



2023

ZHEJIANG DAHUA TECHNOLOGY CO., LTD.

Environmental, Social and Governance Report



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About This Report

This report describes the actual practice of Zhejiang Dahua Technology Co., Ltd. (hereinafter referred to as the Company or Dahua) in environment, society and governance (ESG) in 2023. It also details the Company's efforts at corporate governance, integrity management, the protection of shareholders' rights and interests, technological innovation, environmental protection, and public service activities, so as to strengthen the communication and connection between interested parties and the Company.

● Basis of Preparation

This report is prepared in accordance with the Global Reporting Initiative's (GRI) *GRI Standards 2021*, and with reference to the *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies*. It also responds to the issues of concern raised by capital market ESG index rating agencies such as Morgan Stanley's ESG ratings (MSCI ESG ratings).

● Time Scope

This report covers the ESG work of Zhejiang Dahua Technology Co., Ltd. and its major subsidiaries in the financial year from January 1, 2023, to December 31, 2023 (the Reporting Period). Some information may trace back to previous years or extend to March 2024.

● Data Source

This report can be downloaded from Juchao Information Network (www.cninfo.com.cn) and the website of Dahua (www.dahuatech.com). For more information beyond this report, refer to the Company's annual report or visit the Company's website.

● Data Description

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

● Confirmation and Approval

This report, confirmed by the Company's management, was approved by the Board of Directors on April 15, 2024. The Board of Directors is responsible for the authenticity, accuracy, and completeness of the content.

Statement from the Chairman

The year 2023 marked a period of both diligent efforts and significant accomplishments for Dahua. Despite facing various challenges such as geopolitical conflicts and shifts in the industrial landscape, we remained steadfast in our commitment to excellence. We implemented numerous measures to propel the Company forward on the path of high-quality and sustainable development.

Reflecting on 2023, we enhanced the Dahua Think#2.0 strategy, transitioning from "intelligence" to "integrated intelligence." We continued to prioritize the city-oriented strategy and enterprise-oriented strategy as the two key business strategies, with AIoT and IoT digital intelligence platforms as the two key technical strategies. By fully leveraging the value of data elements centered around video, we facilitated the establishment of efficient urban governance systems and the transformation and upgrading of enterprise digital intelligence. Furthermore, we officially joined the United Nations Global Compact, thereby making substantial contributions to global sustainable development through tangible actions.

We dive into various industries, harnessing technology to inspire positive actions. Guided by the principle of "harmonious coexistence between man and nature, man and society, and man and the city," we utilize digital intelligence to bolster the construction of ecological civilization and facilitate efficient urban governance through innovative technologies. In our pursuit of high-quality development, we enhance people's well-being and collaborate with partners worldwide to create a bright future for global digitalization.

We strengthen responsibility management, continuously enhancing corporate governance. We adhere to compliance operations and uphold business ethics. Through ongoing enhancements to our corporate governance and risk management systems, we enhance the Company's competitiveness on the global stage. With ESG governance as our driving force, we advocate for the Company's sound, steady, and sustainable development.

We strive to achieve "dual carbon" goals, contributing to greener industries. We actively pursue a green development strategy, leveraging a robust environmental management system. We prioritize green research and development, green products, and green operations, thereby making significant contributions to the advancement of green industries and the preservation of lush mountains and lucid waters.

We fulfill our social responsibilities, striving to improve the lives of more individuals. We respect and value each employee, offering them a comprehensive support system to foster mutual growth. We dedicate ourselves to cultivating an ecosystem of "joint contribution, shared benefits, and coexistence," generating greater value for both customers and partners. Furthermore, we place equal emphasis on corporate development and public welfare initiatives, mobilizing diverse resources to spread love and serve our society, spreading beauty and friendship to a broader audience.

