in multiple actual management scenarios to realize a change in the management mode from post-accident handling to pre-accident warning.

Since the launch of the platform, during the national day, the number of illegal parking at the Yanggong Causeway section of the West Lake has decreased by more than half compared with the same period in previous years. The intelligent reminder system for trampling on the lawn has set off alarm more than 300 times. The driving time from Jiulisong tourist center to the entrance of Lingyin Temple and Feilai Peak has been shortened from 25 minutes to 3 minutes, which has effectively improved tourists' experience and made the management and control of the West Lake scenic spot more intelligent.



Smart security check to help relieve the logistics pressure around the "Double 11" Festival

The traditional manual security check of mails and parcels takes lots of time and effort, and errors and omissions are likely to occur due to long time of work. Dahua takes advantage of its technical advantages in the video field, and has independently developed a security inspection machine for the logistics industry to meet its needs of logistics and express transportation scenarios. In the mail and parcel distribution scenario, this machine can sort mails and parcels at an ultra-fast speed, up to 3 m/s, which can meet the needs of logistics enterprises for quick security screening and distribution of more than 5000 pieces/hour, greatly shortening the sorting time and improving the security check efficiency.



Empowerment by digital intelligence for invigorated agriculture

Dahua has joined hands with a pig farm in Guangxi to build a digital intelligence pig farm. Through the intelligent pig management platform, the farm realizes an efficient closed loop of pig counting, quarantine inspection and temperature measurement and effectively improves the production efficiency of live pigs sold to Hong Kong. This has saved labor costs, improved the monitoring capability, and provided an important basis for the farm to further broaden the sales channels of live pigs and increase the added value of live pigs. Dahua has helped enterprises meet the high standards of the entire process of live pig procurement set by Hong Kong Food and Environmental Department and other departments. At the same time, Dahua has helped the pig farm become one of the first batch of farms free of African swine fever in Guangxi. In addition, Dahua makes use of digital intelligence to invigorate the agricultural industry and designs schemes for the entire industry chains of the planting sector and the breeding sector. In terms of specific business areas, Dahua has provided service to fields such as well-facilitated farmland, protected agriculture, pigs, cows, beef cattle, freshwater and mariculture, and poultry farming. The entire process of agriculture has involved many stages such as planting, raising, slaughtering, further processing, storage, transportation and sale.



Smart and safe use of electricity to help numerous stores in different cities build a "firewall"

Dahua applies its smart power solutions to various types of stores, monitors electricity loads such as voltage and current of power lines in real time through the smart air switch, and adopts the dual security mechanism of warning and alarm to prevent fire.

Dahua has helped a famous convenience store franchise chain in China, which has a total of more than 4000 stores in China, realize cloud-based equipment management, transform to asset-light business model, and reduce burden on the enterprise through Dahua's smart power solution. The headquarter of the franchise company detects the online and offline status of electrical equipment in stores in real time. The platform can receive the alarm of the equipment and monitor the operation status

of electrical equipment in all stores nationwide in real time. When the power line of an electrical equipment malfunctions, the platform will send an alarm message to the management staff APP at the earliest time for timely handling to eliminate dangers and avoid fire. While ensuring safety, the platform can analyze the current/voltage/power data of different stores, at different time and of different equipment to help the franchise company identify high energy consumption points or unfavorable electricity use habits through comparative analysis. By formulating scientific and reasonable power consumption strategies, Dahua helps stores save electricity as much as possible and reduce operating costs.



Non-contact temperature measurement and health code verification to continuously support pandemic prevention and control

In 2021, China entered the stage of regular prevention and control mechanism of the COVID-19 pandemic. Dahua's products, including thermal imaging temperature measurement and temperature measurement security door, continue to serve key places such as subway stations, hospitals, and railway stations to help with pandemic prevention and control through accurate temperature measurement. The all-in-one health code intelligent verification machine performs verification in multiple ways including personnel identification, ID card, and health code, playing an important role in schools, hospitals, enterprises, stations, and supermarkets, among others. Meanwhile, Dahua has actively responded to the customized needs of pandemic prevention in various regions, completed the alignment with big data platform systems of 24 provinces/cities, and realized the rapid verification of health codes of personnel in and out of premises, thus continuously contributing "Dahua strength" to pandemic prevention and control.



Risk identification through dangers to help with the safety of chemical industry

Petroleum and chemical industry is an important basic and pillar industry in China. Dahua adheres to providing digital intelligence services for all scenarios of the industry to promote new production and practice new safety. In the park scenario, Dahua is committed to simplifying management, facilitating office work and optimizing energy consumption by integrating various systems. In the production scenario, Dahua is committed to building an intelligent scenario of full sensing and full connection by developing multidimensional awareness products that fit with practical needs. In the safety production scenario, based on optical AI, Dahua is committed to realizing the prediction and early warning of environmental abnormalities, instrument status, equipment inspection, construction elements, personnel compliance, operation process, storage and transportation specifications by integrating a variety of sensors, so as to make the management more intelligent. Dahua has joined hands with Wanhua Chemical Group Co., Ltd., the national leader in fine chemical industry, to empower the intelligent upgrading and construction of its major bases with science and technology. Through AI optical technology, remote intelligent supervision on the violation of personnel behaviors in the production area is implemented to ensure the safe operation of personnel. Based on thermal imaging AI technology, sensitive alarm to the leakage in the device area is

available to eliminate potential risks and ensure the stable operation of the device. Data fusion technology is adopted to complete the interconnection of multiple systems, realizing the efficient flow of personnel and logistics, and safeguarding the safe daily operation of the park.

In the upstream of petroleum and chemical industry, Dahua has provided safety upgrading construction with the theme of "Promote new production and practice new safety" for industry giants such as China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC). Dahua has provided safety protection for tens of thousands of drilling wells through AI optical technology and thermal imaging technology to make oil and gas exploitation and exploration safer and assure the society the safe use of oil and gas. Dahua has empowered hazardous chemical production with science and technology, guarded energy security and production safety with actions, and contributed to the stable operation of petroleum and chemical enterprises.



Intelligent water conservancy to support targeted control of water

Water conservancy is closely related to people's livelihood. Dahua has constantly met the rapidly changing development needs of water conservancy by focusing on technical advantages such as video IoT, AI and data fusion, to continuously make innovations and breakthroughs in the field of intelligent water conservancy application and built an intelligent system for the whole process of water conservancy. In addition, the Company has taken practical actions to support the protection of Yangtze River, the South-to-North Water Diversion and the flood control of Yellow River, so as to improve the efficiency of water area management empowered by science and technology.

The refined management system of Yangtze River embankment in a city in Jiangsu Province, in which Dahua is deeply engaged, has passed the final acceptance. This system has functions of real-time monitoring and playback, intelligent analysis, automatic alarm, remote call, and classified management and control, among others. Relying on the 129 monitoring points along Yangtze River, it has established a three-dimensional monitoring grid of the river surface and embankment, and realized all-weather, full coverage and all-round supervision and protection of the entire 216 kilometers of Yangtze River in the city.

Dahua signed a strategic cooperation agreement with Shanxi Water Conservancy Management Center of Wenzhou. The two parties have jointly built a R&D base of intelligent water conservancy to help achieve innovative applications in water conservancy, such as automatic identification of floating objects, monitoring of illegal excavation and illegal construction along rivers, AR panoramic monitoring, platform networking, and emergency law enforcement, thus accelerating its digital upgrading and providing valuable experience for the digital transformation of water conservancy industry in Wenzhou city and even Zhejiang province.

Intelligent lighting to protect the eye health of primary and secondary school students

Binjiang District of Hangzhou is a pioneer in the development of smart city. In order to further reduce the myopia rate of primary and secondary school students in compulsory education in the whole district, Dahua has helped Binjiang Education Bureau to take the lead in the citywide informatization and intelligent transformation of classroom lighting in primary and secondary schools. Focusing on the development concept of "Green eye protection, energy conservation and environmental protection, and intelligent IoT", Dahua has completed the renovation of intelligent lighting environment in more than 1000 classrooms of 16 primary and secondary schools and built a district-level intelligent lighting management platform in the Education Bureau. The project has realized the interconnection, intelligent control, real-time monitoring and big data analysis of the educational lighting equipment in the whole district, thus making school lighting more intelligent. In addition, the system can make timely identification of problems, further optimizing the allocation of school education management resources, and realizing the full coverage of "Bright Classroom", which is one of the "New top ten heart-warming action projects" in Binjiang District.

Digital intelligence fire prevention to guard the "Happy Green" with science and technology

In view of the pain points of large forest area, low monitoring efficiency and slow incident response, Dahua has built a full-coverage, all-intelligence and whole-process intelligent monitoring system for forest fire prevention, which has realized automatic fire warning, real-time master of fire situation and closed-loop handling process through digital intelligence science and technology, thus improving the forest fire prevention monitoring and incident response capability.

Dahua has innovatively created an intelligent monitoring system for forest fire prevention based on the characteristics of forest area of Rizhao in Shandong. Through AI algorithm and thermal imaging technology, the system can greatly shorten the time to discover fire, immediately determine the fire location, fire intensity and the situation around the fire, and synchronously send the information to mobile phones, so as to transfer them to staff for handling within five minutes and strive for the "golden time" to put out fire as soon as possible, thus securing successful fire prevention. In addition, based on the capability of big data, a "map" of fire prevention management has been created to provide a visual view of fire prevention, ignition situation and fire situation, which provides real-time decision-making basis for timely dispatching of fire prevention and patrol forces to achieve the closed-loop management of fire prevention from discovery, assignment, handling to feedback. After half a year's operation, the system has discovered more than 30 real mountain fires, and effectively controlled the occurrence of fires, thus achieving the "early, timely and thorough" prevention of forest fire. Meanwhile, the average number of fires discovered every day during the fire prevention period decreased by 80% compared with the initial period. Illegal fire use has been effectively controlled, villagers' awareness of fire prevention has been improved, and 1400 square kilometers of forest resources in the city have been safeguarded.



Digital intelligence monitoring to protect biodiversity

For the rare and endangered animals and plants in the reserve, Dahua has built an intelligent monitoring and early-warning system covering the whole area, to carry out all-round accurate observation, research and evaluation on wild animals and plants, ecological types and biodiversity in the reserve, protect species resources and ecological balance, and provide data support for the construction of ecological civilization.

In order to protect the rare and endangered wild animal and plant species like the Yunnan snub-nosed monkey, alpine blue sheep, black bear, and Himalayan yew, Dahua has built a 5G digital ecological intelligent monitoring system that conforms to the characteristics of high altitude. The system automatically identifies and gives warnings on illegal behaviors such as poaching, unlawful felling tree, overgrazing, and collecting undergrowth resources under tree crowns in and around conservation areas to eliminates the influence of human activities and protect the gradual growth of wild populations. It has also developed the environmental big data capability of conservation areas and built "one map" management of ecological protection to assist scientific decision-making and biodiversity research, and help with the intelligent and refined ecological protection work of management departments, which has realized the continuous monitoring, intelligent statistics of population quantity, intelligent analysis of activity patterns and living habits of 62 kinds of national key protected wild animals in the reserve, including Yunnan snub-nosed monkey, reduced human intervention and better helped with the protection of wild animals.

Digital intelligence countryside to make life better

Focusing on the requirements of industrial prosperity, pleasant living environment, effective management of rural customs and civilization, and affluent life, Dahua has actively responded to the rural revitalization strategy, deeply explored the application of digital technology in rural revitalization, empowered the new development model of "agriculture, rural areas and farmers", and promoted the modernization of agriculture and rural areas.

Smart agriculture with full-chain digital services

Dahua has used modern information technologies such as IoT sensing, remote sensing, video visualization and video live broadcasting to improve the efficiency of agricultural management, assist agricultural scientific decision-making and improve the brand benefits of local characteristic products.

Digital tourism to bring prosperity to the village

Through the power of digital science and technology, Dahua has helped improve the digital management and operation of rural scenic spots in tourism services, traffic management and environmental governance, and boost the revitalization of rural industries.

Safety governance to improve rural happiness

Dahua has set up a map of rural safety management to effectively provide comprehensive security guarantees. Three-dimensional monitoring of rural environment helps with rural ecological protection. Dahua helps with intelligent supervision of rural refuse classification and farmers' markets to improve rural life order and service quality.

Innovation in people's livelihood service to facilitate rural life

Dahua helps build an innovative government service system to provide one-stop and user-friendly services for people's livelihood. An early warning mechanism for abnormal situations has been established to ensure the safety of specific groups.



Digital intelligence fishing ban to protect "the beauty of clear water and nice fish" with science and technology

Aiming at the pain points of frequent illegal fishing at night, and small boat fishing difficult to be discovered and difficult to be dealt with by law enforcement in time, Dahua has built a fishery administration supervision system based on the perception ability of IoT and applied digital intelligence high-tech power to curb illegal fishing so as to realize automatic prevention of illegal fishing, intelligent early warning of illegal vessels and closed-loop business of process handling, improve the response and handling efficiency of illegal incidents, and help fishery administration law enforcement departments to carry out intelligent and refined fishing ban.

In order to help Dongting Lake achieve a complete ban on fishing, Dahua has built a fishery administration supervision system for Dongting Lake. Through the empowerment of intelligent thermal imaging technology, the discovery time is greatly shortened. Even in the dark night, it can immediately determine the real-time position of illegal fishing, the direction of ships and surrounding conditions, so as to realize accurate prediction and early warning. Remote patrol coverage of the lake with the help of high-altitude trinocular thermal imaging can reduce the hardships of law enforcement personnel. In virtue of Dahua Fishery Administration Supervision Platform, real-time perception of the behavior of important points and waters is available to enable timely discovery of boats along the lake and illegal fishing behaviors and quick processing, so as to improve the efficiency of law enforcement. In the nine months since the operation of the system, more than 150 illegal fishing behaviors have been found, effectively protecting the safety of fishery resources and water ecological environment, and ensuring the aquatic ecological security of Dongting Lake and Yangtze River.

Green technology innovation to protect the balance of ecological environment.

Protect the ecological environment with digital intelligence technology and practice the social responsibility of enterprises. All along, Dahua has been vigorously promoting green technology innovation in the field of hazardous solid wastes and fixed pollution sources of the ecological environment, aiming to improve the ecological environment monitoring system, enhance the modernization of monitoring capacity, and promote the development of a beautiful China!

Whole-process supervision of hazardous solid wastes

By comprehensively strengthening the whole process and visual supervision of solid wastes, the environmental risks can be effectively prevented and controlled. Advanced technologies such as big data, IoT, video analysis are integrated to realize the modernized, refined, intelligent, and real-time closed-loop management of the whole process of hazardous waste generation, transfer and disposal.

Supervision of fixed pollution sources

Through the integration of video AI and IoT sensing application technology, achieve the intelligent monitoring and early warning of various scenarios, especially that of sewage outlets, prevent the occurrence of various incidents such as illegal discharge, excessive discharge and human interference on online monitoring, improve the intelligent application level of prevention and regulation of fixed pollution sources, accelerate the transformation of pollution prevention from post-event processing to proactive early warning and prevention, and improve the monitoring system.



Prohibiting straw burning, and building a security "firewall" with digital intelligence

Aiming at the pain points and difficulties of the falling behind supervision, and low efficiency and difficult law enforcement of straw burning, Dahua takes the prevention of straw burning as the starting point, and has established a monitoring and early warning system of straw burning prohibition through intelligent image recognition technology, GIS geographic information technology, integrated communication technology, thermal imaging and other advanced technologies under the policy guidance of the *Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and Vision for 2035 of the People's Republic of China*, so as to carry out real-time monitoring and efficient supervision of straw burning prohibition. The prohibition of straw burning has changed from "people on guard" to "technology and people on guard", which has improved the efficiency and effectiveness of burning ban and reduced unnecessary social losses. At present, the system has been built in Zhangjiakou and Xiong'an New Area of Hebei, Shandong, Hubei, Sichuan, Shanxi, Liaoning, Guangxi, Anhui and other provinces.

Full-link food supervision with AI guarding the safety of food

In combination with the national plan to deepen reform and strengthen food safety, Dahua has launched a full-link supervision solution for food production, circulation, storage, and trading, involving multiple links and scenarios such as sunshine factory, smart cold chain, smart farmers market and see-through kitchens, so as to create a food safety information platform for big data analysis, focus on promoting the application of big data, IoT, artificial intelligence and other technologies in the field of food safety supervision, and implement intelligent supervision. The solution puts emphasis on promoting the comprehensive

implementation of schools' "See-through Kitchens", strengthening the supervision upgrade required by the surge of online ordering due to the pandemic, enhancing the food safety supervision of take-out merchants, realizing the intelligent visual supervision of food safety with full-scenario coverage, whole-process tracking, full-link connection and the participation of the whole society, further improving the food safety supervision system of risk analysis and supply chain management, and improving the intelligence and informatization level of supervision. At present, Dahua has promoted the implementation of the "Zhejiang Food Chain" and "Wuhua Smart Market" in Zhejiang, the smart cold chain project in Shandong, and many other projects such as Transparent Kitchens in Henan and Hubei. The IoT sensing application technology can help achieve the intelligent monitoring and early warning of various scenarios, especially that of the sewage outlets, prevent the occurrence of various incidents such as illegal discharge, excessive discharge and human interference on online monitoring, improve the intelligent application level of prevention and regulation of fixed pollution sources, accelerate the transformation of pollution prevention from post-event processing to proactive early warning and prevention, and improve the monitoring system.

Intelligence to bring benefits to people's livelihood, and AI to promote peace and health care for the elderly.

As China has gradually entered the aging society, the central government and local governments have attached more importance to the deepening deployment and development of the elderly care. In view of the characteristics of China's elderly care, Dahua has launched "Internet+" and "AI+" smart elderly care solutions that include different care models including home-based care, community care and institutional care, covering different scenarios including living rooms, activity rooms, canteens, and community activity centers, so as to realize real-time monitoring and early warning of activity tracks, physical health conditions and abnormal emergencies, and solve a series of problems like the shortage of nursing staff, lack of intelligent IoT equipment, under-developed management methods and lagging professional services. More comprehensive and intelligent safety care measures have been provided to help the responsible institutions and government departments improve management efficiency, promote the rapid development of intelligent elderly health care industry in many aspects, improve the standard system of elderly care services and speed up the implementation, and promote intelligent and convenient elderly care services. At present, Dahua has facilitated the implementation of projects in Guangzhou, Shenzhen, Huzhou and other regions in the country.

