

2020

Hangzhou Hikvision Digital Technology Co., Ltd.

Environmental, Social and Governance Report





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Message from Management

Established at the end of 2001, now Hikvision is honored to celebrate its 20th anniversary.

Two decades ago, Hikvision started business from the development and production of video compression boards, and today the Company has established presence in perceptiive and centrial equipment, software platforms, intelligent algorithms and data models, serving more than 70 industries. Over the past 20 years, we have woven a sales service network close to customers at home and abroad, via which we are delivering products and services to 155 countries and regions around the world.

For the past 20 years, Hikvision has been doing business for the purpose of creating value for customers – in collaboration with upstream and downstream of the industrial chain, partners, as well as industry users. Continuing the cooperation principle of "opening-up and mutual support, for an industrial innovation alliance," we are ready to reinforce ecological partnership and embrace a shared bright future.

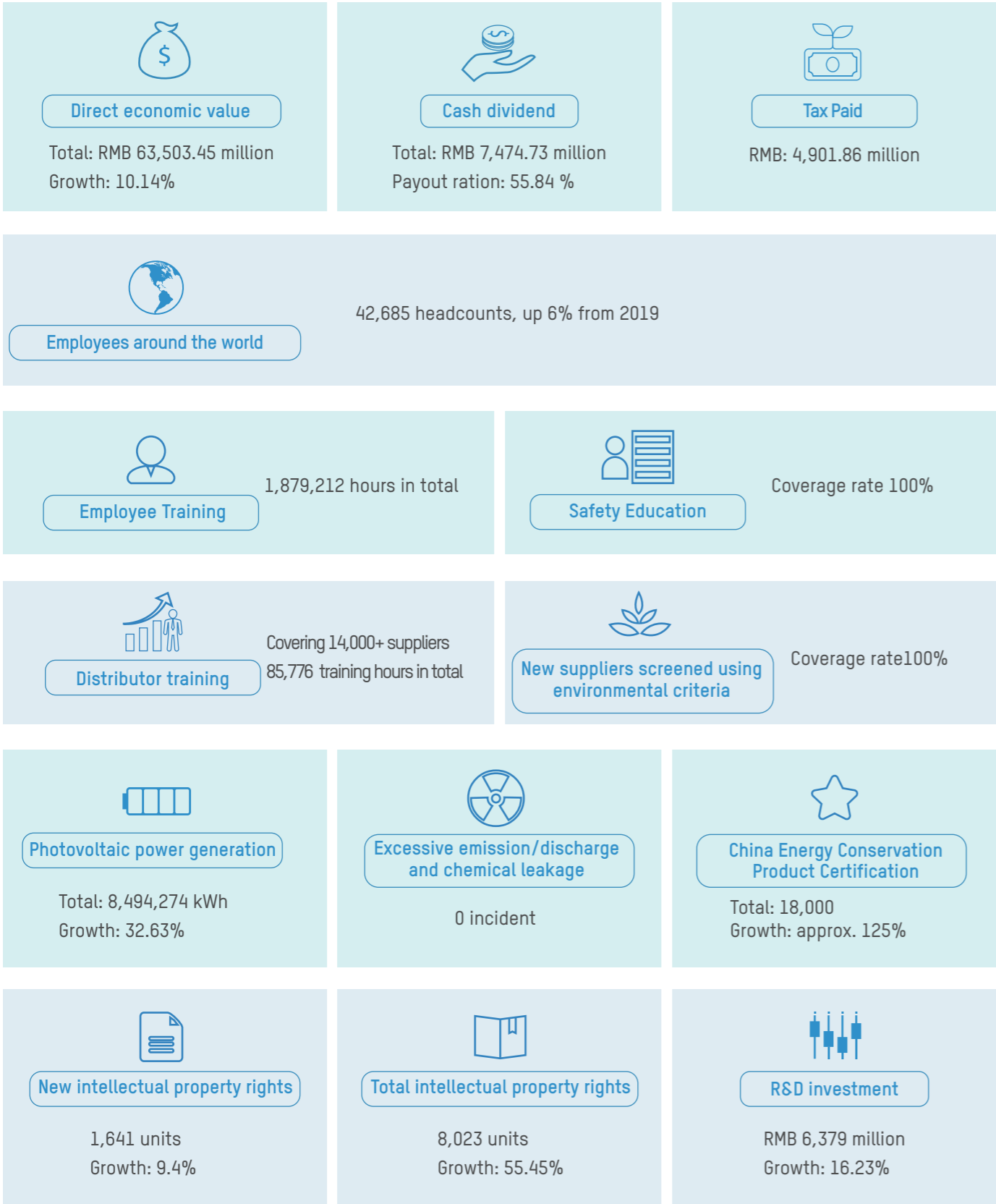
For the past 20 years, Hikvision has grown from a team of 28 members at the very beginning to a company with over 40,000 staff today. While keeping our feet down on the ground, we consistently serve customers with technological innovation and earn money from technological innovation. Along with continuous business development comes ceaseless management reform. Dedicated and pragmatic, Hikvision strives to better serve customers via transformation in all aspects, ranging from the management of strategies, human resources, finance, and quality, to process & IT and legal compliance.

One needs to make a 10-year plan to plant a tree.

A sapling never grows into a big tree in an instant. Year after year, as the growth ring adds layer by layer, a tree may flourish and reach the sky. It is the same case with Hikvision: growth should remain a step-by-step journey of accumulation.

Looking forward to the future, Hikvision will stay committed to its original aspiration – with technology products as the root, and customer empowerment as the foundation. Inheriting the concepts of "professionalism, reliability, and integrity" , we forge ahead to achieve sustainable development in a down-to-earth manner.

2020 ESG Performance Summary



About This Report



Overview

This Report offers comprehensive exposition into Hangzhou Hikvision Digital Technology Co., Ltd.' s (hereinafter referred to as "Hikvision", "we" or the "Company") performance and management measures in environmental, social and governance (hereinafter referred to as "ESG") matters in 2020, with particular focus on stakeholder concerns.

Reporting Scope

This Report covers data and information about the Company from January 1 to December 31, 2020 (hereinafter referred to as the "reporting period"). Of note some information references data dating back to 2019 or before, or looks forward into 2021. This Report covers Hikvision and its subsidiaries.

Basis of Reporting

This Report is in accordance with the 2016 GRI Standards issued by the Global Reporting Initiative (GRI) (hereinafter referred to as the "GRI Standards"), and the Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies. Further, this Report is prepared in accordance with a set of established procedures, including key stakeholders identification, material ESG issues identification and ranking, reporting scope determination, data collection, report preparation and report review, etc.

Data Source

The financial data included in this Report comes from the consolidated financial statement for 2020, which has been independently audited by Deloitte Touche Tohmatsu LLC. Other information and data mainly come from the internal statistical reports or documents of the Company. The monetary amounts herein are denoted in RMB.

Confirmation and Approval

After confirmation by management, this Report was approved by the Board of Directors on April 15th 2021.

Access and Feedback

This independent ESG Report is available in both Simplified Chinese and English. To view online or download, please visit www.cninfo.com.cn or <https://www.hikvision.com/en/>

We highly value stakeholder and reader feedback, as your suggestions and comments will help us further improve this Report and our ESG performance.

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About Hikvision

Hikvision, focusing on the intelligent IoT, big data services and intelligent business, offers intelligent IoT products and services integrating software and hardware, cloud and edges, as well as big data platform products and services combining IoT and information network, big data and intelligence, and develops innovative businesses in smart home, mobile robots and machine vision, auto electronics, intelligent storage, infrared thermal imaging, intelligent fire protection and control, intelligent security check, intelligent medical services, etc. Experience gathered bit by bit in perception platforms, data platforms and application platforms naturally drive the R&D of more perception means, the acquisition of more perception data, and the development of more perception applications. Perception technologies such as millimeter wave, far-infrared rays, X-rays and sound wave together empower Hikvision to enlarge its business scope and build an open and cooperative ecosystem to serve users in the public service sector, big enterprises and small and medium-sized enterprises, and contribute to the construction and service of intelligent business such as smart cities and digital enterprises.

Over the past two decades, Hikvision has woven a sales service network close to customers at home and abroad, via which it is serving over 70 industries and selling products and services to 155 countries and regions. As of December 31, 2020, we had 32 provincial business centers in Mainland China and 66 subsidiaries and branch offices in Hong Kong, Macao, Taiwan and other countries/regions.

The Company has more than 42,000 employees worldwide – more than 20,000 of them are engaged in R&D and technical services (as of December 31, 2020). Hikvision has built a R&D center network centered on Hangzhou and reaching Beijing, Shanghai, Wuhan, Xi'an, Chengdu, Montreal and London. For the future, we have plans to make R&D investment in Chongqing and Shijiazhuang as well.



Code of Conduct

- Corporate Governance
- Compliance System
- ESG Management and Disclosure

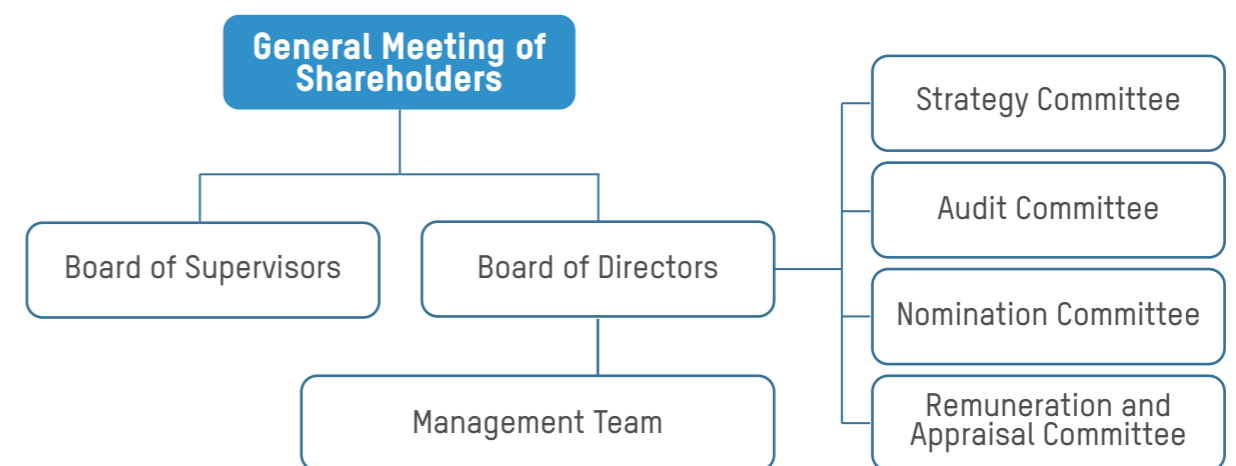
Code of Conduct

We see ever-optimizing corporate governance, integrity management, and high-quality development the keys to Hikvision's solid and sustainable advancement. Throughout the nearly two decades since establishment, we always respect the rules and act prudently – amidst all kinds of internal and external obstacles to development. By constantly improving the compliance system, and adhering to the path of sustainable development, we aspire to become a respected global enterprise.

Corporate Governance

Corporate Governance Structure

The Company builds its corporate governance structure under a modern enterprise institution. The General Meeting of Shareholders is set with a Board of Directors and a Board of Supervisors. It is the duty of the Board of Directors to lead the decision-making surrounding operation and management, review and approve strategic goals, and supervise and inspect the Company' s businesses, strategic decisions and performance. Subordinate to the Board of Directors are a Strategy Committee, an Audit Committee, a Nomination Committee, and a Remuneration and Appraisal Committee – all responsible for examining specialized issues in corporate governance operations.



During the reporting period, the General Meeting reviewed 18 proposals, through both on-site voting and online voting to ensure that all shareholders, especially small and medium shareholders, are entitled to equality and could fully exercise their rights. The Board of Directors deliberated on 38 proposals, where all directors performed their duties with integrity, loyalty, diligence, professionalism and responsibility without compromising the interests of the Company and all shareholders. 24 proposals were reviewed by the Board of Supervisors, and supervisors managed to fulfill their duties and obligations diligently and conscientiously, and played their role as supervisor and inspector. The committees under the Board of Directors deliberated a total of 25 proposals and earnestly performed their due duties.

Board of Directors

The term of office of the Company' s fourth Board of Directors terminated in March 2021, and thus an election was held. Pursuant to the Articles of Association, the fifth Board of Directors shall consist of 9 directors, 4 of whom are independent directors. The term of office of the directors is three years, starting from the date of voting and approval by the General Meeting.

The Company is convinced that a diversified structure is essential to improving corporate governance. So we comprehensively considered a series of diversified dimensions as the selection criteria for nominating candidates for the Board of Directors, taking into account the suggestions of stakeholders including external rating agencies, shareholders/investors and professional consultants, as well as resource availability and other realistic factors.

We held the first extraordinary General Meeting of 2021 on March 5, 2021, where the *Proposal on Election of Non-Independent Directors of the Fifth Board of Directors* and the *Proposal on the Election of Independent Directors of the Fifth Board of Directors* were deliberated and voted via on-site and online voting. It was confirmed that the Company's fifth Board of Directors is as follows:

Directors:

Mr. Chen Zongnian: Born in 1965, Mr. Chen holds a PhD degree in business administration and a professional title of senior engineer. Mr. Chen has served as deputy general manager Shenzhen Gao Ke Run Electronics, director and general manager of Zhejiang Haikang Information Technology Co., Ltd. and Zhejiang Haikang Group Co., Ltd. He also served as assistant to head, deputy head, and head of 52nd Research Institute at China Electronics Technology Group Corporation (52nd Research Institute). Mr. Chen currently serves as chairman of China Electronics Technology HIK Group Co., Ltd. (CETHIK), chairman of Phoenix Optics Co., Ltd. and chairman of the Company.

Mr. Qu Liyang: Born in 1964, Mr. Qu holds a bachelor degree of engineering, and a professional title of researcher-level senior engineer. Mr. Qu served as research lab director, deputy head, CPC Committee secretary and deputy head of the 52nd Research Institute, and chairman of the board of supervisors of CETHIK. Mr. Qu is currently a member of the Strategy Committee of China Electronics Technology Group Corporation (CETC), and director of the Science and Technology Innovation Committee of CETHIK, and serves as a director of the Company.

Mr. Wang Qiuchao: Born in 1951, Mr. Wang holds a master degree in law. Mr. Wang served as director of Zhejiang Tiance Law Firm, chairman of the Zhejiang Lawyers Association, vice-president of the Zhejiang Law Society, and a supervisor of the Company. Mr. Wang currently serves as honorary partner of Zhejiang Tiance Law Firm, an arbitrator of China International Economic and Trade Arbitration Commission (CIETAC), an arbitrator of Shanghai International Arbitration Center, an arbitrator of Shenzhen Court of International Arbitration, and a director of the Company.

Mr. Hu Yangzhong: Born in 1965, Mr. Hu holds a master degree of engineering, and a professional title of researcher-level senior engineer. He served as an engineer of the 52nd Research Institute from June 1989 to December 2001. Mr. Hu has been appointed as a director and CEO of the Company since December 2001. Mr. Hu currently serves as a director and CEO of the Company.

Mr. Wu Weiqi: Born in 1964, Mr. Wu holds a bachelor degree of engineering, and a professional title of senior engineer. Mr. Wu held various positions at the 52nd Research Institute, including technician, engineer associate, engineer and senior engineer, from July 1986 to December 2001. Since November 2001, Mr. Wu has been appointed as deputy general manager, standing deputy general manager, and a director of Hikvision. Mr. Wu currently serves as a director and standing deputy general manager of the Company.

Independent Directors:

Mr. Wu Xiaobo: Born in 1960, Mr. Wu holds a PhD degree in business administration, and is also a professor and doctoral supervisor. Starting February 1982, Mr. Wu worked in the Energy Conservation Office of the former Chinese Ministry of Forestry and Zhejiang Energy Conservation Technical Service Center. In July 1992, Mr. Wu joined the School of Management of Zhejiang University as executive vice dean and dean. Mr. Wu now serves as director of the Faculty of Social Sciences of Zhejiang University, director of the National Institute for Innovation Management at Zhejiang University (National-level Philosophy and Social Science Innovation Base), Chinese-side director of the Zhejiang University-Cambridge University Joint Research Center for Global Manufacturing and Innovation Management, co-director of the Ruihua Institute of Innovation Management, and an independent director of the Company.

Mr. Hu Ruimin: Born in 1964, Mr. Hu holds a PhD degree in engineering, and the following titles: secondary professor, doctoral supervisor, LuoJia Outstanding Scholar, recipient of special government allowance from the State Council, senior member of IEEE (Institute of Electrical and Electronics Engineers), fellow of China Institute of Communications, and Outstanding Member of China Computer Federation. In Wuhan University, Mr. Hu held positions including vice chairman of the Academic Committee, director of the National Engineering Research Center for Multimedia Software, director of the Hubei Key Laboratory of Multimedia Network Communication Engineering, first executive dean of the School of Cyber Science and Engineering, and dean of the School of Computer Science. From January 2010 to January 2016, Mr. Hu served as first dean of Hikvision R&D institute. Mr. Hu is now a professor at Wuhan University, and an independent director of the Company.

Mr. Li Shuhua: Born in 1971, Mr. Li holds a PhD degree in accounting, and the following titles: non-practising member of the Chinese Institute of Certified Public Accountants, national-level candidate for the New Century Million/ Ten Million Talent Program, National Leading Talent in Accounting, and National-level Leading Talent in Shenzhen. At the China Securities Regulatory Commission, Mr. Li served as deputy director of the Audit Division of the Accounting Department (work leader), deputy director of the General Affairs Division (work leader), director of the Financial and Budget Management Division, and director of the General Affairs Division; and in China Galaxy Securities Co., Ltd., he worked as member of the Executive Committee and chief financial officer, chief risk officer, and chief compliance officer. Mr. Li is also PE professor and master tutor at the Xiamen National Accounting Institute, Peking University, Shanghai Advanced Institute of Finance of Shanghai Jiaotong University, and Tsinghua University. Li is currently managing partner of Shenzhen Oriental Fortune Capital Investment Management Co., Ltd., chairman of Changzhou NRB Corporation, and an independent director of the Company.

Mr. Guan Qingyou: Born in 1977, Mr. Guan holds a PhD degree in economics, and is a young economist. Mr. Guan served as former vice president and institute dean of Minsheng Securities. Now he is president and chief economist of the Rushi Advanced Institute of Finance, vice president of the Center for Private Economic Studies, professor at the School of Economics of Hainan University, chief of the Zhongguancun Private Equity & Venture Capital Association and the Guangdong Venture Capital and Private Equity Association, and an independent director of the Company.

Compliance System

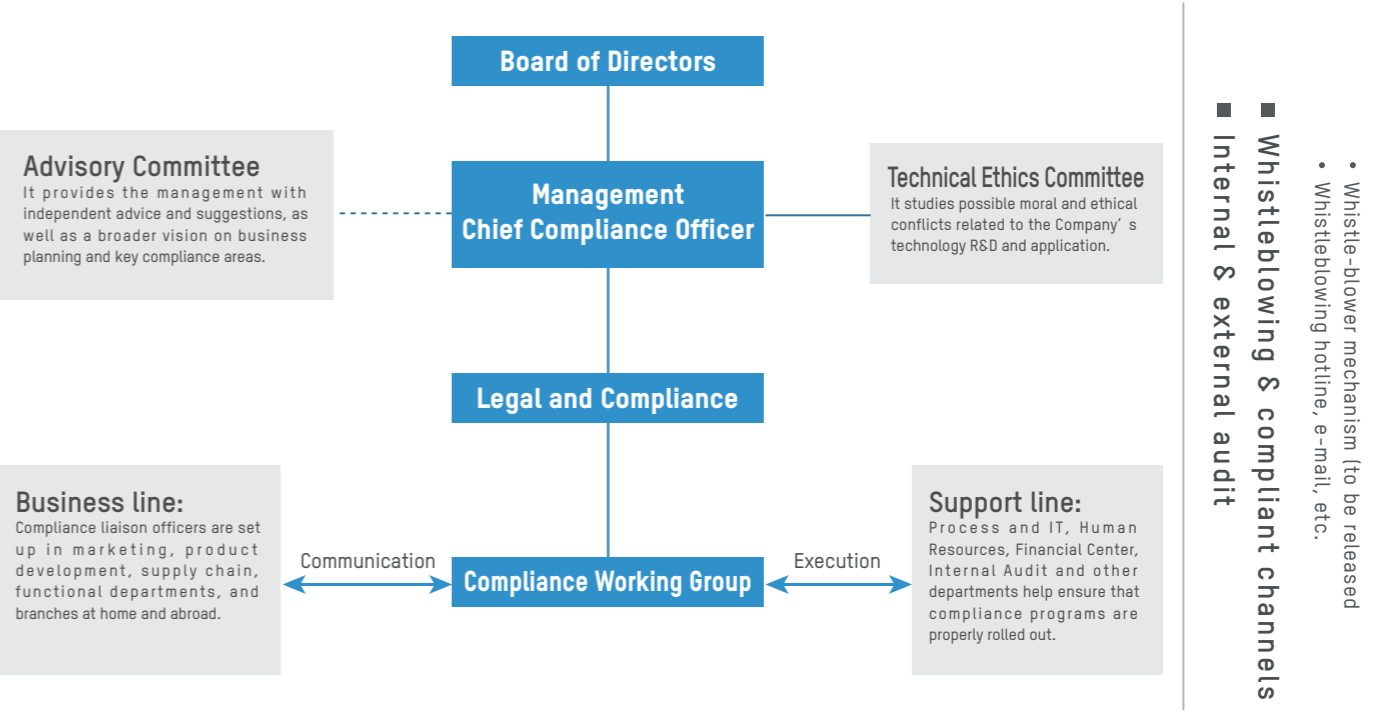
Compliance Organization Structure and Operation System under Consistent Improvement

Hikvision pursues honest, trustworthy, and compliant operation, and regards it as the cornerstone of the Company's sustainable development. We are committed to building a complete and efficient compliance management system for the organic alignment of compliance strategies and their implementation. We keep expanding and improving our system of compliance rules, and aim to establish a multi-level framework covering compliance policies/statements, specialized compliance governance regulations/code, and compliance guidelines specific to each business division or segmented scenario. Meanwhile, we have established and are constantly improving the compliance organization structure and operating mechanism across management and business divisions.

During the reporting period, we established a Global Advisory Committee to provide the management with broader insights, independent expertise and suggestions. The committee members include authoritative experts in international policy and relations, corporate governance, cybersecurity, data protection, human rights governance and many other professions. Meanwhile, a new Technical Ethics Committee was established to put into practice the Company’ s understanding of “Tech for Good” With due respect for cross-national or regional gaps around the world, it helps balance the different demands of stakeholders, and ensures that the technological progress pursued by the Company contributes to the well-being of the entire society.

In addition, we appointed compliance liaisons in our headquarters’ functional departments, businesses and branch operations at home and abroad. By extending our compliance organization and capacity to all internal units, we seek to identify and handle compliance risks in a more timely and accurate manner, and properly put compliance policies and measures in place.

Hikvision’ s Compliance Organization Structure:



Global Compliance in Key Fields

We continue to penetrate compliance into integrity construction, fair competition, trade compliance, data protection, human rights governance, and many other aspects, by establishing and improving corresponding compliance policies, regulations and process control mechanisms. We are also exploring an end-to-end management model for the identification, warning, control, tracking and retrospective improvement of compliance risks, and strengthen our ability to develop and roll out compliance projects.

Integrity Construction

In honor of the value and corporate culture of “integrity and pragmatism,” Hikvision champions business ethics and upholds the fundamental principle of making the business environment clean and transparent, and is thus against bribery and corruption in all forms. Our management systems are under constant improvement, including the *Hikvision Global Anti-Bribery and Anti-Corruption Manual* – which clarifies the Company’s and employees’ obligations and responsibilities regarding anti-bribery and anti-corruption respectively and offers a guidance on identifying and handling potential bribery and corruption issues, and the *Management Measures for Whistleblowing and Complaint* – which improves the protection mechanism for whistle-blowers, internal and external organizations and individuals, who may choose to remain anonymous.

During the reporting period, we requested all employees to learn the *Code of Ethics and Business Conduct* and organized an examination on the Code and anti-corruption compliance, with a pass rate of up to 90%. Meanwhile, we continued to promote the anti-corruption compliance philosophy of “Upright and Clean Hikvision” through the Compliance Culture Week, the International Anti-Corruption Day and other channels, as part of our efforts to raise the anti-corruption awareness of all employees.

During the reporting period, we executed integrity commitments or integrity agreements with our employees, suppliers, and distributors to convey our integrity value and requirements, so that they could well understand the responsibilities and obligations that should be followed. As of December 31, 2020, nearly 99% of our employees had signed *the Employee Integrity Commitment*. As for important and high-risk business modules – such as procurement, almost 90% of suppliers had entered into the *Supplier Integrity and Integrity Agreement*, and the corresponding proportion for dealership was close to 100%.