Looking back, our exploration and innovation have never ceased; in the coming year, new journeys and challenges lie ahead. We will persist in our vision of becoming a world-leading provider of video-centric smart IoT solutions and services, endeavoring to establish ourselves as the preferred brand for smart IoT. We will continue to fulfill our great mission of "enabling a smarter society and better living," steadfastly advancing towards a safer, low-carbon, more beautiful, and harmonious world.



Chairman and President

Fu Liqian

Introduction to Dahua

Corporate Introduction

Zhejiang Dahua Technology Holdings Co., Ltd. is a world-leading video-centric smart IoT solutions and service provider. The Company has more than 23,000 employees, over 50% of which are engaged in R&D. Its products are available in over 180 countries and regions worldwide. In 2023, we upgraded the Dahua Think#2.0 strategy, shifting from "intelligence" to "integrated intelligence." We maintained our focus on our two core business segments: City and Enterprise, while steadfastly reinforcing our technological strategies, which encompass AIoT and IoT digital intelligence platforms. By fully harnessing the value of data elements centered around video, we facilitated the establishment of efficient urban governance systems and spearheaded the digital-intelligent transformation of enterprises. With a keen understanding and strategic deployment of AIoT, the Company continues to explore emerging opportunities, expanding its portfolio of innovative businesses, including Imou, iRAYPLE, Pixfra, Hirige, Waythcan, Wisualarm, Operating Companies, Dahua Memory, and more.