Helping EPA, Panama's leading food processing enterprise, strengthen food safety.

In the post-pandemic era, life and health have become key words. Mankind has to guard against not only the rising non-traditional security risks, but also the huge crisis caused by the overlapping and interweaving of non-traditional security risks and traditional security risks. Dahua has helped Empresa Paname de Alimentos (EPA), Panama's leading food processing enterprise, deploy a set of video surveillance solutions, which has been applied in temperature monitoring, access control, attendance management, perimeter protection and Automatic Number Plate Reader (ANPR) in the post-pandemic era, and enabled record management on an integrated platform for all equipment, event alarm and user reports, so as to strengthen food safety and pandemic prevention and control. In addition to Empresa Panamena de Alimentos (EPA), Dahua has also helped many retail enterprises around the world operate safely and contributed to food safety and pandemic prevention and control in various countries.





Empowering the smart retail logistics center

Dahua has helped Pets Corner, the second largest pet chain in the UK, open an updated and more environmentally friendly smart retail distribution center in Handcross, West Sussex County, serving its 150 stores. Dahua has designed and deployed a 64-camera video surveillance system for employees, vehicles and warehouse management in the logistics center of Pets Corner, which has effectively simplified their operation.

"Dahua's support for us throughout the project has been remarkable, and we are deeply impressed by the excellent manufacturing quality of the equipment," said Andy Lloyd, director of Pets Corner's urban security system. Graham Denny, Logistics Director of Pets Corner, also praised, "Dahua has provided us with excellent video images, and the software can be easily used on my laptop, desktop computer and mobile phone at the same time. Therefore, I highly recommend Dahua CCTV system to any group with similar needs."

With the help of the outstanding performance of the video surveillance system of Dahua, Pets Corner can focus more on what they do best and help their customers.

Helping a time-honored real estate management company realize smart parking

MTS is a leading real estate management company with a history of 20 years. It has 600 employees and experts in real estate management, real estate consulting, market research and owner representatives. As the world's leading intelligent IoT solution and service provider with video as its core, Dahua has customized an integrated parking solution for MTS to help manage Santillana building more intelligently. Through a variety of innovative products and advanced technologies, Dahua has realized the real-time monitoring of parking spaces, license plate recognition, and the display of parking space status with different indicator colors, so as to help the building manage parking and respond to incidents more efficiently, quickly and easily. At the same time, the LED screen of each parking floor displays the automatically calculated number of available parking spaces, which helps drivers find parking spaces quickly. Drivers can also locate their own vehicles through the reverse car finder. In the future, Dahua will also help enterprises and operators around the world upgrade their parking management systems, achieve efficient parking management, and enable people to get a more convenient parking experience.



Public Welfare Activities

Dahua Huayu Public Welfare Development Center

Established on September 24, 2021, Dahua Huayu Public Welfare Development Center is a social organization dedicated to social service and public welfare activities. With the aim of "Dedicate love. Help others. Serve the society", it has cultivated Dahua people to establish a social style of unity, fraternity, willingness to help others, and being courageous and selfless. With the leadership of the Company and the help of the society, it has become a social organization focusing on teamwork and full of spirit for voluntary service, and a practical organization with strong will power.



Delivering the light of life with love - Blood donation activities in public welfare season

In order to fully demonstrate the warm-hearted love of Dahua people, the Party committee of Dahua launched blood donation activities in Dahua 1199 Park, 1181 Park and Fuyang Base on July 5, 2021. A total of 528 people signed up to participate, and 402 people successfully donated blood, with a cumulative blood donation of 119240 ml. Dahua people have actively promoted the spirit of voluntary blood donation and supported public welfare activities with practical actions. Every blood donation is a relay of life. Every beat is a spark of hope.

"Clothes for love. Books for warmth" - Clothing donation activities in public welfare season

On September 27, 2021, Dahua Huayu Public Welfare Development Center joined hands with Zhejiang Lions Clubs Yuanmeng Service Team to organize a public welfare project with the theme of "Clothes for love. Books for warmth". This activity was held simultaneously in 1199 Park, 1181 Park and Fuyang base, lasting for 2 days, during which 475 pieces of clothes and 200 books were collected.



Rushing to Henan for emergency relief

In July, 2021, rare extreme rainstorms broke out in many places in Henan, resulting in serious waterlogging in Zhengzhou and other cities. The grim flood condition was felt by people all over the country, and rescue was imminent.

On July 21, Dahua decided to donate five million RMB to Zhengzhou Red Cross Society for flood relief, protection of affected people and post-disaster recovery in Henan.

As soon as the flood occurred, Dahua Henan related regions responded quickly, set up an emergency support team, organized employees to participate in the rescue while ensuring their own safety, assist Zhengzhou, Kaifeng, Jiaozuo, Zhoukou and other places to provide 7×24-hour on-site technical support and protection services, fully cooperating with local authorities in emergency flood control, strictly preventing secondary disasters and minimizing people's life and property losses.



Signing strategic cooperation with the education center

On September 7, 2021, Zhejiang Dahua Technology Co., Ltd. donated one million RMB to Hangzhou Binjiang District People's Education Foundation.



Love warms the children and their New Year - Condonance activity held with Service Center for the Disabled

In order to further support the family security of disabled children with difficulties, ensure that disabled children spend a warm and happy Spring Festival and promote the traditional virtues of the Chinese nation to help the weak and the disabled, Zhejiang Dahua Technology Co., Ltd. and the Municipal Comprehensive Service Center for the Disabled visited 20 families of disabled children with difficulties in our city on December 30, 2022, sending warmth and care to them.



Hard Work for High-quality Development

Innovation and Research

In the process of rapid enterprise development, Dahua insists on scientific and technological innovation as the strategic support for high-quality enterprise development, and about 10% of the Company's annual sales revenue is invested in research and development. With Hangzhou headquarters as its center, the Company has established R&D sub-centers in Xi'an and Chengdu of China, Poland and Mexico, deployed global R&D forces, met the growing business needs, and made continuous breakthrough contributions to lead the industry development with persistent innovation capability.

R&D Innovation System

In 2021, the Company continued to increase effective and high-quality investment in R&D. Based on Dahua Think# strategy, it adheres to the two technical strategies of AIOT and IoT Digital Intelligence Platform with five research institutes of advanced technology, big data, central, cyber security and smart city as the underlying support, and promotes implementation of urban solutions and enterprise solutions

with R&D in AIOT product and software platform, so as to deepen the "5 Full" digital intelligence capability of full sensing, full intelligence, full connection, full computing, and full ecosystem, empower a variety of industries and support the sustainable, green and high-quality development of economy and society.



Innovative Talent Strategy

Adhering to the talent strategy, the Company is committed to building a diversified innovation culture and cultivating a high-performance R&D team with the courage to break through and innovate. Dahua has been vigorously developing innovative method empowerment and practice activities represented by TRIZ, and gradually integrating the application of innovation methods into the technological development process. At present, the achievements of Dahua's outstanding practice project have won the first prize of Zhejiang Innovation Methods Competition for five consecutive years and won the first prize of National Innovation Methods Competition for many times. Dahua has launched the leading plan to strengthen the development of expert team which covers various industries and fields, and focused on core technology breakthroughs, so as to further enhance the Company's industry competitiveness and leading position through the superb technology, products and scenarios of application. A large reward is offered for holding internal competitions such as R&D innovation conference, software OJ league, and field technology contest, which has created a favorable atmosphere of daring to break through and innovate, and constantly stimulated the innovation vitality of talents, so as to provide talent guarantee for the Company's high-quality development.



Technology Ecosystem

Adhering to the concept of full ecology and flexible technology framework, the "Technology Ecosystem" has been developed to realize the full-link technology open system including open software platforms, open industry solutions, open AI platforms, and open DHOP. A total of 1000+ technology partners have been developed, integrating industries and collaborating on innovation, to drive the ecosystem with technology and accelerate the construction of an ecosystem of new digital intelligence industry cooperation.



Industry-University-Research Cooperation

The Company continues to strengthen cooperation and exchange with national well-known universities to jointly promote new technological revolution. In 2021, the Company signed a university-enterprise strategic cooperation agreement with the College of Information Science & Electronic Engineering of Zhejiang University for in-depth cooperation in talent training and joint innovation, so as to push forward the high-quality development of "industry-university-research-application" collectively. It also joined hands with Hangzhou Dianzi University to establish the Intelligent Information Processing Engineering Research Center, thereby deepening the all-round technical and engineering research cooperation in the fields of AI technology and AI development framework. In addition, the Company teamed up with a number of universities, including Zhejiang University, Sichuan University, Xidian University and Xi'an Jiaotong University, to set up the University Dahua Scholarship, thus making due contribution to the talent cultivation of Chinese universities.



Engineering Experiment Center

Driven by innovation and prioritized on quality, the basic research and engineering experiment capability of Dahua Engineering Experiment Center provides strong support for technological innovation. In 2021, more than 30 new instruments and equipment were installed to increase the number of research and testing capability items by more than 40. In particular, the newly acquired high-end instruments and equipment such as x-ray and scanning electron microscope enhanced the level of technical research in material microscopy. In line with the Company's development direction of reducing energy and resource consumption, new areas such

as energy digitization and integrated simulation were extended, boosting the ecological development of technological innovation. During the reporting period, Dahua Industrial Design Center, based on the Engineering Experiment Center, was successfully awarded the "National Industrial Design Center" by virtue of its leading design innovation capability in the field of intelligent IoT. Currently, Dahua Industrial Design Center has formed a professional hierarchical structure, taking basic research and innovative design as its core, continuously strengthening its industrial design capabilities, improving its industrial design innovation system, and actively promoting the process of in-depth empowerment of industrial development with industrial design.



Standard Development and Intellectual Property Rights

Dahua has actively participated in the development of standards, leading and participating in the preparation of 28 standards in 2021, and winning the first prize of the Science and Technology Award of the China Communications Standards Association. The Company is committed to green technology innovation for the protection of ecological balance, including the approval of the international standard *Requirements and Reference functional model of IoT-based smart forest firefighting system*, compiled under its leadership, and the publication of the first green packaging group standard for the security industry *T/ZJAF 9-2021 Technical Specifications for Green Packaging of Electrical Security Products*.



In the era of knowledge-driven economy, the market competition among enterprises has shifted to high value-added technology and brand competition. Innovation is the primary driving force in leading high-quality development, and the protection of intellectual property equals to the protection of innovation. The Company attaches great importance to the protection of intellectual property, and has selected and commended teams and individuals with outstanding contributions to technological innovation for 10 consecutive years, providing effective incentives for innovation; it has continuously improved its intellectual property management mechanism and actively carried out the application and maintenance of patents, software copyrights and trademarks; through strategic patent layout for core technologies and high-quality patent incubation, it has accumulated high-value patent assets to provide strong support for its market competitiveness. During the reporting period, 975 patents were granted, of which 498 patents were for inventions, accounting for 51%, up by 114.6% year-on-year.

Patent invention	Utility model patent	Design patent	Software copyright	Trademark
New 498 pcs	New 289 pcs	New 188 pcs	New 122 pcs	New 130 pcs
Accumulated 1234 pcs	Accumulated 1338 pcs	Accumulated 885 pcs	Accumulated 977 pcs	Accumulated 804 pcs

Artificial Intelligence Ecological Cooperation

As the AI industrialization at scale represents a field with considerable opportunity, the Company should work together with its partners and customers to build an AI industrial ecosystem. The Company provides targeted empowerment tools for partners with different levels of demand, thus accelerating the process of AI industrialization.

For customers with insufficient AI development capability, the Company provides Jinn AI open platform, enabling customers to use their own data to train scenario-based private algorithms. Simply through the four steps of labeling, training, verification and deployment, private scenario-based algorithms can be customized to meet business needs, reducing the threshold and cost of AI development, which has been implemented in Dahua Cloud public cloud and corporate privatization solutions.

Meanwhile, for various partners with solution development capabilities, including integrators, the Company provides more than 300 commercial algorithm solutions for typical scenarios so as to help customers quickly complete the transformation of AI industrialization.

With so many AI chip manufacturers and different chip capabilities, algorithm deployment can be time-consuming and laborious. The Company provides Jinn NNX, an algorithm deployment tool, as a one-click optimization deployment solution for algorithm manufacturers with certain algorithm development capabilities. Jinn NNX now covers more than 70 types of network structures and over 40 kinds of chips, and has been delivered to dozens of domestic and international manufacturers, facilitating the rapid productization of customers' self-developed algorithms.



Artificial Intelligence Global Ranking

During the reporting period, Dahua was ranked first in multiple global rankings in AI field.

Artificial Intelligence Global Ranking

First in Text Recognition

- ICDAR 2019 ReCTS (Reading Chinese Text on Signboard), Character Recognition and Text Line Recognition

First in Gait Recognition

- CASIA-B Gait Dataset

First in Segmentation

- Cityscapes Dataset - Instance-Level Semantic Labeling Task Instance Segmentation Task
- COCO Detection Challenge (Segmentation Mask, Test-dev) Instance Segmentation Task
- Inria Remote Sensing Image Urban Building Segmentation Dataset
- Weakly Supervised Semantic Segmentation for Lung Adenocarcinoma

First in Target Detection

- MSCOCO Dataset - CoCo Detection Challenge (Bounding Box), Comprehensive Performance Ranking in Target Detection

First in Target Search

- VERI-Wild Vehicle Image Search Dataset

Competition

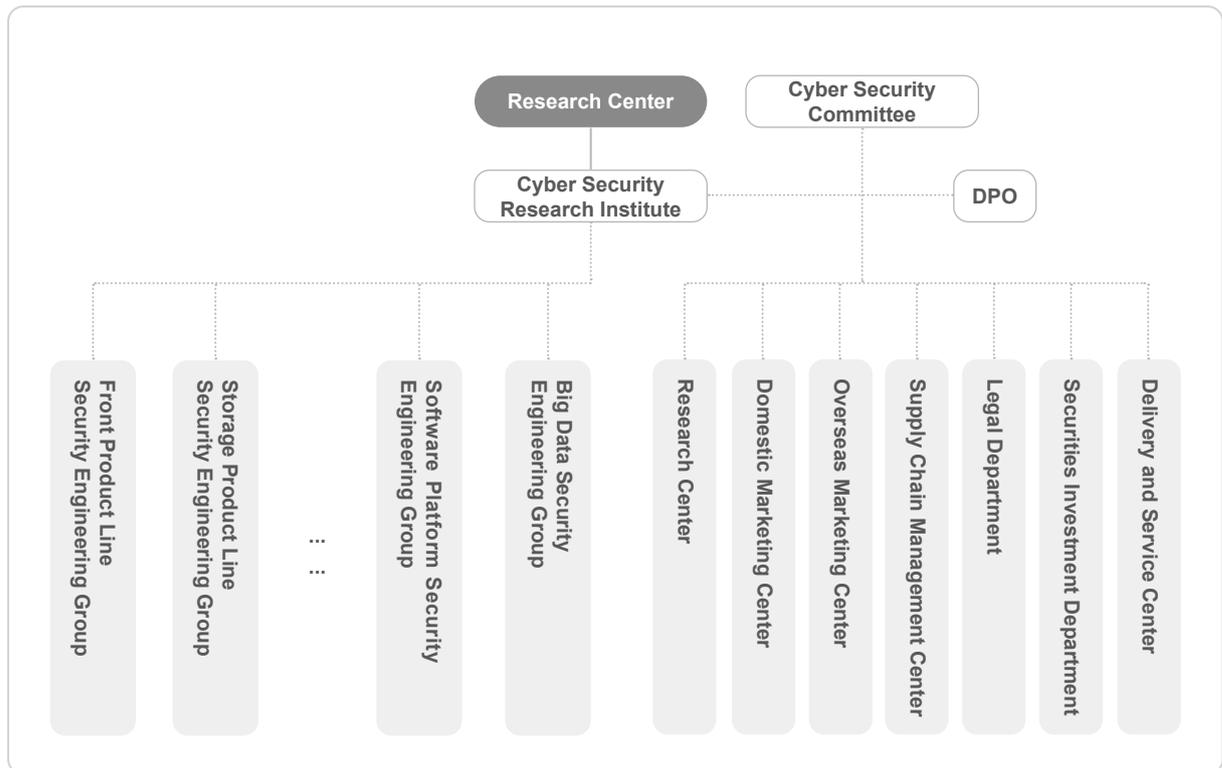
- Giga Detection: Object Detection Meets Gigapixel Videography (ICIP 2021 Workshop), First in Comprehensive Performance
- Giga Tracking: When Multi-Object Tracking Meets Gigapixel Videography (ACM MM 2021 Workshop), First in Comprehensive Performance
- ICCV DeeperAction Challenge - FineAction Track on Temporal Action Localization, First in Video Motion Detection Competition

Cyber Security

The integrated development of such technologies as cloud computing, big data, IoT, AI and 5G, pushes human society into the era of AIOT. While emerging technologies are driving human progress, the open and heterogeneous network architecture also poses new threats and challenges. In order to cope with cyber security threats and challenges, Dahua has established the Cyber Security Research Institute, which focuses on the continuous development of core security technologies, emerging privacy technologies, security engineering capabilities, and security ecological cooperation, and is committed to providing customers with more secure products and solutions, and rapid security emergency services.

Security Organization and Structure

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 and 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.