Whistleblowing hotline and e-mail for potential bribery and corruption behaviours:		
Hotline:	0571–88075998–66570	
E-mail:	compliance@hikvision.com	jubao@hikvision.com

Whistle-blower protection mechanism:
By updating the Management Measures for Whistleblowing and Complaint, Hikvision keeps improving the protection mechanism for whistle-blowers, internal and external organizations and individuals, who provide clues to non-compliant behaviours – whistle-blowers may choose to remain anonymous. The Company encourages and supports the report of any suspected non-compliant behaviours.
The Company endeavours to ensure that no employee or stakeholder will be treated unfairly if he/she refuses to engage in bribery and corruption activities, or reports corruptive behaviours. Such unfair treatment includes dismissal, disciplinary action, threat or other adverse treatment. If any unfair treatment is incurred, he/she may contact Compliance Department and Internal Audit Department for help.

Fair Competition

Hikvision actively participates in market competition and business development. We are committed to complying with the applicable fair competition and anti-monopoly laws and regulations and high business ethics standards in the jurisdictions where we operate, and advocating a fair and just competition environment. Sustained efforts have been spared to polish our system of fair competition rules. During the reporting period, we updated the *Hikvision Anti-Monopoly Compliance Guidelines*, which sets forth the general principles on the topic. In the meantime, we released the country/region-tailored anti-monopoly guidelines for ten countries and regions including China, the US, the EU, South Korea, UAE, South Africa, Australia, Colombia, etc., which serve as more precise anti-monopoly guidance for local employees around the globe.

During the reporting period, the Company also organized over 10 anti-monopoly training and publicity sessions to guide employees in all business divisions and regional operations to follow fair competition and anti-monopoly procedures.

Trade Compliance

Under the globalization operation, Hikvision identifies and adheres to the applicable laws, regulations and compliance provisions in the UN, China, the US, and the EU, among others, to earnestly perform our trade compliance obligations. We keep improving our internal trade compliance management system and process control mechanisms, such as import and export review specific to transaction objects, countries/regions, uses, items, and other dimensions. We aim to establish and improve a global trade compliance system that enables end-to-end trade compliance management and supervision covering all business operations from procurement, R&D, sales, to delivery and service.

During the reporting period, we kept abreast of the changes in external legislation and law enforcement, issued compliance operation guidelines, and transformed them into systematic management and control over internal trade compliance. Critical control points for trade compliance were further improved in business opportunities management, order management, contract management and other workflows. We carefully studied the China Export Control Law and discussed with experts and regulators on applicable control measures. At the same time, we released the Hikvision Compliance Code for the EU Export Controls and the Hikvision Compliance Code for the EU Export Controls – SOP which serve as rules and process control measures for us to comply with export control laws and regulations in the EU. Meanwhile, we carefully studied the China Export Control Law and discussed with experts and regulators on applicable control measures, to keep improving our trade compliance system.

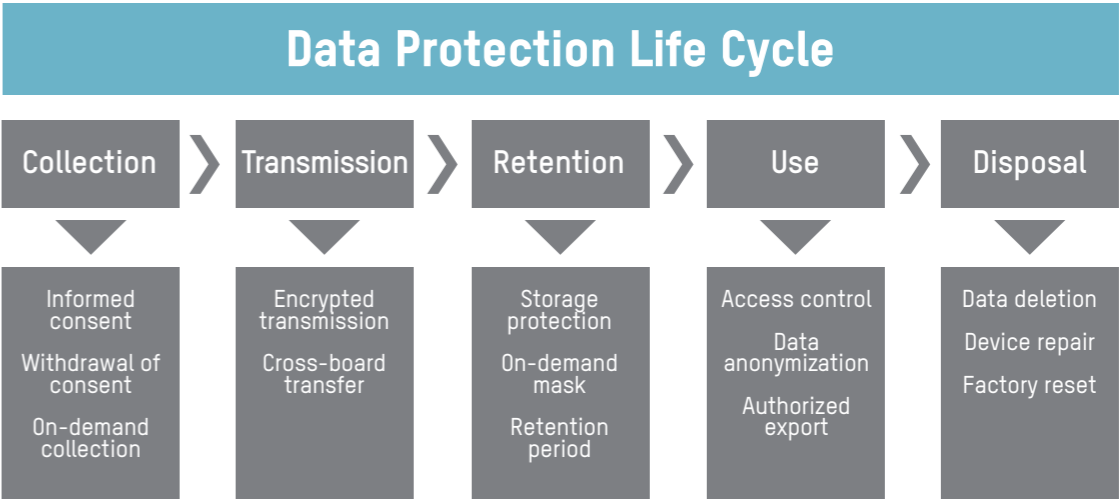
During the reporting period, active efforts were put to apply for export control licenses applicable to the EU and UK. As a result, we have obtained the EU001 general authorization issued by the Dutch Tax and Customs Administration, which allows the export of dual-use items subject to EU export controls from the Netherlands to Norway, Switzerland and other countries outside the EU, as well as the Open General Export Licence issued by the Export Control Organisation under the Department for International Trade of the UK, which applies to the export of dual-use items under UK export controls to EU countries, and the export to the original exporting countries for repair and replacement purposes.

Data Protection

Hikvision values data protection, and acts in compliance with the *Cybersecurity Law of the People’s Republic of China* and the recommended national standard GB/T 35273-2017 Information Security Technology – *Personal Information Security Specification*, the *EU General Data Protection Regulation* (GDPR) and other applicable data protection laws and regulation. In combination with actual business conditions, we keep improving our data protection rules and control system.

We continued our efforts to track on and gain insights into the trend of legislation and law enforcement regarding data protection in major countries and regions, and transformed the fruits into concrete practices of pursuing data protection compliance within the Company. During the reporting period, we performed due diligence studies on the data protection laws and enforcement practices in Turkey, India, Brazil and other countries, and continued to expand and improve country-specific compliance guidelines on the basis of our global basic guidelines for data protection. The purpose is to establish a multi-level data protection rule system and control practices featuring a global benchmark and flexible local practices.

Our data protection compliance review and supervision mechanism covering all products/services and business scenarios is under continuous optimization. During the reporting period, we inserted compliance review into the APP launch process, and integrated compliance management into the key control nodes in business processes, to strengthen prior risk management and control. Through spot checks and other inspection methods we monitored the data compliance of released products throughout their life cycle from personal data collection, processing, transmission, to storage and deletion. It is our permanent goal to optimize products and improve customer satisfaction.



Human Rights Governance

Hikvision honors the human rights as stipulated in the *Universal Declaration of Human Rights*, the *International Covenant on Civil and Political Rights*, the *International Covenant on Economic, Social and Cultural Rights*, the *ILO Declaration on Fundamental Principles and Rights at Work*, and the *United Nations Guiding Principles on Business and Human Rights*. With reference to the above covenants, initiatives and guidelines, we endeavored to incorporate the respect of human rights into our operational processes and policies to guide the business activities and management behaviors of the Company and all employees. We review and update our policies, processes and management systems on a regular basis to continuously expand our capacity of human rights governance.

During the reporting period, the management received an investigation report concerning Hikvision’s human rights compliance process from Arent Fox, led by former U.S. Ambassador Pierre-Richard Prosper. Upon due diligence on abundant materials provided by the Company, which described our governance structure, project information, and compliance system, the Arent Fox team concluded that “In the end, we do not find that Hikvision entered into the five projects in Xinjiang with the intent to knowingly engage in human rights abuses or find that Hikvision knowingly or intentionally committed human rights abuses itself or that it acted in willful disregard.” The Arent Fox team also made suggestions on tackling the flaws found in the Company’s compliance system. We thanked and accepted the suggestions provided, and retained the services of Arent Fox, striving to integrate its suggestions into our daily business activities and optimize compliance policies and procedures.

During the reporting period, our human rights governance and compliance system was optimized from three dimensions – product, labor, and supply chain. We advised end users to prudently consider reasonable necessity when using video surveillance products, and respect and protect the rights and interests of others. The *Recruitment Management System* and other HR management documents were revised and improved to specify that employees and candidates are entitled to fair treatment and recruitment regardless of race, color, ethnicity, gender, age, religion, belief and cultural background. And Responsible Procurement was made part of our supplier management, so that upstream partners are motivated to improve their quality management system, as well as their ability to fulfill social responsibilities.

Product

Labor

Supply Chain

- Add paragraphs to contracts and product instructions, calling on partners and end users to consider the reasonable necessity of their use of our video products, and avoid the abuse of video technology that infringes on the privacy and other rights of third parties
- Avoid the abuse of video technology that infringes on the privacy and other rights of third parties; and establish a Technical Ethics Committee to discuss potential legal compliance issues and moral and ethical conflicts arising from our technology R&D and application, and make proper business decisions from the source of technology R&D.
- Maintain communication with partners such as customers and suppliers, support or engage in the development of standards, practices and technical policies of the global video surveillance industry, fulfill corporate social responsibilities, and minimize the negative impacts of technological development.
- Improve the Recruitment Management System to specify that employees are entitled to fair treatment and recruitment regardless of race, color, ethnicity, gender, age, religion, belief and cultural background, and Hikvision is against child labor, slave labor and forced labor in any forms.
- Detail the regulations on working hours and leaves, to create a workplace that respects human rights and protects the rights and interests of employees.
- Make Responsible Procurement part of our supplier management, and motivate upstream partners through the Procurement Framework Agreement, the Supplier Corporate Social Responsibility Commitment and other documents to construct a control and transparency system for the mine supply chain.
- Attach importance to the measures and procedures used in conflict minerals compliance projects, to further strengthen the management over conflict minerals

Compliance Culture

We continuously promote compliance culture in all aspects and deem it an integral part of our compliance work, in a bid to penetrate the compliance value of “do the right thing rightly” into daily operation, and put into practice the compliance philosophy of “everyone acts as a compliance officer” . In specific, we continuously enhanced compliance awareness and understanding among employees through themed publicity weeks, periodic publications, training, all-staff examinations, and compliance salons.

Compliance Culture Week/Compliance Publication

From September to October 2020, the Compliance Culture Week was launched to distribute materials on compliance fundamentals to all employees at home and abroad. Such materials included Hikvision’s compliance value, Code of Ethics and Business Conduct, basic compliance requirements on anti-bribery and anti-corruption, etc. At the same time, we organized an examination on the Code of Ethics and Business Conduct and anti-corruption compliance. All employees joined the test and over 90% of them had completed and passed it.

诚信致远, 合规同行

遵守《商业行为准则》，做正确的事！

合规部

廉于心，见于行

正直为人，廉洁行事

合规部内审部

敬畏驱动科技向善

审慎守护数据安全

合规部

尊重人权
平等相待
消除歧视

合规部

纵横市场
公平竞争

尊重竞争规则，遵守反垄断要求

合规部

廉于心，见于行

佳节重情意，礼“轻”莫违规

合规部内审部

During the reporting period, a bi-weekly named Compliance Insight was initiated for targeted delivery to the Company’s mid-level and senior executives and business leaders. It tracks legislation and law enforcement trends around the world, and provides in-depth analysis in combination with the Company’s business conditions. As of December 31, 2020, it had been published for ten issues.

We also have a quarterly publication Compliance Information, which offers an overview of the latest laws and regulations and hot-spot cases around the globe and popularizes compliance knowledge among employees, to broaden their compliance vision.

FOCUS ON YOUR SUCCESS

Human Rights Protection

合规·视点

2020年·第6期

人权

Human Rights

法律与合规部
Legal & Compliance Dept.

合规·资讯

Compliance Information

2020年第1期

13

14

Compliance Training/Compliance Salon

During the reporting period, we delivered over 30 sessions of compliance training via online learning systems, face-to-face teaching, targeted email delivery, etc. All these events were tailored for varied job positions, from management to all employees.

In January 2021, we worked with external compliance experts and consultants to hold a compliance salon, which included extensive discussions, exchanges and learning on compliance topics and knowledge concerned by employees.



ESG Management and Disclosure

Social responsibility and sustainability constitute an important part of Hikvision' s development strategy. Thus, we insist on integrating ESG management and sustainable development ideas into our daily operations, as well as our products and services.

During the reporting period, we were honored by a number of awards and accolades for our sustainability performance, including the *Contribution to Sustainable Development Award by 2020 Changqing Awards of CAIJING Magazine*, the 2020 China Mobile Outstanding Partner of OneZone Smart Community, and the Best Employers of China 2020 by ZPIN.

Hikvision sees social responsibility essential to its operation and management. Thus we have formulated *the Social Accountability Management Manual*, as an approach to constantly improving our social responsibility management system. During the reporting period, our Chongqing Industrial Base – as part of Hikvision' s supply chain – has been certified for compliance with the SA8000:2014 *Social Accountability International Standard*. For the future, we will continue to underpin the importance of our social responsibility management system and strive for its upgrades.

At the same time, we have kept track of the demands of stakeholders and maintained close communication with them. Regarding issues of interest to stakeholders, we are open to the opinions and suggestions from all parties, and pleased to discuss ESG matters that are highly related to the Company's development and highly concerned by all stakeholders under two-way, transparent and regular communication mechanisms. Such feedback generated continues to reform and optimize our sustainability management.



Contribution to Sustainable Development Award by 2020 Changqing Awards of CAIJING Magazine



SA8000:2014 Social Accountability International Standard Certificate

Stakeholder Engagement

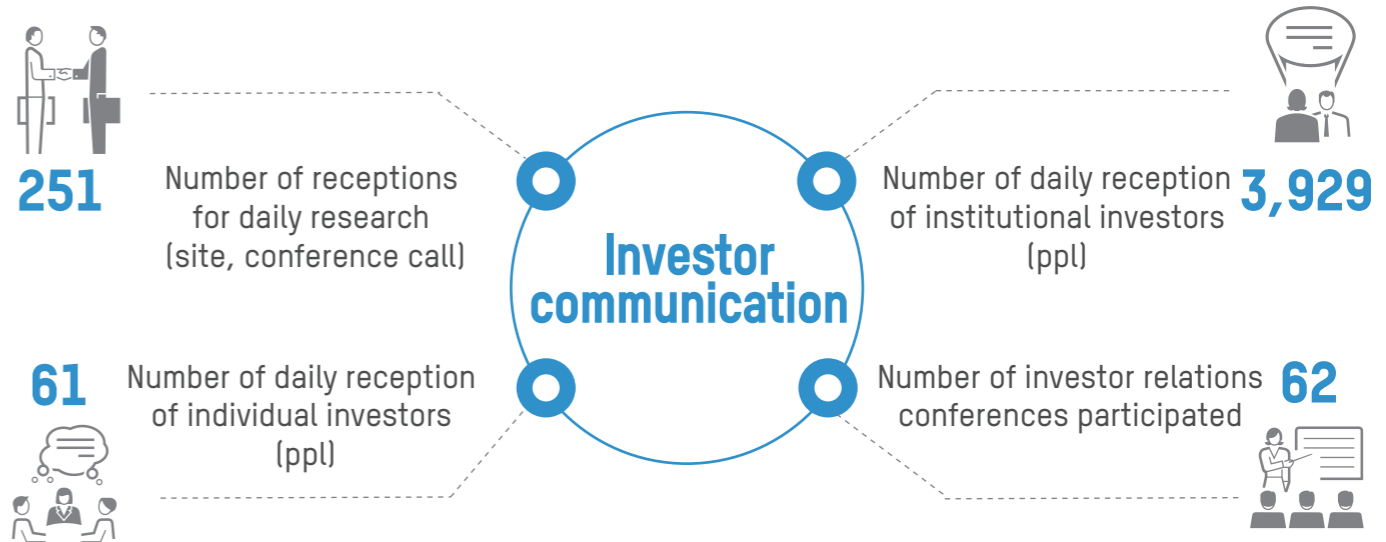
Hikvision’s key stakeholders include customers, employees, shareholders/investors, government and regulators, partners and communities. We are well aware, the trust and support of stakeholders is fundamental to our existence and development. We act proactively to understand stakeholders’ opinions, demands and expectations, and respond in a timely manner, heading for win-win cooperation and harmonious development.



Hikvision’s Stakeholders

Stakeholder	Issue of concern	Way of communication/ response	Frequency
Shareholders/ investors	Economic growth Sustainable operation Technology R&D	Regular report/interim announcement	Regular/irregular
		Site inspection	Regular/irregular
Government and regulators	Tax payment Employment promotion Environmental protection	Telephone	Irregular
		Email Information session/roadshow	Irregular
Customers	R&D and innovation Product safety and quality Data security	Regular report/interim announcement	Regular/irregular
		Letter	Irregular
Employees	Compensation and benefits Professional development Employee care	Site inspection	Regular/irregular
		Hotline	Irregular
Partners	Honest and trustworthiness Supplier management Data security	Information feedback	Irregular
		Satisfaction survey	Regular/irregular
Communities	Community communication Environmental protection Product safety and quality	Health check-up	Irregular
		Professional training	Regular/irregular
		Activity	Regular/irregular
		Suppliers’ meeting	Irregular
		Public tendering	Regular/irregular
		Site inspection	Regular/irregular
		Interview and investigation	Irregular
		Media coverage	Regular/irregular

Hikvision is committed to paving open, transparent, convenient and two-way channels to communicate with stakeholders. Through exchanges with stakeholders on topics of common concern, we learn about and respond to the opinions, appeals and expectations regarding ESG risks. In this way, we are allowed to better identify ESG risks and opportunities, and formulate scientific sustainability goals and plans. During the reporting period, we launched several rounds of investigation and communication with stakeholders to reduce relevant ESG risks and optimize our ESG management system.



Investor Communication in 2020

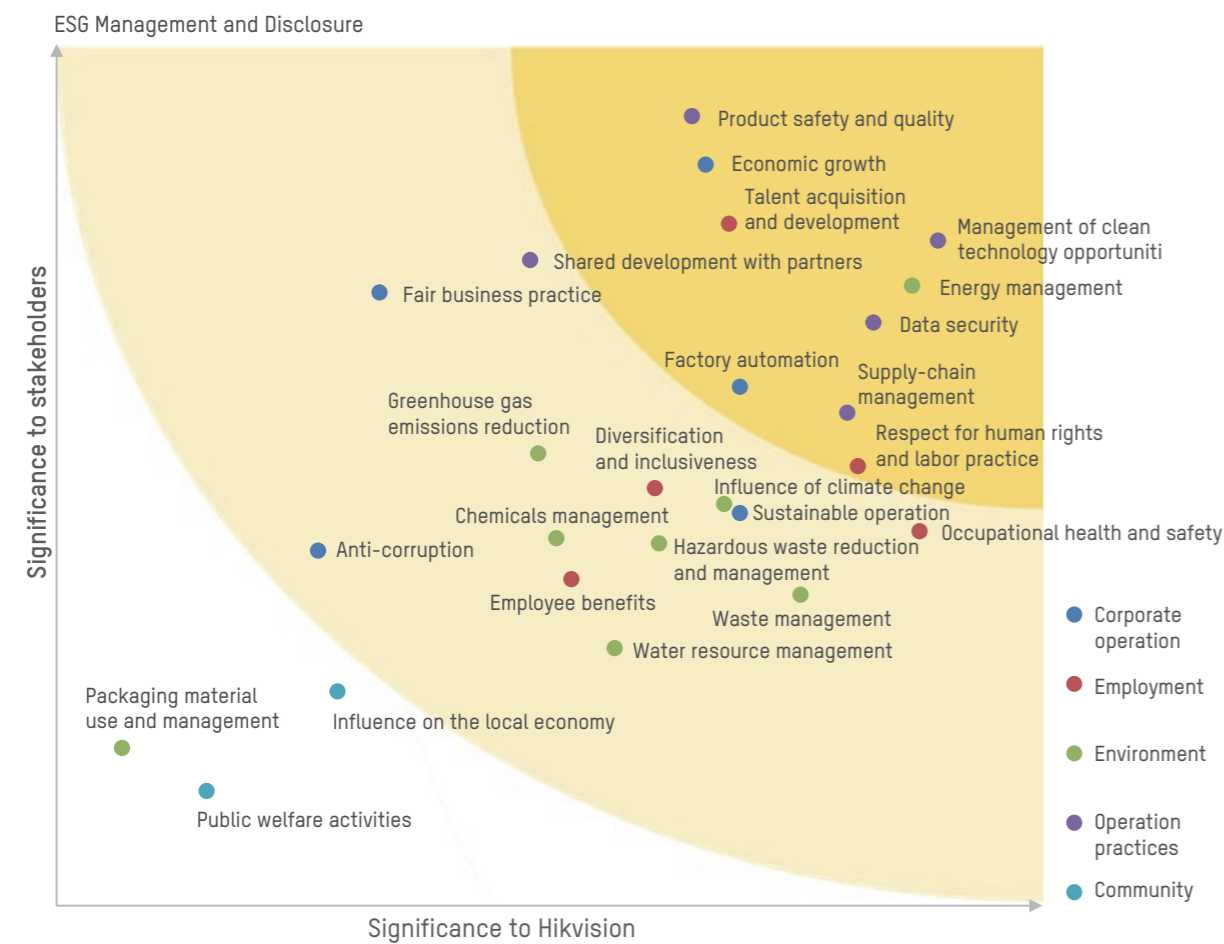
Identification of Material Issues

During the reporting period, we organized interviews or surveys with nearly 200 internal and external stakeholders to learn about and analyze our material ESG issues. Through this, we gained a thorough understanding of the expectations and suggestions of stakeholders, as well as our own management status and development needs. All these efforts are expected to lay a foundation for us to develop long-term ESG strategies.



Materiality Assessments Process

Based on our 2019 matrix of materiality, we scrutinized the stakeholder evaluations on each material issue in 2020. As a result, we raised the “respect for human rights and labor practice” issue to high importance and the “packaging material use and management” issue to moderate importance. Our material issues for 2020 include 9 issues of high importance, 14 of moderate importance and 2 of low importance. Concerning highly important issues, we will make disclosure on in subsequent chapters.



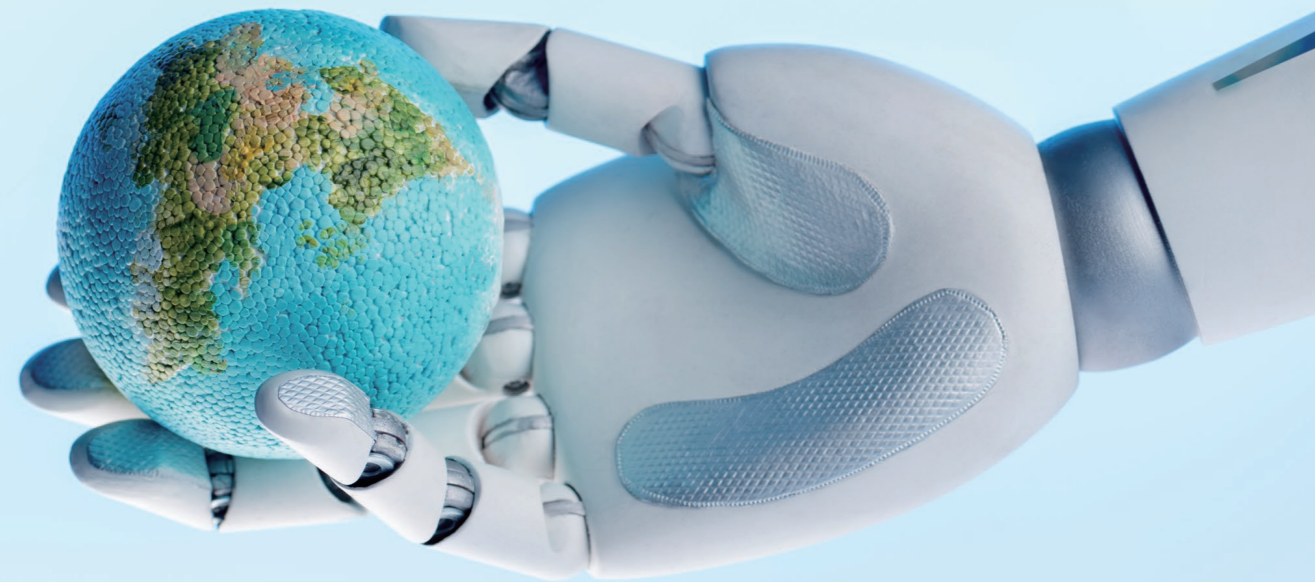
Corporate operation	
1	Economic growth
2	Sustainable operation
3	Anti-corruption
4	Fair business practice
5	Factory automation

Employment	
6	Occupational health and safety
7	Talent acquisition and development
8	Diversification and inclusiveness
9	Employee benefits
10	Respect for human rights and labor practice

Environment	
11	Energy management
12	Greenhouse gas emissions reduction
13	Hazardous waste reduction and management
14	Chemicals management
15	Packaging material use and management
16	Water resource management
17	Waste management
18	Influence of climate change

Operation practices	
19	Product safety and quality
20	Management of clean technology opportunities
21	Data security
22	Supply-chain management
23	Shared development with partners

Community	
24	Public welfare activities
25	Influence on the local economy



Empower Life and Nature with Technology

- Facilitating Digital Transformation of All Industries for Human Well-being
- Protecting the Nature and Biodiversity with Science and Technology

Empowerment with Technology

Hikvision values its role in people's livelihood and all industries. Our technologies such as IoT, big data and AI are applied to transportation, energy, agriculture, ecological protection and many other sectors to empower digital transformation. We are proactive in gaining insights into the needs and pain points, expectations and challenges in all industries. By continuously improving products and services, we let sci-tech insights contribute to a better future.