 23,000+ employees

 9,700+ patents

 180+ countries and regions covered

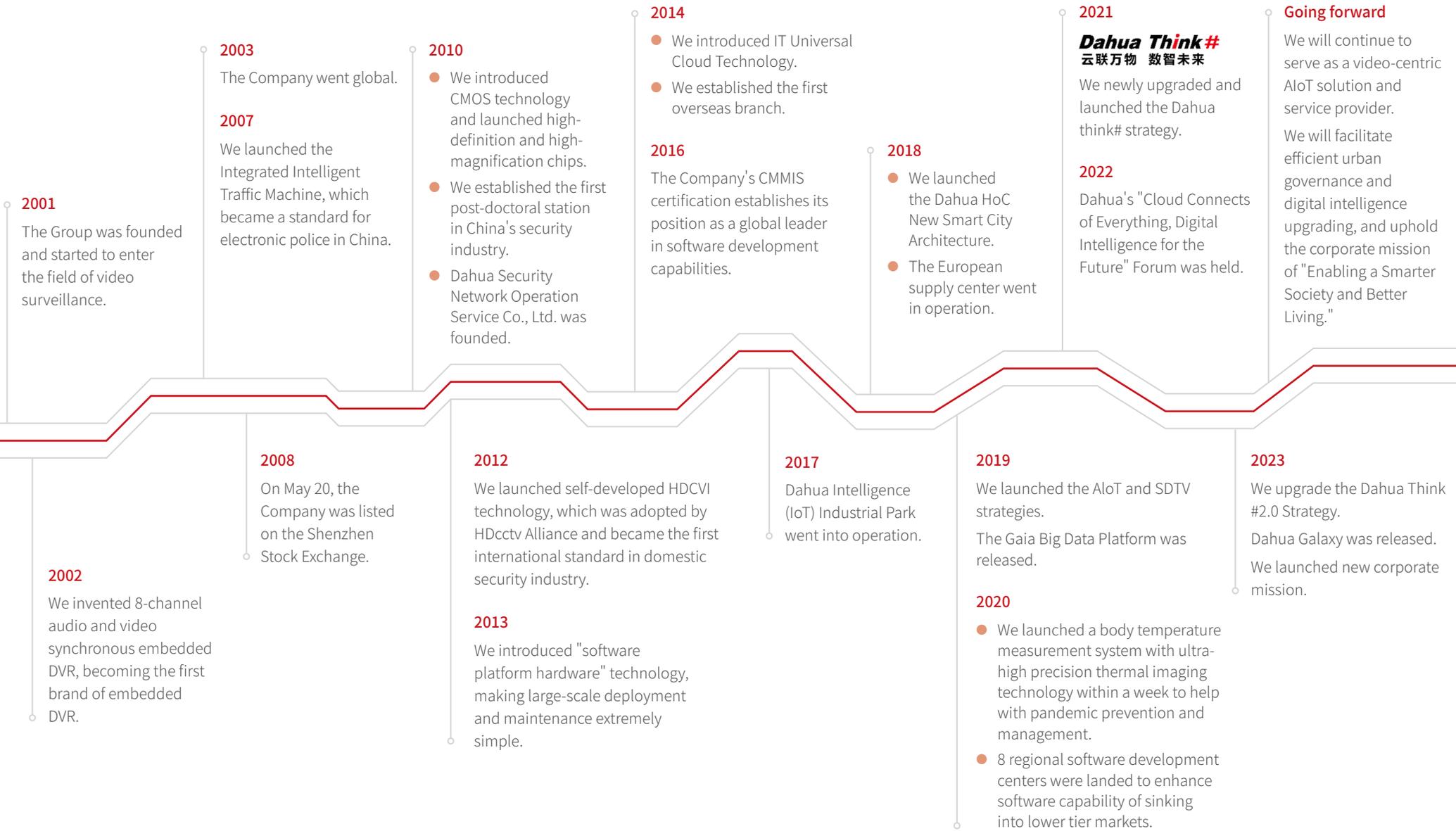
 69 overseas branches

 200+ domestic offices

 NO.2* market share in the world

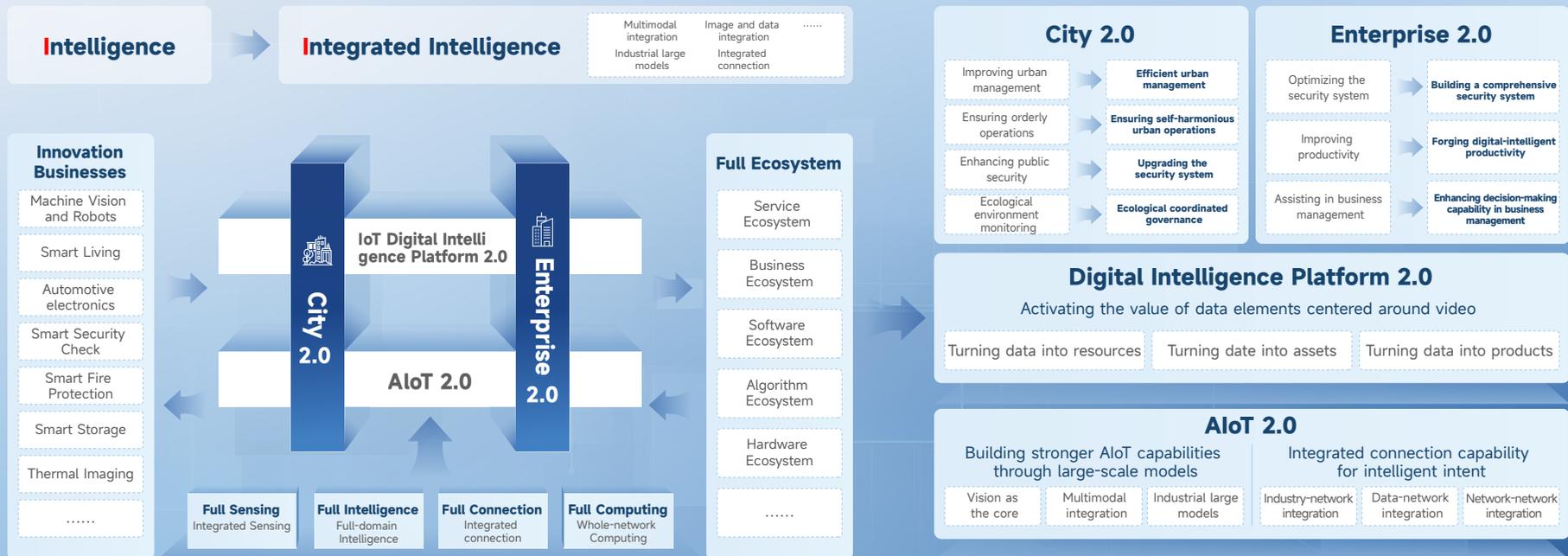
* Data source: 2023 Global Video Surveillance Market and Analysis released by Omdia, a market research organization