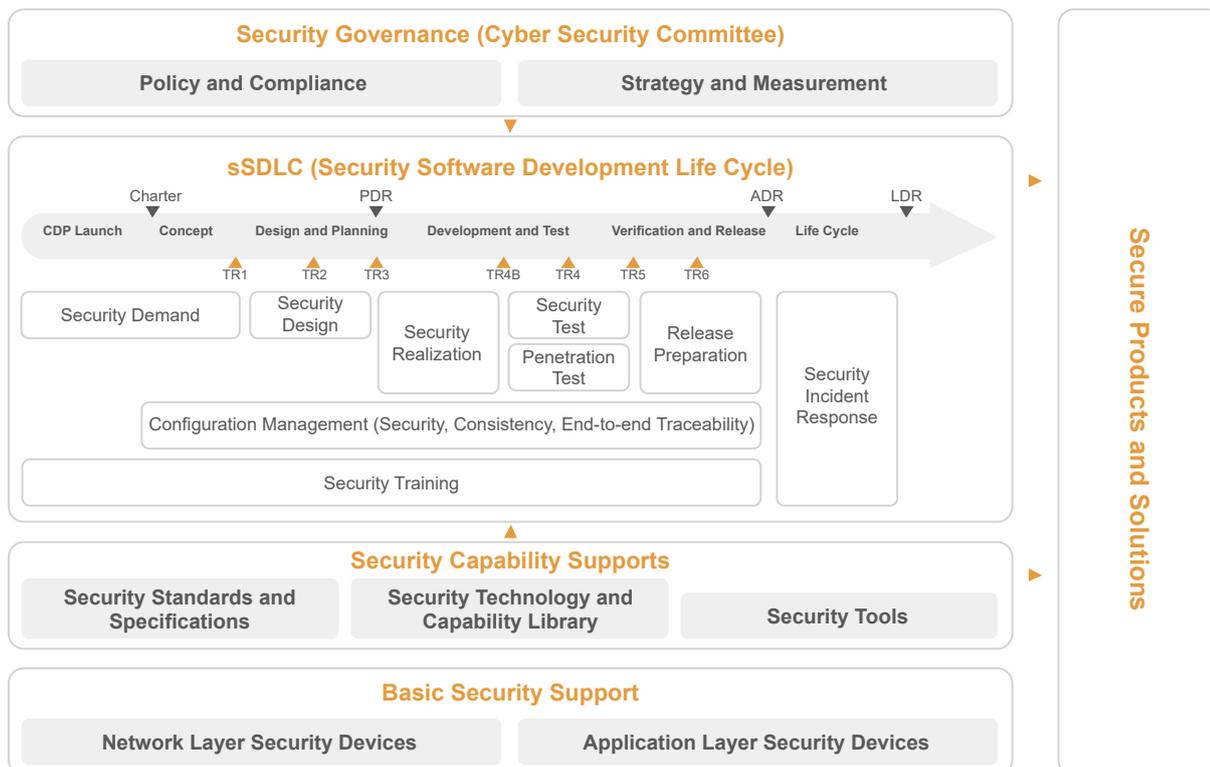
- As a joint executive team across business, the cyber security execution group is responsible for leading discussion and formulating mechanisms and strategies relevant to cyber security at a tactical level, and for developing, tracking and processing daily cyber security at an executive level. It covers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

- The Cyber Security Research Institute, as an entity organization, undertakes research on key security and privacy technologies, security engineering capacity building, and security ecology construction, responsible for the implementation of security and privacy requirements, security and privacy risk assessment, security and privacy design, penetration testing, vulnerability management, and incident response, as well as the development 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.

Security Engineering Capability Building

With introduction of the best security practices in the industry, Dahua has established a full set of sSDLC security software development processes, and fully implemented them in the R&D center. Through efforts of the professional security team, the capabilities on the whole process of security management covering the security and privacy demand, assessment, design, coding and testing of products and solutions are realized 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, and dedicating to providing comprehensive security 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.

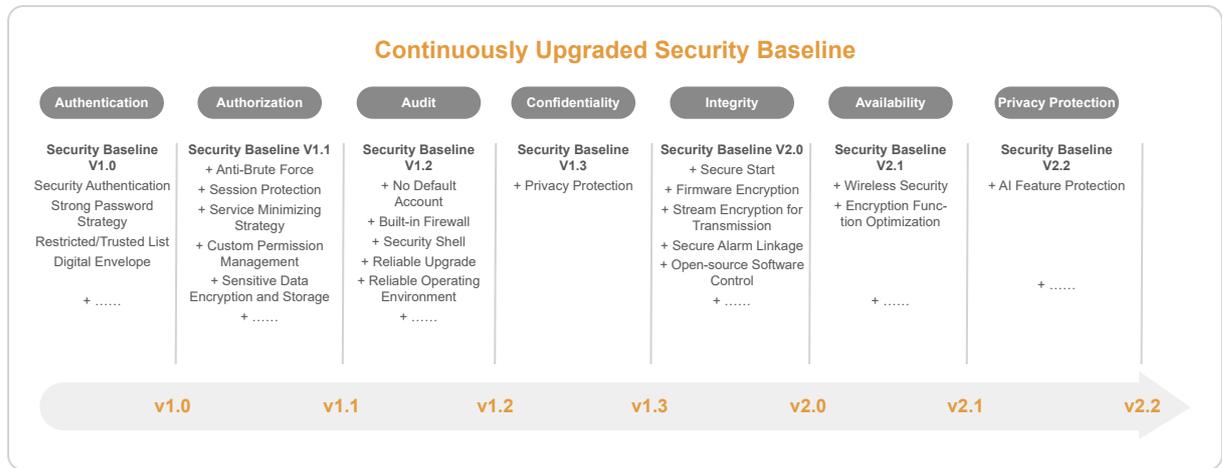
The "AAA+CIA+P" security elements are laid out as follows:

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

To ensure the adequacy of the Security Baseline, the Company has carried out a series of activities such as "Compliance with Laws and Regulations", "Standards and Specifications Study", "Tracking Industry Dynamics", "Threat Modeling Analysis", "Key Technology Pre-research", and "Security Demand Survey", to continuously output effective and high-value security demands for the Security Baseline.

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

During the reporting period, the Security Baseline was iterated to V2.2.



Security Awareness Promotion and Talent Cultivation

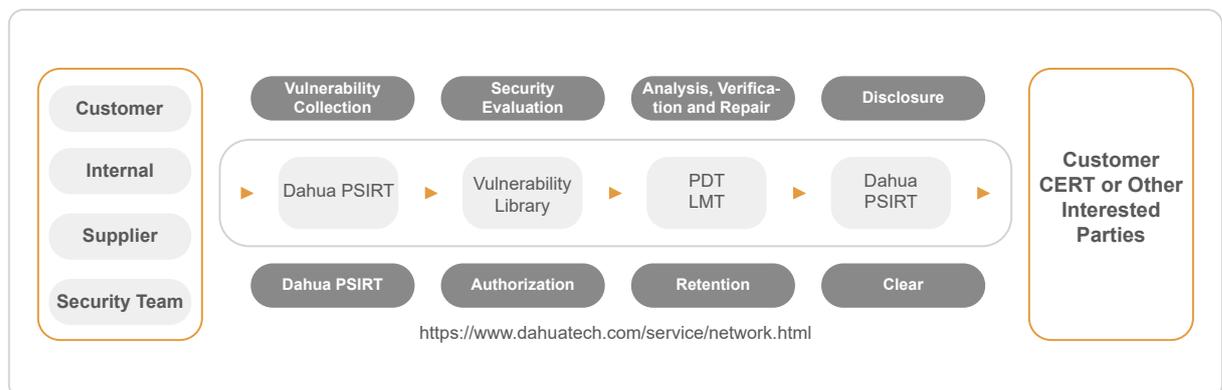
During the reporting period, Dahua actively responded to the national call and held the Dahua Cyber Security Promotion Month in September 2021 with the theme of "Cyber Security for the People, Cyber Security by the People, and Dahua Security by Everyone". This Cyber Security Promotion Month adopted both online and offline posters and on-site interactions to convey global cyber security laws and regulations, standards and policies to all employees of the Company, and to enhance their awareness and vision of cyber security through Q&A and suggestion collection activities.

Dahua attaches great importance to the cultivation of cyber security talents and continues to step up investment in cyber security development. In the 2021 Hangzhou Regional Cyber and Information Security Administrator (Cyber Security Administrator) Vocational Skills Competition, three colleagues from the Cyber Security Research Institute swept the top three. The first prize winner was awarded the Technician Vocational Qualification Certificates of Cyber and Information Security Administrator (Cyber Security Administrator) after the qualification verification, as well as the title of "Hangzhou Technical Expert" by the Municipal Bureau of Human Resources and Social Security.



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 7*24 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 constructs disclosure processes for security vulnerability, security advisory and security notice for all the products in accordance with ISO/IEC 30111:2013 Vulnerability Handling Processes, and ISO/IEC 29147:2018 Vulnerability Disclosure, among other standards, and encourages end customers, partners, suppliers, government bodies, industry organizations and independent researchers who find any potential risk/vulnerability to take the initiative to report the security vulnerability to us.

Dahua PSIRT actively participates in various industry and public activities, and keeps a positive and open attitude towards 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), international CVE 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 promoting intelligence sharing and handling coordination in dealing with cyber security threats.

In 2021, the Company was awarded the honor of "Outstanding Contributor to Vulnerability Handling" by the National Computer Network Emergency Response Technical Team/Coordination Center of China (known as CNCERT/CC)/China National Vulnerability Database (CNVD) for our outstanding contributions to vulnerability detection and handling; in addition, the Company was shortlisted as a technical support unit for the China National APP Vulnerability Database (CAPPVD) of the Ministry of Industry and Information Technology.

Building a Secure and Reliable IT Architecture

Equipped with Information Systems Compatible with the Strategy

Hardware Network System

In order to build a safe, stable and sustainable information system environment, Dahua has now established multiple data centers: Hangzhou Headquarters Data Center, Xiaoshan Telecom Data Center, Hangzhou Iron and Steel Group Company Mobile Data Center, and AWS Data Center with multiple nodes on overseas clouds (Singapore, Germany, Brazil) and multiple availability regions. With dedicated network links, dedicated POP points and Internet links, accelerated by SDWAN, redundancy deployment of the ring network globalization has been achieved, to ensure the reliability of the data center networks. In terms of network core and convergence, dual redundancy has been adopted to guarantee the speed and stability of the intranet.

Based on the design of links and hardware redundancy architecture, automatic switching of failed single link to standby link is realized, enabling backbone services to be fully online and no perception of automatic switching by users; based on the deployment of the software management system, full coverage of business scenarios is realized; based on the construction of data lake and data warehouse, full connection of data and timely access to information is achieved; through the ITSM hotline service, 7*24 services and self-service for internal users are provided, and through applications such as the portal/App, information inquiry self-service is provided for external customers, suppliers and partners. The Company keeps increasing its investment in hardware to support the framework of global business operation.

Software Management System

Currently and for a long time to come, the IT architecture of Dahua will follow a hybrid architecture model: traditional holistic architecture + microservice mid-platform architecture + cloud computing base + AI/IoT applications. In terms of the application system, the Company reconstructs and connects various "chimney" systems through the business mid-platform to establish various shared service centers and realize the digital accumulation of business capabilities; through the construction of data mid-platform and data lake, the Company builds the data sharing platform for the group, realizing the centralized management of at-most-once data extraction and improving the reuse rate of data, to effectively avoid data isolation and provide digital basis for management decisions. The technical architecture of the data mid-platform adopts a convergence structure to realize the unified management and implementation of data standards, data governance and data directory, while providing data services in the form of microservices to ensure the data consistency of each application system.

Ensuring the Reliability, Security and Ease of Use of Software and Hardware

The Company has formulated relevant regulation documents such as *DH IS 009 Information Asset Confidentiality Management System*, *DH IS 017 Anti-virus and Malware Management Regulations* and *DH IS 022 Data Backup Management Regulations* to well manage data, information, software and hardware, and improve the reliability, security and ease of use of data and information management software and hardware, thus ensuring that the information system infrastructure meets the Company's strategic development requirements (see the table be-

low). The Company selects premium software and hardware suppliers and their products, and builds information systems that meet industry characteristics and business needs. By working closely with suppliers, training software and hardware maintenance personnel, and engaging information system users, the Company ensures the reliability, security, and ease of use of information system software and hardware.

Table
Reliability, Security and Ease of Use of Information Systems

Category	Description
Reliability	<ul style="list-style-type: none"> The Company adopts the dual outlets of Telecom and Unicom for its Internet outlets, and has established a main server room and a backup server room. The entrance is connected to the redundant link from AliCloud through a dedicated dual server room link, with entrance from AliCloud to ensure the security and reliability of link access. The server rooms are equipped with dual utility power and highly reliable UPS system power supply to ensure the stability of the Company's network infrastructure and business systems; All key business systems are designed with disaster response solutions to ensure stable operation of information systems and data security at any time and under any circumstances. In case of a disaster, information systems can be quickly migrated or recovered; A reliable data backup and recovery plan is adopted for non-critical business systems, with all data kept with remote storage backups; regular drills are performed to check the recoverability of backups.
Security	<ul style="list-style-type: none"> Based on the four major components of the Security Baseline for terminal access detection by access devices, namely, antivirus software, DLP, access system, and watermarking system, the security requirements of terminals accessing the internal network of enterprises are fulfilled; virtual desktop systems are deployed for key positions; and the deployment of data backup systems are strengthened; The data centers have deployed blacklist and whitelist, and port minimization policies, and so forth. Meanwhile, security devices, firewalls and WAFs, among others, are deployed at data center boundaries, to shield high-risk ports, and turn on security modules such as IPS, AV, and WAF to guarantee secure and controllable business. Due to its global development strategy and the fierce market competition demand, Dahua was awarded ISO/IEC27701 Privacy Information Management System Certification, ISO27017 Cloud Security Certification and ISO27018 Public Cloud Personal Information Protection Certification by the British Standards Institution (BSI); The accreditation of these three certifications signifies that Dahua products have been recognized by international authorities in terms of security, accuracy and transparency in handling personal information; The Company also possesses the ability to operate and manage public cloud business. Dahua is the first company in the security industry to obtain such certifications, which fully demonstrates its foresight and continuous practice in data security and privacy protection.

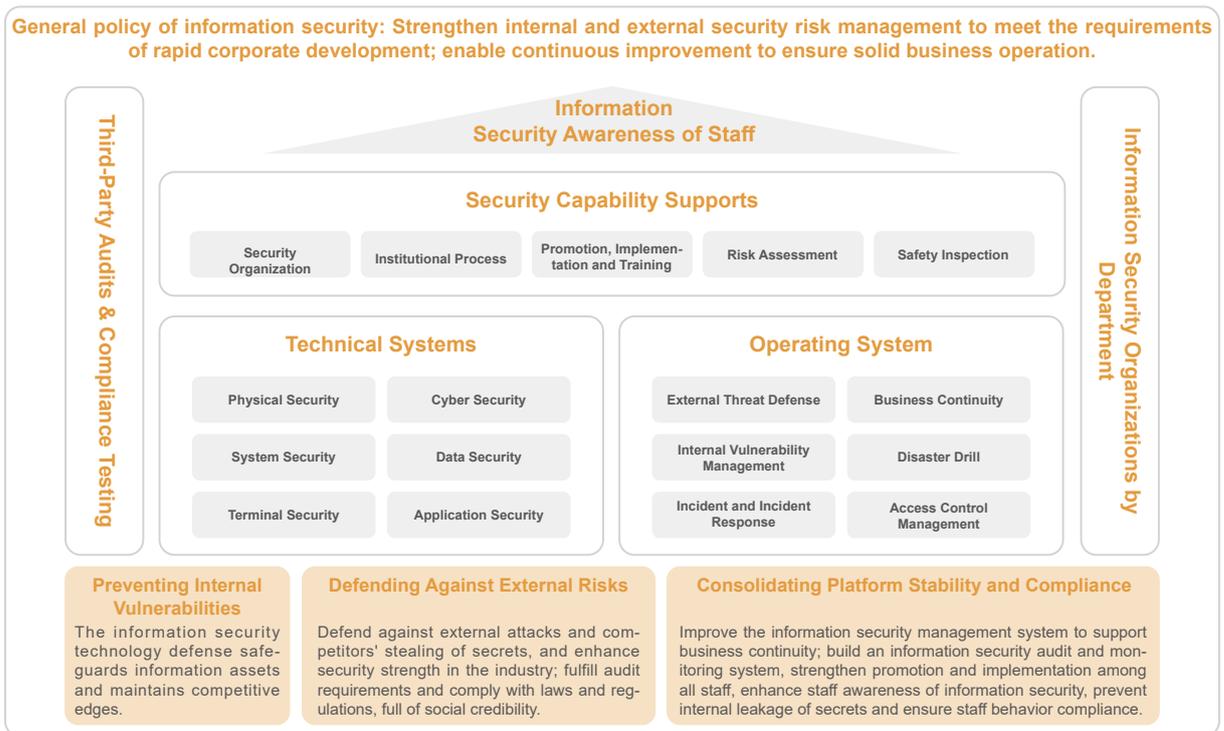
Reliability: By building such infrastructure as redundancy, high availability, and backup recovery, ensure the high availability of performance, and smooth and reliable continuous operation of data centers, network links, and computing storage of system applications (see the table below).

Table Reliability - Data Centers, Network Links, Computing Storage

Data Center + Cloud	Network and Link	Computing and Storage
Plan the construction of data centers and clouds in a unified manner to improve the physical environment for stable operation of information systems and enhance reliability.	Build a network architecture that matches the distribution of application systems and data centers; realize the redundancy of globalized networks and data center backbone; improve the load balancing capability of network flows; and enhance security and network reliability.	By planning and integrating server computing resources and storage resources, realize shareable, easily scalable and flexible back-end resources that correspond to application system deployment, and enhance high availability and reliability of business.

Security: By building an information security system architecture, defend against external risks, prevent internal vulnerabilities, and sustain security operations, so as to ensure the security and solidity of Dahua's business (see the figure below).