Facilitating Digital Transformation of Various Industries for Human Well-being

"300 meters underground", "steel furnace 1200° C inside", and "exposed outdoor deck at -17° C" ... these are real figures, as well as the daily work environment of coal mine inspectors, ironwork spot inspectors, and port tally operators. Harnessing IoT, AI and big data, Hikvision is bringing substantial changes to their harsh working environment: to let coal miners embrace safe operations, to keep steel inspectors away from hot furnaces, and to free tally operators from sentry duties.

Such brilliant and benign changes are also taking place in many other industries: transport & mobility, social governance, natural resources, ecology and environment protection, manufacturing, industrial parks, coal mines & metallurgy, petroleum & petrochemicals, culture, education & health, healthy communities, retail chains, and construction sites, just to name a few. It is our shared social responsibility to empower various industries to accelerate digitalization, build a safer and friendlier working environment for workers in all sectors, and create real value.

AI-powered Intelligent System, A Strong Defense for Coal Mine Safety

Coal mines are locations with complex conditions and stringent safety requirements, as workers underground are surrounded by unknown risks all the time. Hence, coal mine safety is a key and challenging task for safety supervisors.

Therefore, Jiangzhuang Coal Mine joined hands with Hikvision to launch a pilot project for an "AI full visibility intelligent safety control system." Intelligent video equipment were mounted at key locations such as inclined lanes and mining faces. Coupled with the AI full visibility intelligent safety control system working in collaboration with other systems, over 10 safety hazards and violations – such as workers and vehicles sharing the same channel, and belt deviation – are under 24/7 closed-loop management from risk identification to removal. Through such targeted assistance, front-line safety supervisors embraced higher efficiency in work.

As the mines were equipped with AI-powered smart "eyes", security supervisors were allowed to find problems quickly and accurately, which improved supervision efficiency, and reduced the risk of underground coal mine accidents.

Kong Qingwei, principal staff at the dispatching office of Jiangzhuang Coal Mine, said: "Before, when we were on duty, even if we kept our eye on all the over 30 screens all the time, it was difficult to find any problems. With the AI system, we seem to have been equipped with smart 'eyes', which allow us to accurately discover problems and build up a robust line of defense in mines."



Online Temperature Measurement of Furnaces, Intelligence Makes Steelmaking Safer and More Efficient

Steelmaking begins with ironmaking, and ironmaking blast furnaces are responsible for transforming ore into molten iron. During the process, regular inspection and maintenance of furnaces is the top priority. In the past, inspectors had to climb each furnace tens of meters high every hour, and measure its temperature with an infrared thermometer gun, to prevent accidents caused by overheating.

Ansteel of Liaoning Anshan partnered with Hikvision to apply thermal imaging to ironmaking blast furnaces. Through the real-time connection between front-end thermal imaging instruments and a back-end system, inspection workers were allowed to remotely access the surveillance videos of different positions in a furnace and monitor the temperature changes in specific areas of the furnace shell, generate reports, and receive timely warnings of temperature irregularities. Thanks to remote temperature measurement, workers no longer need to climb ladders for inspections. Apart from the improved working environment, productivity has been raised as well.

Digital and intelligent solutions are assisting more front-line steel workers to remotely sense complex on-site conditions and perform real-time production scheduling. So we expect steelworks will be able to operate more intelligently and efficiently, and steel workers be much happier at work.

“The system automatically measures temperature, generates reports, and also allows us to search and compare historical data and monitor changes in the furnaces by receiving real-time alerts,” said Yin Fengwei, general manager of the Anshan branch of Yutai Security Co., Ltd., Hikvision’s partner, “Ansteel is satisfied with Hikvision’s intelligent system, as it improves productivity and plays a great role in ensuring the safety of on-site workers.”



Intelligent Tally System at Port, Making Outdoor Sentry Duty a thing of the past

Tally clerks are the “guards” of import and export cargoes at ports, and how fast they tally is decisive to the operational efficiency of terminals. Before technology set foot in this industry, tally operators had to be on outdoor sentry duty, which was both laborious and dangerous.

Qingdao Port Group under Shandong Port and Hikvision joined hands to explore the use of science and technology to change the industry. The resulting Hikvision Intelligent Tally System is able to automatically identify container numbers, trailer numbers and other information, and then directly check the consistency between such data and shipping bills – if consistent, a tally is completed; otherwise, the system will send alarms and prompts automatically, which will be processed by a tally clerk through manual intervention. From manual to smart operation, Hikvision successfully lowered the safety risks and workload, and boosted the efficiency of tally.

In 2018, the system covered all the 84 cranes in Qingdao Port.

Compared with manual tally, smart operation has made loading and unloading 20% faster and 200% more efficient. Now Hikvision is working with Qingdao Port to explore and promote the broader application of the intelligent tally system, and continue to upgrade tally operations in terms of “visualization, automation and intelligence” .

With the help of the smart tally system, tally staff can easily inspect the container operation process in real time through two monitors. Compared with manual tally, loading and unloading is 20% faster and 200% more efficient. “Under manual operation, each worker was allowed to operate one line only, while now each can work on three lines at the same time in front of a computer. As there is no need to be exposed to wind and sun on the dock, safety risks and workload are greatly reduced,” said Wang Xianpeng, a tally clerk at Qingdao Port.

Protecting the Nature and Biodiversity with Science and Technology

The nature is the place where people dwell and thrive, which makes nature and environment protection a social responsibility shared by every corporate. It is Hikvision’ s corporate vision to “empower vision for the security and growth of the world.” Therefore, we have been committed to applying innovative products and solutions to support biodiversity research and protection, as part of our efforts to safeguard a more harmonious and sustainable ecosystem for mankind.

Animal Protection

The nature is composed of a variety of intricate and complex ecosystems. The rapid development of society and economy is bringing a great deal of threatens to wildlife and its habitats, such as overexploitation, environmental pollution, deforestation, and illegal hunting, among many other activities. This necessitates the instant action from the government and the society to step up wildlife protection by high-tech means. Since 2013, Hikvision has started partnering with the government and all industries to protect wildlife and contribute to the sustaining of the natural life community. During the reporting period, the Company continued to advance its long-term cooperation projects to protect bar-headed geese, Siberian tigers, and Yangtze finless porpoises. On the other hand, we were engaged in projects intended for the observation and protection of African penguins and the anti-poaching of South African rhinos.



Anti-poaching of South African Rhinos

In 2020, Hikvision actively joined in the protection of rhinos. Our video technology was applied to the Kariega Game Reserve in South Africa to equip the anti-poaching unit there with both ground patrol and high-altitude protection forces. By allowing patrol inspectors to be more focused on priorities such as rhino care, our expertise has played a great role in preventing poaching and enhancing the protection for rhinos.



Observation and Protection of African Penguins

From the 1920s till now, the number of African penguins has decreased from more than 1 million to 13,300 pairs. To protect African penguins in a comprehensive manner, in 2020 Hikvision and Dyer Island Conservation Trust teamed up to use video technology and protect the penguins dwelling in the African Penguin & Seabird Sanctuary (APSS) in Gansbaai, South Africa. Meanwhile, we showed to the public how these penguins were fed and recovered through live broadcasts, as a call for more people to participate in our project. Now Hikvision is planning for more diversified protection for the African penguins on Dyer Island, South Africa, including protection research, rescue & treatment, interference prevention and monitoring.



Protecting Wildlife At the Source of Three Rivers

The Three-River-Source National Park is located at the hinterland of the Qinghai-Tibet Plateau, and is the birthplace of Yangtze River, Yellow River and the Lancang River, thus earning its name as “China’ s water tower” or “water tower in Asia.” With the park being an important ecological barrier and a repository of plateau biological germplasm, its protection is of great significance to China and even the world.

Hikvision has built a long-distance HD video monitoring system to support the emergency & ecological monitoring work on this no man's land at an altitude of more than 4,000 meters. High-point thermal imaging dual-spectrum cameras were mounted, as a supplement to the AI technology, to perform smart patrol among the local typical ecotypes, natural landscapes, and wild animals. Thus, large and medium-sized mammals such as Tibetan antelopes and Kiangs were put under extensive, all-weather and remote monitoring. By automatically filming wild animals and collecting data on them, Hikvision’ s system effectively assisted the Three-River-Source National Park Administration in the ecological protection and scientific research & monitoring there. In this way, we offered strong support for wildlife protection, and played an active role in assessing ecological restoration and promoting ecological protection.

Vegetation Protection

Lush and dense vegetation is the desirable habitat for wild animals and also promotes biodiversity. Hikvision uses its own expertise to enable the protection of forest farms, and to enhance the intelligent detection and management ability of the forest fire-prevention, such as fire risk warning and positioning, spread analysis, fire management, fire incident archiving, etc.



Forest Fire Prevention Project in Hebei

In 2020, Hikvision participated in the forest fire prevention project in Hebei Province. By building forest fire prevention monitoring systems across the province, the provincial capabilities of forest and grass fire monitoring and emergency response were improved. As a result, the forest and grass fire prevention in the region has become standardized, scientific, and information-driven.

Hikvision’ s forest fire prevention monitoring system offers the following functions:

- **Intelligent fire detection:** The intelligent detection of smoke and sparks makes fire discovery faster and fire alarming more accurate;
- **Closed-loop management:** From discovery, assignment, processing to feedback, forest fire prevention is under closed-loop management;
- **Top-down collaboration:** This multi-level fire protection platform enables information communication and collaboration across different levels.

Mount Mogan Intelligent Forest Fire Prevention & Early Warning Project in Huzhou, Zhejiang Province

Mount MoGan, located in Deqing County, Huzhou City of Zhejiang Province, is a national-level scenic spot and forest park crowded with tourists all year long. In western Deqing there are more than 800 homestays. However, along with the boom of the homestay economy come fire hazards. To safeguard the precious natural landscape of the Mount MoGan, as well as the life and property of forest farmers and tourists, in 2017 Deqing introduced Hikvision's intelligent forest fire protection & early warning system, thermal imaging observation platform standing on the top and side of the mountain serves as a 24/7 high-altitude "watch-keeper" there.

At 15:28 on October 1, 2018 – the National Day holiday, near Longquan Mountain Villa in Wukang Sub-district, Deqing County, a forest caught fire due to unauthorized use of combustion sources. A cloud-connected thermal imaging device, with its keen perception of abnormal temperature, accurately captured the emergency and issued an early warning – 8 minutes earlier than a passer-by calling the fire hotline. Then a firefighting team quickly arrived at the scene. The timely alert had won valuable time for the firefighting, and fortunately the fire under control in short time.



"The 8-minute was key to fighting the fire, and preventing it from causing a bigger fire," Yu Jianchang, head of the fire prevention office of the Natural Resources and Planning Bureau of Deqing County, recalled.

Beyond the intelligent early warning of forest fires, the entire systematic fire prevention task, including fire handling, retrospective investigation and evaluation, and "group prevention and management," are all benefiting from science and technology. In 2020, no fire took place in Deqing County. In the firefighting assessment by Huzhou City, the county also ranked among the top, becoming a role model of fire protection. Driven by Hikvision, technology is penetrating into every stage of forest fire prevention and fighting side by side with forest workers, becoming a loyal guardian of ecology, life and wealth.

Digital Information Center Project in Kunyu Mountain National Nature Reserve

Kunyu Mountain National Nature Reserve is the only reserve of the same kind in China that is established to protect *Pinus densiflora*. It also boasts the highest biodiversity among the regions in the same latitude across the global warm temperate zone. Now in Kunyu Mountain there are 2,429 recorded species of wild animals and plants, including 56 species of national Class I and II protected animals and plants, and 12 species of model animals and plants, making the location a rare natural ecological museum and a precious species gene bank.

Following the concept of "integrating into the nature and protecting the ecology smartly", Hikvision has built a sound nature reserve management system powered by cutting-edge technologies such as HD video, AR, AI, and oblique photography. The system covers all dimensions from front-end, network, power, to platform, large display, and storage, and features four applications – forest fire prevention, biological research, smart scenic spots, and public security network – working together as an organism. With the system, Hikvision helps to make sure in the reserve forest fires are "preventable", the ecology is "fully protected", and the scenic spots are "well-managed."



Integration and Upgrade Project on Video Cascade and Centralized Control System for Waters Supervision in Three Gorges Reservoir Region

Recognizing the Three Gorges Dam project as one of the most important water conservancy projects in China, we all find it necessary to enhance supervision over the project and its reservoir area with advanced information technology. Thus, Hikvision has built up a nationwide video cascade and centralized control system through a comprehensive utilization of video surveillance, AI, cloud computing, cloud storage, IoT and other technologies. This system allows the real-time online monitoring of water objects, the proactive and intelligent early warning of water events, and an upgrade of video perception capabilities. Through video data management and analysis, water events are put under supervision and verification. Thanks to the system, the project team members become more capable of comprehensive water supervision, safety production, emergency response, commanding and decision-making.



Intelligent Management and Control over Heavily Polluted Weather in Autumn and Winter

Hikvision helped provinces (autonomous regions, municipalities) and cities above the prefecture level respond to heavy pollution weather through a holistic combination of technologies such as IoT perception, mobile applications, AI, and big data. Localities were assisted in rolling out emission reduction measures and intensifying supervision inspection, to be better positioned to cope with severely polluted weather. In specific, a heavily-polluted weather management and control system was introduced for the comprehensive and intelligent monitoring over sources of industrial pollution and dust pollution. Every time the system detects any violation automatically, it will promptly report to the police and save the evidence – a scientific way to tackle heavily-polluted weather.



Smart Ecology Protection

Hikvision's environmental cause is more than protecting wild animals and vegetation, but also covers the entire ecosystem. We protect the meteorological environment with meteorological observatories designed for visual monitoring, systems for enterprise management in heavily polluted weather and other solutions, and assist ecological and environmental authorities to improve the response mechanism to heavily polluted weather. We manage and monitor nature reserves and land through digital information projects and video surveillance projects, in a bid to prevent hidden dangers such as fire, and strengthen the ability of nature protection. And meanwhile we also strive to protect lakes and rivers by monitoring waters such as the Three Gorges Dam, and improving our capability of long-term protection and dynamic management over them.

Constant Improvement

- R&D and Innovation
- Quality Management
- Cybersecurity
- Service Support





Constant Improvement

Video-centered intelligent IoT and big data are bringing brilliant changes to the world. Hikvision always relies on technological innovation for its solid and sustainable growth, whole-heartedly devoted to R&D. Through the premium products and services thus born, we strive to make our future safer, smarter, and sustainable.

R&D and Innovation

With strong focus on system design capabilities, Hikvision has never ceased underpinning the accumulation of underlying technology, and upgrading products and solutions. Gradually, we've come up with technical architectures represented by Cloud-Edge Fusion, Intelligent IoT-Information Network Fusion, Big Data-AI Fusion and Software-Hardware Fusion, which keeps reinforcing Hikvision's comprehensive business competitiveness.

During the reporting period, we kept increasing R&D investment, expanding R&D teams, and putting R&D achievements into practice. Hikvision has built a R&D center network centered on Hangzhou and reaching Beijing, Shanghai, Wuhan, Xi'an, Chengdu, Montreal and London. For the future, we have plans to make R&D investment in Chongqing and Shijiazhuang as well. In 2020, we invested a total of RMB6.38 billion in R&D, accounting for 10.04% of our annual revenue. This represented an increase of 16.32% from 2019.

	Cloud-Edge Fusion: To promote the integrated application of edge computing and cloud computing
	Intelligent IoT-Information Network Fusion: To organically integrate IoT perception data with information system data to augment the capacity of big data platforms
	Big Data-AI Fusion: To combine AI with perception big data to enable smart perception, and combine AI with multidimensional big data to enable smart cognition
	Software-Hardware Fusion: To produce good hardware products, as well as software products best fit with hardware, and build up solution advantages based on such software and hardware

Hikvision's Technology Accumulation and Innovation

Various hardware product types, diversified product operating environments, and different product operation and maintenance (O&M) management ways have posed major challenges to the development of the IoT business. In this context, Hikvision has launched HEOP (Hikvision Embedded Open Platform) during the reporting period to support containerized independent deployment and flexible scheduling of algorithms or components for the sustainable development of intelligent IoT. On this unified embedded software platform, all intelligent IoT equipment of Hikvision will feature the same software foundation to avoid the differences between various hardware development and operating environments, and support function changes of hardware products through software upgrades to improve development efficiency significantly. In addition, partners can realize iterative development of intelligent application functions of intelligent IoT equipment based on HEOP efficiently, and work with Hikvision to create value for customers.

Hikvision provides various intelligent IoT equipment with unified access, networking, operation and maintenance support capabilities through a unified intelligent perception networking platform, making the large-scale intelligent IoT a reality. The unified device access framework supports the connection of various video equipment, multi-dimensional sensing equipment, and intelligent equipment. With open interfaces and protocols, various intelligent IoT equipment can access Hikvision's software platforms. And the development of equipment network access drivers is relatively separated from application software, that is, we can set up the platform first and then develop device drivers. Networking is possible in a large scale to support a variety of IoT perception equipment in line with national standards and multi-industry standard specifications. And the integrated operation and maintenance service platform is applicable to a variety of IoT devices and IT equipment. Moreover, partners, through the interface provided by the intelligent perception networking platform, can connect other manufacturers' IoT equipment to the same software platform.

During the reporting period Hikvision was recognized and acknowledged within and out of the industry for its R&D and innovation outcomes.



World IoT EXPO New Technologies, New Products, New Applications Awards – Gold Award



2020 Electronic Information Industry Independent Innovation Achievement Award

All-round Opening

Hikvision acknowledges the importance of full openness, collaborative innovation, and win-win cooperation. So we team up with users and partners to create a dynamic solution application ecosystem aiming for common growth and the industry's digital transformation.

Hikvision provides a complete set of open capabilities including equipment, platforms, data and applications, to offer all-round support for application developers in the industry. Our intelligent application open platform comes with four development frameworks, over 1,000 open interfaces, more than 730 common components, as well as nearly 200 software platform products including basic software, general software and industry software.

Hikvision has established a training and certification system to support more partners to provide users with applications based on Hikvision's open systems. An offline training mechanism has also been built, which is centered on the Hangzhou headquarters and consists of three software R&D centers located respectively in the northeast, northwest and southwest and 19 provincial-level software R&D departments, together with an online training mechanism containing more than 280 courses.

The training system is divided into four directions – system O&M, algorithm training, data engineering and application development. According to different training content and evaluation systems, graduated trainees will be granted titles of Hikvision Certified Associate, Hikvision Certified Professional and Hikvision Certified Expert.



Joint Intelligent IoT Lab for Power Plants with Huaneng Zhejiang

Through the lab, the two parties give play to their advantages and spare more efforts to study basic and forward-looking technologies. While accelerating the industrialization of the results of fundamental research, we' re working together to explore new collaboration models of open technology innovation. Under the partnership, the Yuhuan Power Plant is expected to speed up intelligence upgrade, and become a benchmark in the thermal power business of Huaneng.



Intelligent Perception and Interaction Laboratory with Beijing Normal University

The two sides will work closely on the application of AI to education, exchange ideas on scientific research, training, and transformation of research outcomes, and explore new systems and mechanisms. Win-win results are expected based on the advantages of Beijing Normal University in education, and those of Hikvision in video technology and marketing.



Protecting Innovation Results

Innovation is the source of business sustainability, while a sound intellectual property protection system is a prerequisite for protecting and inspiring innovation. Hikvision upholds the philosophy of "protecting our own intellectual property rights and respecting others' intellectual property rights", continuing to establish and improve our management regulations and process control mechanisms centered on intellectual property protection. During the reporting period, we kept polishing our *Trademark Management Regulations*, *Patent Management Measures*, *Intellectual Property Rights Protection Management Regulations* and other normative documents with reference to our technology roadmap. We are also actively engaged in the application and protection of patents, software copyrights, and trademarks. The purpose is to improve intellectual property in quantity, quality, and more importantly, efficiency.

Invention patent

- Granted with 568 in 2020
- Cumulative total 1,307

Utility model patent

- Granted with 198 in 2020
- Cumulative total 1,246

Trademark

- Granted with 169 in 2020
- Cumulative total 1,842

Software copyright

- Granted with 202 in 2020
- Cumulative total 1,240

Design patent

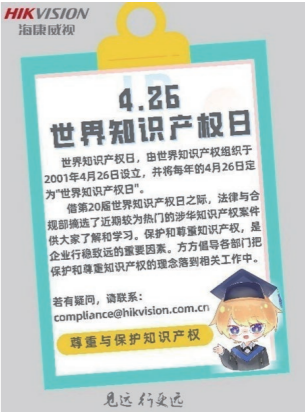
- Granted with 504 in 2020
- Cumulative total 2,388

There are several channels such as hotline, email, and website available within Hikvision to report intellectual property infringement, so that all parties could work together to safeguard a healthy intellectual property protection environment.

Channels to report intellectual property infringement to Hikvision:

Telephone:	400 800 5998
E-mail:	weiquan315@hikvision.com
Website:	www.hikvision.com/weiquan315
Mailing address:	Legal and Compliance Department, No. 518 WuLianWang Street, Binjiang District, Hangzhou 0571-88075998-63844

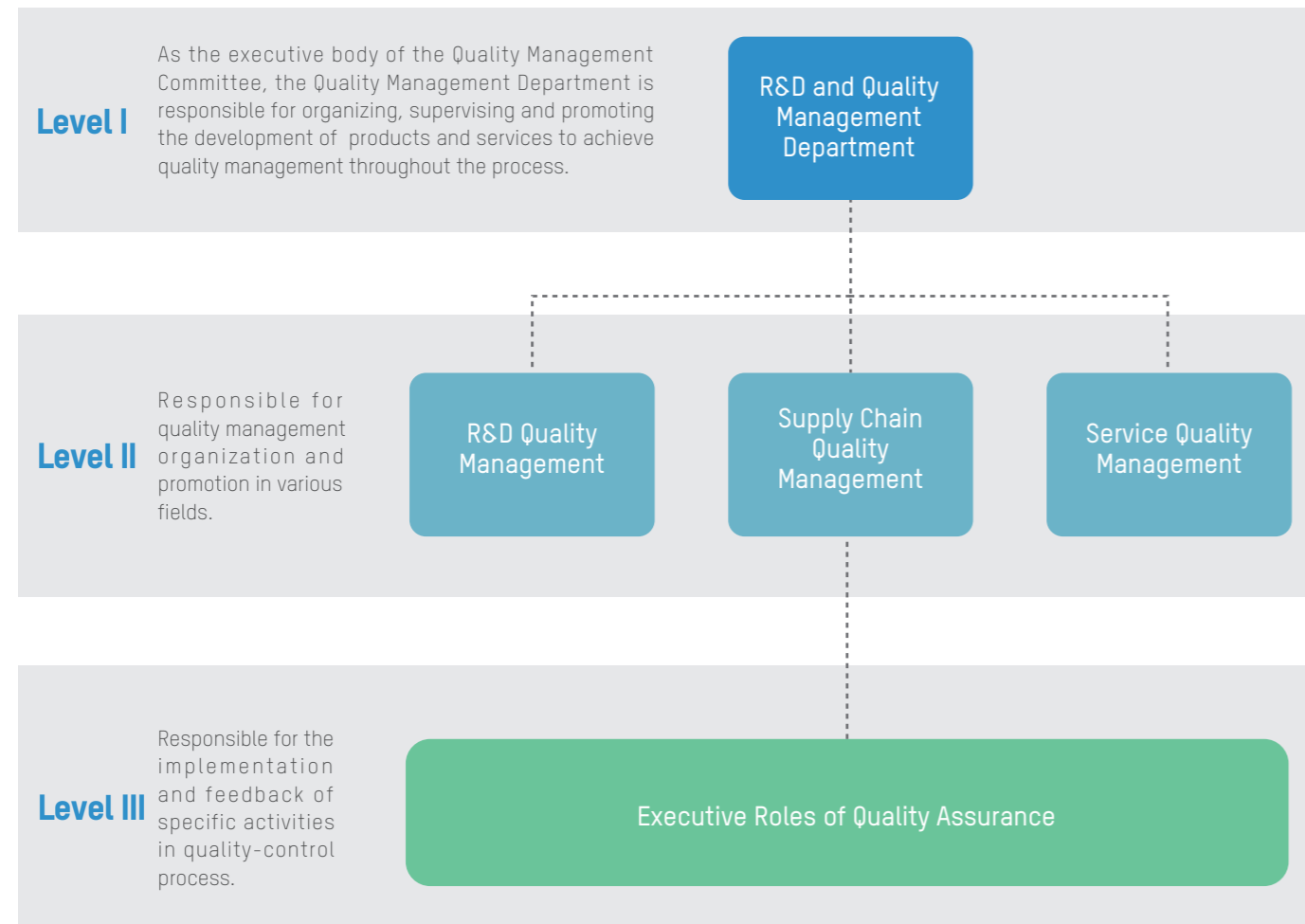
We continuously raised employees' awareness of intellectual property protection and stressed their obligation to comply with regulations on trade secrets. An array of activities were launched to promote the protection of intellectual property and trade secrets, such as the April 26 World Intellectual Property Day themed event, as well as training and examinations.