Development History



Corporate Strategy

The new upgrade of *Dahua Think#* 2.0 strategy



ESG Honors

Honors and certifications



Joining the United Nations Global Compact



Ecovadis银牌认证勋章

Ecovadis Silver



The 13th Public Welfare Festival 2023 Annual ESG Pioneer Enterprise Award



Sedex Business Ethics Certification



Feature

Technology for Social Good, Empowered by Digital Intelligence

Dahua firmly believes that innovation is the primary catalyst for development. Guided by the vision of "technology for social good," we consistently drive efficient urban governance and the digital-intelligent transformation of enterprise, from conceptualization to research and development, and from technology to practical application. We collaborate with customers and partners to embark on a new era of digital development, fostering a smarter society and enhancing the quality of life for all.

Protecting Ecological Civilization

Closely related to human well-being, the ecosystem serves as the bedrock of our existence and progress, offering a crucial resource base for the sustainable advancement of human society. To establish an intelligent and comprehensive biodiversity monitoring network, the Company has devised a sophisticated monitoring program with extensive coverage. This program facilitates precise observation and assessment of wildlife and plant behaviors, ecological changes, and the ramifications of human activities. Through the fusion of science and technology, our aim is to cultivate a harmonious and visually captivating habitat for all living beings.

»» Protecting Hainan gibbons and creating an enabling environment for endangered species

In 2021, the Company joined the Hainan Gibbon Preservation Program. Through the integration of technology, it has played a significant role in enhancing conservation efforts, offering a more intelligent and convenient approach to gibbon monitoring.

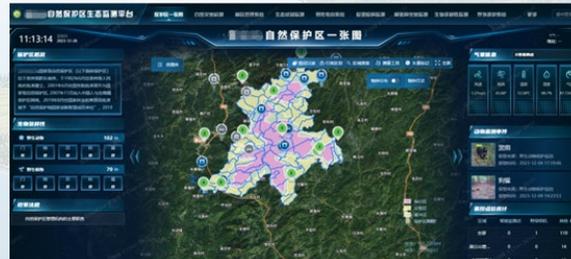
We feed high-sensitivity motion algorithms into the smart camera. Leveraging the Genius Open Platform, we continuously refine these algorithms by training them to recognize and capture images of swiftly moving gibbons based on their fur colors and behavioral patterns. This process enables us to accurately identify and gather data on gibbon population size, age distribution, sex ratio, developmental trends, and the dynamic changes in their habitats.

According to the latest data released by the National Forestry and Grassland Administration, the number of Hainan gibbons has increased from 7-9 to 37 across 5 populations over the past 40 years, demonstrating significant progress in conservation efforts. Dahua continues to explore digital ecological conservation models and has protected over 50 endangered species including Hainan gibbons, Yunnan golden monkeys, Oriental white storks, Tibetan antelopes, and Yangtze finless porpoises, contributing to the protection of biodiversity.

»» Protecting the forests in Dali and building a solid defense against forest fires

According to the *2020 Detection Report of the Main Indicators of Forest Resources in Yunnan Province*, the forest area in Dali, Yunnan Province, has reached 1.855 million hectares, ranking among the top in the country. It plays an important role in absorbing carbon dioxide, conserving water sources, and sheltering wildlife and plants.