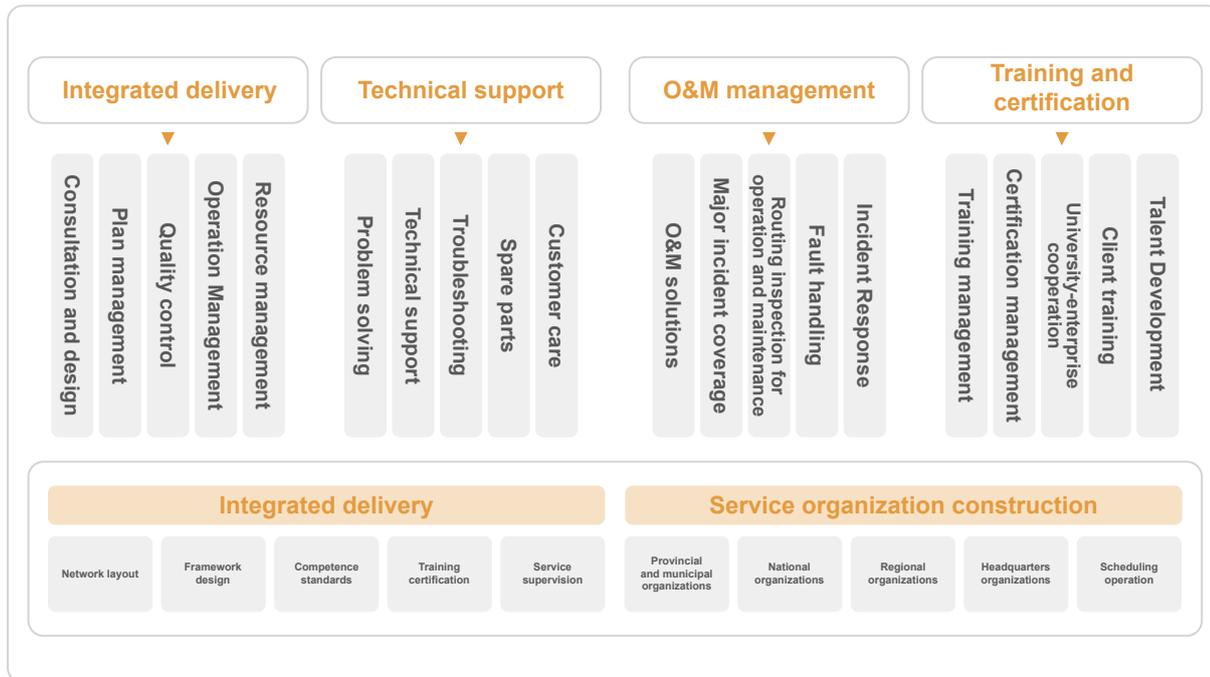
Figure Security - Information Security System Architecture



Security Operations Module	Function	Examples of Key Activities	Continued Enhancement in 2020	Normalized/Ongoing Operation in 2019
Management Systems/ Technical Standards Development/Organization Building	<ul style="list-style-type: none"> Establish regulations on information security to ensure that security works are guided on a legal basis. Clearly define responsibilities and establish a top-down promotion mechanism. Populate laws and regulations and advocate law-abiding to form sound security awareness. 	Management of Key Positions Confidentiality Agreement Signing	System Revision and Release Intensive Asset Management	Information Security Organization Appointments
Risk Assessment/ Process Monitoring	<ul style="list-style-type: none"> Identify and dispose of security risks. Apply information security technologies flexibly Monitor behavioral trends to perceive risks and give alerts timely. 	DLP Operation BYOD Control	Vulnerability Scanning Project Risk Assessment	Account/Permission Management
Security Inspection/ Compliance Audit	<ul style="list-style-type: none"> Discover non-compliance of actual operations and propose corrections in time to promote the implementation, improvement and upgrade of security policies. 	Sword Action Resignation and Job Transfer Audit	ISO27001 Audit Special Audit of Key Positions	Classified Protection/Security Inspection
Security Assessment and Accountability	<ul style="list-style-type: none"> Enhance the awareness of security responsibility and level of attention to security responsibilities. Promote the implementation of security works. 	Security Incident Handling Promotion and Alert	Daily Non-compliance Notification Security Performance	Security Report
Security Culture/ Awareness Promotion	<ul style="list-style-type: none"> Shape a sound corporate security culture. 	Executive/Management Interviews Online Exam	Security Week/Thematic Promotion	Staff Training

Professional Service and Delivery for Global Customers

With the customer-oriented service concept, Dahua has been gradually building four service systems covering the whole market and the full business, including the integrated delivery system, technical support system, operation and maintenance management system, and training and certification system; meanwhile, by integrating its corporate resources and pooling the power of the ecology, Dahua provides full life-cycle services of products and solutions to the market. Our vision is to build a world-class efficient and professional delivery platform and become a superb service value creator.



Service Network Coverage

Dahua has formed a three-tier service network to provide technical services to customers worldwide, with 57 branches worldwide and a service network covering 180 countries. It has 4 spare parts distribution centers and 140 spare parts stations (46 spare parts stations in China), with 4000+ project managers and technical service personnel (including certified personnel), and over 1000 service partners, offering efficient service support for customers and markets.

In China, we have more than 200 offices, with a service network covering 100% of all provinces, municipalities, autonomous regions and prefecture-level cities.

Service Capacity Building

Technical support integration: Build a large service mid-platform with the integration of ITR, 400, project technical support and handling of customer quality issues, so as to provide rapid response to front-line business and connect all service links to ensure a closed-loop of service guarantee without breakpoints and improve service efficiency and customer satisfaction.

Training system empowerment: In addition to a scenario-based field training facility at the headquarters, Dahua has established field training centers in 32 Chinese provinces and 5 overseas regions to create a "doorstep" field training setting for customers, facilitating training and certification. By combining theories with practice, Dahua provides the best solution for talent training and continuously improves its own service capacity as well as that of its partners and customers.

Digital tools installed: A complete delivery and service digital platform has been built around project delivery management, customer service and service ecology construction, which realizes the whole process management and standardization of project delivery through the ISDP system. A system for hierarchical and graded service ecology, standardized management and capacity enhancement has been jointly built through the ecological management and training certification platform.

Service Quality Improvement

Through a sound technical training, assessment and induction management mechanism, the technical service capacity is empowered to guarantee the technical capacity service business standards. By means of a grid-based staff skills information and staffing management platform, the consistency and standardization of service capacity across the network is ensured, while service quality is monitored through systematic monitoring, and automated testing is realized following the repair of hardware products, requiring compliance with factory standards. In addition, the service quality of the whole process from customer to customer is supervised, systematic problems are summarized and improved, and maintenance quality is monitored. The logistics evaluation system comprehensively evaluates and incorporates logistics providers that meet customer needs, and monitors logistics timeliness and abnormality through the TMS system, so as to realize end-to-end systematized monitoring of the full-process logistics information, and improve transportation timeliness based on systematic transportation mode of automatically allocating reworked products and spare parts. Regular return visits on logistics to customers ensure that the quality of logistics services meets customer requirements.

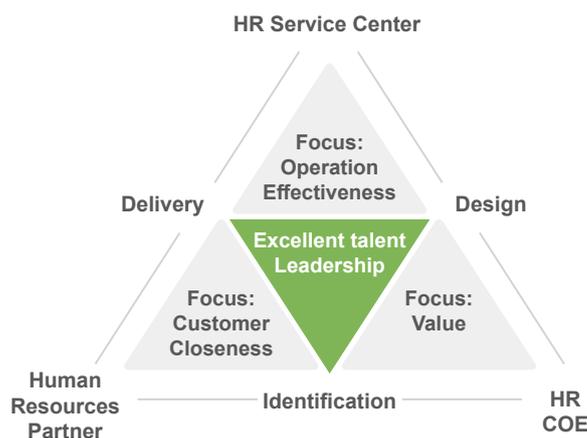
Caring For Employees, Shaping Common Development

Organizational Structure

In the process of rapid enterprise development, Dahua insists on scientific and technological innovation as the strategic support for high-quality enterprise development, and about 10% of the Company's annual sales revenue is invested in research and development. With Hangzhou headquarters as its center, the Company has established R&D sub-centers in Xi'an and Chengdu of China, Poland and Mexico, deployed global R&D forces, met the growing business needs, and made continuous breakthrough contributions to lead the industry development with persistent innovation capability.

A Business-Oriented Three-Pillar Model

Modeled on the Three-Pillar Model from the HRM master David Ulrich, Dahua has designed the structure of COE, HRBP and SSC, which emphasizes the concept of satisfactory business and customer demand orientation. During the daily operation, business customers are classified into different kinds of objects, and the "Three-Pillar" working operation mode is formed by combining the standardized personnel service and HR system with the characteristic requirements of business departments, so as to better support the business. More attention is paid to the import of customer demands and the speed of achieving and responding to customer demands, which is in line with the requirements for HR in the VUCA era.



The overall responsibilities of Dahua's Human Resources Center include:

- Formulating and implementing various strategic plans for HR, medium and long-term HR development plans;
- Establishing and improving HR-related policies, systems and processes;
- Deepening core HR imperatives such as organizational management, job qualification management, talent pipeline construction, cadre management, recruitment management, corporate culture of performance management, employee care, and training management.
- Promoting organizational transformation and innovation to boost organizational performance.
- Other corporate HR-related special tasks.

Based on the Three-Pillar Model and overall responsibilities, Dahua's Human Resources Center is divided into seven divisions according to functions: HRBP Management Division, SSC Shared Services Division, Organization and Cadre Division, Talent Management Division, Employee Relations Division, Recruitment Division, and Compensation and Performance Division, to undertake corresponding responsibilities.

Employment Overview

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 overall business 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, 2021, Dahua had a total of 20,000+ employees worldwide.

Employee Recruitment

With its commitment to "Customer-oriented, Employee-based" principle, Dahua has been actively attracting external talents, so as to provide strategic support for its development.

In 2021, Dahua launched the Starburst Program for doctoral candidates, established the Dahua Scholarship in many universities, and organized a series of activities themed as Coming from Campus and Going to Campus, including the National University-Enterprise Forum, Open Day event, and Dahua Experts into Campus.



Dahua Scholarship

Dahua has joined hands with several universities to set up the Dahua Scholarship and carry out in-depth cooperation in talent cultivation, scientific research cooperation, joint project filing, student competitions and experts into campus, so as to nurture talents together.



University-Enterprise Forum

Dahua's University-Enterprise Forum invites teachers from various universities to the Company for in-depth communications, so as to promote its cooperation with universities and to boost their "collaborative innovation".



Alumni and Experts into Campus

In order to enable students to understand the prospects and trends of enterprises and industries earlier, and also to better clarify their career choices, Dahua regularly organizes alumni and experts into campus for communications with students.



Open Day

Dahua Open Day is open to students and teaching staff worldwide. Through in-depth visits and communications in Dahua, visitors can get hands-on experience of Dahua's first-class high-tech atmosphere, comfortable working environment and dynamic corporate culture.



StarForce (Global Campus Recruitment)

In 2021, Dahua's campus recruitment footprint spread across the globe, with 189 offline presentations and 14 online presentations, reaching 5w+ students from 1977 colleges and universities.

Under the requirements of pandemic prevention and control, the Company carried out large-scale and standardized cloud campus recruitment activities, adopting a full contactless process from cloud presentation, cloud written test, to cloud interview and cloud offer, ensuring the efficient and orderly progress of the overall recruitment process. During the campus recruitment for students who will graduate in 2022, we attracted more than 80,000 students from nearly 2,000 universities around the world, with over 50% of them having master's or doctoral degrees.

Dahua actively provides an excellent career development platform and career choice plans for all job seekers, and won the honors of Zhejiang Extraordinary Employer of the Year (awarded by Liepin, a recruitment platform), Most Influential Employer (awarded by Haitou.com, a job-hunting platform), and King's Ark Employer with the Most Love for Talents (awarded by BOSS Direct Recruitment) in 2021, realizing a virtuous cycle of talent management of the Company while reaching a win-win situation between the Company and the employees.



King's Ark Employer with the Most Love for Talents
BOSS Direct Recruitment



Most Influential Employer
Haitou.com



Zhejiang Extraordinary Employer of the Year
Liepin

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 "strivers-orientation", and encourages resources to be directed to strivers. 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 and 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 continue to contribute to the Company by creating a continuous material incentive system through stock option incentives, 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 has allocated special funds for team building and set up commemorative awards for employees according to their time of joining the Company. The headquarters zone has opened leisure facilities such as physical therapy rooms, coffee bars and gymnasiums, and regularly holds various featured activities and club activities to enrich the spare time of employees.



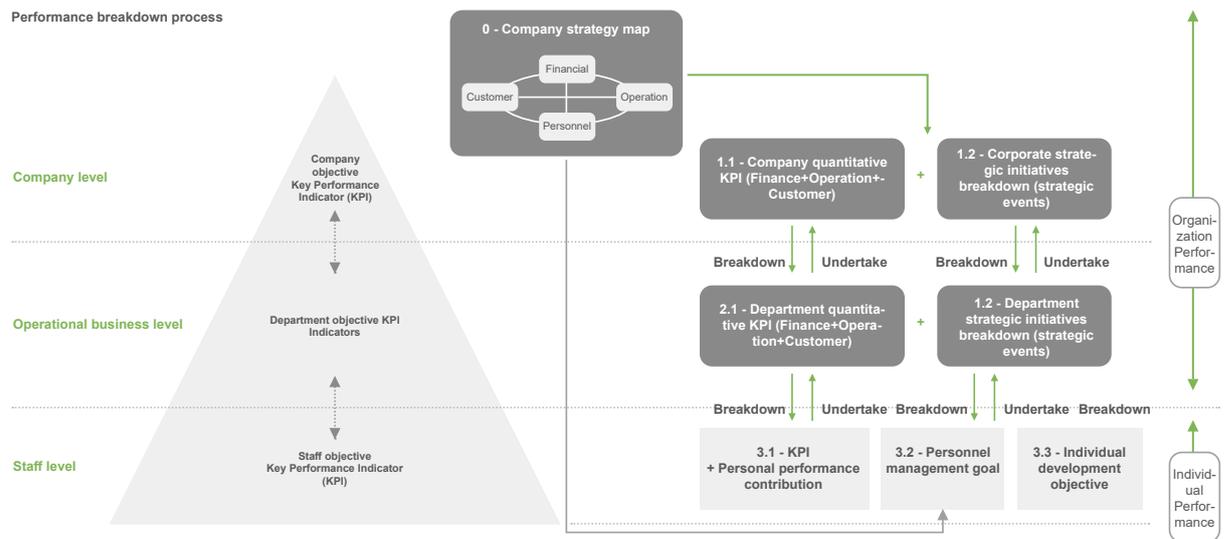
Physiotherapy room



Cafeteria

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.



The Company carries out performance appraisal based on the principles of fairness, openness, impartiality, scientification, clarity and objectivity, and evaluates the actual achievement of the performance target of the appraised based on key results and performance by a combination of absolute and relative evaluation. The absolute evaluation is the "ratio to targets", scored by direct superiors and project managers, while the relative 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, to generate a certain proportion of normal distribution and evaluate the performance level, so as to inspire employees to catch up with each other and strive to become best 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 the main keynote of staff training and development in Dahua. The development of Dahua is inseparable from the efforts and contributions of all Dahua employees. While growing, Dahua strives to improve the platform and mechanism for talent development, so that employees can develop faster and create more values for Dahua and also for themselves, achieving a state where stars gather and talents emerge.

Career Development

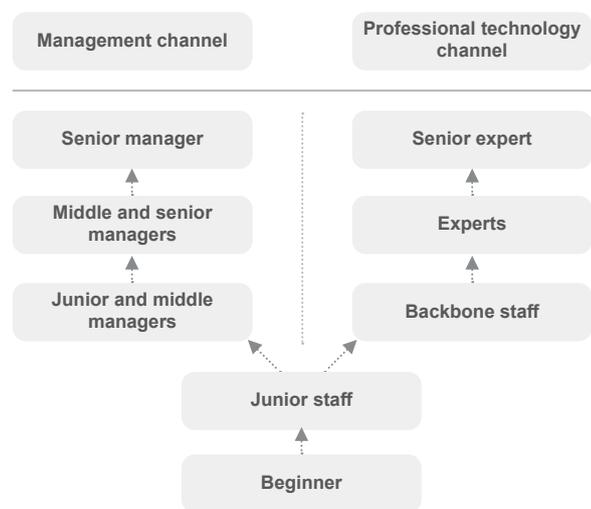
The company has established a sophisticated mechanism for talent training and development, a qualification management system, guiding employees on career planning. Employees can grow, both in the management channel and in the technology channel. In addition, the Company offers multiple talent development solutions to help employees with their career development, such as: Leaders Program, Reserve Cadre Pool Project, Starburst 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 nomination, competitive recruitment, internal recruitment, and various resource pools.



Employee Career Development Channel

Employee Career Development Guidance

The Company conducts career development planning and design for employees, jointly formulates career development goals and action plans for employees, and provides corresponding support, such as performance guidance and open competition.

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 build-up of professional atmosphere. 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.

The Company also attaches great importance to the cultivation and incentive of the expert team, defining experts as an important guarantee for the sustainable development of the business. Leading experts in each professional field are encouraged to break the boundaries, focus on core technology breakthroughs, and guide more excellent professionals through subject research, practice, and knowledge and experience accumulation. In addition, external training, expert allowance, subject bonus, expert conference, and exclusive car parking incentive plan are provided to them for their development and incentives.

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; the "Starburst Program", aiming at high-potential employees; and the HTTP Program, targeted at the training of fresh graduates.

The Company emphasizes staff training and practice, and has set up hands-on training bases for employees. It 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, to "cultivate better people with the best people".



The Company employs a combination of "learning, training, practice and examination" to develop employees' ability and experience in a multi-dimensional manner. Based on the qualification system and business development, the Company shares learning resources through learning platforms to achieve 555,000 hours of independent learning during the reporting period, 107,000 hours of learning through live streaming on online learning platforms (considering the pandemic situation and employees' diversified learning demands), and 313,000 hours of learning through of-line intensive training. During the reporting period, the total training hours of Dahua employees reached 975,000 hours, and the total direct training cost was RMB 3.614 million. Additional costs were generated from instructor fees, tutor fees, and qualification exam incentives, totaling RMB 2.322 million, making a total training cost of RMB 5.936 million.