World Intellectual Property Day Themed Event

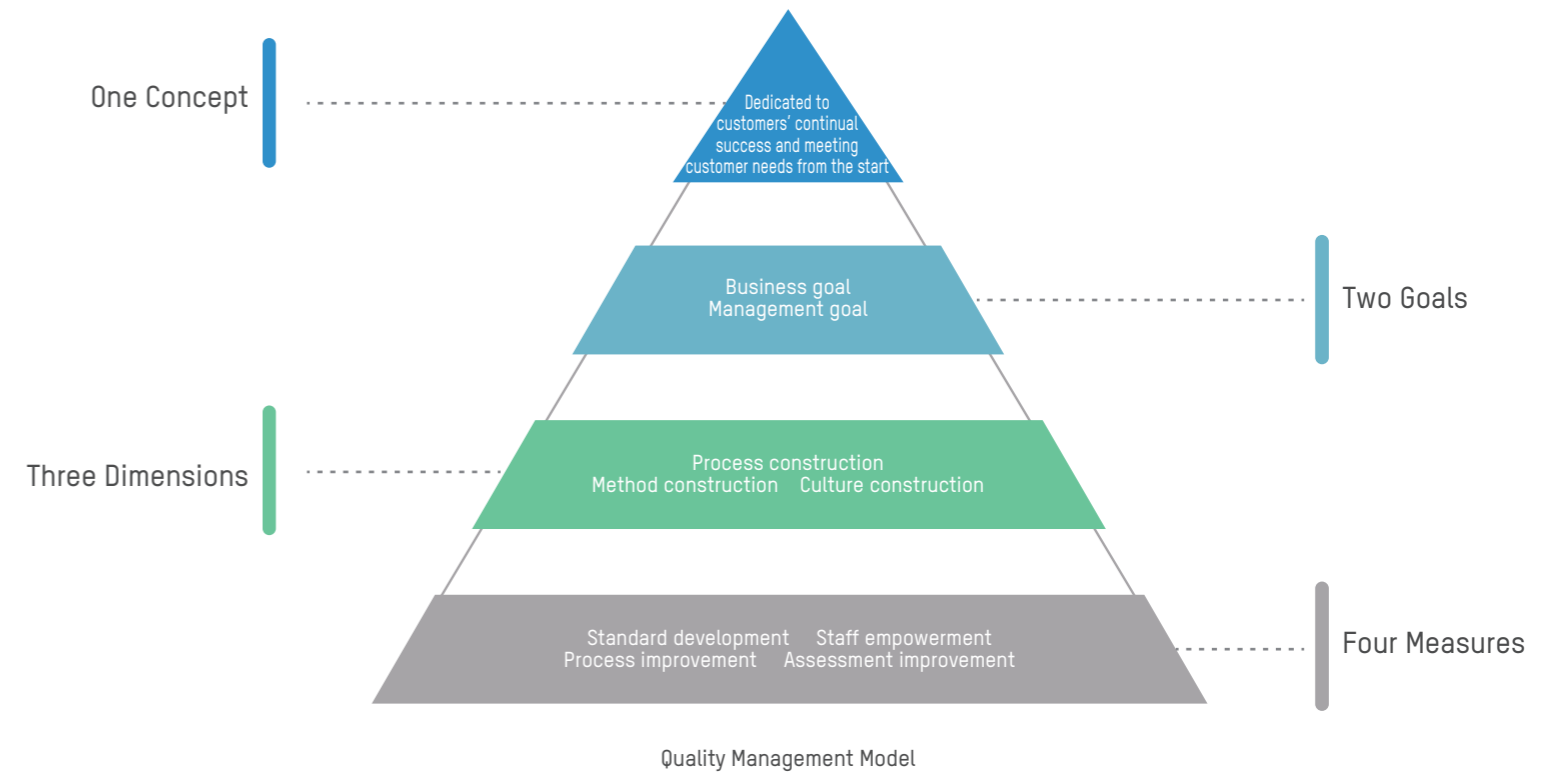
Quality Management

Hikvision has always been adhering to the quality policy of "leading technology, quality first, customer satisfaction, continuous innovation," and is imprinted with the concept of "dedicated to customers' continual success and meeting customer needs from the start; closing the loop of quality problems and pursuing excellence." Meanwhile, our Quality Management Committee serves consistently as Hikvision's leading organization of quality assurance. With clearly defined responsibilities at all levels, the committee performs quality control in an efficient and high-quality manner, and promotes the healthy development of the industrial ecology.



Quality Management Structure

Through long-term learning, exploration and practice, we have gradually shaped an ever-improving quality management system covering cultural awareness, code of conduct, institutional guarantee, technical support, and other aspects. Also a quality management model based on "one concept, two goals, three dimensions, and four measures" has been built to extend quality management to the entire chain of business operations. In different development stages and business scenarios, we timely adapt and update quality management methods to tackle varied challenges throughout our development process.



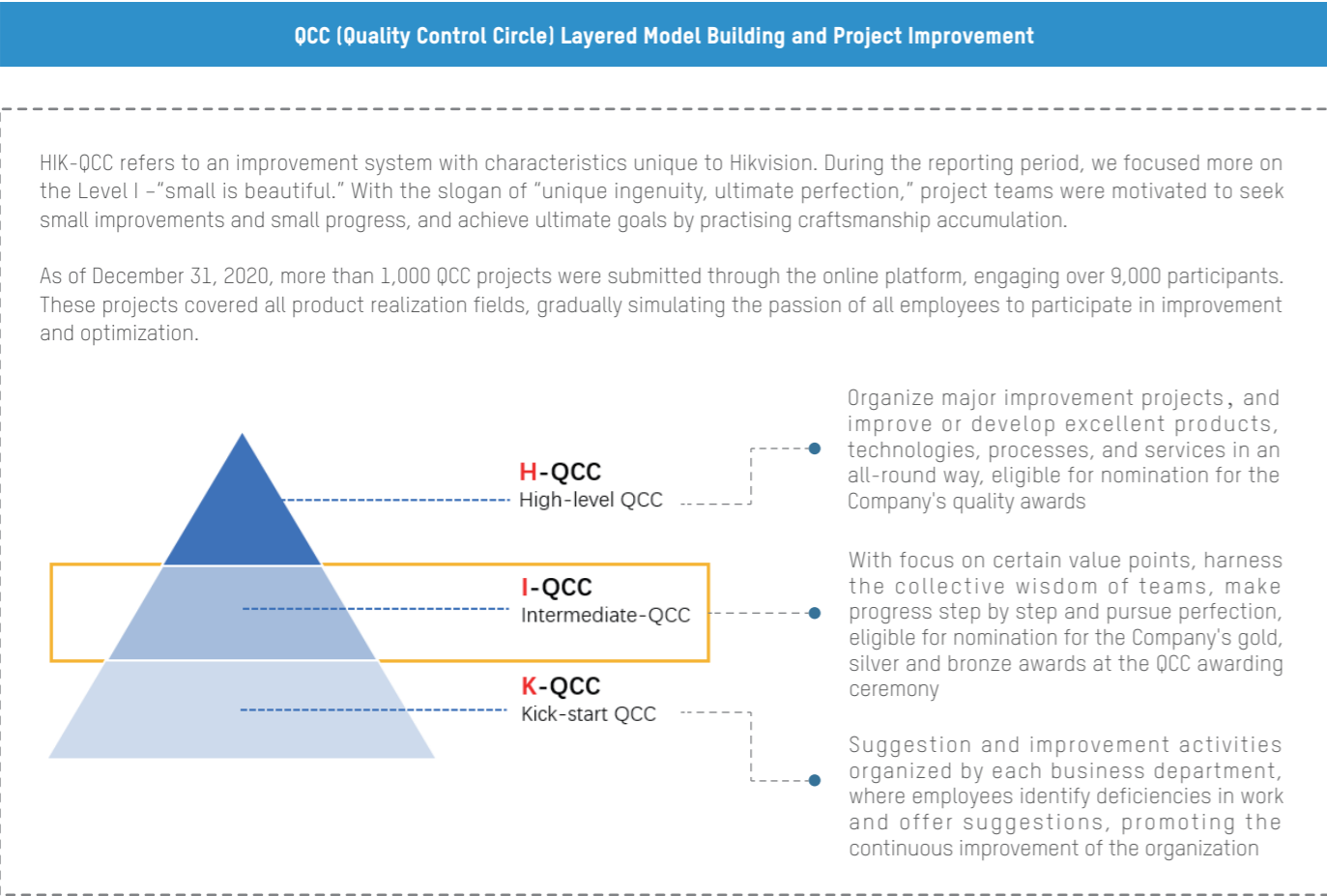
Improving Quality Management System

We are convinced that quality management capacity is key to the long-term development of an enterprise. Therefore, Hikvision established a quality management system as required by the ISO 9001 at the beginning of its inception. We were first certified by the *ISO9001 Quality Management System* in 2005, and have maintained it ever since. During the reporting period, we were renewed to the *GB/T 19001-2016/ISO9001:2015 Quality Management System Certification*, indicating a more scientific, standardized and complete system for quality management. In this way, high-efficiency quality management is allowed to penetrate into all of our operation stages from design, development, procurement, to production and service delivery.



GB/T 19001-2016/ ISO9001:2015 Quality Management Certification

Hikvision applies one-vote veto to quality and safety issues, and conducts strict reliability and environmental tests on all products through a comprehensive quality control system to ensure product quality, safety and reliability. During the reporting period, we launched a variety of quality improvement projects, which also supported us to fulfill business targets and management goals.

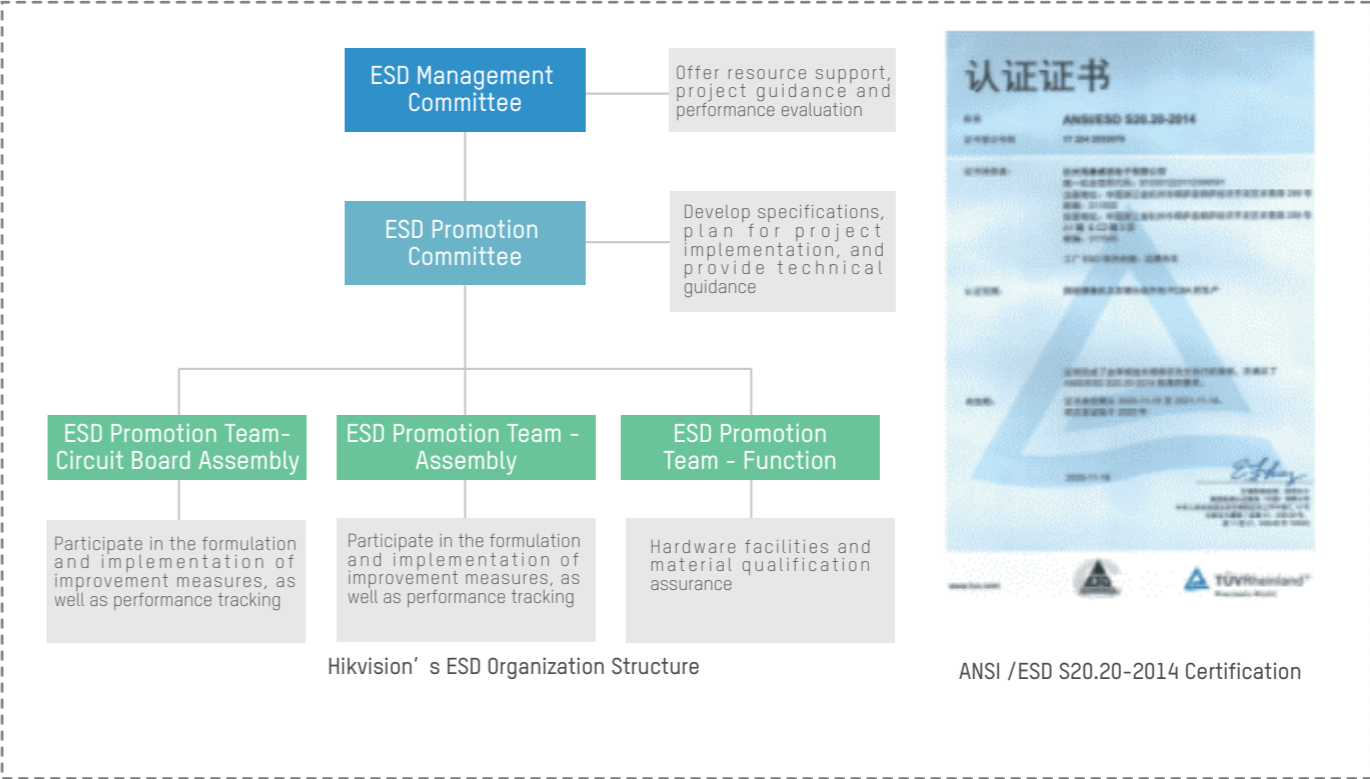


ESD Prevention and Improvement Project

In the electronics industry, ESD (Electro-Static Discharge) is increasingly concerned by customers, as it can easily cause product failures. During the reporting period, we initiated an ESD improvement project from three aspects – employee awareness raising, process regulating and on-site improving. In specific, we built a professional ESD improvement team and a training mechanism, so that all employees could learn how to prevent ESD and keep making improvement. In the meantime, an ESD protection system was constructed to reduce product quality deficiencies caused by ESD.

- **Employee awareness raising:** We introduced professional ESD consulting agencies to deliver training and form up the first batch of ESD internal audit teams; a graded ESD training mechanism was also established to give regular training to different groups of employees, and raise their ESD protection awareness.
- **Process regulating:** An ESD organization was established to clarify the responsibilities of related parties, and establish and optimize process regulations.
- **On-site improving:** Serial activities were carried out to identify ESD problems and determine countermeasures, seeking constant improvement and enhancing on-site management.

During the reporting period, our subsidiary, Hangzhou Hikvision Electronics Ltd., obtained the ANSI/ESD S20.20-2014 certification. An ESD protection system has been applied to run throughout the production process of network camera and its lens assembly, and PCBA (Printed Circuit Board Assembly), to improve product reliability.



During the reporting period, we drafted and released the Hikvision Quality White Paper, to meet the needs of our global expansion and assist with the global provision of high-quality products and services. Through our quality management system, product life cycle quality implementation, and customers’ real-life experience, we managed to monitor quality throughout the life cycle of products from material acquisition, design, manufacturing, to after-sales. Meanwhile, we were recognized inside and outside the industry for our advanced concepts and excellent management approaches in quality management:

Honour	Awarded by
Zhejiang Provincial Government Quality Award	Zhejiang Provincial People's Government
Stable and Qualified Product in National Quality Inspection	China Association for Quality Inspection
National Advanced Enterprise for Quality Trustworthiness	China Association for Quality Inspection
National Product for Quality Trustworthiness	China Association for Quality Inspection

⑥1 The Hikvision Quality White Paper is available in digital version via the following link: <https://www.hikvision.com/en/about-us/focused-on-quality/>

Quality Culture

Hikvision is well aware of the power of culture. Therefore, while continuously improving quality management, we start to disseminate our quality culture of “dedicated to customers’ continual success and meeting customer needs from the start” right from our onboarding training. During the reporting period, we came up with 10 quality culture programs at the corporate level, surrounding the work policy of “raising employees’ awareness of quality responsibility and consolidating employees’ quality-compliant habits.” Then all business department adapted the policy to their respective business nature and characteristics, and organized a total of more than 320 quality culture promotion and implementation activities. Together they worked to continuously improve employees’ quality awareness, regulate their quality behaviors, and promote the penetration of corporate quality culture.

Continuous Promotion of Quality Culture Handbook

During the reporting period, we distributed the print Quality Culture Handbook to department managers, calling for attention to “the foremost responsibility (completing daily work)” and “three core quality habits (understanding customers and requirements, complying with standards, and solving problems from the source and seeking constant improvement). And we also compiled a special issue to interpret and promote the handbook, and designed computer wallpapers, office partition decals, typical case stories, etc., to keep fostering quality culture in the Company.



Quality Knowledge Quiz

The 4th Quality Knowledge Quiz offered an intriguing way to motivate employees to learn and understand the fundamentals, tools and methods of quality culture. Inspired by the game show WHO’S STILL STANDING, the quiz attracted a total of more than 20,000 contestants, and more than 1,200 of them won full marks after three rounds.



“Craftsmanship” Reading Activity

During the reporting period, we chose craftsmanship as a keyword under “the foremost responsibility: completing daily work” , and encouraged employees to read four craftsmanship-themed books, so as to raise their awareness of quality and help them develop quality habits in daily work. Meanwhile, we published a special issue featuring the brilliant quotes and reviews of the four books and solicited reading reports from employees. Deng Zongyu, president of the R&D and Quality Management Department, was invited to the Conversation with Managers programme to share his understanding of craftsmanship besides his work and life experience.

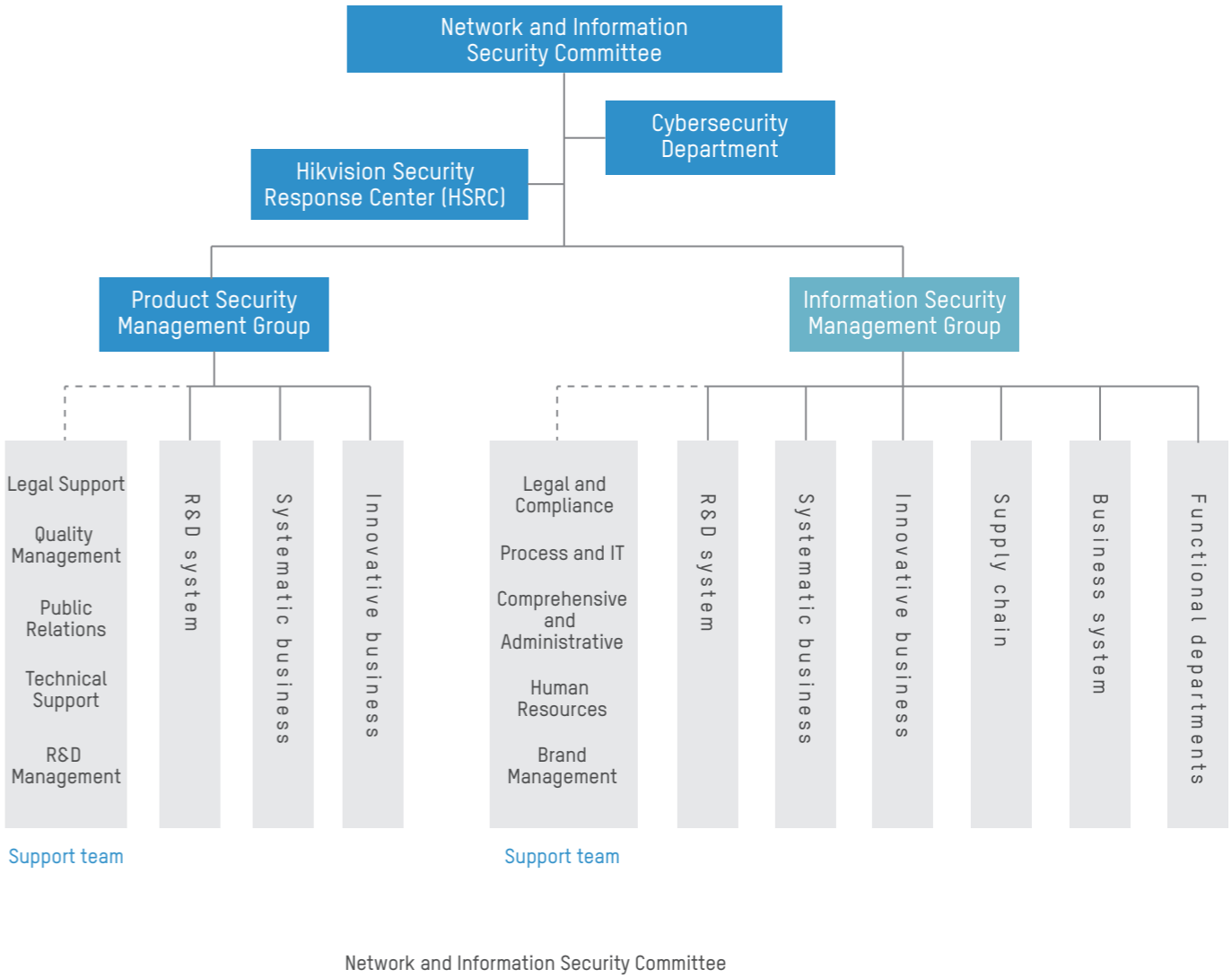


Cybersecurity

Improving Cybersecurity Management

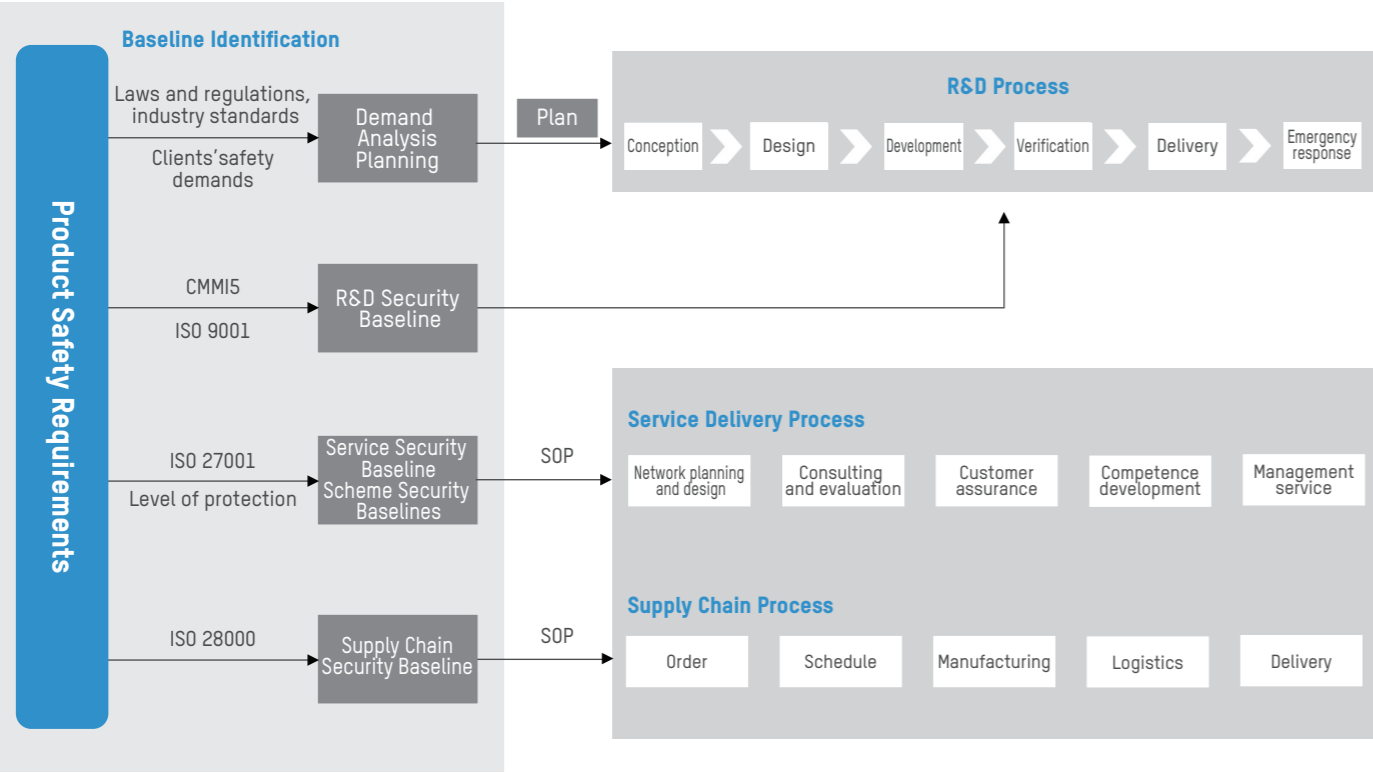
As the development of global digitization, networking and intelligence, the intelligent security industry is facing opportunities for innovation, as well as challenges to cybersecurity management. Hikvision supports cybersecurity standards and management practices widely recognized around the world, and strictly complies with the ISO 27001 Information Security Management System, the GB/T22239-2019 Information Security Technology - Baseline for Classified Protection of Cybersecurity and other documents. We keep reinforcing our security defense capabilities, and employ open and innovative ways to accelerate the construction of a security ecosystem in the digital age.

In view of the potential security risks brought about by industrial upgrading, Hikvision puts continued efforts to strengthen its cybersecurity management capabilities, laying a foundation for producing safe, reliable and high-quality products. In July 2019, we established a Network and Information Security Committee, and a top-down security management system with the Network and Information Security Committee as the core of strategic planning. With each unit given explicit responsibilities, the system ensures that security activities are organically integrated into R&D, supply chain, marketing and sales, engineering project delivery and technical services, to construct a secure digital business space for the company.



We aspire to better promote and practice our cybersecurity philosophy on a global scale, and make more timely and effective local support available to our global partners in dealing with potential cybersecurity risks. To this end, Chuck Davis^② and Fred Streefland^③, Senior Director of Cybersecurity at Hikvision, are actively working together to establish transparent and honest communication with global industry associations, legislation and government agencies and international media, and engage in the discussion and formulation of international security standards. In overseas locations where we operate, the two also strive to create a secure and healthy cyber ecosystem in close collaboration with local cybersecurity agencies, researchers, public organizations, and partners. Meanwhile, a Cybersecurity Awareness Month Campaign was launched around the world to facilitate communication with regional customers and overseas employees on cybersecurity issues.