The Company assists the forestry and grassland departments in Dali in building a video monitoring system for forest fire, enabling real-time monitoring of forest fires 24/7, high-precision and multi-dimensional positioning of fire situations, efficient assessment and handling of disasters, and full coverage of network transmission in forest areas. Since December 2022, when Dali entered a new round of fire prevention period, the system has detected over 500 cases of illegal field fire use and 7 forest fire incidents. By controlling forest fires at the source, we effectively safeguard ecological security.

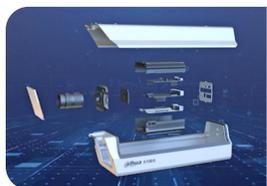


Assisting in Urban Governance

As the economy and society progress, there is a growing demand for smarter, more efficient, and convenient living environments. Leveraging our technological advantages, Dahua has contributed to various scenarios such as urban governance, traffic management, and community operations. We consistently enhance efficient urban governance and upgrade safety systems, thereby aiding in the enhancement of public services and improving people's quality of life.

»» Building smart transportation to deliver safer travel

Dahua fully leverages its technological advantages to integrate holographic perception, graph and data computing, simulation deduction, intelligent decision-making, and precise service across the entire business chain. It delivers self-dependent traffic governance and intelligent services, contributing to self-harmonious urban operations.



Fluorescent Camera

This technology enables high-definition and true-color imaging in dark conditions, breaking the industry's record of image quality in weak-light environment and solving the problem of excessively bright fill lights on the road.



Vehicle-Road Coordinated Roadside System

Based on precise real-time perception, this system can quickly transmit and process traffic information, predict and warn of traffic safety risks, and enhance traffic safety and efficiency.



Digital Twin Technology

We integrate digital twin technology into traffic safety management, create a holographic intersection to deliver three-dimensional road management, and helping transform traffic governance into a more refined process.

»» Helping upgrade the Lin'an District government service center system and bridging the "last mile" of government services

In Lin'an District, Hangzhou City, Dahua has created a citizen service system for the government service center. Through functions such as convenient queuing, remote processing, document sharing, and intelligent guidance, 80% of relevant matters in the district can be handled "at the doorstep." We enable residents to handle affairs "at most one time," greatly improving efficiency.

Currently, the system has covered 19 service centers in Lin'an District, providing over 1.15 million times of services, and the average processing time has been reduced by 79.1%. Dahua helps strengthen the deep integration of online and offline services at the Lin'an District government service center, bridging the "last mile" of government services, making them more convenient and of higher quality.

»» Constructing a "safe corridor" to ensure the safety and well-being of urban residents

Located in the province of Córdoba, Argentina, Jesús María is a vibrant and bustling city. During the Reporting Period, Dahua helped the city create a "safe corridor" intelligent monitoring system, which significantly improved local traffic congestion through AI cameras and advanced control centers. In addition, the "safe corridor" can provide support to public departments such as fire and ambulance services in case of emergencies, ensuring that alarms receive efficient and timely responses and providing safety guarantees for the lives and travels of urban residents.

Empowering Industrial Development

Dahua empowers industries through technology, utilizing smart IoT technology and our products to assist various sectors in establishing comprehensive safety systems, enhancing decision-making capabilities, and fostering digital-intelligent productivity. This ongoing support facilitates the digitalization and transformation of industries.

»» Working together with the coal industry to bring safer coal mining

Over the past 30 years, Dahua has prioritized safety and efficiency, continuously partnering with the coal industry for mutual growth and support. Dahua has worked with regulatory bodies and coal mining enterprises to build a management mode featuring co-governance and digital intelligence, harness innovative technologies to drive industry development, and collaborate with customers to bring safer coal mining.