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. The company continues to innovate format of 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 appraisal, performance appraisal, employee rewards and punishments, salary payment, social insurance, welfare treatment, labor contract, and safety production, the company will seek inputs from labor union and employee representatives by making information public on company office system or in written format.

An employee forum has been launched, enabling employees to express their views, and participate in online communications and discussions. And also the company culture are promoted to employees in ways that are welcomed by them. The Company has also launched the project of "Reporting Once at Most", set up a suggestion box for employees, and opened a message board in its WeChat public account "FangHua Club" to listen to employees' suggestions.

Greetings were sent to family members of expatriate employees and employees staying in their posts during the Spring Festival, and letters were addressed to the families of outstanding employees.

In 2021, the Company continued to hold activities of the "Health Season - Striving Season" series, and started the "Dahua People - Happiness Star" series. This will draw more attention of employees to healthy life and work, becoming a healthy and happy Dahua member. Every Saturday, professional organizations are invited to the Park to provide free tutoring services for employees' children, primarily homework tutoring and interest cultivation.

Diversified clubs including soccer club, basketball club, badminton club, running club, singing and dancing club, Tai Chi club, and music club have been set up, and various sports and cultural activities are held from time to time to enrich the spare time of employees.



Figure Condolences to employees in difficulty



For employees having joined the company for one, three, five or ten years, commemorative gifts were awarded to them, to enhance their sense of belonging and strengthen their adhesion to the Company.



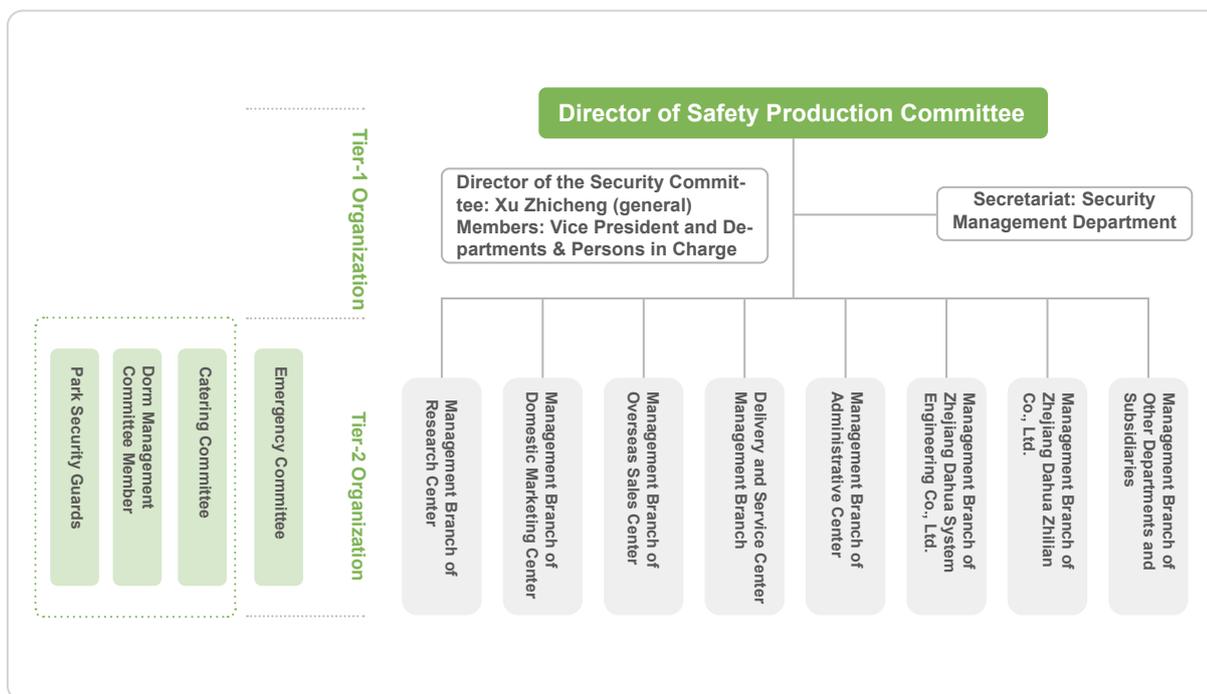
Figure Anniversary care



Dahua is dedicated to building its cultural atmosphere, and keeps experimenting with more diversified platforms and innovative media interactions. The employee culture system ranging 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.

Employee Health and Safety Management

With its constant focus on employees' occupational health and safety, Dahua has strictly complied with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, and the *Management Measures of Occupational Health Inspection*, among other national and local laws and regulations on occupational health in its operations. Dahua has built a top-down systematic prevention management mechanism to minimize the occurrence of accidents in production, environmental pollution and occupational diseases. The Company has established and passed ISO45001 Occupational Health and Safety Management Systems, and ISO14001 Environmental Management Systems, among other system certifications, and conducts internal and external audits on a regular basis, to effectively control the risk factors to the occupational health & safety and the environment as well as running activities relating thereto, so as to effectively utilize resources and energy, fundamentally eliminate or lower the risks to the occupational health & safety and the environment, and ensure compliance with the policies and objectives for the management of the occupational health & safety and the environment.



Organizational Structure for Occupational Health and Safety Management

Dahua has a Safety Production Management Committee that 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 employees' safety and Company's 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-G01 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. By consistently improving the management organization, all staff have signed the responsibility statement of safety production at different levels, with clear safety objectives and responsibilities detailed to individuals. Annual assessment is conducted accordingly. 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. Moreover, the Company is among the first batch of 5A-certified enterprises for Good Standardizing Practice in China, which sig-

nifies that it has established a standard system with reasonable structure, clear hierarchy, comprehensive system and good security, and boasts a set of standardized management mode suitable for its own development characteristics, with strict implementation of standardized management.

Occupational Health

According to relevant laws and regulations as well as system standards, Dahua regularly commissions third-party institutions to conduct checks on all places with occupational disease hazards, equips relevant employees with labor protection supplies and organizes regular occupational health checks. Through publicity and education, Dahua has actively taken a number of occupational health prevention and protection measures, carried out corresponding operation guidance for all employees exposed to and using chemicals, and posted occupational hazard and safety notification cards, and hanging safety instruction signs at production sites to clarify the protection requirements and emergency handling requirements; the coverage percentage of safety education for Dahua's on-the-job personnel, the percentage of special operators holding certificates and the percentage of occupational hazard factor detection have all reached 100%. During the reporting period, no cases of occupational accidents were reported in Dahua. In addition, we continued to optimize the production processes and reduce or avoid employees' direct exposure to occupational disease hazards through intelligent transformation.

Occupational Health Protection



Occupational Health Examination and Hazard Communication Process

During the reporting period, the *DH-BPR-BS-1066-S01 Occupational Health Management Guidelines* were established to clarify the process of occupational health examination and notification of occupational hazards.



Occupational Health Management for Soldering Operations

Solder work instructions were developed to guide soldering workers in individual protection and hazardous waste collection and disposal, so as to strengthen the standardization of occupational health and environmental management of soldering operations in the Company.



Occupational Hazard Factor Testing

During the reporting period, the Company commissioned qualified third-party testing organizations to conduct comprehensive testing of all exposure points to occupational hazards, with all testing results being "Pass".



Occupational Health Examination

During the reporting period, occupational health examination was arranged for employees exposed to occupational hazards, with all the examination results being good and no cases of occupational diseases.

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.

The Company obtained OHSAS18001 Occupational Health and Safety Management System certification in 2010 and upgraded it to ISO45001 international standard in 2019, forming the basis for ensuring the effective operation of the system, and controlling or eliminating 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*, have been developed as detailed safety standards and work specifications to guide employee for standardized operations. On the other hand, the matrix 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's 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.

The Company passed the initial assessment of Level 2 Enterprise of Safety Production Standardization in 2017 and completed the second assessment in 2021. The production base, as a densely populated place, also passed the Level 2 Assessment of Safety Production Standardization, thus realizing the standardization of management, sites and operations. These achievements are continuously consolidated.

Safety Management and Prevention

With great emphasis on safety production, the company has stepped up investment in management resources, regularly carried out relevant activities for employees, such as occupational safety education and training, emergency drills, joint defense between the police and enterprises, fire drills, safety activities, knowledge communication, and hazard identification, to advocate early hazard identification and prevention, as well as effective hazard management.

June 2021 marked the 20th "Safety Production Month" in China. Dahua's labor union, together with safety committee of Dahua Fuyang Park, organized a series of activities for 2021 "Safety Production Month" in the Fuyang production base. Under the theme of "Defining Safety Responsibility and Promoting Safety Development", various activities were organized, such as safety knowledge contest, fire emergency drills, safety knowledge promotion, all-staff safety knowledge tests, and work meetings of the safety committee. The safety awareness and emergency incident response capability of employees were further enhanced, and the initiative of all staff to participate in safety management was continuously improved, thus enhancing the safety environment in and around our parks on an ongoing basis, and boosting the level of safety production and continuous stability of safety production in the parks.

• Safety Knowledge Contest

Employees participated in the question and answer session by scanning the QR code, together with the lucky draw. They actively searched and raised questions for the production safety laws and regulations requirements and general knowledge of safety protection and emergency rescue. The front-line employees were motivated to participate in safety management.



• Fire Emergency Drill

Firefighting knowledge training, early warning, personnel escape and evacuation, and hands-on use of fire extinguishers drills were carried out to improve the fire safety awareness and self-rescue ability of all staff through professional guidance.



• All-Staff Safety Learning and Test

Together with the Human Resources and Legal Affairs departments, we prepared test questions on safety for all staff and distributed the link to the safety test (mandatory) on the Company's learning platform. Dahua employees actively participated in the test, with more than 10,000 of them participating in the online test.

• Safety Promotion

Safety banners and posters were displayed at the main entrances and exits, and relevant requirements of Safety Month and fire safety knowledge were played on electronic screens on a rolling basis to promote general knowledge of production safety and create a safe production atmosphere.



Vehicle

- Entrance and exit vehicle management
- Parking lot vehicle management
- Automatic dispatch of warehouse vehicles and goods

People

- Automatic visitor control
- Automatic control of production station and environment
- Intelligent access control and consumption management

Material

- RFID warehouse access management
- Machine room environment monitoring (temperature and humidity, UPS, etc.)
- Automatic control of hazardous goods warehouse

Management

- Electronic inspection system
- Control center dispatch (stereoscopic management and control)
- Park and production data control

Safety Management Monitoring System

The safety management system is an important branch of safety governance. Based on the "five elements" of people, machine, material, environment, and management, a safety management system is established in compliance with such requirements 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 reduction the scope and level of dangers.

In 2021, in the face of the pandemic, the Park Safety Committee formulated detailed preventive measures according to relevant government policies. By establishing multi-channel, rapid and effective information communication channels and leveraging technological innovation, systems such as itinerary registration, health reporting, telecommuting and park passes were introduced promptly for timely and accurate collection of all staff information. Meanwhile, WeChat groups were formed in each department to ensure consistent communication and implementation of anti-pandemic policies. For suspected and confirmed cases at home and abroad, we promptly arranged local medical resources for them and closely monitored their conditions on a daily basis.

In addition, the cafeteria adopted separate tables and batches of dining to avoid unnecessary risks when dining; employees on trips and those living outside of the parks needed to show green health codes, measure body temperatures, and report their itinerary daily at work; during the pandemic, dormitories, cafeteria, public areas and production workshops were disinfected once a day, stocked with anti-pandemic supplies such as 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.



Dining in Different Tables at Different Times



Face Recognition and Temperature Measurement



Network Identification of Health Code and Attendance

Forging Ahead Hand in Hand, and Living in Harmony

Supplier Management

Following the principle of "win-win cooperation, transparency and compliance", Dahua has established and continuously maintained good partnerships with suppliers, banks and other stakeholders by adopting a contract-based business model. It insists on standardizing and continuously optimizing the supplier incorporation process system, with the establishment of a perfect contract system to ensure the stable and efficient operation of the supply system. By the end of 2021, the Company had included 1,665 suppliers worldwide in its qualified supplier resources pool and rigorously required suppliers to sign key agreements such as the *Material Procurement Framework Agreement*, *Supplier Social Responsibility Agreement*, *Supplier Compliance Commitment Letter* and *Supplier Commitment Letter on Environmental Protection* to ensure the sound and sustainable development both Dahua and suppliers.

Exploration of the Market Segment and Transparent Procurement

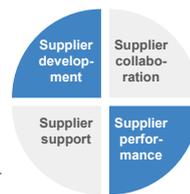
As an international listed company, Dahua has been adhering to the concept of "Fostering, Accompanying, Growing" in the management and cultivation of suppliers, realizing the online visual management of the whole business in the whole process management of suppliers, making great efforts in the incorporation, collaboration, performance and support of suppliers, completing the formulation of business standards and rules, and effectively transferring information and data through the upstream and downstream system connections.

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

Lean guidance for continuous improvement

- Support suppliers in capacity layout and automation of production lines
- Provide lean guidance for suppliers with poor performance, and incentives for those with good performance, to motivate suppliers and achieve win-win results
- Implement a strict supplier exit mechanism, that replaces or phases out in time suppliers who violate the red line or remain incompetent after guidance. The AVL library and potential supplier library guarantee the supplies of the resource pool



Business collaboration and information sharing

- Get involved in the early development of new components throughout the supplier process
- The supplier collaboration platform supports supplier incorporation and order tracking, to improve the fulfillment rate of delivery requirements
- Support the key process parameters, production, delivery, and quality data of suppliers' components
- The IT system supports the building of a cost model to achieve cost coordination between the supplier side and the buyer side

Fair data performance management

- Establish suppliers' risk profiles in an all-round way, give early warning of abnormal risks, and systematically track risky decision-making plans
- Establish suppliers' performance ratings and implement associated order quota adjustment to ensure fair treatment of multiple parties
- Combine regular routine audits, surprise checks and QBR, and develop restricted and trusted lists to motivate suppliers

High-quality Development and Continuous Stable Procurement

In the face of the turbulent world economy and the complex and changing pandemic conditions, it has been the Company's primary strategic policy to resolve the uncertainty in its supply chain and ensure the security of supply. Through continuous practice and exploration, the Company has established a complete system and process mechanism to deal with various uncertainties. The many unexpected events in the supply chain in recent years never halted the production, product development or sales of the Company, but rather have made its business even more robust, maintaining more rapid and steady vigorous development. This is precisely supported by the rapid response of the Company's supply chain system and its strong R&D strength.

Build a supply security platform

- Establish risk assessment programs and specific judging rules, and build an electronic platform for management
- Establish a supplier risk database and market risk collection system
- Establish a management system for risky materials and suppliers

Optimize the ecological layout of strategic collaboration

- Identify strategic suppliers based on supplier profiles, and develop and implement targeted strategies and action plans
- Sort out key suppliers according to material categories, and formulate and implement a management plan for risky suppliers

Enhance the anti-risk capability of supplies

- Establish a basic database of material costs, process capacity and production line automation capability for each material category
- Establish a control system for secondary materials such as bulk commodities
- Promote the layout of localization, automation and informationization in a scientific way

Enforce strategies against risks

- Prepare stocks and develop alternatives for risky materials and suppliers
- Provide risk warning and risk avoidance for new product material selection

Shared Prosperity and Harmonious Procurement

As a socially responsible enterprise, Dahua has been responding to the national call and advocating the harmonious development within the human group and between human and nature. In terms of the environment, Dahua requires all the incorporated suppliers to follow the requirements of the ISO14000 environment management system and strictly implement RoHS2.0 for all the materials, including process production. All the suppliers shall sign the *Commitment Letter on Environmental Protection*. A red threshold is set for suppliers with no system management or not satisfying the basic terms on environmental protection. Training for improvement is also provided to help our partners improve their source allocation capacity. In terms of humanity and social responsibility, Dahua emphasizes equality among different people and races. Handicapped persons have the priority for humanistic care and suitable jobs to give play to their social value. While being self-disciplined, we also require all the partners to fulfill their responsibilities and sign the *Supplier Social Responsibility Agreement*. Taking safety as the starting point, Dahua requires all the partners to carry out safe production and operations, and sign an EHS commitment, avoid intentional delay of salary payment, avoid harsh working environment, and take the lead to build a safe and stable social business environment.

Supplier development and qualification review

- Review the environmental system, operating personnel and production process documents
- Conduct three-party review of manufacturing suppliers and secondary suppliers, with a focus on compliance of environmental, health and safety management with national requirements, in addition to their manufacturing capabilities

Regular and unannounced inspection

- Perform sampling inspection on materials provided by suppliers to see whether they meet the environmental requirements
- Build the Dahua RoHS testing lab and meet the EU directive; develop a materials lab testing plan to expand the coverage of RoHS testing
- Perform unannounced inspections on suppliers from time to time to see whether the working environment and on-site management of personnel meet the requirements of agreements



Social responsibility
Harmonious
procurement

Agreement signing and effectiveness management

- All suppliers are required to sign the *Commitment Letter on Environmental Protection*
- All suppliers are required to sign the *Supplier Social Responsibility Agreement*
- Regularly update the environmental RoHS report through the system and audit the validity of the environmental RoHS report

Summary and improvement

- Solve identified problems which can be improved
- Corresponding changes shall be made to the agreement if it is found to be incomplete
- In case of serious non-compliance, the supplier shall be punished accordingly

Regional Coordination and Local Presence

As a forerunner for the concept of a world economic community, Dahua enhanced cooperation with worldwide material suppliers and processing plants. The Company implemented traceability label management for the purchased materials, classified and graded different materials and the capacity of different regions, reasonably allocate resources and supplies in different places, so as to promote the coordinated development of the whole economy. Moreover, as a leading technology enterprise in Hangzhou, Dahua is also committed to promoting the local and surrounding economic ecosystem, giving full play to the features of the local economy, obtaining local materials for processing and production, and reducing waste caused by the allocation of resources from far places. In this way, the surrounding ecosystem can realize the maximization of economic benefits for resources and the highest use ratio of energy. For example: Major suppliers for packing materials, injection-molded materials, and die casting components should be within the 4-hour supply cycle and the Just-in-time (JIT) mode is effectively implemented.