Hikvision has developed a product safety management process aligned with its actual business conditions. This process was developed with reference to current domestic and foreign laws and regulations, industry standards, customer safety requirements, third-party analysis, industry activities, peer experience, and business-specific safety requirements. It helps ensure security measures are put in place in the IPD (Integrated Product Development) process. Also designed to improve product confidentiality, integrity, and usability, and enhance data protection, the process is expected to provide customers with more secure products and solutions. See the Hikvision Cybersecurity White Paper^④ for details.



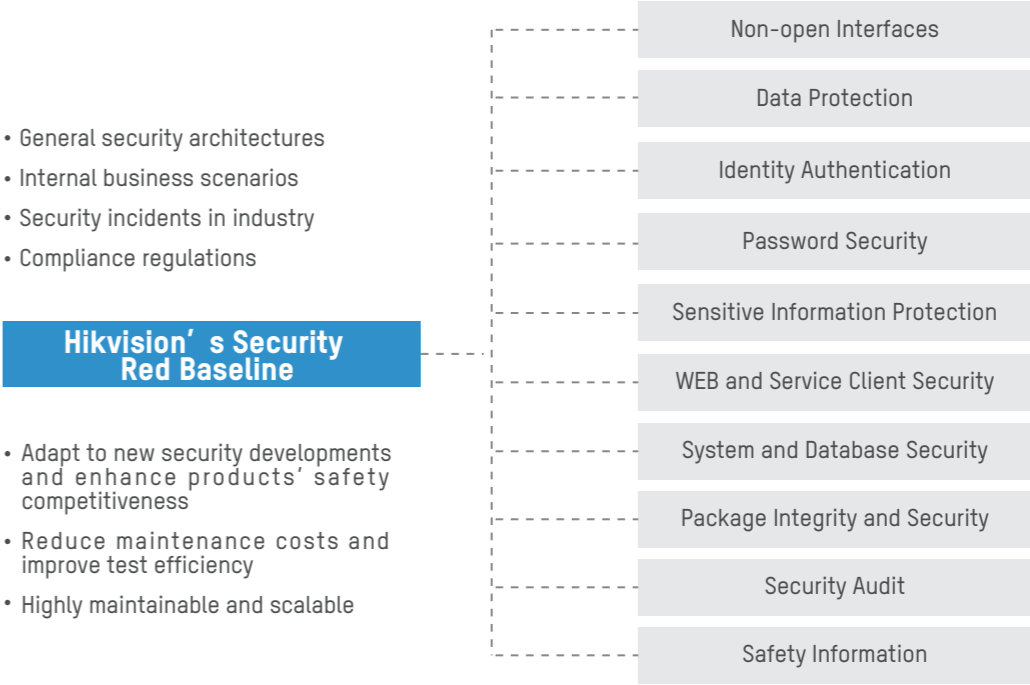
Product Safety Management Process

② Chuck Davis, Hikvision's Senior Director of Cybersecurity. Davis comes to Hikvision in 2017 from IBM, where he worked as an executive security architect. He holds numerous certifications, including the CISSP-ISSAP. He is an ISSA senior member, former member of the board, and he also held the position of ISSA Chapter president. In addition, Davis is an honorary council governing board member for the EC-Council, the governing body of the Certified Ethical Hacker Certification, FBI Infragard Member, Advisory Board Member of Binary Reign, and the Cybersecurity Advisory Board member of the Security Industry Association (SIA). He is also an Adjunct Professor of Computer Science teaching Computer Forensics and Ethical Hacking at the University of Denver. He has numerous certifications, is a co-author of two books, and the author of several patents. In 2021, Davis was recognized as a 2021 Top Cybersecurity Leader by Security magazine.

③ Fred Streefland, Hikvision's Senior Director of Cybersecurity. Streefland served as Security officer in the Netherlands and the NATO headquarters in Brussels for more than 16 years. He left this position to work at IBM Netherlands as central contact for all matters related to Public Safety and Security, as well as Cybersecurity. After a period of 4 years, he joined Accenture as Senior Manager Security. Other tenures include working in ICS/SCADA Security at the European Network for Cyber Security (ENCS) and as Chief Information Security Officer (CISO) at Exact and LeaseWeb. Before joining Hikvision, Streefland acted as Chief Security Officer (CSO) for Northern and Eastern Europe at Palo Alto Networks.

④The Hikvision Cybersecurity White Paper is available in digital version via the following link: <https://www.hikvision.com/ueditor/net/upload/2019-05-31/35d59069-363d-445c-a920-e17f35c12a4a.pdf>

A security baseline works as the basis for product R&D, third-party procurement, system O&M configuration, security reinforcement, security evaluation, and security management. Accordingly, Hikvision has set a Security Red Baseline, which was updated to 2.1 during the reporting period. For the time being, all new projects are required to follow the Security Red Baseline 2.1, to make sure that the security baseline adapts to our new development needs and security status.

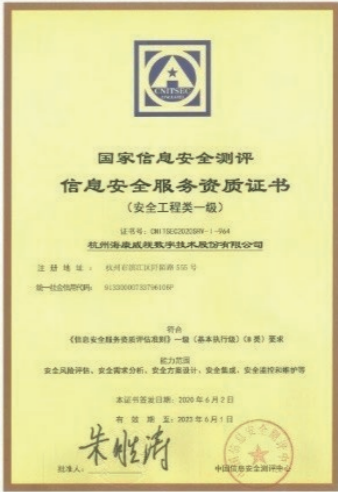


Hikvision's Security Red Baseline

In a bid to continuously meet the needs for security assurance in information system construction and improve the security service capabilities of information systems, Hikvision has been rated as the Level I Technical Support Unit of China National Vulnerability Database of Information Security (CNNVD), the Support Unit of Cybersecurity Emergency Response Service of National Computer Network Emergency Response Technical Team/ Coordination Center (CNCERT/CC) and the Member of the Technical Support Group of the China National Industrial Cybersecurity Vulnerability Database (CICSVD). During the reporting period, Hikvision continued to optimize the standardization and documentation of its security development technology system. Comprehensive improvement was made to the security management over planning, design, implementation, testing, release, life cycle and other stages of security development, which earned several service qualifications for the Company. This also proves that Hikvision has established a standardized security development technology system, and its security development assurance capabilities have reached high maturity.



Information Security Service Qualification Certification (Security Development Class II)



Information Security Service Qualification Certification (Security Engineering Class I)



Information Security Service Qualification Certification (Risk Assessment Class I)

Enhance the Construction of Cybersecurity Culture

During the reporting period, our cybersecurity culture was shared in every onboard training, routine publicity training, as well as specialized security skills training. A total of more than 100 security training sessions were organized throughout the year, covering 100% of employees. In addition, we launched cybersecurity promotion activities from time to time, and published the quarterly magazine *Hikvision Industry Security News*, which included the latest cybersecurity policies, industry security updates, and new security cases. All these efforts were intended to expand employees' cybersecurity vision.

Sep 14 Launch

Emails were sent to introduce the activities featured in the Cybersecurity Week



Sep 16 Offline Activities

Cybersecurity was promoted through on-site activities such as games, videos, and exhibition boards



Sep 18 Summary

Emails were sent to summarize and review the Cybersecurity Week



Sep 15 Cybersecurity & Red Baseline

Emails were sent to introduce the milestones of the cyberspace legalization process in China, as well as specific terms with regard to Hikvision's red baseline

Sep 17 Online Lecture

An online lecture titled "Information Security Umbrella and Privacy Protection Firewall" was delivered, where external professional lecturers elaborated the security incidents in the industry in combination with the ISO27001 standards and introduced Hikvision's internal security requirements

Building Cybersecurity Ecosystem

While reinforcing its own security defense, Hikvision is actively approaching various parties to build a cybersecurity ecosystem together. As a defender of users' lives and business development, we feel it obligated to maintain a "digital security community."

Hikvision supports mainstream standards around the world and is willing to contribute to the formulation of these standards. During the reporting period, the national recommended standard GB/T 38626-2020 Information Security Technology – Guide to Password Protection of Intelligent Connected Device, to which Hikvision contributed as the primary drafting unit, was published and put into force.

Through communication and cooperation, Hikvision collects the opinions and feedback of stakeholders, and works more closely with security partners to share resources, advantages, and development. With an ecosystem hence built up, we are ready to assume the industrial responsibility for cybersecurity and support the global development of information security.

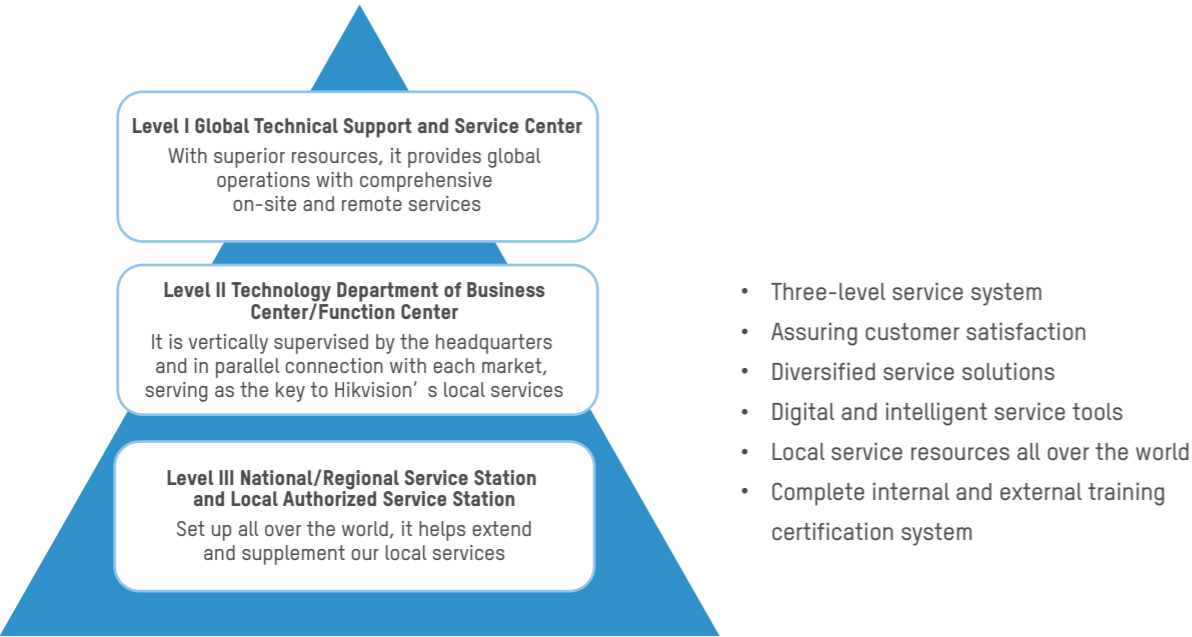


Besides the efforts to promote cybersecurity culture, Hikvision is also exploring the training model of cybersecurity talent, and increasing investment in this segment, in the hope of taking the lead in fostering cybersecurity talent in China.



Service Support

Hikvision takes customer needs as the core and is committed to providing customers with superior products and services and intelligent solutions. Customer demand and customer satisfaction are Hikvision's targets from beginning to end. Therefore, during the reporting period Hikvision continuously improved its service system and capabilities and conducted satisfaction surveys, with the ultimate goal to deliver holistic services that satisfy customer needs.



Service System Overview

Service Purpose: To act as needed, meet customer needs, provide professional services, and maximize value

Service Mission: To help customers succeed with professionalism, and create value with services

Service Positioning: A specialist in intelligent lot and big data services

Service Purpose, Mission and Positioning

(TS Technical Support)	It refers to the aggregation of all technical support activities centered on enhancing product competitiveness and maturity. It is responsible for the serviceability and deliverability of products in IPD activities.
(SD Service Delivery)	It refers to the process of delivering services to customers as agreed in contracts. It is an integral part of LTC, with customer satisfaction as the core and payment collection as the goal. Contract types include project contract, service contract and so on.
(ITR Issue To Resolution)	It refers to the process from a customer's request for technical service to the fulfillment of such request. Technical service centers on customer satisfaction, and the service methods and other details are subject to SLA (Service Level Agreement).

Three Core Service Sectors

Improving Service System

During the reporting period we made continuous optimization and upgrades in terms of platform construction and service innovation. With such a complete service system, we were able to provide customers with holistic services.

Platform Construction	Service Innovation
During the reporting period, Hikvision completed the construction and launch of the DPM (Delivery Project Management) system 5.0.	During the reporting period, Hikvision's service innovation practices included but were not limited to: 1) Intelligentize the spare parts warehouse management system to improve scheduling accuracy; 2) Promoting visual and intelligent management among service offices to improve service experience; 3) Developing service tools and empowering the front-line and ecosystem, to improve efficiency.

Comprehensive Upgrade of Customer Service System

In 2020, we launched a new customer call center and service platform SCC (Smart Call Center). The platform has been integrated with all-media access modes (hotline, online, email, SMS, new media, mobile, etc.) and AI applications (voice, text robotics, self-service, etc.). It features a complete set of business applications and operational functions, like IVR (Interactive Voice Response) navigation, work orders, customer information, recording quality inspection, knowledge base, and large-display monitoring. Working under a "multi-tenant" management mode, this single platform serve different business categories at the same time, and supports the concurrent processing of multiple lines, regions, services, processes and data.

Improving Service Level

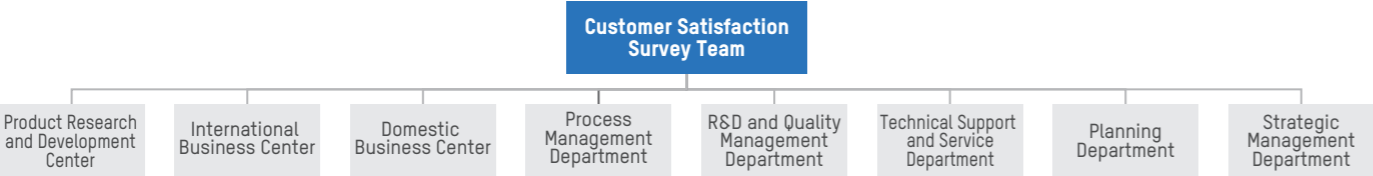
Higher customer service level is deemed as a vital target for Hikvision to improve its service system. We manage our customer service with three core advantages: service resources, service team, and service quality.



Hikvision's Three Service Advantages

Enhancing Customer Satisfaction

For daily service operation, Hikvision has established a customer satisfaction management system. We pay return and follow-on visits for satisfaction survey, in accordance with standard work procedures including *the Return Visit Process for Hotline Service Satisfaction Survey*, *the Return Visit Process for After-sales Maintenance Service Satisfaction Survey* and *the Questionnaire Process for Customer Call Center Satisfaction Survey*. With the customer feedback obtained, we take timely countermeasures and better predict and respond to customer needs. We have formed up a company-level satisfaction survey team.



Structure of Satisfaction Survey Team

To improve customer satisfaction in an all-round way, during the reporting period we, starting with the service team, delivered training to internal staff and distributors from two aspects – technology and service, hoping to elevate customer service level and guarantee customer service quality. Meanwhile, we upgraded our customer service with three measures – intelligent self-service, user-friendly service experience, and key account specific service, so that customer needs could be met with better services.



Three Customer Service Upgrade Measures

During the reporting period, we conducted satisfaction surveys on our services delivered via hotline, after-sales and other contact channels. Customers were invited to rate their satisfaction with our services by pressing phone buttons, complete online evaluation on after-sales maintenance, and receive return visits via telephone. Taking our service satisfaction questionnaire project as an example, a total of 4,637 questionnaires were collected. According to the results acquired, Hik-Connect app had shown increasing satisfaction for three years. The two types of users – dealers/contractors and end users, both showed continued high satisfaction in terms of hotline service, online service and maintenance quality. This proves users’ acknowledgement of our service attitude and after-sales maintenance quality.

Apart from customer satisfaction surveys, customer complaints are the most authentic implication of customer needs. Therefore, Hikvision has developed manuals for customer complaints, including the Customer Complaint Handling and Closing Process and the Guide for Customer Complaint Handling. During the reporting period, we optimized applicable regulations and continuously improved the closed-loop procedure from complaint acceptance to completion. Complaint commissioners were designated to take charge of the entire procedure, including complaint assignment, processing, return visit, filing, etc., to ensure that customer complaints were dealt with in a closed-loop manner.



Complaint Management System



Concrete Partnership

- Responsible Supply Chain
- Healthy Industrial Ecosystem
- Common Growth with Employees
- Public Welfare

Concrete Partnership

Hikvision is committed to creating value for customers, serving as a platform for employees, teaming up with partners and showing our goodwill to the society, thus empowered to create a sustainable industrial ecosystem.

Responsible Supply Chain

Supplier Management Mechanism
Under global operation, Hikvision insists on strengthening its bond with the international industrial chain and tightening economic and trade cooperation. We work with suppliers to explore sustainable business models, hoping to bring the industry chain to a safer, more stable and more modern landscape. We make periodic review and revision of supplier management policies and systems, including the *Standards of Supplier Development and Selection Management*, the *Procurement Framework Agreement* and the *Supplier Corporate Social Responsibility Commitment*. In this way, we can continuously improve supplier capabilities, reduce supply chain risks, and ensure the stability of production and operation at two stages – supplier development and selection at the beginning, and supplier competence monitoring after partnership is reached.

As of December 31, 2020, we had established cooperative relations with more than 1,000 suppliers worldwide, subject to the *ISO 14001 Environmental Management System*, the *ISO 45001 International Standard for Occupational Health and Safety (OH&S) Management*, and the *SA8000 Social Accountability International Standard*. Among them, there were over 200 new suppliers, and 100% of them were selected in line with environmental standards.

Supplier Development and Selection

For supplier development and selection, HSF (Hazardous Substance Free), RoHS2.0 (Restriction of Hazardous Substances), and REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), and social responsibility are listed as part of the standard threshold alongside general evaluation indexes such as product quality, technology and service. Suppliers exposed to negative incidents, for example, credit loss and default are directly disqualified;

In terms of manufacturing suppliers, the concern is whether their factory, equipment and capacity could pass the applicable environmental impact assessment, whether they are granted pollutants-discharge licenses for sewage, exhaust gas, solid waste and noise. The review specifically focuses on their records of violations against environmental regulations, and their compliance with state regulations on environment, health and safety management;

New suppliers are requested to sign a supplier corporate responsibility agreement with provisions on integrity operation, labor protection, environmental protection, anti-bribery, confidentiality and other aspects as well as an integrity agreement and a non-disclosure agreement in the interest of both parties.

Managing Supplier Social Responsibility

Hikvision underlines the management of suppliers’ social responsibility. We have stipulated the assessment indicators of supplier social responsibility in our Management Regulation on Supplier Evaluation. Meanwhile, suppliers are urged to sign the Supplier Corporate Social Responsibility Commitment, which contains specific requirements and assessment procedures regarding the suppliers’ environmental impacts, employment legality/compliance, safety management, firefighting capabilities, etc. In addition, we evaluate each supplier’ s social responsibility risks on four dimensions – brand awareness, company model, its location, and its industry, and manage it according to its risk level.

Supplier Competence Monitoring

The Company develops assessment schemes on qualified suppliers every year and implements them quarterly and annually. We rate suppliers in strict accordance with our *Management Regulation on Supplier Evaluation*, which is formulated with reference to the *ISO 14001 Environmental Management System*, the *ISO 45001 International Standard for Occupational Health and Safety (OH&S) Management*, and the *SA8000 Social Accountability International Standard*. Upon evaluation, we reward, punish or end partnership with existing suppliers, to optimize our supplier structure and resources;

The Procurement Department, the Quality Department and the R&D Department form up an on-site audit team to conduct routine checks on suppliers, and gain a thorough understanding of the operation and management of suppliers.

During the reporting period, due to the COVID-19 epidemic, we completed on-site inspections of 80 suppliers. Inspection items included technology, quality, HSF, supplier social responsibility, conflict-free metal procurement control, etc. For the projects failed in the inspections, we put forward corresponding correction requests and followed up for review.



Hikvision's Level-to-level Management over Suppliers' Social Responsibility Risks

Managing Supply Chain Security

Supply chain security is crucial to the healthy and orderly development of the industry. Seeking reference from international standards organizations and world-leading peers, Hikvision is constantly conveying its ideas of supply chain security, and building a secure and globally-connected industrial value chain with an open and transparent attitude. Based on the *ISO 28000:2007 Security Management System for the Supply Chain* certification, we modernize our industrial supply chain to achieve higher quality, safer and more sustainable development.



Certification of ISO 28000 Security Management System for the Supply Chain

Managing Conflict Minerals

Hikvision has established a conflict minerals management and control system for mineral resources and products, including tin, tungsten, tantalum, gold, and cobalt. We have been investigating our supply chain to bolster our risk control capability of such minerals in accordance with five steps set forth in the Organization for Economic Co-operation and Development's *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*.

Establish strong company risk management systems

- Structure internal management: Hikvision Procurement Management Committee is responsible for risk-monitoring and strategy development. The Procurement Department and relevant functional departments are responsible for developing and implementing policies, and reviewing and revising measures for conflict minerals on a regular basis.
- Complete procurement policies and rules: For supplier selection, Hikvision includes conflict-minerals management and control as a mandatory criterion in the Supplier's On-Site Audit. On-site Audit items include, but are not limited to the inspection of raw-material purchase contracts and orders, the compliance of purchase channels and the operation of conflict-minerals management and control systems. All suppliers are required to sign and comply with the "commitment to conflict-free minerals" clause in the *Procurement Framework Agreement* and the "responsible mineral procurement" clause in the *Supplier Social Responsibility Agreement*.
- Strengthen company engagement with suppliers: Hikvision's Supplier Relationship Management (SRM) system assists suppliers in building their conflict minerals management and control capacity. We have also established a complaint mechanism, where a complaint mailbox jubao@hikvision.com is made available as part of the risk warning system.

Identify and assess risk in the supply chain

- We perform due diligence on relevant suppliers each year. We issue and collect for verification the Conflict Minerals Reporting Template (CMRT).
- We verify whether suppliers' operations are compliant with applicable rules and regulations as part of the annual review. When problems are detected, we require suppliers to rectify and correct.

Design and implement a strategy to respond to identified risks

- We have established an emergency mechanism for conflict minerals to respond to supply-chain-related risks. The mechanism has made clear provisions on the trigger mechanism and countermeasures for violations (see the figure below – Emergency Mechanism for Conflict Minerals Management), to improve our ability to handle conflict mineral emergencies.

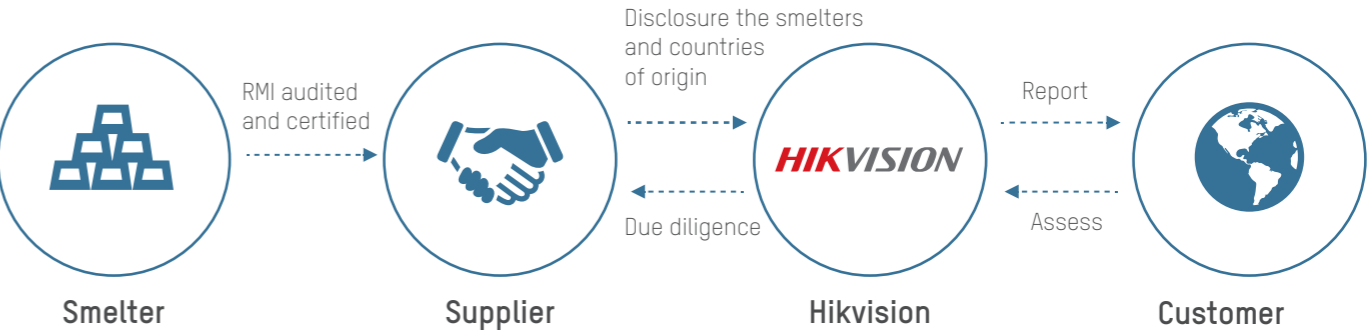
Carry out independent third-party audit of smelter/refiner's due diligence practices

- The Responsible Minerals Initiative (RMI) has an independent third-party verification system for smelters/refiners to determine whether they are compliant with standards. During the reporting period, we continued to identify smelters/refiners accordingly, trying best to raise the percentage of "conflict-free" suppliers compliant with RMI standards.

Report annually on supply chain due diligence

- We included the information on our management of conflict minerals in the ESG report. During the reporting period, we sent the CMRT questionnaire to all suppliers involved with conflict minerals. The response rate was 100%. There was no violation in relation to conflict minerals at Hikvision during the reporting period.