In addressing the potential risks and hazards in mining, we utilize video AI intelligence to ensure the safety of underground miners and vehicles, effectively enhancing the safety level of the mining area. In drilling operation scenarios, we employ AI-powered drilling and business platforms to manage the entire process of detecting water and gases, achieving a new model of joint inspection between surface and underground operations. For the core process of coal transportation in the main coal flow transportation system, we provide effective data support for intelligent speed control and start-stop of coal mine belts through AI visualization management, ensuring the safety of equipment and personnel.

Dahua has been using advanced technology to contribute to the construction of smart and digital-intelligent mines. The Company has assisted over 1,000 coal mining enterprises nationwide in upgrading to digital intelligence, benefiting millions of miners, and continuously supporting the coal industry in safe and efficient operations.

The Company has assisted over

1,000

coal mining enterprises nationwide in upgrading to digital intelligence

»» Using digital-intelligent technology to serve the construction of new power systems

The power industry is a pillar industry in China. Dahua utilizes digital-intelligent technology to assist the power industry in achieving intelligent perception, integrated connectivity, and decision support throughout the processes of "generation, transmission, transformation, distribution, and utilization" in production and businesses, providing a new direction for intelligent management in the power industry.

In terms of new energy generation, we integrate technology with the inspection model of photovoltaic power stations to create the "thousand-mile eyes," a system for monitoring fire incidents in photovoltaic power stations. This allows inspection personnel to monitor small incidents around the power station without having to travel through mountainous and fields. For transmission lines, we utilize technologies such as low-power supply, wireless transmission, and AI recognition to provide intelligent visual control capabilities, thereby facilitating the safe and stable operation of transmission lines. In substations, we have developed specialized equipment, software, and AI algorithms for remote inspection, enhancing the quality and efficiency of substation inspections.



Dahua continues to apply advanced technologies such as artificial intelligence, the Internet of Things, and big data to power generation, safeguarding safety and efficiency in the power industry and serving the construction of new power systems.

Promoting Social Welfare

Dahua actively fulfills its corporate social responsibility, embodying the role of technology companies in promoting human well-being and nurturing a better quality of life. We prioritize vulnerable groups and address social livelihood issues by leveraging technological innovation to develop a range of products and solutions. Through our contributions, we aim to foster the construction of a harmonious society that guarantees access to elderly care, childcare, social assistance, and medical services for all.

» Smart hospitals empower the high-quality development of the medical system with digital intelligence

Dahua remains committed to supporting the construction of smart hospitals. Recognizing the intricate environment, extensive equipment, and multiple hazard sources within hospitals, we have significantly upgraded our Safe Hospital Solution. This solution, based on digital twin technology and multi-system data integration, enables visualized, intelligent, and refined management of hospital security, offering robust technological support for the safety of patients and medical staff.



At the same time, Dahua fully utilizes new methods and technologies of digital intelligence to assist hospitals in enhancing the quality of medical services and improving the patient experience. In outpatient clinics and wards, we have introduced smart triage and smart ward solutions, facilitating efficient transmission and exchange of information among medical staff, patients, and ward administrators. This initiative further enhances the optimization of diagnosis and treatment services, improves nursing efficiency, and provides digital empowerment for the high-quality development of hospitals.

» Smart technology for the disabled, enabling them to enjoy a better life

The Company, in collaboration with the Hangzhou Disabled Persons' Federation, has launched several public welfare projects aimed at assisting the disabled, such as the "100 Free Lock Replacement Program" and the "Disabled Persons' Home Security Enhancement Program." Leveraging our technological and operational advantages, we provide a range of services for people with disabilities, including the installation of smart door locks and remote unlocking via mobile apps. Through technology, we bring greater convenience to disabled individuals and help them enjoy a better life.

» Smart whiteboards facilitate the digital transformation in the education sector

Dahua has always been at the forefront of creating the intelligent interactive learning environment. Through the development of smart tools like DeepHub intelligent interactive whiteboards, we actively participate in the construction of digital education, utilizing technology to create a better future.