Responsible Mineral Procurement

Dahua holds and maintains that it is our corporate social responsibility not to procure and use conflict minerals. Even if we are not regulated by the SEC, we still make our best efforts to ensure the procurement and use of conflict-free minerals in our supply chain to the extent commercially reasonable.

Dahua supports initiatives related to responsible minerals, and conducts continuous and comprehensive due diligence management of possible risks in the supply chain to jointly practice our corporate social responsibility. All relevant suppliers of Dahua shall have a management policy/program to respond to conflict minerals requirements and shall not directly or indirectly use materials such as gold, tantalum, tungsten, tin and cobalt that originate from areas of armed conflict. The latest version of the Conflict Minerals Reporting Template (CMRT&CRT) is used to disclose information on the use of conflict minerals and smelter sources to Dahua annually for suppliers and their supply chains, and all smelters must be included in the Responsible Minerals Assurance Process (RMAP).

With the resources provided by the Responsible Minerals Initiative, including the Responsible Minerals Plan, Dahua will develop a conflict minerals control framework to assist suppliers in sourcing and using conflict-free minerals, continuously ensure the supply of smelters not affected by conflicts, and effectively eliminate the use of any conflict minerals in the supply chain.

Conflict minerals management framework	
Key control elements for conflict minerals	<p>General provisions: In consideration of the possible compliance risks or influence brought by conflict minerals, Dahua has included conflict minerals in the centralized management of the Product Compliance Committee, formulated control strategies, and monitors the operational risks. Meanwhile, conflict metals are included in Dahua's general hazardous substance control requirements. Identify and follow up the dynamic updates of conflict minerals initiatives and review internal control requirements regularly.</p> <ul style="list-style-type: none"> • Due Diligence Guidance for <i>Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas</i> - Organization for Economic Cooperation and Development (OECD) • Dodd-Frank Wall Street Reform and Consumer Protection Act (Section 1502: Conflict Minerals) - Securities and Exchange Commission (SEC) • Supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas (entering into force on January 1, 2021) - European Union (EU) 2017/821 • Responsible Minerals Initiative (RMI) - Responsible Business Alliance (RBA) <p>Supplier import: Conflict minerals control is included in the <i>Supplier Incorporation Management Process</i> as one of the baselines for supplier import, requiring all manufacturing suppliers to sign and comply with the "Declaration of Conflict-Free Metals" in the <i>Procurement Framework Agreement</i> to ensure that products supplied to Dahua and its affiliates do not contain conflict minerals or metals.</p> <p>Due diligence for the supply chain: Dahua conducts due diligence on conflict minerals in its supply chain through its supplier portal on an annual basis, and requires its lower-level suppliers to effectively disclose information about the country of origin of the minerals, the smelters and refineries used and their downstream supply chains in accordance with the reporting template of the Responsible Minerals Plan - [Conflict Minerals (Cobalt) Reporting Template (CRT)] [Conflict Minerals (Gold, Tantalum, Tungsten and Tin) Reporting Template (CMRT)].</p> <p>Supply chain collaboration: We have established an environmental interface in the supplier portal, and further raise awareness of conflict minerals regulations through training and advocacy for the supply chain. In addition, we assist suppliers in completing the conflict minerals due diligence promptly, and support their development of internal procurement policies for conflict minerals and sub-level due diligence programs to jointly practice corporate social responsibility.</p> <p>Supplier review: During the supplier import review and regular annual quality audit, the source or procurement channel of relevant raw minerals are verified and confirmed. If the information provided by suppliers cannot be verified or if the suppliers do not take effective measures to comply with the conflict minerals policy of Dahua, Dahua reserves the right to terminate cooperation with such suppliers.</p>
Emergency plan	<p>To handle the possible risks of conflict minerals, Dahua has formulated the corresponding emergency 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. Dahua has fully identified the risks of conflict minerals in the supply chain and continuously shares the results of supply chain due diligence with customers when necessary.</p> <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <p>Risk warning in advance</p> <p>Interpret relevant regulations on conflict minerals for each supplier in advance, and publicize the impacts of using conflict minerals. If a supplier is found to have illegal use, immediately carry out the suspension investigation of its products and identify and warn early potential risks resulted.</p> </div> <div style="border: 1px solid #ccc; padding: 5px; margin-bottom: 10px;"> <p>Emergency settlement in the middle of an event</p> <ol style="list-style-type: none"> 1. Stop using current materials of non-compliant suppliers, make rectifications, and adjust the quota of its new products; 2. The illegal products shall be destroyed from the market and replaced by reliable products; 3. In case of serious impacts on the Company or customers, suppliers should be held legally accountable. </div> <div style="border: 1px solid #ccc; padding: 5px;"> <p>Summary and improvement afterwards</p> <p>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.</p> </div>

****Conflict minerals/metals (3TG):** The term refers 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.

In the report period, the governance achievements of conflict minerals are as follows:

1. The signing rate of Declaration of Conflict Minerals-Free by new suppliers is 100%;
2. The reply rate of production suppliers is 100%;
3. Complaint about violations of conflict minerals is 0;

Dahua added due diligence for cobalt for the first time and has made significant progress. At the same time, we will continue to focus on seeking alternative technologies for cobalt materials in lithium batteries. In addition, Dahua has issued an updated Declaration of Metal Conflict-Free (for more information, please visit: <https://www.dahuasecurity.com/newsEvents/DahuaNotice/847>)

Growth of Suppliers

Dahua focuses on growing together with its partners. In the report period, it has carried out the QCC Activity and Quality Empowerment Training Camp to share the Company's excellent management experience with suppliers to improve their problem-solving ability.



Supply Chain Management

Dahua's supply chain is committed to building an efficient, intelligent and reliable supply system for the global market, adhering to the "customer-centered" service philosophy, taking globalization, diversification, integration and digital intelligence as the main line for development, mitigating the adverse impact of uncertain and complex supply environment on supply chain operation, and continuously and stably providing high-quality products for the society; Take ingenious manufacturing and green manufacturing as the development goal, actively make efforts in the construction of intelligent manufacturing and green manufacturing, utilize digital technology and information to enable industrial transformation and upgrading, jointly carry out green and low-carbon production together with the upstream and downstream of the supply chain, and promote the action of carbon peak in the whole chain.

Continuously optimizing the layout of global supply industries and promoting sustainable social development.

In the process of global supply network layout, Dahua adheres to the openness and cooperation of the supply chain, gives full play to its own advantages, strengthens the operation coordination of the global industrial chain, and actively explores the green and low-carbon supply ecological chain with professional material suppliers, OEM manufacturers, and warehousing and logistics service providers, so as to drive more partners to practice the concept of harmony and win-win, and take the road of sustainable development.

In the report period, based on different business scenarios and business models, Dahua's supply chain matched digital solutions to form a 1 + 2 + 4 + n global multi-level supply network layout centered on the Fuyang Base of Hangzhou Headquarters, so as to meet the diversified needs of global customers quickly, flexibly, and efficiently.

• **Hangzhou Headquarters as the center:** As the core intelligent manufacturing and distribution center, Dahua Smart (IOT) Industrial Park has a 670,000 m²-security industry base, covering an area of 510 acres. The park is equipped with dormitories, canteens, basketball courts, training center, cinema, supermarket, medical room, entertainment centers, ATMs and other facilities, which greatly improves the quality of life and well-being of employees, reduces safety risks, and provides a solid guarantee for stable product supply.

• **The second manufacturing base in China:** To expand the security industry layout in Central China, Dahua signed a cooperation framework agreement with Changsha Municipal People's government in 2021. The two sides will carry out in-depth cooperation in the fields of artificial intelligence, big data application, smart city, smart education, smart fire protection, intelligent transportation and smart security, so as to help the construction of smart city in China.

• **Overseas supply network:** Dahua has established two light asset manufacturing and supply centers in India and Vietnam, four HUB warehouses in core regions such as Hungary and Panama, and national sub warehouses in core overseas countries, so as to create more local employment opportunities while serving overseas customers more efficiently and contributing to local economic development.

Global Supply Chain Network 1 + 2 + 4 + n



Promote digital intelligence of manufacturing and improve business performance

Dahua has deepened reform, actively promoted the digitalization transformation of "Internet Plus manufacturing", insisted on the intelligent manufacturing strategy, continuously improved the level of production automation, and achieved the maximum labor intensity reduction, labor cost reduction, productivity improvement, product quality enhancement and ecological environment for production by using industrial robots and flexible automation equipment, as well as data link communication and information interaction among systems.

- Breakthroughs in automatic assembly:** Dahua continues to promote the application and networking of automatic production equipment and facilities. In 2021, focusing on the needs of high-precision assembly and relying on our deep technical accumulation in the fields of video and AI algorithm, Dahua developed a new intelligent visual screw driver to reduce the repeated mechanical actions of employees; At the same time, through data acquisition, operational analysis and feedback adjustment, the qualification rate of screw assembly was increased from 90% to more than 99%, achieving the goal of improving efficiency and quality.

- Intelligent development of automated testing:** Dahua continues to develop and upgrade its automated testing platform, constantly breaks through the bottlenecks of industry testing technology, and the coverage of fully automatic testing technology of core products has reached 86%.

- The self-developed MTF (modulation transfer function) has changed the subjective judgment of images to quantitative objective automatic judgment, and the coverage of MTF standard has reached 73%.
- The application of new high-precision focusing technology has turned manual focusing into fully automatic focusing, increasing the first pass yield from 80% to 95%.
- The innovative SD card function of products makes it possible to avoid the starting of the cold test scheme, reducing the working hours from 35S to 7S for each set, improving the efficiency by 80%.

- Intelligent logistics:**

- By adopting AGV, machine vision, robot, big data and other technologies independently developed by Dahua, we managed to promote the automation of on-site logistics (warehousing, sorting, transmission, batching to the line and shipment) step by step, improving the level of logistics automation.
- Coupled with the improvement of logistics automation efficiency, Dahua promoted the application of internal and external turnover boxes in the supply chain, realizing the utilization of unified packaging and logistics vehicles from material manufacturing, transportation, storage, turnover to product manufacturing by Dahua and its suppliers. At the same time, with the application of disposable packaging materials reduced, this measure has reduced consumption and enhanced environmental protection, while reducing employees' box changing actions and improving their work efficiency.

- Digital platform management:**

- The independently developed IOT TPM platform has realized the online management of equipment maintenance plan and implementation, equipment safety operation and maintenance management, core equipment fault diagnosis and maintenance through the computer-computer, human-computer and computer-system interconnections of key equipment. At the same time, early warning and closed-loop management have been realized for equipment operation and process data acquisition and application, thus improving the safety and utilization of equipment.
- Through the integration of SCP, APS, MES, WMS, WCS and other systems, the digital and visual management of the whole process from

order to delivery has been realized, and the early warning management of local business has been realized through core data collection and big data analysis. Facing the adverse factors, such as the complexity and diversity of customer demands and the continuous increase of uncertainty in the supply chain environment, Dahua enhanced its risk management ability over order delivery and improved customer satisfaction.

Efficient digital intelligent transportation management system

As a practitioner of enterprise intelligence and digitization, Dahua continues to promote the construction of digital intelligent transportation management system by adhering to the principles of giving priority to timeliness and service over everything else, as well as continuous innovation. In the report period, the Company made multiple achievements in the construction of digital intelligent logistics and digital intelligent customs capacity, leading the sustainable development of the logistics industry.

- Digital intelligent logistics scheduling platform:** Through the data interaction of EBS, MES, SCP, WMS, ICC and TMS systems, the online management of sales and delivery plan, production plan, logistics resource information, real time inventory information, transportation scheme planning, task execution, tracking and expense settlement are put through. As the visualization of delivery nodes and the traceability of logistics process are supported, the management of logistics suppliers has been improved and the logistics services have been continuously perfected through data analysis and the monitoring of logistics timeliness and abnormalities. At the same time, Dahua has constructed domestic warehouses (CDC/RDC/PDC) and cooperated with logistics suppliers through agreement to realize the pre-allocation of warehouses and improve the logistics timeliness, with 12 - 24h delivery guaranteed in Tier-1 cities and 24 - 48h delivery guaranteed in tier-2 and tier-3 cities. Through continuous optimization of overseas logistics network, Dahua has expanded the multi-modal transport and new mode of direct signing by shipping companies, improving the timeliness of logistics from 85% to 90%.

- Digital intelligent customs management platform:** By establishing cooperation with suppliers and Hangzhou Customs and building its own bonded warehouse, Dahua managed to realize the intelligent monitoring of customs and the automation of material warehousing logistics and remote customs declaration, thus improving its emergency response ability, reducing supply risk and capital occupation, and improving material turnover rate and logistics timeliness.

Through the digital intelligent customs service and tariff platform, the full coverage of import, export, overseas and local tariff in 44 countries was put through, and the overall full link compliance control was realized. As a national pioneering project, the digital intelligent customs service management platform has been included in the 2022 "Trailblazer" and "Leading Wild Goose" key research projects of the provincial Science and Technology Department (Project No. 2022C03139), which was submitted by Hangzhou Customs Data Center and popularized in Zhejiang as Dahua digital intelligent customs service solution, which has enhanced the brand influence of Dahua and facilitated its market promotion.



In 2021, Dahua Zhilian obtained the AEO advanced certification. At present, three companies of Dahua have been AEO-certified, which reduces the customs inspection rate and improves the timeliness and convenience of customs clearance. At the same time, through the AEO certification process, the Company systematically sorts out and improves the weak points of internal control of Customs affairs, making it possible for the comprehensive promotion of preferential policy implementation and ensuring the efficient operation of import and export.

Glories of the supply chain

In terms of social welfare, in 2021, Dahua Zhilian participated in the "Construct with One Heart" First Aid Training in Jiangzhou Village, Xintong Township jointly organized by Fuyang District Grass-roots Committee, Xintong Township People's Government and Fuyang District First People's Hospital to assist the "Rush for Construction and Time to Increase Production and Benefit" activities by Xintong Township. And the Company was awarded the honorary certificate of "Enterprise Contributing to 'Rush for Construction and Time to Increase Production and Benefit'".



Growth of Distributors

The Company takes "joint construction and sharing" as the concept for the cooperation with distributors and always takes mutual growth with distributors as a strategic focus.

In the aspects of vocational and technical certification, operation and management, Dahua has established a perfect empowering mechanism for distributor partners. In terms of vocational and technical certification, relying on 32 training centers across the country, Dahua managed to accomplish training and certification for a total of 7726 man-times in 2021, covering 1230 distributors. Meanwhile, relying on the Dahua Cloud Business Platform, live-stream open courses, covering all aspects such as products, solutions, technology and industry insight, are offered to distributor partners. 116 live-stream broadcasts and online courses were offered on Dahua cloud business platform in 2021, with a total of 224,000 participants. In the aspect of operation and management, Dahua regularly organizes core distributor partners to conduct intensive training and discussion on themes from financial management, contract business management to sales management, and carries out practical empowerment related to operation and management relying on the co-construction system between Dahua and its distributor partners.

Through the construction of multi-dimensional distributor empowerment system, Dahua has contributed to improve the overall ability of distributor partners.

In terms of distributor product and solution capacity building, 40,000+ training sessions were completed in 1,600+ large and medium-sized cities worldwide in 2021, covering 1,700+ primary distributor customers, 8,600+ secondary distributors and 17,000+ small and medium-sized engineering companies. Relying on the distributor conferences, promotional meetings, workshops, exhibitions vehicles, Internet live-stream broadcasts and other methods, the course contents covered products, SMB solutions, technology empowerment, technology certification, delivery, after-sales and other aspects. A total of 100+ courses were developed in 2021, with a total of more than 73,000 people participating in the training. In terms of joint operation and common development, the Company actively carried out five empowering systems of strategic benchmarking, organization benchmarking, purchase, sales and inventory benchmarking, resource investment benchmarking and product structure benchmarking, so as to jointly build the cooperation ecology with suppliers and achieve a sustainable, high-quality and steady development.

Open Ecosystem

Under the tide of digital intelligence, open and integration have become a new business format for the development of smart IOT industry. Facing the trillion-level smart IOT market, the empowering industry needs the joint participation and efforts of multiple ecological forces to realize digital intelligence upgrading. Adhering to the concept of "Full Ecosystem" and the flexible technical architecture, Dahua has constructed a complete open ecosystem and built comprehensive opening capacity from technology, business to service. It is committed to allowing more partners to join the ecological development system of Dahua, seeking common development, joint innovation and two-way empowerment with the whole industry, and jointly realizing the industrial vision of "Internet of Things for a Future of Digital Intelligence".



Co-construction, win-win and symbiosis. Build a smart IOT ecological community.

The establishment of a global service ecosystem

Establish a global service ecosystem centering on the To SMB/To B business strategy to realize local delivery, support the transformation of the Company's solutions, and realize the reform from "equipment sales" to "the sales of equipment and service schemes". Comprehensively establish a service ecosystem from actions such as the import of the ecosystem, certification, contract-signing, authorization, order assignment, settlement, to realize the coverage of nationwide cities and the grid-based deployment of the ecosystem abroad. Effectively support the local delivery of projects, improve the delivery efficiency and timeliness, reduce the delivery cost, relieve the labor shortage of the company, and set the technical and delivery personnel from a large amount of small and medium projects.

Currently, more than 600 domestic companies have signed a contract for the ecosystem and more than 200 overseas service providers have signed a contract. The ecosystem has realized 100% coverage of cities in China and grid-based deployment abroad. More than 5000 orders have been assigned from the service ecosystem, which effectively supported the delivery of and services for more than 1000 projects. The ordinary response time of the business process based on the service ecosystem is within 24 hours, which can effectively ensure the timely and efficient delivery of businesses.