Five Steps of Risk Based Conflict Minerals Due Diligence in Supply Chain



Conflict Minerals Management and Control Mechanism

⑤ CCMRT is a tool for conflict minerals due diligence developed by the Responsible Minerals Initiative (RMI)

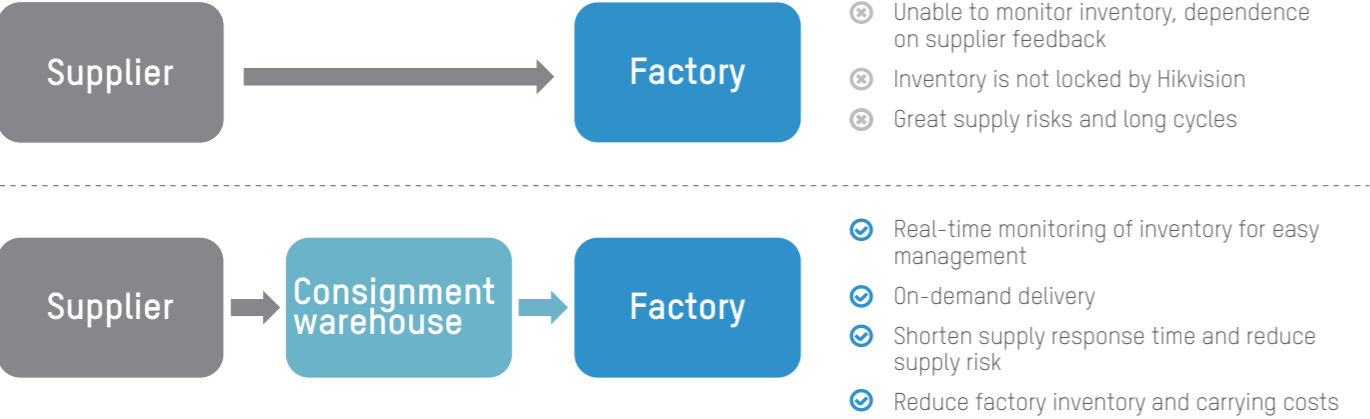
Emergency Mechanism for Conflict Minerals Management

- In case of any suppliers' violation of regulations due to the use of conflict minerals, we will check and isolate the products involved in the use of materials and submit a screening report to the material team or the procurement management committee for risk assessment and final decision-making.
- For suppliers involved in any violations, we will adopt the performance evaluation mechanism and take actions based on their evaluation results (including but not limited to establishing a special team for guidance and correction, reducing orders, withholding new product launch and even terminating transactions, etc.)
- In case of serious implications for the Company, the Company will reserve the right to further hold suppliers accountable under the Procurement Framework Agreement.

Emergency Mechanism for Conflict Minerals Management

Managing Warehouse Logistics

We have completed the construction of six regional warehouses across China, and are putting continued efforts to build up a consignment warehouse service system. As of December 31, 2020, through the introduction of consignment services, we managed to reduce the inventory time from 20 days to 10 days, and the delivery time from 2-3 days to an average of 0.5 days. While continuously visualizing our consignment inventory, we took measures such as warehouse reuse, which is estimated to save warehouse area by 2,500 square meters and import freight by RMB 45,000/month.



Advantages of Consignment Warehouse

Furthermore, we made attempts to reduce the inventories of PCBA (Printed Circuit Board Assembly) and raw materials via the supermarket inventory management and the JIT (Just In Time) system, respectively, cutting the inventory turnover cycle from 12.0 days to 8.0 days, and the supply chain assembly and production cycle by about 20.9%, and the circuit board assembly cycle by around 23.4%. With the inventory greatly optimized and the production cycle shortened, the Company has achieved upgrade in terms of lean management.

Communicating with Suppliers

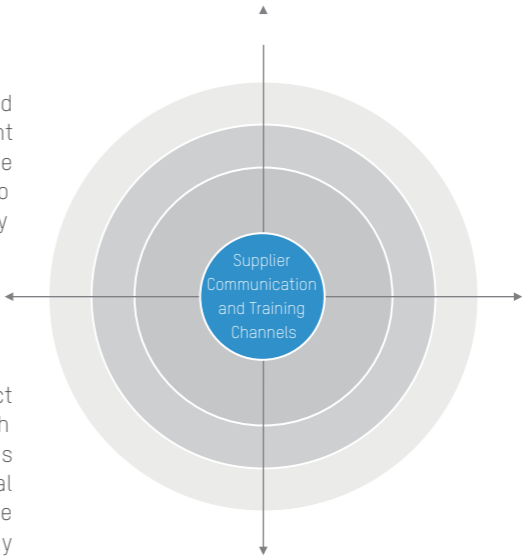
Hikvision maintains open communication with suppliers in a variety of ways and channels, including the online SRM platform and regular offline training, so as to help suppliers grow.

Online SRM Platform

On the SRM platform, specialized training courseware, management requirements and periodicals are available for suppliers to download, view and learn remotely

Joint Technology Development

In the early stage of new product design, we have thorough communication on deign schemes with suppliers, seeking the local alternatives of devices from the design stage, to reduce supply chain risks



Offline Training

The Company organizes a variety of on-site training for suppliers (such as system training, online user training for IT systems, and compliance management training). Our departments help suppliers continuously improve their process control capabilities and guide them to comply with our system control requirements to boost shared growth

Priority to Local Suppliers

Promote the substitution of domestic logistics and realize multi source supply

Supplier Training Program – QCC and Addressing Quality Problems from the Start

To improve suppliers' problem-solving ability, during the reporting period Hikvision launched a training program themed "QCC and Addressing Quality Problems from the Start" for suppliers. The aim was to share our best practices and foster supplier models, motivating suppliers for self-improvement.

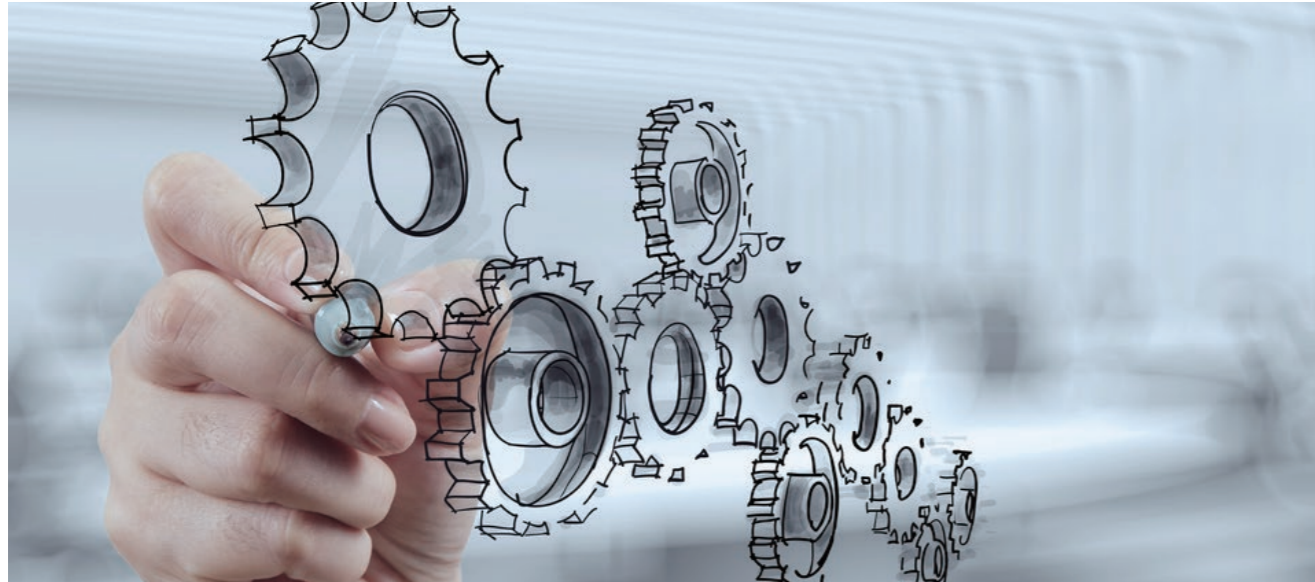


Lectures and Q&As during the training

During the reporting period, Hikvision put upstream suppliers under quality tutorship and management. Through a combination of "monitoring + training," we strived to ensure the environmental compliance of Hikvision' s products and continuously improve suppliers' environmental compliance.

Promoting Suppliers to Fulfil Environmental Compliance Responsibility

Hikvision purchased RoHS 2.0 testing equipment in early 2020 to strictly monitor incoming materials. For the entire year of 2020, about 2,000 batches of incoming materials were monitored every month on average. We organized 3 HSF training sessions in September, November and December in 2020, engaging over 300 students from 240 suppliers of structures, electronics and outsourced products. During the training, our lecturers shared their interpretation of the *QC 080000 Hazardous Substances Process Management System*, and prepared the explanatory materials of the *HSF Audit Form* to suppliers for specific issues, such as internal control and improvement. Through elaborate introduction and patient guidance, we assisted the suppliers to obtain a thorough understanding of how to carry out internal rectification.



We worked with a number of suppliers to establish joint industrial laboratories, and hold supplier conferences and seminars. While strengthening two-way management with suppliers, we intended to explore innovations in cooperation models, and boost suppliers' growth.



Healthy Industrial Ecosystem

Integrity Marketing

Hikvision, following its highest operation and management code – “honesty,” respects fair competition, as well as the legitimate rights and interests of clients and users. We have updated the *Promotional Information Review and Release Process* and other communication information review systems and procedures, pursuant to the *Advertising Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers*, and applicable laws and regulations of the jurisdictions where we operate. Employees have been trained about these systems and procedures and participated in themed examinations, so that all the authors and reviewers of promotional information know how to check and ensure the accuracy, authenticity and legitimacy of such information.

During the reporting period, we received no regulatory punishment arising from marketing violations.

Boosting Distributors' Growth

Relying on many years of experience in technical personnel training and insights into industry development, Hikvision has launched a training and certification system covering video surveillance, IT, smart homes and other technical fields for contracted distributors under the model of multi-level vocational and technical certification. With the system, the three-level training and certification channels are made available on Hikvision E-learning.

During the reporting period, we gave a total of 88 livestream lessons to our distributors. These classes, covering products, solutions, technologies and other topics, attracted 120,000 participants in total. Meanwhile, more than 180 high-quality courses were made available on Hikvision E-learning, where 14,000 users opted in. Together they had study for a total of 85,776 hours. With these measures, we encouraged distributors to keep learning and gaining expertise.

Driving Industry's Development

Hikvision is committed to making progress together with its peers by holding and participating in large seminars and exchange events.



HikCloud User Salon

In November 2020, Hikvision held a HikCloud User Salon in Hangzhou, themed “Digital Transformation of Leading Enterprises in AI Scenarios.” On the occasion, our new online AI store inspection function and HikCloud Screen were unveiled. As a comprehensive display of the capabilities and core values of HikCloud services, the salon attracted dozens of companies to share their ideas and practices surrounding digital transformation.



Seminar on Digital Transformation of Scenic Spots

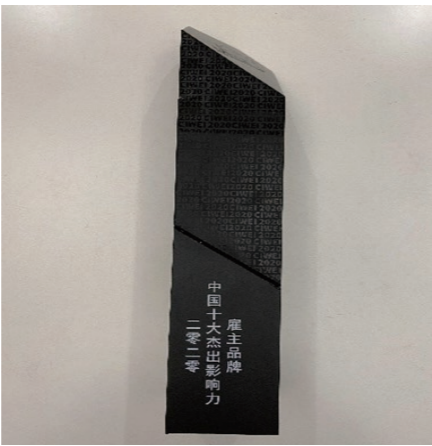
In November 2020, guests from nearly 30 5A tourist attractions across China visited the Hikvision Exhibition Center, one of the Top 10 Landmarks of Hangzhou Digital Economy Tourism. Together they discussed their action and thinking about the digital transformation of scenic spots, so as to prepare for the arrival of smart tourism.

Common Growth with Employees

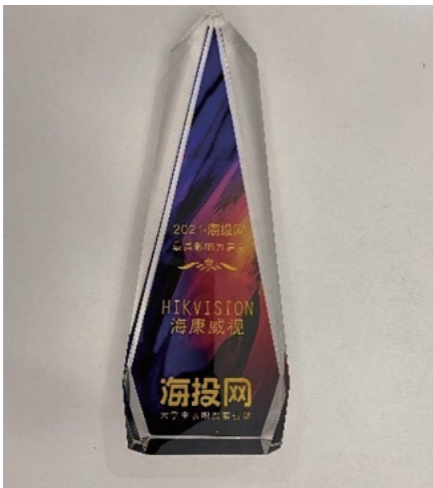
Employees are one of Hikvision's most valuable assets. We honor and safeguard the equal legitimate rights and interests of all employees in employment, compensation and benefits, training and development, and many other aspects. We believe every employee deserves respect, acknowledgement and kindness. During the reporting period, we were honored the Best Employers of China 2020 by Zhaopin.com, the 2020 China TOP Internet Employer by Lagou.com, the China Top 10 Influential Employer Brands by Ciwei.net, the 2021 Most Influential Employer by Haitou.cc, the First Hangzhou Golden Nest Award, and the Best Video Clip of Employer Brand by Employer Branding Institute.



Best Employers of China 2020 by Zhaopin.com



China Top 10 Influential Employer Brands
by Ciwei.net



2021 Most Influential Employer by Haitou.cc



Best Video Clip of Employer Brand by Employer
Branding Institute



2020 China TOP Internet Employer
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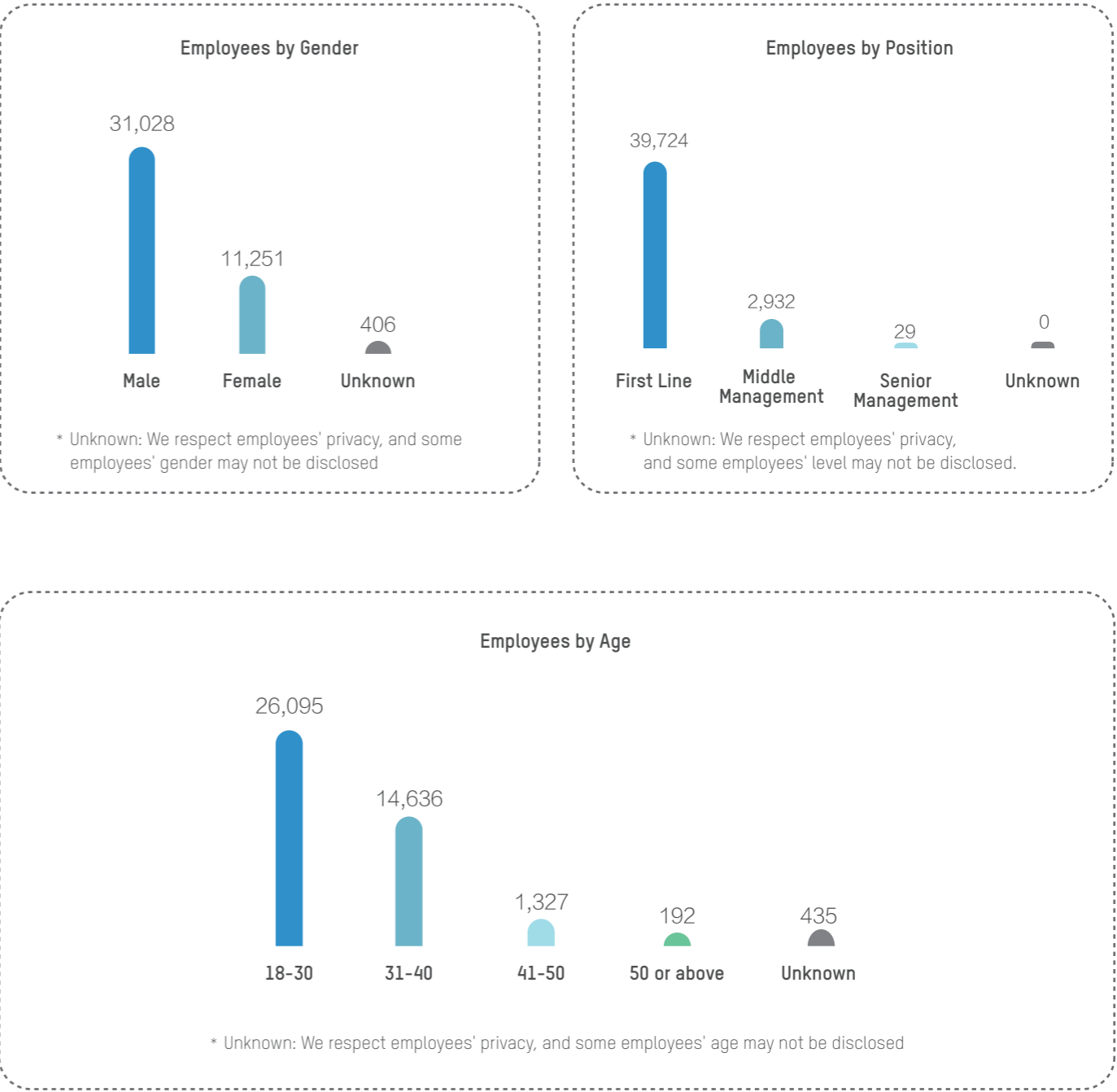


First Hangzhou Golden Nest Award

Talent Management and Development

Recruiting Talent

During the reporting period, we had a total of 42,685 employees, marked an increase of 6% from 2019. Among all new recruits for professional posts in management, technology, marketing, etc., 35.66% of them held advanced degrees, up by 8.84% from 2019. The employee compositions by gender, position and age group are as follows:



During the reporting period, we continued to recruit talent through two channels – internal recruitment and external recruitment (social recruitment, campus recruitment, etc.).

To cope with the COVID-19 epidemic in 2020, we made online campus recruitment possible. By arranging more than 40,000 remote interviews, we protected the health of candidates and interviewers without delaying our recruitment work.



Compensation and Benefits

During the company development, Hikivision goes through up-and-downs and challenges with employees. We offer rewarding careers, competitive remuneration and benefits. We reward employees based on their contributions. High performers are eligible for stock options and our innovative business co-investment scheme.

During the reporting period, we established Hikivision Kindergarten to help employees overcome the difficulty in enrolling their children for preschool education. And to alleviate the economic pressure on employees buying houses, we restarted our housing loan scheme

Life Quality			Employee Incentives
Annual health check	Canteen	Allowance for breakfast and dinner	Innovative Business Co-investment Scheme and stock options for core employees
Birthday cake	Café	Housing loan scheme	Year-end bonus
High-temperature subsidy	Parking lot		Golden Brick Award
Business phone package	Free gym		
Team building allowance	Physiotherapy room		
Recreational clubs	Campus services such as regular free clinics		

Hikivision Kindergarten

The Hikivision Kindergarten has made it much easier for our employees to enrol their kids, and pick them up after school, and addressed the shortage of nursery resources.

Hikvision Golden Brick Award

During the reporting period, we held a Golden Brick Award Ceremony themed "Forging Gold with Cohesion and Perseverance," to honour the outstanding teams and individual employees that made significant contributions to the Company's commercial success and sustainable development in the previous year.

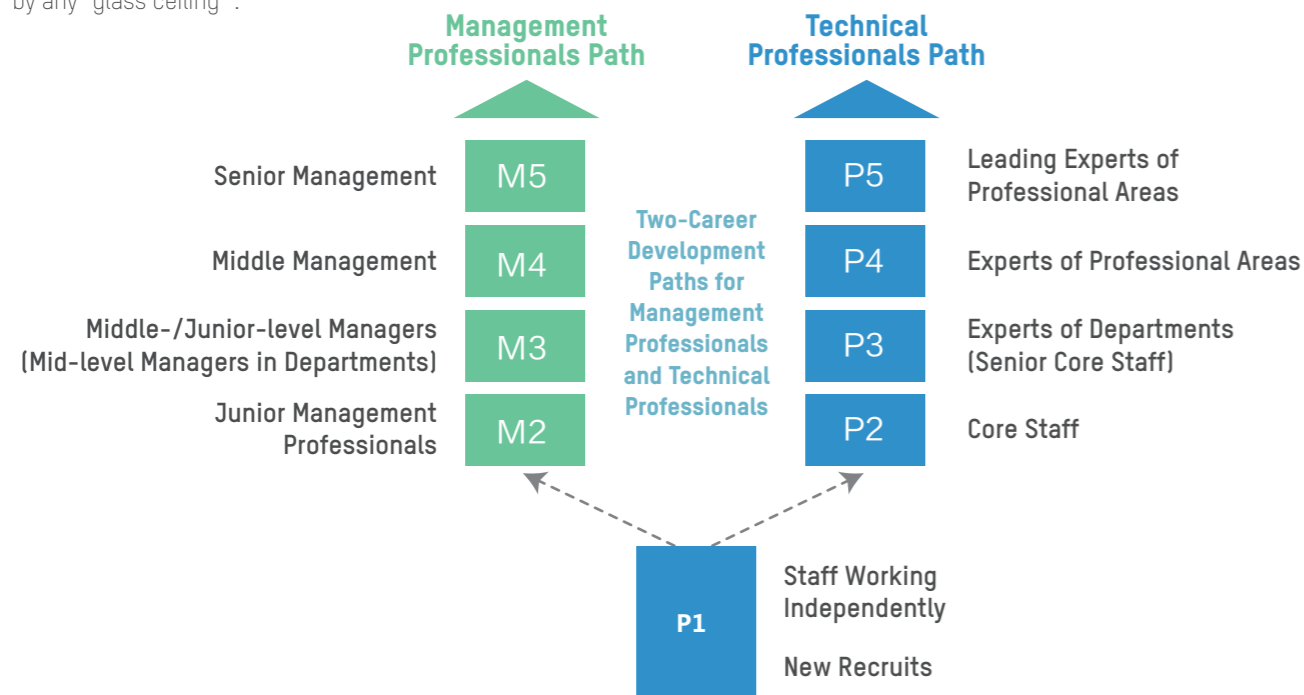


Protecting Employees' Rights and Interests

During the reporting period, we polished the *Employee Handbook*, the *Recruitment Management System* and other human resources management systems. All of them have specified that we shall recruit employees of different genders, races, nationalities, regions, ethnicities and religions equally, and prohibit child labor and forced labor in all forms. At the same time, the Company has optimized its regulations on employees' working hours and leaves, to create a workplace that respects human rights and safeguards the rights and interests of employees.

Career Development Paths

During the reporting period, we continued to improve our two career development paths, offering technical professionals and management professionals with the same opportunities in position, salary and development. The two-paths model guarantees that each employee has the right to determine his/her own career according to factors such as ability and interest, instead of being limited by any "glass ceiling".



Hikvision's Career Development Paths

Employee Training And Development

During the reporting period, Hikvision invested a total of RMB 6,219,700 in employee training, engaging with a total of 25,763 trainees for 1,879,212 hours. On average, each employee had participated in for 44.0 training hours.

Hikvision's online training system has met the common learning needs of our employees from all over the world. This high-efficiency learning mode has also narrowed the gap between trainees and trainers in terms of geographic distance, time, and resources. As of December 31, 2020, a total of 2,838 courses were made available for our global employees, covering management, technical (business), functions, general competencies and onboard training.

LMS, Learning Management System

As of December 31, 2020, there were 2,838 courses available in the LMS, altogether contributing to a total of 1,834,516 learning hours. In 2020, the monthly active users in the LMS accounted for 43% of the total, and there were 73 LMS communities.



LMS Interface



LMS Community

Due to the COVID-19 epidemic, some of our face-to-face training was moved online, which led to fewer offline training hours than previous years. As of December 31, 2020, our face-to-face training totaled 44,696 hours, 1.0 hours/person on average.

During the reporting period, Hikvision continued to optimize its internal trainer system and has so far formed up a team of over 300 internal trainers. To help new employees learn about the Company's history, corporate culture, products & businesses, and rules & regulations, we launched the New World · Sail Trim program. Under the program, 40 training sessions were organized, covering 5,698 new recruits. For M2 new managers, we organized 12 sessions of the Embarking training program; and 9 sessions of the Journey program were delivered to managers.

During the reporting period, we newly set up a new Qianmo School for M4 managers. Through themed lectures on Hikvision's strategic choices, organizational changes and other topics, we hope to help middle and senior managers broaden their horizons and upgrade their cognition.



③ Hikvision's investment in employee training included the daily online and offline training costs, lecturers' remuneration, and the development and O&M expenses of learning platforms (LMS + mobile learning platforms). Due to the epidemic prevention requirements, the total investment in employee training for 2020 saw a decline compared with previous years.

Employee Care and Support

Hikvision cherishes each and every employee. We are conscious of employees’ needs and aim to be a comfortable and warm workplace for them. At Hikvision, employees are encouraged to pursue a more healthy and sustainable way of life.

Employee Communication

During the reporting period, we organized a series of activities, where employees were allowed to learn from the experience and vision of middle and senior managers, while the latter could listen to the true thoughts and suggestions from employees. All these efforts are enhancing employees’ sense of engagement and identity.

Communication Activities



Physical and Mental Care

Hikvision has incorporated the physical and mental care of employees into its strategic human resources plan. We care about the physical health of employees, and strive to meet their mental needs. During the reporting period, we launched a variety of activities to show care to employees and contribute to a harmonious working atmosphere.

Health Challenge & Stair Climbing Activity



On-site Health Care

During the reporting period, we organized a range of on-site health care activities for employees, including weekend free clinics, ointment festivals, and expertise sharing, etc., to provide employees with a more convenient way of medical treatment.



Better Life

Hikvision develops a mindset of working and living happily among employees by holding various corporate culture activities. During the reporting period, we launched a wide range of events to relieve employees of work and life pressure. Surrounded by the warm and happy vibes, the employees are able to enjoy a better life.