During the Reporting Period, Dahua donated DeepHub equipment to charitable educational institutions and special education centers in Spain, Malaysia, and other places. By empowering teaching with intelligent products, we aim to improve the level of education and provide a better learning experience for disadvantaged student groups in these areas, promoting access to quality education for more students.



As a global leader in video-centric smart IoT solutions and services, Dahua is dedicated to the mission of "Enabling a Smarter Society and Better Living," while fostering a green, environmentally friendly, and secure world driven by intelligence. We aim to establish an open, integrated, and collaborative ecosystem to deliver enhanced value to our customers and drive social sustainability.

Governance

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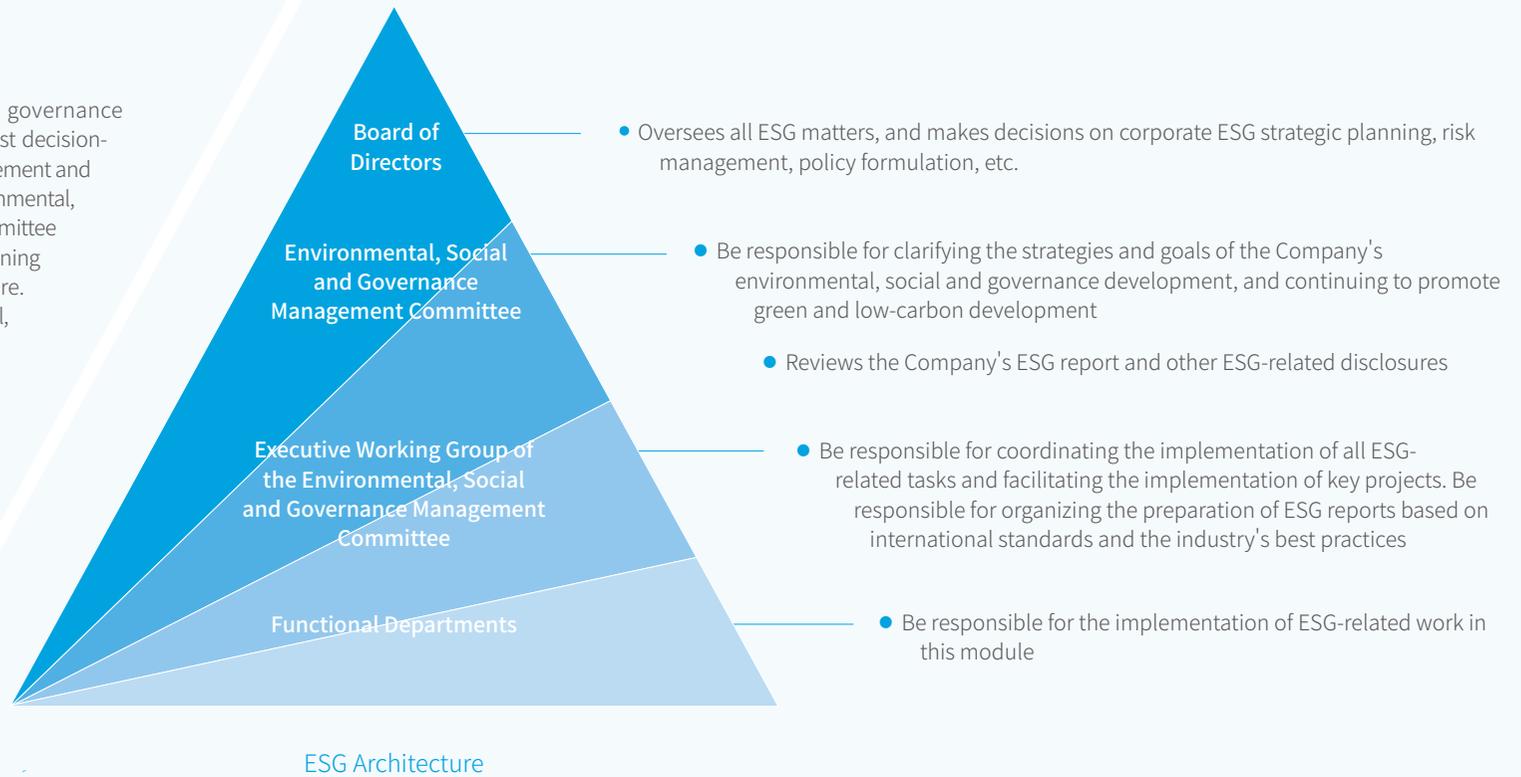