Environmental Protection, Carbon Emission Reduction and Green Development

Innovation-driven Approach to Green Development

Innovative development and global layout based on environmental protection

As the global industry leader, Dahua is committed to improving the overall competitiveness of the enterprise through continuous investment and cultivation of technological innovation power. While focusing on technological innovation, Dahua takes environmental compliance as one of the five major compliance baselines of products and also the important foundation for business operation. The Company makes unremitting efforts to satisfy customer demands with high-quality products and services. 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.

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 environmental awareness of employees and suppliers. Incorporate environmental protection requirements into product research and development, design, 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 during full range industry penetration and expansion, so as to practice green manufacturing and lead green development.

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

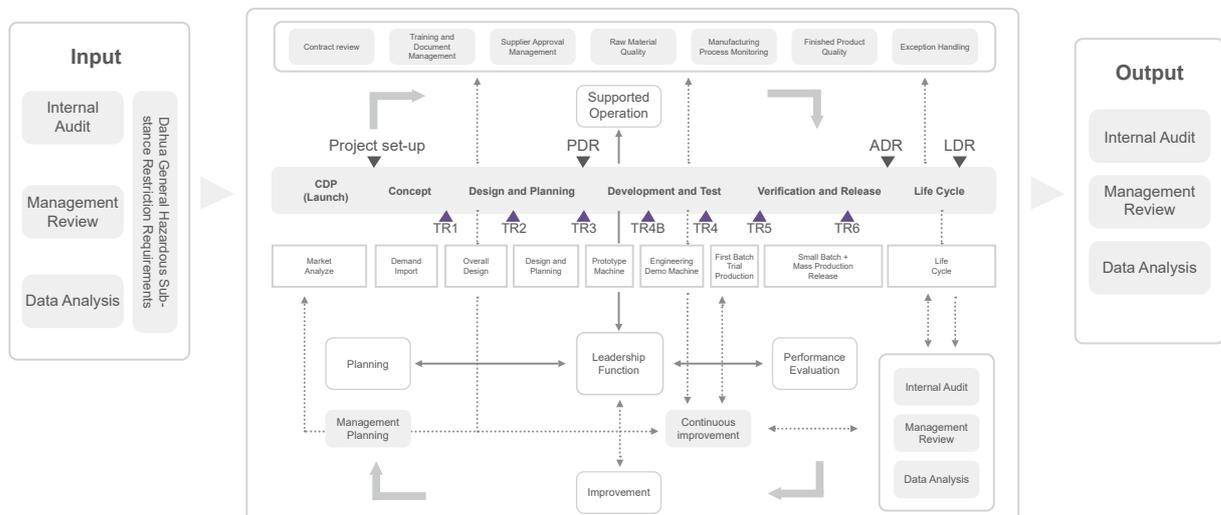
Attach great importance to the sustainable co-development of human and environment. In the process of global market expansion and business upgrade, observe strictly with various national and regional environmental laws and regulations, international conventions, and diversified customer demands for environmental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

Explore the green value system and improve the efficiency of environmental compliance

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 process 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. In the meantime, Dahua 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, so as to improve environmental compliance efficiency on the premise of meeting the needs of environmental risk management and control Dahua thoroughly identifies relevant laws and regulations of environmental protection at home and abroad, and actively promotes environmental protection education covering all employees and the whole supply chain.

Environmental Compliance Management System

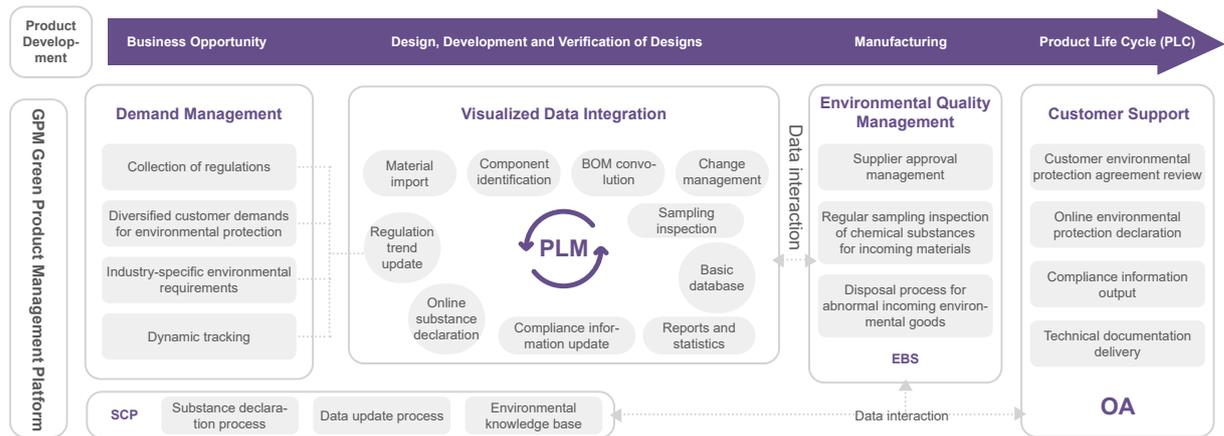
By establishing the Hazardous Substances Process Management System (HSPM) and the green certification scheme, Dahua has strictly followed the requirements of QC080000 the Hazardous Substances Process Management System Standards and made active approach to offer sufficient response to the regulations 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 environment 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 Green Product Management (GPM) platform, enabling the upstream and downstream to be synchronous, transparent, and efficient.



Environmental compliance management organization	<p>The environmental compliance management team of Dahua is a cross departmental organization led by senior managers, and is responsible for dealing with environmental protection issues in business activities and formulating sustainable environmental policies and medium and long-term reduction objectives.</p> <p>Environmental Compliance Group: Responsible for following up the interpretation, update, process transformation, management and implementation of all environmental regulations and requirements, as well as regularly reviewing the suitability of environmental compliance management policies and making timely adjustments when necessary.</p> <p>Procurement, supply chain and other departments: Responsible for the formulation and implementation of the overall requirements for environmental compliance of suppliers, carrying out relevant business activities in strict accordance with the requirements, and identifying environmental protection risks in time.</p> <p>In addition, Dahua has established a unified business interchange window for environmental compliance to connect with external environmental compliance requirements, suppliers' technical support, and internal process management consulting as the supplement to the compliance management system.</p>
Green design of products	<p>According to the identified domestic and overseas regulations and standards, including RoHS, REACH, CA65, PAHs and other representative environmental protection requirements, <i>DH QP 055 Dahua General Hazardous Substances Restriction Requirements</i> have been formulated. These requirements are synchronized internally and externally in the Suppliers' Portals and supplier quality agreements.</p> <p>In the early stage of product design and production, relevant regulatory requirements should be fully identified. Also, as one of the input requirements for the design and production of Dahua's own products, it is necessary to meet relevant requirements, such as the limit of hazardous substances.</p>
Environmental protection properties of materials and products	<p>Each material in the material management system has its independent environmental protection property/ label (including finished products). 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.</p> <p>The environmental protection label of finished products is convoluted by the material BOM and bound to the sales area and target customers in the CRM sales system. Ordering of products that do not meet the environmental protection requirements is restricted by the system to ensure compliance with the relevant policy requirements of the company's product compliance and trade compliance, and ensure the smooth global delivery of products in terms of environmental compliance.</p>
Supply chain introduction and environmental protection risk identification	<p>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 <i>EHS and Environmental Protection Commitment</i> when being introduced into the supply chain. The 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.</p> <p>Supplier introduction: The review group, composed of Procurement, R&D, SQE, and other departments, shall grade 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 <i>EHS and Environmental Protection Commitment</i> in the Supplier Quality Agreement.</p>
Environmental protection information update and self-declaration	<p>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.</p>
Chemical analysis laboratory	<p>In 2018, Dahua founded a professional chemical analysis laboratory and put it into use to undertake the detection of components in hazardous substances and other testing and analysis for the environmental protection of internal products, as well as the verification of the environmental compliance for incoming material after mass production and delivery.</p> <p>Testing capability coverage: The chemical analysis laboratory conducts physical testing and chemical testing, which is mainly composed of XRF (X-ray fluorescence spectrometry), 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. Meanwhile, in order to ensure the continued 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.</p>
Environmental protection sampling inspection and control of critical process (CCP)	<p>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.</p>
Improvement of environmental compliance awareness	<p>Internal and external environmental compliance standard libraries have been established respectively, trainings on management requirements have been carried out for relevant employees in the environmental compliance management system, and the education on external suppliers has been reinforced, so as to jointly enhance internal and external environmental compliance awareness.</p>
Green sustainable management	<p>Dahua will review the environmental protection objectives set every year, including material introduction, signing of environmental protection agreement by suppliers, achievement rate of sampling inspection, qualification rate of environmental protection quality, customer satisfaction, reduction achievement progress and other environmental indicators, which will be included in the performance appraisal, and has established the HSPM management system review mechanism.</p> <p>HSPM management system review mechanism: By combining the Hazardous Substances Process Management System with the Quality Management System, Dahua formulates its annual internal audit plan, conducts cross-departmental audit by professionally trained auditors, and fully verifies the effectiveness of the system operation.</p> <p>Internal auditor team: In strict accordance with the Environmental Compliance Management System QC080000:2017, the internal auditors 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. At present, Dahua has more than 40 qualified internal auditors in the field of environmental protection with certificates, and they are distributed in horizontal departments at all levels.</p>

Green Product Management Platform (GPM 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 pro-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.



In the report period, Dahua established a new green manufacturer identification procedure to further refine the hierarchical management of suppliers, which improved the maintenance efficiency of environmental protection data by 20%. At the same time, the second phase optimization and reconstruction of the supplier portal of Green Product Management (GPM) platform was carried out to realize the fully automatic triggering of the substance declaration process, efficiently collect the information of all substances, and convolute, summarize and connect with the external declaration system, so as to meet the requirements of REACH regulation and SCIP notification.

Environmental Protection Assurance and Certification for Products

Dahua adheres to comprehensive management of hazardous substances from the source of upstream materials. Based on the comprehensive assessment of environmental protection risks of manufacturing process and raw materials, Dahua continuously updates and optimizes basic environmental protection and hazardous substance information combined with internal whole-process environmental protection management based on life cycle. Meanwhile, Dahua horizontally expands environmental certification requirements in order to achieve overall environmental compliance of products. Hereby transfer the uncertain environmental protection risks from the single result demonstration to process management to improve the management capabilities of all environmental protection processes to the greatest extent, and continuously reduce the environmental compliance risks. In the report period, more than 40,000 kinds of raw materials used by Dahua were provided with RoHS data. Data beyond the validity period of Dahua have been continuously updated, with more than 8,000 copies updated in 2021. The RoHS sampling inspection pass rate of self-developed products exceeds 99%, and the REACH declaration coverage of various material types reaches 100%. At present, the SCIP declaration for thousands of product models sold in Europe has been completed. The overall recovery rate of WEEE (Waste Electrical & Electronic Equipment of European Union) products has reached 80%, exceeding the standard requirements by more than 10%. According to 2021 internal audit, the Hazardous Substances Process Management System (HSPM) has been running well. There are no major non-conformance items, all relevant processes and management measures have been operated effectively, and there are no recalls or customer complaints caused by abnormal product environmental compliance. In terms of environmental compliance management, Dahua has received IECQ QC080000: 2017 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 Labeling Certification (Type I), and the title of "China Environmental Labeling Outstanding Enterprise". In the report period, Dahua China newly obtained China Environmental Labeling Certification (Type I) for 452 monitors, 80 high-performance computer products and 536 server products, and passed QC080000 third-party supervision and audit again with zero nonconformity.



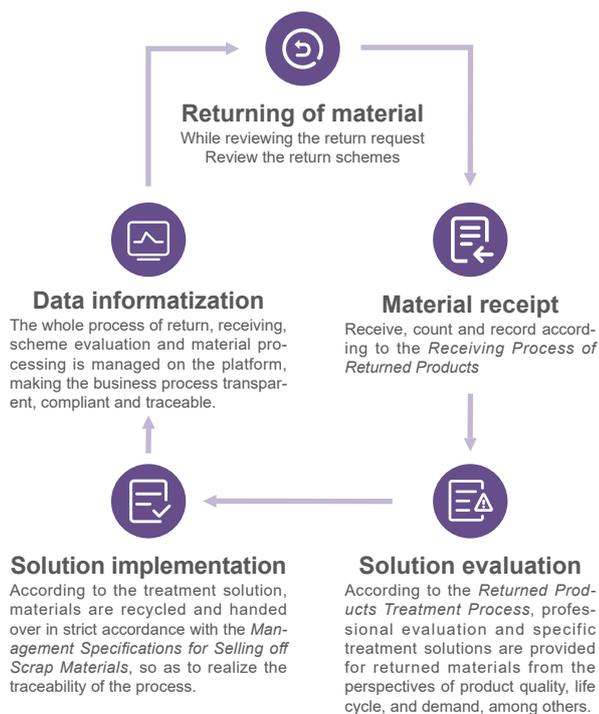
Packaging Material Management

Following the principles of lightweight, recyclable and sustainable, all packaging materials used by Dahua including paper, plastic, wood and metal, as well as auxiliary materials such as packing straps and tapes, are regulated for hazardous substances according to the requirements of the EU94/62/EC Packaging and Waste Packaging Directives to ensure that the total content of lead, mercury, cadmium, and hexavalent chromium therein does not exceed 0.01% (100 ppm). Carton products shall strictly follow the relevant requirements of *GBT 39084-2020 Green Product Assessment-Packings for Express Service*.

Material Recovery

Dahua implements the concept of "green development", vigorously develops reverse logistics. By setting up the management department for returned products, the Company has formulated *Scrap Process, Sell Off Process, Management Specifications for Selling off Scrap Materials and Material Recovery Management Process* to carry out centralized processing of returned products, so as to promote the recycling and reuse of materials and improve the utilization value of scrapped materials through scheme evaluation, renovation, processing and selling off.

In 2021, in order to strengthen the business compliance operation and improve the recovery efficiency, Dahua developed the returned products management platform. The business development mode was thus transformed from the traditional mode to digital information management. With the online management of material return, material receiving, treatment scheme evaluation and implementation, the visual traceability of the whole process was realized. At the same time, by digging deep into data, the Company managed to reduce returned products from the source, further reducing environmental pollution, waste generation and operating costs. The recovery rate of returned products reached 37% in 2021.



Production material recovery list:

Recovery classification (2021)	Unit	Quantity
Iron	KG	227442.1
Waste tray	KG	140501
Aluminum	KG	87460
Plastics	KG	71938.6

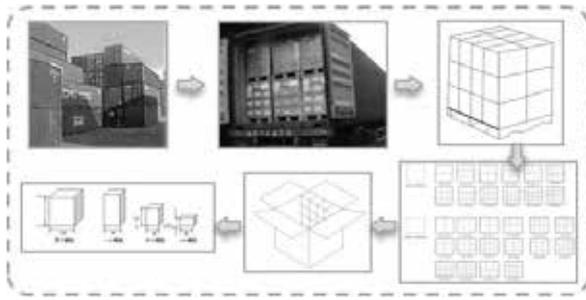
Recovery classification (2021)	Unit	Quantity
Stainless steel	KG	23470
Board without components (including offcut and cross-board)	KG	23098
Wave soldering slag	KG	19196.35
Cable	KG	18431.3
Steel mesh	KG	11593.4
Power supply	KG	6221.1
Copper clad plate (without components)	KG	4610
Motor	KG	3843
Manual solder slag	KG	2191.07
Copper wire	KG	1928
Display screen larger than 30 inches	Piece	1151
Electroless Au plated board (without components)	KG	1099
Battery	KG	1072.2
PCBA with component	KG	1040
Fan	KG	489
Display screen smaller than 30 inches	Piece	370
Chip	KG	280
Waste solder paste tank	KG	239.85

Green Packaging Design

The packaging design of Dahua adheres to the principles of normalization, lightweight, green and recyclability. Dahua promotes energy conservation and consumption reduction in the upstream and downstream of the packaging industry chain, realizes standardized and intelligent packaging design, reduces the use of packaging materials and the proportion of plastic applications, and improves the utilization of storage and transportation space through technological innovation and design innovation.

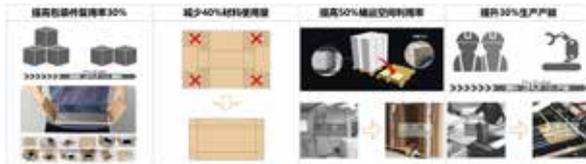
• Standardized design of packaging

Based on product characteristics and packaging requirements, Dahua makes full use of the effective capacity and loading weight of logistics transportation tools and storage space to promote the design of standard packaging box. Based on the size of logistics module, 30,000 standard packaging specification data are designed and divided. Combined with the actual product application requirements, about 600 specifications of outer packaging boxes previously used are unified and designed into about 90 specifications of standard logistics packaging boxes, reducing the specification types of outer packaging boxes by 85%, promoting the concentration and standardization of production processing, improving the reuse rate of outer packaging boxes and reducing the loss caused by dull packaging boxes with customized specifications. At the same time, since the standard boxes are suitable for pallets, shelves, containers, etc., the utilization of storage and transportation space has been greatly improved, making the boxes also suitable for mechanized and automatic loading and unloading.



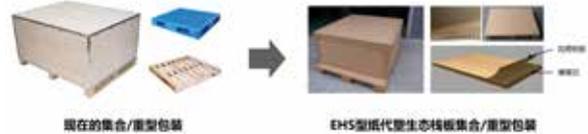
• Development and application of new film composite packaging technology

The innovative self-developed new film composite packaging technology has applied the combined structure of high-strength new material film and paperboard to the packaging of electronic products. By utilizing the 100% recyclable green environment-friendly materials, a new packaging business format as well as an automatic production technology have been created. The technology can provide products with green and sustainable overall packaging solutions with high protection, high reuse, high environment-friendliness, easy processing packaging easily fit into containers, which can partially replace the traditional inner buffer packaging. The reduced structure design can reduce the use of packaging materials by 40%, increase production capacity by 30% and improve the utilization of storage and transportation space by 50%. Dahua is committed to practicing the low-carbon concept through technological innovation. The innovation has solved the problems of normalization and lightweight in the packaging industry to a certain extent, greatly improves the environment and safety of packaging production, and plays a positive role in promoting energy conservation and consumption reduction in the packaging industry chain, reducing resource consumption, promoting the green transformation and upgrading of the traditional packaging industry, and improving the level of intelligent manufacturing.