“Hello, Happiness” Activities



“Happy New Year” Activities



“Happy Moments” Activities



“Recruitment Season” Activities



“Voice of Hikvision” – Mid-Autumn Singing Activities



Employee Health and Safety Management

We value the occupational health and safety of employees, and comply with applicable national and local laws, such as the *Labor Law of the People’s Republic of China*, the *Law of the People’s Republic of China on Prevention and Control of Occupational Diseases* and the *Measures for the Administration of Occupational Health Examination*. At the same time, we continually improve our occupational health and safety management system, and has built a top-to-bottom systematic prevention and management mechanism to minimize safety accidents, environmental pollution and occupational diseases. Our occupational health and safety management is *ISO 45001*-certified. With a localized, matrix-structured model put in place for EHS (Environment, Health, Safety) management, we request the headquarters and subsidiaries operate according to the common goals, with standardized operations and business processes. This improves the initiative of each subsidiary and division and enhances EHS management.

Leveraging our own advantages, we have also been improving production processes and apply intelligent technologies to reduce or prevent employees’ exposure to occupational hazards. For example, the automated resin-dispensing equipment and NAS (Network Attached Storage) appliance-lifting cranes introduced by us further alleviate or even remove some tedious tasks for employees. While more properly managing the occupational health and safety of employees, we have also improved productivity.

Occupational Health

Protecting the occupational health of all employees is a primary responsibility of Hikvision. In accordance with applicable laws, regulations and system standards, the Company regularly engages a third party to evaluate occupational hazards and provides employees exposed to such hazards with protection and regular occupational health examinations. We take a number of occupational health protection measures, including frequent themed training, to create a safe, healthy and comfortable working environment together with our employees. As of December 31, 2020, our occupational hazard factor detection rate reached 100%, and no cases of occupational disease were found.

Compile the *Occupational Health and Environmental Protection Handbook for Soldering Operations*

During the reporting period, we compiled the *Occupational Health and Environmental Protection Handbook for Soldering Operations* to guide soldering operators in personal protection and the collection and disposal of hazardous waste. This has strengthened the Company’s management over occupational health and environmental protection in soldering operations.

Identify occupational hazards

During the reporting period, we commissioned qualified third parties for comprehensive testing on all occupational hazards, resulting in a pass rate of 100%.

Organize occupational health examination

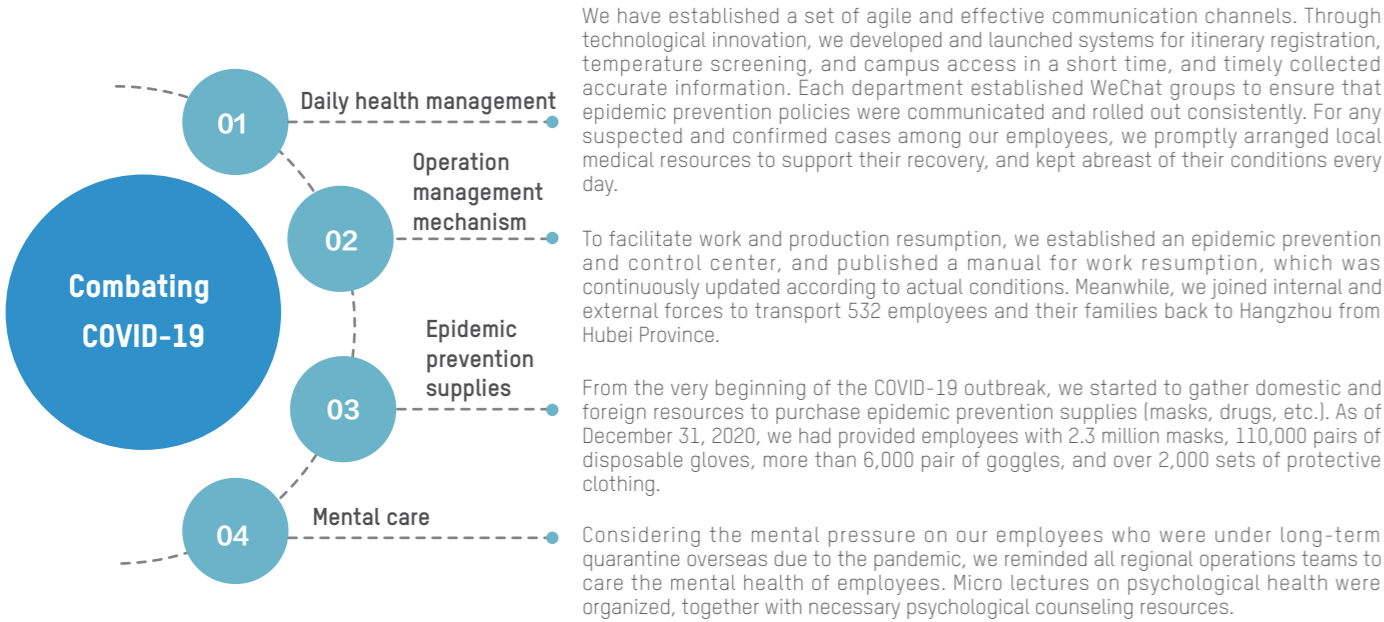
During the reporting period, we arranged occupational health examinations for employees exposed to occupational hazards. The results showed that they were all in good health conditions and there were no cases of occupational diseases found.

Establish procedures for occupational health examination and occupational hazard

During the reporting period, we established procedures for occupational health examination and occupational hazard notification, making it easier for Hikvision to organize annual occupational health checkups for employees on positions exposed to occupational hazards.



With regular occupational health management in place, we kept abreast of the developments of the COVID-19 epidemic globally, and took control measures accordingly. The goal was to protect employees from the virus in a coordinated and all-round manner.



Work Safety

Hikvision abides by applicable laws and regulations such as the *Law of the People's Republic of China on Work Safety* and the *Regulation on Work Related Injury Insurance*. We are also enhancing our work safety management mechanism, following the principle of "safety foremost, prevention first, comprehensive management." Subject to the *Work Safety Accountability System* (Q/BFW.GA/MS/MP_R13), we have established a Work Safety Management Committee to manage work safety. Through a well-structured accountability system featuring scientific management, we seek to maintain the security and stability of work and production. As of December 31, 2020, our employee-safety-education coverage rate, and the certified special-operations-forces rate both reached 100%.

During the reporting period, we formulated and released system documents including the *Safety Management Regulations for Functional Houses and Designated Testing Areas* and the *Safety Marking Management Regulations*, and updated the *Management Regulations for Hazardous Operations*, the *Emergency Rescue Plan for Work Safety Incidents*, the *Safety Management Regulations for Stakeholders*, and the *Hazard Source Identification and Risk Assessment Control Procedure*, among other rules and regulations. These efforts have also helped improve Hikvision' s work safety system as a whole. In the respect of the signing of work safety responsibility statements, we have realized the online signing process, and improved the process efficiency and process identification.

Concerning work-related injuries, we have also established a complete handling mechanism, and act in strict compliance with the *Regulation on Work Related Injury Insurance*. In the event of a work-related injury, we would provide medical care, monetary compensation as well as care to the injured employee and his/her family, since it is our obligation to protect the legal rights of employees. At the same time, we would promptly investigate the incident, and take preventive and corrective measures accordingly. During the reporting period, there were no employee deaths caused by work-related injuries.

Training and Publicity

During the reporting period, we organized 35 training activities for new hires on safety, environmental and occupational health. A total of 5,267 participants were trained in security, environmental protection, awareness of occupational health, accident warning, etc. We also provided 2,453 employees with special training in first aid, hazard identification and evaluation, and special operations.

To motivate employees to join in the construction of safety culture and inspire their creative ideas, during the reporting period we developed a wide range of emergency plans and launched varied drills, which urged employees at all levels to develop safety habits and disseminate safety culture.

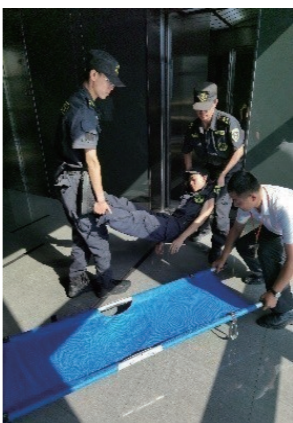
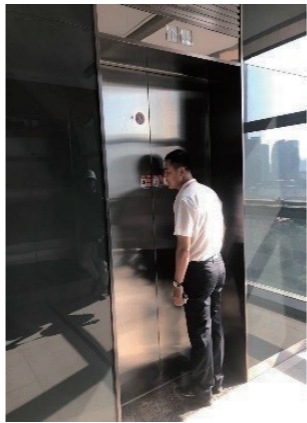
Evacuation and Firefighting Drill

During the reporting period, we organized evacuation and firefighting drills among the employees from the canteens located in the office areas of the headquarters. The drills took place in accordance with the emergency plan, which well verified its feasibility. At the drill site, employees were taught with the proper use of fire extinguishers, fire blankets and other firefighting tools. Thanks to these activities, employees' safety awareness was greatly enhanced.

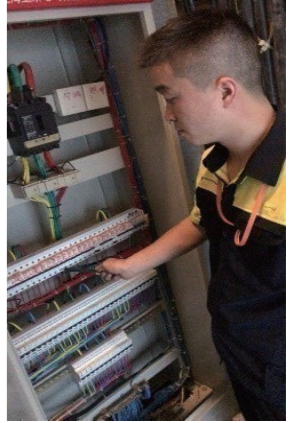


Drill Joined by Employees in Headquarters Canteens

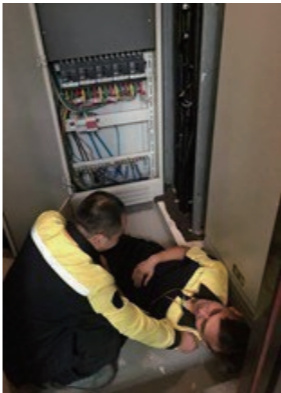
Elevator Rescue Drill



Power Failure Drill



Electric Shock Response and Rescue Drill



Tabletop Exercises for Natural Gas Leakage and Food Poisoning

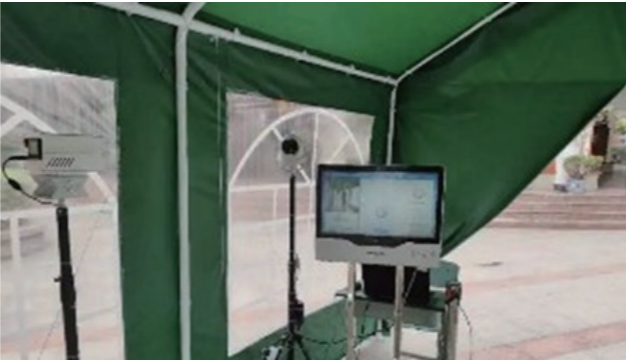


Public Welfare

In 2020, the outbreak of the COVID-19 epidemic let us witnessed the warmth of the world. Hikvision, together with subsidiaries domestic and overseas, joined in the battle against the virus. During the reporting period, the Company provided a total of about RMB 5.6 million in cash and cash equivalents, supplies, products and technologies that have been used for ecological protection, education and care, as well as epidemic prevention and control.

Supporting Resumption of Elementary and Middle Schools in Chengdu

To assist the Education Bureau of Wuhou District in Chengdu with epidemic prevention, Hikvision equipped a total of 81 schools – 26 kindergartens, 36 junior high schools and 19 high schools – across the district with its temperature screening thermographic camera + black body + smart class tablets. The temperature measurement system is robust, fast and affordable with superior performance, and works equally well on large flows of students during peak hours. With the help of Hikvision's electronic class tablet – which measures the temperature of student one by one, real-time collection and feedback of student health data became possible, and thus the local education bureau could be more effective in preparing for the resumption of primary and secondary schools.



Poverty Alleviation through Education in Qinglong County – Supporting “Three Classes” and Sharing Benefits of Information-powered Education

Hikvision has been donating “three classrooms” (“urban-rural simultaneous classrooms”, “prominent teachers’ classrooms”, “online top schools’ classrooms”) systems to poverty-stricken areas for many years. With our products and services, rural schools are connected with urban schools. Powered by technology, rural schools become more capable of tackling the shortage of teaching resources, the lack of teachers, and other obstacles, sharing high-quality education resources in a better way. The year 2020 witnessed China secured a “complete victory” in its fight against poverty, while Hikvision donated 16 “three classrooms” systems to 16 primary and secondary schools in Qinglong County, Hebei Province. This allowed teachers and students in poverty-stricken areas to share the fruits of digital education, and advance the education cause with the power of technology.



Assisting Epidemic Prevention, Poverty Alleviation and Disaster Relief Overseas

In 2020, Hikvision provided free supplies and funds to South Africa, Indonesia, Vietnam, Myanmar and other overseas countries, to help them obtain a greater achievement in epidemic control, poverty alleviation and disaster relief.

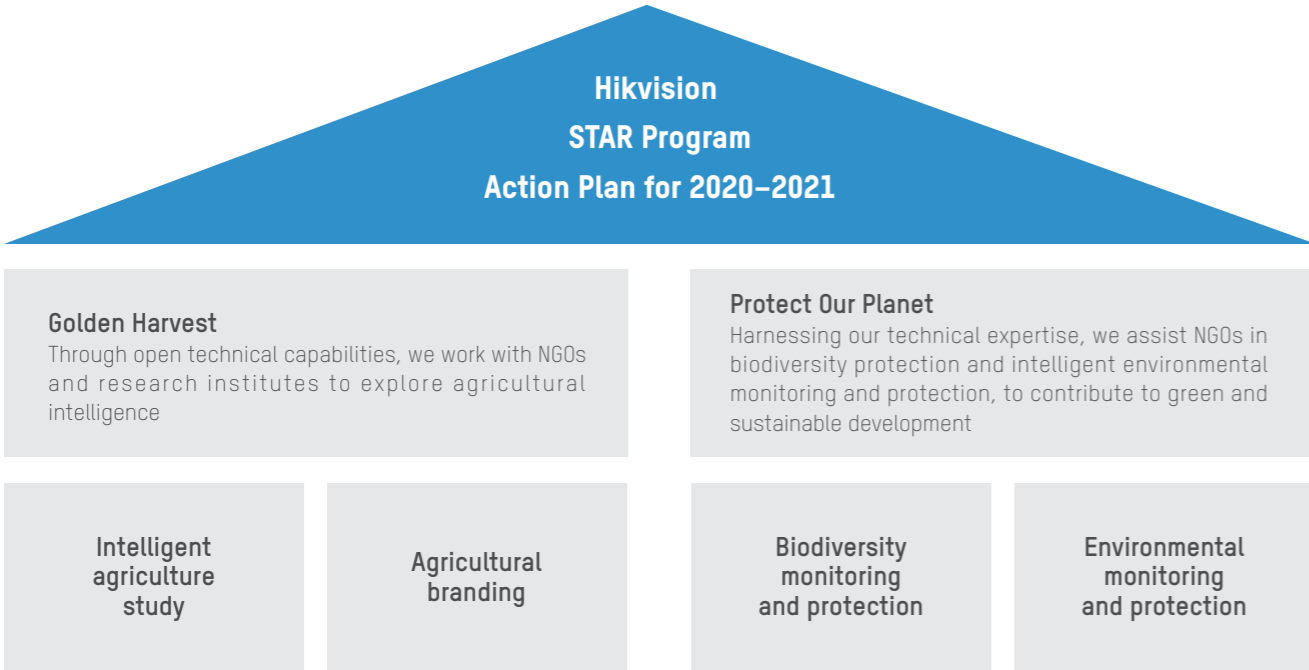
With respect to epidemic prevention, we offered 300,000 masks for free to the public service department in Indonesia; our business department in South Africa coordinated with the local partner Gijima Group to provide free protective equipment worth ZAR 260,000 to Dr George Mukhari Hospital and assisted the hospital in temperature measurement during the outbreak.

As for poverty alleviation and disaster relief, we joined hands with our local installation contractors to distribute 434 food and cash packages worth about VDN 140 million to the flood victims in central Vietnam. In response to the call of the South Africa China Economic and Trade Association, we delivered 300 free food packages to alleviate the pressure on local impoverished households. In a number of countries in Latin America, including Mexico, Brazil, Argentina, Colombia, etc., Hikvision and local public welfare organizations initiated and participated in a series of charity programs dedicated to helping poor families and children, offering food, toys, books and other supplies for free to support the growth of teenagers.



Hikvision has never ceased improving its social welfare system, empowering public welfare through innovation and collaboration. While continuing our biodiversity conservation projects, in October 2020 we officially released and launched the STAR Program, through which the Company's AI capabilities would be provided to NGOs free of charge, injecting intelligence into charitable undertakings. WWF has also formalized strategic partnership with Hikvision, intending to work together and pass on social good and hope.

From 2020 to 2021, the STAR Program will focus primarily on the "Protect Our Planet" Initiative and the "Golden Harvest" Initiative. The two initiatives explore and practice completely from four directions: biodiversity monitoring and protection, environmental monitoring and protection, agricultural branding, and intelligent agriculture study.



海康威视公益伙伴计划

Sustainability through Technology
用科技促持续发展
Actions for Responsibility
以行动担社会责任



Launch of Hikvision STAR Program

Hikvision has always hoped to bring goodwill to the society through technological progress. In the future, by teaming up with more NGOs and technical partners, we are fully prepared to power ecological protection with science and technology, and let the world embrace more beauty and hope.



Ecological Harmony

- Low-carbon Development
- Green Operation
- Environmental Activities



Ecological Harmony

While improving its product and services, Hikvision always adheres to the concept of green operation to help balance the sustainable common development of society progress and ecological harmony. In the course of market planning and business upgrading, we have actively explored low-carbon initiatives, strengthened the R&D and application of clean technologies, optimized resource management, and promoted environmental awareness. All these efforts are intended to minimize our impact on the environment and contribute to ecological harmony. We are well aware, green development will surely bring us to a sustainable and bright future.

Low-carbon Development

At the 75th session of the United Nations General Assembly, President Xi Jinping announced: “China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. We aim to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060.” The Central Economic Work Conference has also listed carbon emission reduction as one of China’s major tasks for 2021. In proactive response to national policies, Hikvision actively responds to the national policy, accelerated the green low-carbon development, and put our energy consumption and carbon emissions under comprehensive management and control during the establishment of building green operating system and environment-friendly enterprise, thus, fulfills the global shared wish for sustainable development with a sustainable development.

We strictly abide by national and local laws and regulations related to operation and energy management, including the *Environmental Protection Law of the People's Republic of China*, and the *Energy Conservation Law of the People's Republic of China*. We have established a flat and meticulous energy management system, and have obtained the *ISO 14001 Environmental Management System Certification*, the *ISO 50001 Energy Management System Certification* and a Five-Star Certificate of Green Supply Chain Assessment.



ISO 14001 Environmental Management System Certification



ISO 50001 Energy Management System Certification



Certificate of Green Supply Chain Assessment

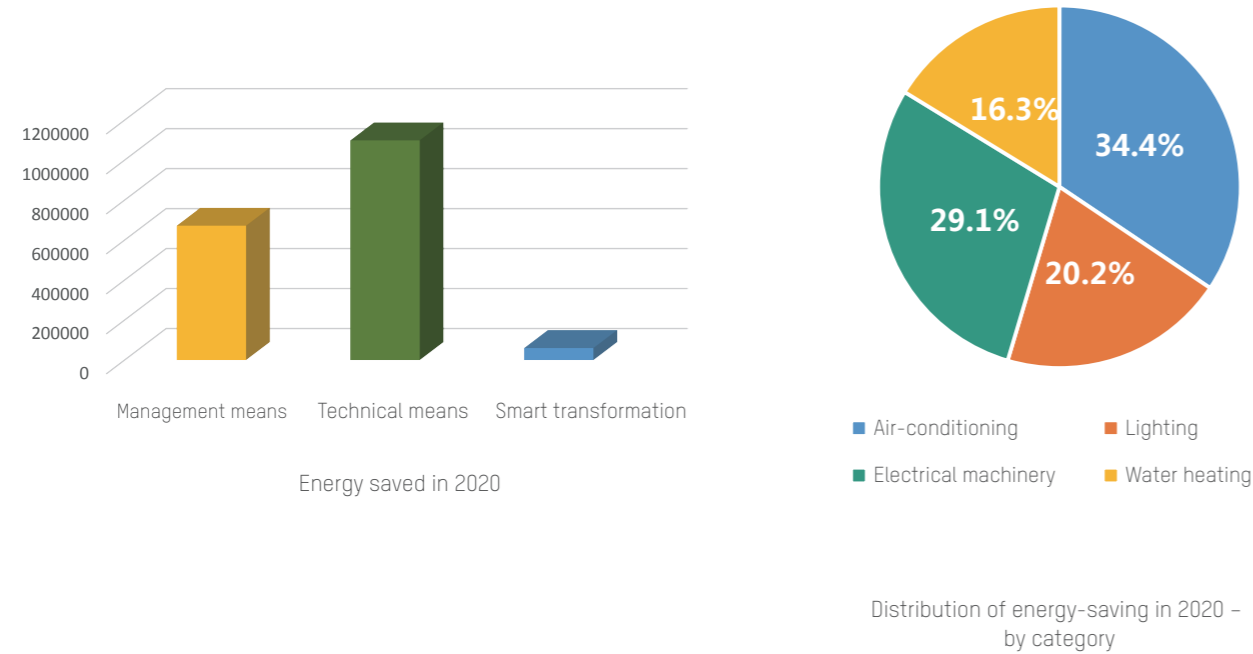
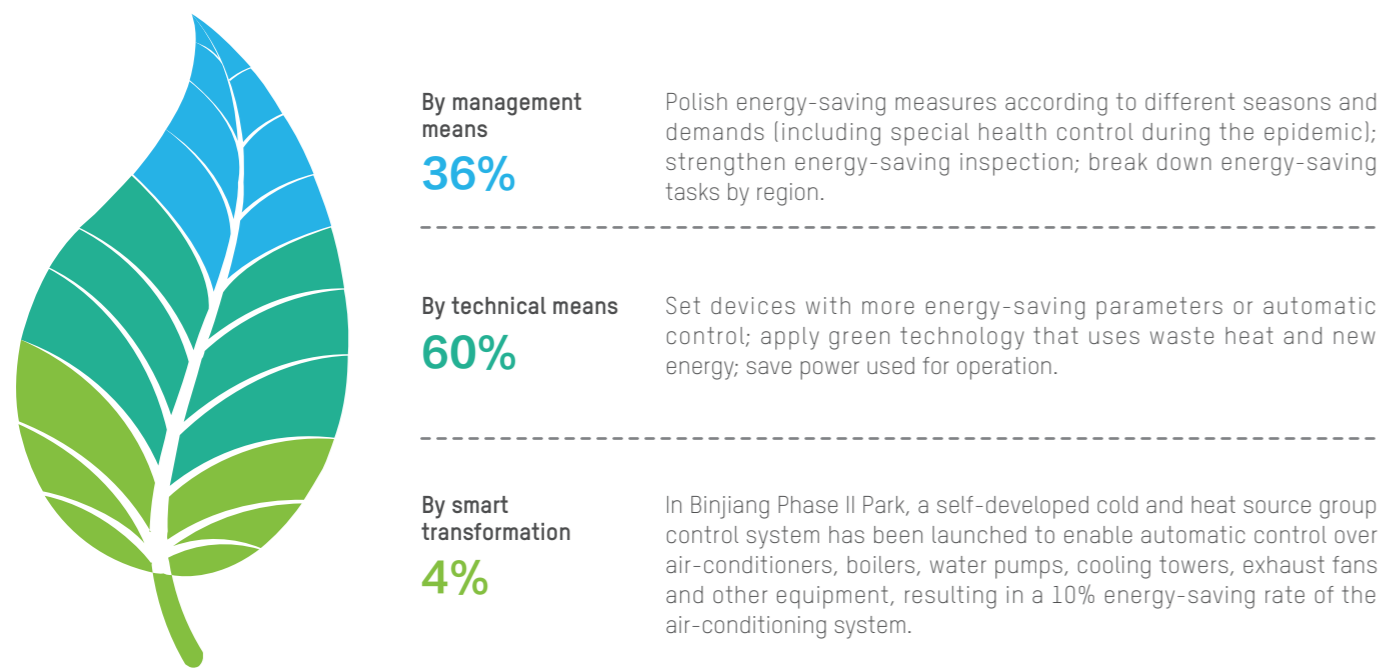
We have formulated the *Energy Saving and Consumption Reduction Control Procedure* to control energy savings during main, auxiliary and ancillary production that utilizes electricity, natural gas, and other energy sources. Covering both macro and micro dimensions, and starting from the management to the implementation, the Company has achieved comprehensive improvement in energy utilization efficiency as well as a reduction in energy consumption throughout production and operation. During the reporting period, we improved our existing energy management system. We identified the responsibilities of energy users, raised energy conservation awareness among employees and optimized their energy use habits. Energy conservation and environmental protection indicators were specified and broken down, and then conveyed via online publicity and offline training. This led to a more refined and flat management over energy conservation and consumption reduction. Meanwhile, we self-checked, re-organized and improved our systems, staff training, management measures, etc., to realize energy saving and consumption reduction.