• Design of EHS ecological pallet with paper replacing plastic

The self-developed EHS ecological pallet with paper replacing plastic is a light-weight, high-strength, moisture-proof, impact resistant, environment-friendly paper tray created through combining the development of high-strength paper foot pier, new material composite technology, coating infiltration moisture-proof technology and other technologies. For the products delivered by one-time pallet, the use of paper to replace plastic and wood (pallet) has been realized, which improves the recycling and degradability of packaging, reduces weight by more than 50%, and lowers energy consumption in production.



• Design of reusable turnover box/pallet

Durable turnover boxes are used for the turnover of materials (parts) from suppliers and materials in the park, and recycled at the supplier's end and in the park. The turnover boxes come in five standard specifications. When the empty boxes are recycled, their space sizes are fully used for nesting and stacking, so as to improve the utilization rate of storage and transportation space and reduce the loss of paper boxes. The finished materials in the production park are transported and stacked with plastic pallets. The plastic pallets are light, impact resistant, recyclable and convenient for container loading and unit transportation. There are about 80,000 plastic pallets in the park. Replacing paper pallets with them can save about 128 tons of paper every year.



Energy Management

Dahua takes energy saving and consumption reduction, and maximization of benefits as its core objectives, adheres to the sustainable development concept of low energy consumption, low emission, and recycling, comprehensively plans and implements energy saving and emission reduction from a strategic perspective of long-term development. Through the improvement of management, technology progress, and industrial structure adjustment, Dahua has achieved continuous and reasonable reduction of overall energy consumption, provided comprehensive benefits of energy saving and emission reduction, and recycling economy, and maintained continuous improvement. Dahua has established a favorable social image of observing laws and disciplines and became the benchmark of energy consumption. The Company is dedicated to making greater contribution to promote the development of the enterprise and the common development of local economy. During the reporting period, Dahua has always insisted on the sustainable development concept, and energy saving and consumption reduction to promote intelligent production aiming to build the green and intelligent factory. In order to enable the Company to follow the principle of continuous improvement of energy performance and the systematization of energy management system, Dahua has established an energy management system and formulated *Energy Review Management Procedure*. All departments shall compile *Identification Table of Energy Management Factors* according to the actual situation, implement the responsibility system for energy consumption reduction, and regularly invite qualified third party to identify and check energy management factors. We propose to post energy saving and consumption reduction signs in the park, advocating "Achieve multiple use of water to reduce waste from the source", "Save energy by turning off lights to reduce residential electricity consumption", "Promote double-sided printing to reduce waste from the source", and "We are in action for low carbon service". In addition, the Company also proposes to carry out multiple energy saving and consumption reduction projects, aiming to build a green and intelligent park.

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.

Energy Reservation and Consumption Reduction Power and Environment Supervision System

In addition to the basic functions of electricity and gas consumption metering, billing, and statement analysis, the system also provides online real-time monitoring of energy consumption, energy consumption diagnosis and analysis, and other functions to offer comprehensive energy consumption management to managers, improve the efficiency and level of energy consumption management, and reduce operation cost.

Energy Control Center

It includes the functions used by the energy consumption detection system and 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 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 the equipment for monitoring key features is accurate and reproducible.

As an industrial enterprise, the company accounts a relatively large proportion in energy consumption. Dahua shall focus on strengthening energy management, fully tap into enterprise's potential in energy-saving and emission-reduction, and effectively improve resource utilization, so as to put energy saving and emission reduction into practice. Dahua has conducted thorough investigation 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.

1. Intelligent power transformation of air conditioning: Based on the national strategy of "carbon peak and carbon neutrality", the energy efficiency improvement solution was implemented in the Intelligent Park. An intelligent air conditioning energy-saving system was established by utilizing the air conditioning network management and intelligent IOT integrated management platform to reduce the power cost.

2. Transformation of precision air conditioning: The outdoor unit of precision air conditioning was changed from manual water cooling to automatic temperature-controlled cooling and heat dissipation to save energy and reduce consumption.

3. The 125W mercury lamp bulbs are replaced by 46W LED bulbs. The lighting of garage, passageway, hall, elevator hall, and stairway have been divided into lighting for the day time and night time. The number of lamps used has been reduced as much as possible on the premise that the overall lighting requirements and complete and orderly style can be ensured.

4. The 1KW high-voltage mercury lamps originally installed in the basketball court and football field are replaced with 500W LED lamp. The Company has strengthened the patrol inspection of high-power electromechanical equipment to ensure the motor is in good operation to improve efficiency. Increase the maintenance of control equipment, reduce the number of overspeed shutdowns of high-power equipment, and reduce power consumption.

5. Do a good job in repairing old parts and reusing the waste. Repair the replaced items such as documents, lamps, and ballasts. Reduce the use of new parts through repairing old parts by replacing components or reassembling.

Type of Energy	Unit	Consumption in 2020	Consumption in 2021
Electricity	°C	51583003	78411334
Natural gas	10k m ³	919163	1040392
Gasoline	L	43636	34316
Diesel oil	L	26569	42955

Assessment Item	Unit	Volume Achieved in 2020	Volume Achieved in 2021
Comprehensive energy consumption per 10K yuan output value	kgce/RMB 10k	3.54	3.48%
Comprehensive electricity consumption per 10K yuan output value	kgce/RMB 10k	2.82	3.00
Comprehensive energy consumption per 10K units of product	kgce/10k units	1702.25	1294.97
Comprehensive electricity consumption per 10K units of product	kgce/10k units	1306.53	1115.7

Water Management

Dahua Technology has established a strict water management system in accordance with the production process and relevant local laws, regulations and standards, to use water in a scientific and rational way, and improve the efficiency of water utilization comprehensively. The Company actively adopts advanced water-saving technologies, selects water-saving equipment and appliances, installs water-saving and spill-proof devices, to reduce water consumption and increase the reuse rate of water resources. Meanwhile, the Company also actively advocates the water-saving culture and creates the water-saving atmosphere, to further strengthen the conservation of water resources.

The Company starts with staff awareness by training all its new and old employees on water-saving awareness and methods, and continuously promoting energy saving and emission reduction within the Company. In the meanwhile, designated persons are assigned for patrol so that any problem once found can be rectified in a timely manner. The wastewater of the Company is mainly domestic sewage and the canteen oily wastewater is discharged to the municipal water pipe network after being treated in oil separation tanks according to the *Integrated Sewage Discharge Standard*. The discharged water body is annually detected and analyzed by the Binjiang Water Quality Analysis and Monitoring Station, and all indicators turn out to meet the relevant national standards.

Type of Water Resource	Unit	Total Consumption in 2020	Total Consumption in 2021
Municipal water	Ton	545530	790857

Emission Management

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 pollutant emission meets the corresponding national standard. Therefore, the quality of the environment is not affected, and the ecological environment will not be changed.

Oil-smoke and noise detection;



Wastewater detection;



Solid Waste Management

Dahua has specifically formulated the exclusive site management system for hazardous wastes and account management system according to *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.

Hazardous Wastes	Unit	Total in 2020	Total in 2021
Total disposal amount of hazardous waste	Ton	8.56	52.4
Hazardous waste disposal density	Ton/million revenue	0.0004	

Hazardous Chemicals Management

According to relevant regulations, such as *Safety Regulations on the Control of Dangerous Chemicals and Directory of National Hazardous Wastes*, Dahua formulated *Management System of Hazardous Chemicals and Regulations on the Management of Warehouse Chemicals* to standardize the daily safety management of hazardous chemicals, so as to reduce the risk of environmental safety and ensure the personal safety of employees.

Supplier management: Dahua signs safety management agreement with suppliers and transportation units of hazardous chemicals, verifies their qualification certificates (including Hazardous Chemicals Business License and Hazardous Chemicals Operator Certificate, etc.), and keep the copies in record.

Storage: The Company has set up independent warehouses for hazardous chemicals. In addition to the original basic explosion-proof electrical, it carried out explosion-proof transformation, added explosion-proof boxes and explosion-proof combustible gas detectors for the hazardous chemicals warehouses, and passed explosion-proof, lightning protection and anti-static tests by third-party professional organizations in the report period. The warehouse keepers of hazardous chemicals were required to hold the Certificate of Hazardous Chemicals Management Personnel issued by the Emergency Management Department and do a good job in stocking in and stocking out strictly following the management requirements of the government and the company.

Usage: The explosion-proof cabinets in the production workshops are positioned at fixed points, MSDS signs are posted, ventilation and electrostatic grounding effectiveness are maintained, and operators are trained on the safety knowledge of hazardous chemicals regularly. Damaged warning signs are replaced regularly every year, and Operators are required to correctly wear labor protection equipment that meets MSDS requirements. The workshops are equipped with eye washer, chemical absorbent cotton and other emergency materials.

Treatment: Independent hazardous waste warehouses have been set up. Hazardous wastes are classified and collected in strict accordance with national requirements, and are treated by qualified third-party organizations entrusted on regular basis.



Explosion-proof transformation



Workshop hazardous chemicals management



Working With Certificate

Clean Technology and Applications

Dahua always adheres to the responsibility of protecting the environment and practicing green development. In the report period, the Company actively carried out innovative green design for products, reduced product energy consumption and promoted green expansion and business upgrading in the global market through clean technologies.

Clean technology products (single product clean technology application)	
	<p>Surface spray-free technology</p> <p>Through the optimization of functional characteristics and on the premise of maintaining product performance, some spray-free materials have been adopted, and the spraying process has been canceled for some materials, so as to reduce the environmental pollution caused by the spraying process. Based on the annual production capacity of 3 million units, 257,400 kW-hr of electricity can be saved and 102.96 tons of standard coal combustion can be decreased, reducing carbon dioxide emission by 256.63 tons, dust emission by 28.01 tons, sulfur dioxide emission by 3.09 tons, and nitrogen oxide emission by 1.54 tons.</p>
	<p>Small-space LED screen and controller</p> <p>In the product design of small-space LED display screen, energy saving and cooling are considered from the aspects of LED lamp beads, driving chip, driving circuit design and driving control mode. Flip chip, common cathode, high integration, dynamic energy saving and other technologies have been adopted to improve the luminous efficiency. At the same time, the controller detects the ambient light intensity through photosensitivity and adaptively adjusts the brightness of LED screen, which not only improves the viewing sensory experience, but also reduces the product energy consumption. Finally, the energy consumption of the whole product is reduced by 60% compared with the original product.</p>
	<p>LED fill light</p> <p>By replacing high-power stroboscopic fill light with low-power dim fill light, low-power fill light can be achieved while the light only flashes to provide fill light when capturing pictures, reducing power from 50W to 15W and saving energy by 70%.</p>
	<p>Second generation face recognition equipment</p> <p>Screen is adopted to provide fill light instead of the traditional white light, which reduces the white light pollution of the equipment and the overall power consumption. According to the estimated annual sales volume of face equipment, the face equipment produced every year can save about 10,000 kW-hr of electricity for the world.</p>

Clean technology products (single product clean technology application)

	<p>Intelligent air switch</p> <p>Real-time alarm and emergency power-off protection can be carried out for integrated power consumption detection, control module, as well as real-time monitoring of voltage, current and temperature by providing energy consumption data, so as to support intelligent power consumption and reduce energy consumption while ensuring power safety. It can be adapted to a variety of energy-saving power solutions. For example, in the intelligent lighting system, where dynamic lighting mode is adopted, with the time fragmentation and independent energy saving, the energy-saving rate can reach up to 70%.</p>
	<p>Low power consumption monitoring system scheme of solar power supply</p> <p>Solar energy is converted into electric energy through photovoltaic panels and stored in lithium batteries to power the monitoring system. Video data is transmitted through 4G network to provide a complete set of clean and pollution-free monitoring system solutions for remote areas where power supply and network wiring are difficult. Low power design is adopted to support normal operation in continuous rainy days; Power is collected in real time to realize video superposition, and the battery power is clear at a glance; The scheme supports all 4G networks and can realize the remote wake-up through SMS, which is not only power-saving but also convenient to operate.</p>

Security Practices

In order to effectively maintain normal operation order of the park, and ensure property interests, personnel safety and R&D safety at the park, Da-hua Technology has established *Security Rules and Regulations* based on *Regulations on the Supervision and Inspection of the Internal Security and Safeguard for Enterprises and Public Institutions by Public Security Organizations*, *Regulation on Internal Security and Safeguard for Enterprises and Public Institutions*, and others. The main contents include:

1. Regulations: Security guard responsibility, duty system, handover system, and rewards and punishments system;
2. Security guard manual;
3. Emergency response of security guard;
4. Service courtesies and more.

Safety Management Monitoring System

Safety management system is an important branch of safety governance. Based on the "five elements" of people, machine, material, environment, and management, a safety management system for park safety 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 reduction the scope and level of dangers.

The Company strives to make the park highly efficient, intelligent-controlled and safe. In 2021, the park was selected as the "Safety Demonstration Unit" of 2019-2020 by the "Safety Creation" Leading Group of Hangzhou Municipal Party Committee. In the process of pandemic prevention and control, we improved the management through intelligent means such as smart apartment management system and smart park comprehensive management platform, so as to achieve accurate pandemic prevention.

1. Intelligent elevator control system:

The system can realize online personnel identification management, active identification of trailing and blacklist alarm, background log query and anomaly monitoring.

2. Smart apartment management system:

Combined with the characteristics of the park, the system can handle check-in and check-out online in batches, and delicately manage dormitories and beds. Through the linkage of all-in-one human-ID card machine and entrance and exit gate machine, the safety of employees is ensured. Especially during the pandemic and special periods, close contacts can be screened out and personnel in temporary quarantine can be monitored.

3. Integrated security and fire protection management system:

Nearly 8,000 points in the park, including detection points, water tanks and liquid levels, are effectively monitored. Abnormal power consumption is effectively monitored to eliminate the potential safety hazards of power consumption. Through the cooperation with ICC, visual monitoring on the key fire control areas is achieved.

4. Smart park integrated management platform:

Elevator control, apartment management, integrated security and fire protection management, energy management, access control, gate, vehicle management, perimeter management and other systems are integrated to protect the safety of personnel and property in the park.

Upgraded Green Consciousness

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 ways such as announcing its environmental management strategy through the corporate portal, setting up office computer screen savers to publicize its pro-environment policy, releasing energy conservation and consumption reduction initiatives, optimizing equipment operating parameters, and setting up energy-saving and consumption-reduction administrators, to help employees improve their awareness of environmental protection in a subtle way, and enable employees to work in a robust and sound environment. Dahua Technology also attaches great importance to jointly fulfilling corporate social responsibility with its supplier partners. While promoting green sustainable development, it also drives the supply chain to jointly contribute to the sustainable development of society.

In the report period, Dahua has established a highly professional library of environmental protection laws and regulations, a universal library of internal standard cases and a document library of related external suppliers. At the same time, Dahua learning platform pushed learning plans and examinations for more than 6,000 employees in environmental compliance-related posts, forming a systematic publicity channel fully covered by the multi-dimensional closed-loop of "three libraries and one examination", so as to convey the rigorous concept of environmental compliance of Dahua internally and externally and further improve the business skills of relevant parties. Throughout the year, 13 new internal and external periodicals were compiled and pushed and 4 sessions of special offline training for new employees and horizontal business departments were organized to further deepen the influence of environmental protection publicity.

Environmental compliance promotion journal					
					
Introduction to Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	O-benzene control case sharing	National standard VOC regulation information	Carbon neutrality news sharing	Global RoHS regulation overview	Introduction to GPM platform function

Environmental compliance offline training

Supplier quality training camp - Environmental Compliance and Control Requirements of Dahua



Appendix 1

Enterprise Honors of Dahua Technology

Name	Awarding Unit
Zhejiang Listed Company Best Internal Control Award	School of Management of Zhejiang University, the Listed Company Association of Zhejiang
2021 China ESG Golden Awards-Social (S) Responsibility Award	Sina Finance
Top 100 ESG Companies in A stock Market	Securities Times
China Listed Company Best Investor Relationship Award	Securities Times
Evergreen Award	Caijing Magazine
Zhejiang Quality Award	The People's Government of Zhejiang
Outstanding Contribution Award for Pandemic Prevention and Control	Sponsored by Hangzhou Daily Newspaper Group
Top 50 Enterprises of Best Practices for 2021 China Digital Economy Industry	APEC China Business Council
Top 100 National Quality and Credit Benchmarking Enterprise	China Association for Quality Inspection
Contribution Award in Combating Pandemic for International Contractors in Zhejiang Province	Zhejiang International Contractors Association
Zhejiang Red Cross Society Special Contribution Award for COVID-19 Pandemic Prevention and Control	Zhejiang Red Cross Society
National Product and Service Quality Integrity Demonstration Enterprise	China Association for Quality Inspection
National Security Industry Quality Leading Brand	China Association for Quality Inspection
National Outstanding Enterprise in Quality and Credit	China Association for Quality Inspection
National Advanced Enterprise in Quality and Integrity	China Association for Quality Inspection
Zhejiang Top 100 Enterprises	Zhejiang Enterprise Federation, Zhejiang Enterprise Directors Association and Zhejiang Federation of Industrial Economics
2021 China Top 100 Innovation Enterprises	China Enterprise Confederation/China Enterprise Directors Association
2021 China Top 500 Enterprises	China Enterprise Confederation/China Enterprise Directors Association
2021 Top 100 Enterprises in China's Strategic Emerging Industries	China Enterprise Confederation/China Enterprise Directors Association
2021 China Top 500 Manufacturing Enterprises	China Enterprise Confederation/China Enterprise Directors Association

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「 ENABLING A SAFER SOCIETY AND SMARTER LIVING 」



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