Growth rate of energy consumption in Intelligent Park <5%

Employees received energy conservation and environmental protection training = 100%

Green Office

We continue to take green measures in offices, either by management and technical means, or through energy-saving transformation. During the reporting period, we introduced the epidemic-specific management measures for air-conditioning and fresh air systems, which include the transitional seasonal administration and switching measures, summer administration and switching measures, winter administration and switching measures. More efforts were spared to inspect energy conservation in industrial parks, to prevent waste of energy and help employees develop the habit of saving energy. According to different demands in daily office operation, we timely adapted the switching time and operating parameters of public facilities such as cold and heat sources, air-conditioning devices, water supply and drainage, air supply and exhaust, for the purpose of energy-saving and efficient operation. In addition, our self-developed automatic group control system for cold and heat sources has been put into use. It is expected to save 135,000 kWh of energy each year.

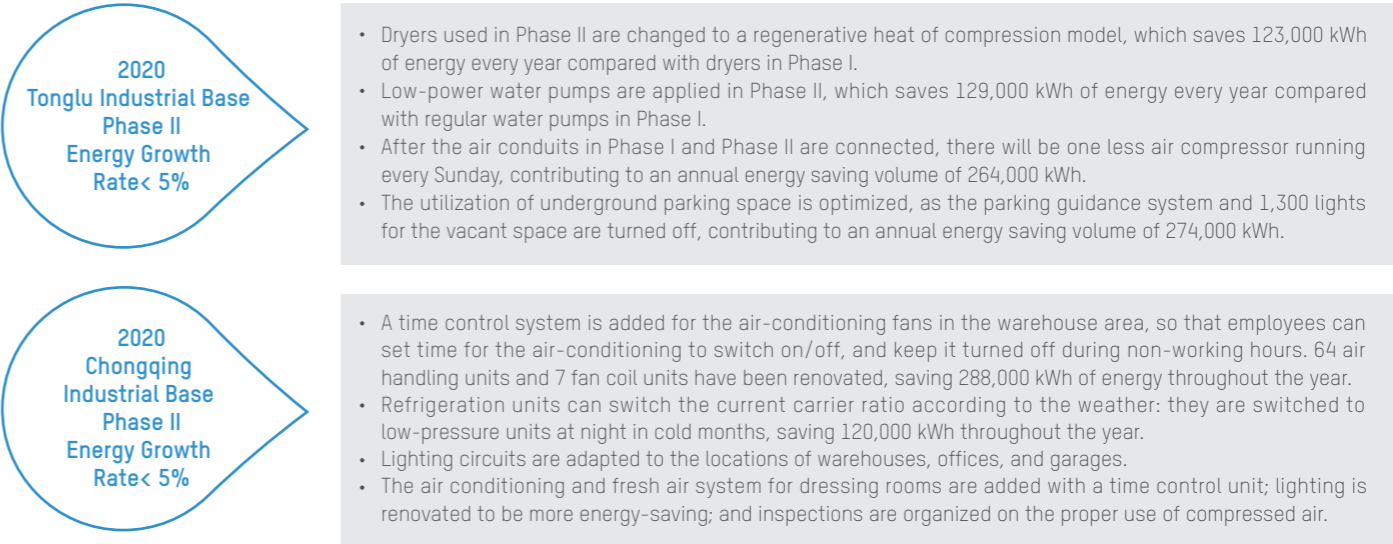


Green Production

To reach the goals of energy conservation and environmental protection, Hikvision, as a combination of intelligent business and green development, has harnessed its technical advantages and independently developed an Intelligent Park System in the Tonglu Industrial Base. With the IoT technology applied to production scenarios, we have enabled the real-time monitoring of instant demand for consumption, equipment operation and energy consumption, total energy consumption of the day and energy use trends. As energy and resource consumption is under 24/7 surveillance in the park, refined O&M management becomes possible, making sure the base is running intelligently, efficiently and environmentally.



Furthermore, we have broken down and assigned our 2020 energy conservation and environmental protection goals to each industrial base. By technical means, we completed parameter adjustment and line remodeling of the equipment in use, which has been fruitful in energy conservation and consumption reduction.



Hikvision's energy consumption is as follows:

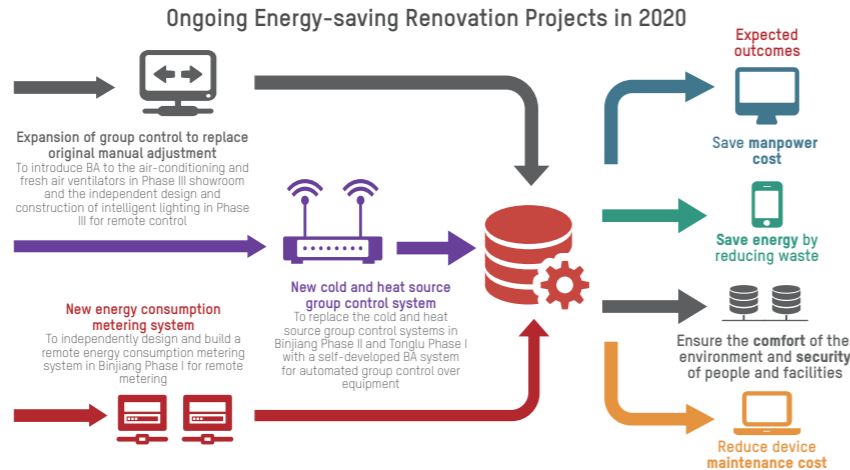
Energy type	Unit	2018	2019	2020
Unleaded gasoline	Ton	617.3	469.0	513.8
Diesel	Ton	52.8	45.7	27.3
Natural gas	10,000 cubic meters	143.5	225.8	135.6
Electricity	MWh	105,643.3	173,318.8	203,339.3

Energy consumption	Unit	2018	2019	2020
Direct energy consumption	Ton of standard coal	2,728.7	3,500.6	2,443.0
Indirect energy consumption	Ton of standard coal	12,983.6	21,300.9	24,990.4
Total energy consumption	Ton of standard coal	15,712.3	24,801.5	27,433.4
Energy consumption intensity	Ton of standard coal per million revenue (RMB)	0.32	0.43	0.43

Greenhouse gas emissions	Unit	2018	2019	2020
Scope 1	Ton of CO2	5,045.4	6,347.3	4,471.8
Scope 2	Ton of CO2	72,602.6	117,891.6	142,078.7
Total (scope 1 and scope 2 only)	Ton of CO2	77,648.0	124,238.9	146,550.5
Emission intensity	Ton of CO2 per million revenue (RMB)	1.56	2.15	2.31

Future Plan

Hikvision will continue its pledge to green office and operation. The following systems are expected to be out into use by 2021: the energy consumption measurement system independently developed by the Binjiang Phase I Park, the connected group control system for showroom cold and heat sources, abnormalities of key facilities and equipment, and dead zone alarming in the Binjiang Phase III Park, and the automatic group control system for cold and heat sources independently developed by the Binjiang Phase I and Tonglu Phase II. The BA system (Building Automation System) independently developed by Hikvision is gradually applied to parks. It is expected to save manual operation costs and reduce manual errors, while upgrading public facilities and equipment in safe, efficient, and energy-saving operation.



Applying Clean Technology

Apart from green office and production, Hikvision is highlighting clean and environmentally friendly technology in R&D. During the reporting period, Hikvision launched a number of innovative environmental products. More than 24,000 of our products have earned China Environmental Labelling Product Certification, an increase of about 20% from 2019; and about 18,000 have earned China Energy Conservation Product Certification, an increase of about 125% from 2019.



China Environmental Labeling Product Certification




China Energy Conservation Product Certification

During the reporting period, we tried to reduce the energy consumption of products by implanting clean technology ideas into product development and innovating green products. Moreover, we upgraded our products' adaptability to solar power supply systems, as another approach to supporting the use of clean energy. In this way, we are providing customers with more sustainable products and services.

Clean Technology-powered Products	
<p>P0.9 LED (Light Emitting Diode) Display</p> <p>With optimized lamp bead and drive, this cool display offers ultra-high contrast, ultra-low power consumption, and better EMC (Electromagnetic Compatibility) performance and display effect. Its power has been reduced by 50%.</p>	
<p>DVS (Digital Video Server)</p> <p>As core devices such as main control chip and AD are optimized, the chip traffic and crop are reduced. Based on the improvement of coding performance, the total power consumption has been reduced from 3.5W to 2.5W.</p>	
<p>Wireless Detector – Overseas Version</p> <p>Supported by the latest ultra-low power consumption LDO (Low Dropout Regulator) and low power consumption comparator, the wireless detector has greatly cut its overall power consumption. This low-power design has also extended its battery life to more than 5 years.</p>	
<p>Mobile Charging Robot</p> <p>This charging robot is made in compliant with 10 standards including CE, UL, KC, CB, and RoHS 2.0, with less pollutant produced during the manufacturing process. In case of product failure or any other problems, we will recycle the product for professional disposal, to minimize the potential pollution caused by chemically hazardous substances.</p> <p>At the same time, we've selected 220V AC as the power supply of the charging robot, which produces less pollution compared with 380V industrial power. The product has a maximum efficiency of 93%, which can reduce the waste of energy conversion.</p>	


CS series 2nd Generation Low-power Industrial Camera

Hikvision has selected the FPGA (Field Programmable Gate Array) platform in consideration of the product features to optimize power architectures, and developed a number of standard cameras based on that. With the overall power consumption reduced by 20%, the product performance has also been improved. According to the estimated annual sales of CS cameras, together they are expected to save about 1.25 million kWh of power worldwide.



ID3000 Series Smart Code Reader


At the initial development stage of the new ID3000, we carried out in-depth performance evaluations. Components were selected upon thorough assessment on the power consumption of platforms and image sensors. And the efficiency of the power supply scheme was accurately measured. Thanks to these efforts, the final product offers a power consumption 24% lower than the previous generation, and its code reading efficiency is increased by about 30%. According to the estimated annual sales of this product, the cameras produced each year are expected to save about 100,000 kWh of power globally.



Clean Technology's Application to Products

Low-power Solar Power Supply System

Difficult access to power is a common pain point for surveillance cameras mounted in remote mountainous areas, along railways, rivers, power transmission lines, oil and gas pipelines, on farmlands, highways, and in forest fire prevention scenarios. To resolve this problem, Hikvision provides a solar power supply system for surveillance cameras. Each camera is equipped with a monocrystalline silicon chip with high power generation efficiency, a high-precision charge controller featuring lithium battery activation and pre-charging, a cloud-based platform that supports three sleep modes, a BMS (Battery Management System), automatic working condition recognition and other hardware functions, as well as software data analysis, collection and recording features. And the combination of solar panels and Li-Ion battery packs allows solar panels to generate power to the camera during the day, and the excess power can be used at night or on cloudy and rainy days.





Green Operation

While practicing low-carbon development, we have been committed to exploring green and clean ways of production and operation, so as to reduce the impact of production and office operation on the environment. We contribute to ecological harmony from two aspects – scientific resource use and waste reduction.

We strictly abide by national, local and industrial environmental laws, regulations and standards, including the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and have developed various internal regulations, including the *Waste Management Procedure*, the *Hazardous Waste Management Regulations*, and the *Simultaneous Management Regulations for the Newly Built, Rebuilt and Expanded Construction*. We take environmental measures, and apply environmentally-friendly technology to all aspects of operation from production sites to offices. During the reporting period, there were no environmental violations or leakage incidents found in Hikvision, and all wastes were properly disposed of.

Excessive waste water, exhaust gas and noise incidents

0

Chemical leakage incidents

0

Classified recycling of solid waste

Hazardous waste control rate

100%

Hazardous waste legitimate-transfer rate

100%

Managing Water Resources

In honor of the idea that “every drop of water is precious” , Hikvision takes active measures to save water resources, and keeps improving the use efficiency of water. Besides a rigorous water resource management system in place, we work hard to reduce water waste and increase water reuse, by selecting and using water-saving equipment and appliances, installing anti-overflow devices.


Type of water resources	Unit	2018	2019	2020
Municipal water	Ton	895,000.9	1,181,680.4	1,272,248.0
Underground water (overseas operations only)	Ton	1,014.7	5,196.1	3,816.1
Surface water (overseas operations only)	Ton	/	5.7	2.0
Total	Ton	896,015.58	1,186,882.18	1,131,865.01
Intensity	Ton per million revenue (RMB)	17.98	20.55	17.82

Managing Packaging Materials

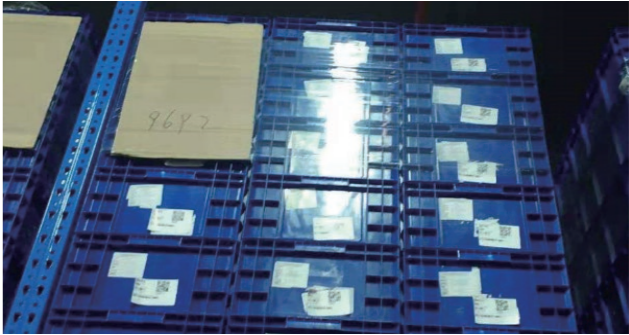
The packaging materials used by Hikvision are mainly paper, plastic, wood and metal. During the reporting period, we continued recycling and reducing packaging, to mitigate the impact of resource use on the environment.

Introducing Returnable Containers

Our sheet metal materials were mostly packaged in cartons, which had to be removed before use. This process led to a waste of paper and increases unnecessary workload. Thus, we encouraged suppliers to use returnable containers, to reduce the efforts and time used for unpacking, and avoid waste of cartons. During the reporting period, we introduced returnable containers to 14 kinds of materials, covering a total of 407,419 pieces of materials. As a result, 16,975 cartons were saved, and staff spent 3 minutes less unpacking each box of materials, cutting cost of over RMB 20,000 in total.



Before Use of Returnable Containers




After Use of Returnable Containers

Packing material	Unit	2018	2019	2020
Plastic	Ton	5,281.9	5,869.7	6,000.7
Carton	Ton	27,327.4	34,601.6	31,571.4
Wood	Ton	1,200.9	1,628.8	1,982.7
Metal box	Ton	64.0	64.8	112.8
Total	Ton	33,874.2	42,164.9	39,667.5
Density	Ton per million revenue (RMB)	0.68	0.73	0.62

Managing Chemicals

Hikvision is highly valued the impact of chemicals on the environment and people's health and safety. We continue to reinforce chemical management, with an aim to reduce environmental risks and protect people. When it comes to the daily purchase, storage, use and disposal of chemicals, we firmly abide by applicable national standards and requirements, and ensure reliable sources, classified storage, compliant use, and harmless disposal. During the reporting period, we updated the *Hikvision List of Controlled Chemicals*, adding 50 "prohibited" and "restricted" chemicals to the list, with reference to the *Catalogue of Toxic Chemicals Strictly Restricted from Import and Export in China*, the *Overall Elimination Plan of Ozone Depleting Substances in China's Cleaning Industry*, the *List of Chemicals under Priority Control (First Batch)*, the *List of Chemicals under Priority Control (Second Batch)* and other documents.

Hikvision has constructed a comprehensive, systematic and transparent hazardous substances management system, which has been certified by the *QC080000:2017 Hazardous Substances Process Management System*. To ensure our products are harmless throughout their life cycle, we have established an HSF reviewing mechanism for the suppliers of raw materials. As for product development and manufacturing, a product compliance management system Windchill Product Analytics has been built, as required by RoHS (*Restriction of Hazardous Substances*), REACH (*Registration, Evaluation, Authorization and Restriction of Chemicals*) and other environmental protection laws and regulations. Therefore, pollutants and hazardous substances have been under effective control at every stage in Hikvision.

			
国际电工委员会质量评定体系（IECQ） 涵盖电子元器件、组件类、相关材料类和过程 IECQ 在中国注册并公示，请前往 www.iecqc.org			
IECQ 符合性证书 有资格进行供货管理			
IECQ 证书号码:	IECQ-H LCEE 19-0028	状态:	现行
	发证日期: 2019/08/26	原发证日期:	2019/08/26
	失效日期: 2022/08/26		
从证书的文号号: 193-19-0027-1-1			
适用于: 覆盖的指令: 2011/65/EU RoHS - 在电子电气设备中限制使用某些有害物质的指令。包括所有已发布的修订。 覆盖指令 2006/66/EC：电池及蓄电池法、废弃车及蓄电池指令以及其他修订案。 覆盖指令 94/62/EC 包装和包装材料回收指令以及其修订方案。 中国 - RoHS 2 2016-01-01 电器电子产品有害物质限制管理办法			
杭州海康威视电子技术股份有限公司 中国浙江省杭州市滨江区彩虹桥 555 号			
该组织已制定和实施有害物质过程管理程序和相关过程，经审核，确认这些程序及过程符合适用的 IECQ HSPM 组织批准要求。即 IECQ 电子元器件质量评定体系（IECCQ）的基本规则 IECQ Q1 和程序规则 IECQ D3 “IECCQ 有害物质管理”，以及 IECQ 指南：			
- IECQ QC 009000-2017 有害物质过程管理基本要素			
此证书适用于以下所列范围内的所有电子元器件、组件类、相关物料和过程。			
摄像机、激光光源板、一体式红外热成像仪、内存存储设备和其他设备、大屏拼接显示系统、光端机、网络硬盘录像机、无线局域网和路由器、移动通信终端和配件、智慧电力管理系统、智能监控系统、数字视频监控卡、网络硬盘录像机、网络摄像头设备、网络存储设备、掌上电脑平台、多屏拼接器、以太网交换机、三合一接口板、会议电视系统、路由器、火警探测报警产品、大型火灾报警产品、可燃气体报警器、物联网网关的设计、生产和维护服务 网络与安防子系统、数据服务器、安防软件的研发、集成和维护服务等 通信电缆的销售			
签发的认证机构: IECQ Bureau Veritas			
33 avenue, du Général Leclerc 92260, Fontenay aux Roses France Jérôme REYSSON			

本文件为上述编号英文证书的翻译件,由必维认证(北京)有限公司翻译,如有歧义,以英文证书为准

QC080000:2017 Hazardous Substances Process Management System Certification

We promote the standardized management of chemicals through continuous improvement of our management system and timely updates of management regulations. During the reporting period, we completed the renewal of certified products and materials. About 7,500 materials of the Company have obtained RoHS certification and about 3,000 materials have been granted REACH SVHC certification.

[illegible]

Example: RoHS Certification

Example: REACH Certification

For the compliant procurement, transportation, storage, use, and disposal of chemicals in daily management and operation, the Company also developed the *Regulations on the Management of Supply Chain Chemicals*, the *Regulations on the Management of the Chemicals Warehouse* and the *Regulations on the Management of the Supply Chain Waste Disposal Implementation*, among others. During the reporting period, we continued to optimize the management and control process of storage, use and disposal.

Procurement and transportation

- Verify the qualifications of suppliers before procurement, by checking their credentials, environmental certifications, chemical safety data sheets (MSDS) and chemical safety label materials, and propose relevant safety requirements to ensure that they have received legal approval from competent authorities and satisfy relevant requirements.

Storage

- Prepare separate warehouses for chemicals, store chemicals by category, and install equipment and facilities such as explosion-proof air-conditioners, explosion-proof surveillance cameras, gas detectors, and ventilators to regulate temperature and humidity; chemical warehouses are managed by specialized personnel who have received safety training and gained relevant qualifications.
- Post MSDS to provide information for the safe use of chemicals.

Use and temporary storage

- Standardize the management of chemical intermediate warehouses, and require employees to strictly follow chemical storage and entry-exit procedures.
- Formulate work instructions. Chemicals are temporarily stored in an explosion-proof cabinet in an intermediate warehouse when they need to be used on production sites. Such chemicals can only be collected by trained and qualified personnel.
- Chemicals that may cause significant adverse effects can only be collected by safety managers.
- Explosion-proof cabinets are set up at the production site according to chemical use requirements, with ventilation and grounding facilities put in place.
- Equip with complete personal protective equipment and emergency facilities.

Disposal

- Put hazardous waste marks on the containers and packages of hazardous chemical waste, as well as sites and facilities involved in the storage, transportation, and disposal of hazardous chemical waste.
- Collect and temporarily store hazardous waste by category based on their characteristics. Incompatible wastes should be collected and temporarily stored separately. Mixed collection, storage, transfer, and disposal of incompatible hazardous wastes is strictly forbidden. Mixed storage of hazardous chemical waste and non-hazardous chemical waste is strictly forbidden. It is prohibited to place flammable and combustible hazardous waste where other hazardous chemicals are stored.
- Bottles and cans that stored hazardous chemicals and expired hazardous chemicals are managed by the hazardous waste management department as hazardous waste and disposed of by qualified organizations after classification and recovery.

During the reporting period, we summarized the operation of each industrial base and revised our chemical management system. The *Chlorine Safety Management System* and the *Precursor Chemicals Safety Management System* were adapted to the actual business conditions of Hangzhou Hikmicro Sensing Technology Ltd[®]. The two documents were intended to further regulate the management of chlorine in supplier selection, procurement, sending and receiving, use, anti-theft and other stages, as well as the purchase, use, storage, and disposal of precursor chemicals. It was also required to strictly comply with the “five double” standard (i.e.: double-employee acceptance inspection, double-employee custody, double-lock storage, double-employee requisition, and double-account-book).

We understand that employees' correct understanding of chemical use is the top priority in chemical management. Therefore, during the reporting period 100% of our responsible employees received training in the management of chemicals and hazardous wastes. In the meantime, chemical-related drills were launched in Chongqing, Fuyang, and Tonglu Industrial Bases to test emergency mechanisms and improve employees’ emergency response competency.

Chongqing Industrial Base
Drill for Chemical Warehouse Leakage



Tonglu Industrial Base
Emergency Response to Chemical Leakage in Warehouse



Managing Waste

We act in strict compliance with the *Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution*, and regularly adapt our rules on disposing wastes generated by our production, operation and supply chain to changes in business and compliance requirements, to make waste management more efficient. During the reporting period, we updated the *Waste Management Procedure*, and the *Regulations on the Management of the Supply Chain Waste Disposal Implementation*. Under the *Waste Management Procedure*, the Company's waste is divided into five categories: domestic waste, kitchen waste, industrial solid waste, construction waste, and hazardous waste, which are subject to classified management and disposal; and the *Regulations on the Management of the Supply Chain Waste Disposal Implementation* has updated the scope of responsibility of each business department in the supply chain waste disposal process.

Recyclable waste	Unit	2018	2019	2020
Plastic	Ton	1,126.8	2,884.7	3,764.2
Wood	Ton	546.3	986.7	1,506.61
Paper	Ton	4,767.6	7,600.8	10,053.0
Metal	Ton	1,034.6	1,302.1	2,629.7
Others (cable harness, oil paper, etc.)	Ton	653.7	128.9	32.7
Total	Ton	8,129.0	12,903.2	17,986.2
Intensity	Ton per million revenue (RMB)	0.16	0.22	0.28

Non-recyclable waste	Unit	2018	2019	2020
Kitchen waste	Ton	2,281.1	1,759.3	1686.3
Office garbage	Ton	5,929.3	1,722.3	3215.5
General industrial waste	Ton	1,387.7	1,922.7	2117.3
Total	Ton	9,598.1	5,404.3	7019.1
Intensity	Ton per million revenue (RMB)	0.19	0.09	0.11

Hazardous waste	Unit	Total amount in 2018	Total amount in 2019	Total amount in 2020
Total hazardous waste	Ton	121.6	502.1	513.1
Hazardous waste intensity	Ton per million revenue (RMB)	0.002	0.009	0.008

Environmental Activities

Hikvision is well aware that sustainability depends on the devotion of every social citizen. We have long established and are continuously improving our mechanism for promoting environmental protection culture among employees, striving to create an atmosphere conducive to green and low-carbon development. We regularly popularize green knowledge through online platforms such as BBS, emails and mobile office systems, in the hope of raising the environmental awareness of every employee. The aim is to motivate and inspire all of them to assume the responsibility for green development when they face new requirements and challenges surrounding environmental protection.

During the reporting period, we organized a total of 12 environmental protection classes to infuse green knowledge into employees' daily lives. These classes covered a wide range of topics, such as the interpretation of plastic restrictions, biodiversity protection, low-carbon life, the new *Law on the Prevention and Control of Solid Waste Pollution*, reduce food waste, green labels, etc. The activities were well received among employees, who were inspired to live a low-carbon life and take practical actions to protect the environment.



Environmental Protection Classes

Hikvision has always been a champion of low-carbon life and environment protection. During the reporting period, we participated in global environmental protection activities such as the World Environment Day and the Earth Hour movement. We pledge to fulfill our corporate social responsibility and contribute to social sustainability.

Earth Hour

On March 28, 2020, Hikvision launched a themed Earth Hour activity in its headquarters. We showed our support to climate change actions and determination to protect the planet by turning off the landscape lighting, decorative lighting and other unnecessary power use in the park.



World Environment Day event

On June 5, 2020, the World Environment Day, Hikvision launched an offline public welfare activity named “Protecting Forests, Hikvision in Action.” Nearly 40 volunteers joined in the greenland inspection and conservation in Binjiang Park located in Binjiang District, Hangzhou. Following the “low-carbon and environmental protection” principle, the promotional banners and garbage picking tools used in the event were all from previous activities; participants walked to the destination instead of driving cars; and waste paper was reused to print materials. Step by step, we put environmental protection concepts into practice in every detail.



Appendix: GRI Standards Index

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See Far, Go Further