ESG Governance

Dahua adheres to the principle of open and transparent information disclosure, establishing and improving the corporate ESG governance framework. Currently, we have built a clear and comprehensive ESG governance structure, and have developed ESG objectives and strategies tailored to the Company's operational realities. With this guidance, we scientifically implement ESG-related initiatives to ensure their effective implementation.

ESG Architecture

Dahua has established a comprehensive ESG governance framework. The Board of Directors, as the highest decision-making body, is responsible for the overall management and decision-making of ESG-related issues. The Environmental, Social, and Governance (ESG) Management Committee is responsible for formulating ESG strategies, defining objectives, and facilitating information disclosure. The Executive Working Group of the Environmental, Social and Governance Management Committee oversees and manages the Company's ESG execution and prepares ESG reports. Relevant functional departments are responsible for the specific implementation of ESG-related issues within the Company. *They collaborate closely with management to fulfill ESG-related tasks and effectively drive the implementation and enhancement of specific ESG initiatives.*



Stakeholder Engagement

Dahua actively communicates with shareholders, investors, customers, employees, partners, government departments and regulatory agencies, and communities on material issues of shared interest. The Board of Directors reviews and identifies material issues, and incorporates key disclosures and responses in this report to better address the needs of all stakeholders.

Stakeholder	Main Concerns	Communication Mechanisms	Corporate Response
 Shareholder/ Investor	<ul style="list-style-type: none"> • Transparent and compliant information disclosure • Continuous improvement of corporate governance standards • Risk and hazard management • Business integrity and honesty 	<ul style="list-style-type: none"> • Shareholders' meeting, information disclosure, the Company's website • Irm.cninfo.com.cn, investor hotlines, investor meetings, field research, strategy meetings, investor presentations, etc. • Questionnaires, official accounts for investor relations 	<ul style="list-style-type: none"> • Timely, accurate and truthful disclosure of business information • Improve the governance structure, and regulate the operation of the general meeting of shareholders, the board of directors, the board of supervisors regularly • Continuously Improve Risk Governance Framework and Enhance Risk Management Capability
 Customer	<ul style="list-style-type: none"> • Product safety and service quality • Customer health and safety • Cyber security and user privacy protection • Customer satisfaction • Climate change response and energy management 	<ul style="list-style-type: none"> • 400 customer service hotlines • Customer satisfaction survey • Customer meeting • Customer evaluation, research and cooperation projects • Questionnaires 	<ul style="list-style-type: none"> • Insist on customer-centric, quality-backed craftsman spirit that meets customer demands • Establish a strict product safety control mechanism, and implement strict product safety standards • Take network security and user privacy protection as important components of corporate governance • Enhance daily communication with customers, establish additional complaint channels, and ensure smooth feedback of opinions • Strive to reduce the carbon emissions in operations and increase the use of renewable energy
 Employee	<ul style="list-style-type: none"> • Remuneration and welfare • Career development • Humanistic care • Health and safety at work 	<ul style="list-style-type: none"> • Employee representative meeting • Employee survey • Manager feedback • Dahua Staff electronic magazine • Hotline and e-mail for receiving complaints, suggestions, reports and grievance 	<ul style="list-style-type: none"> • Provide competitive remuneration and benefits • Establish a sound training system and path for career development • Safeguard employee rights, and enhance employee benefits • Conduct occupational health and safety education and training

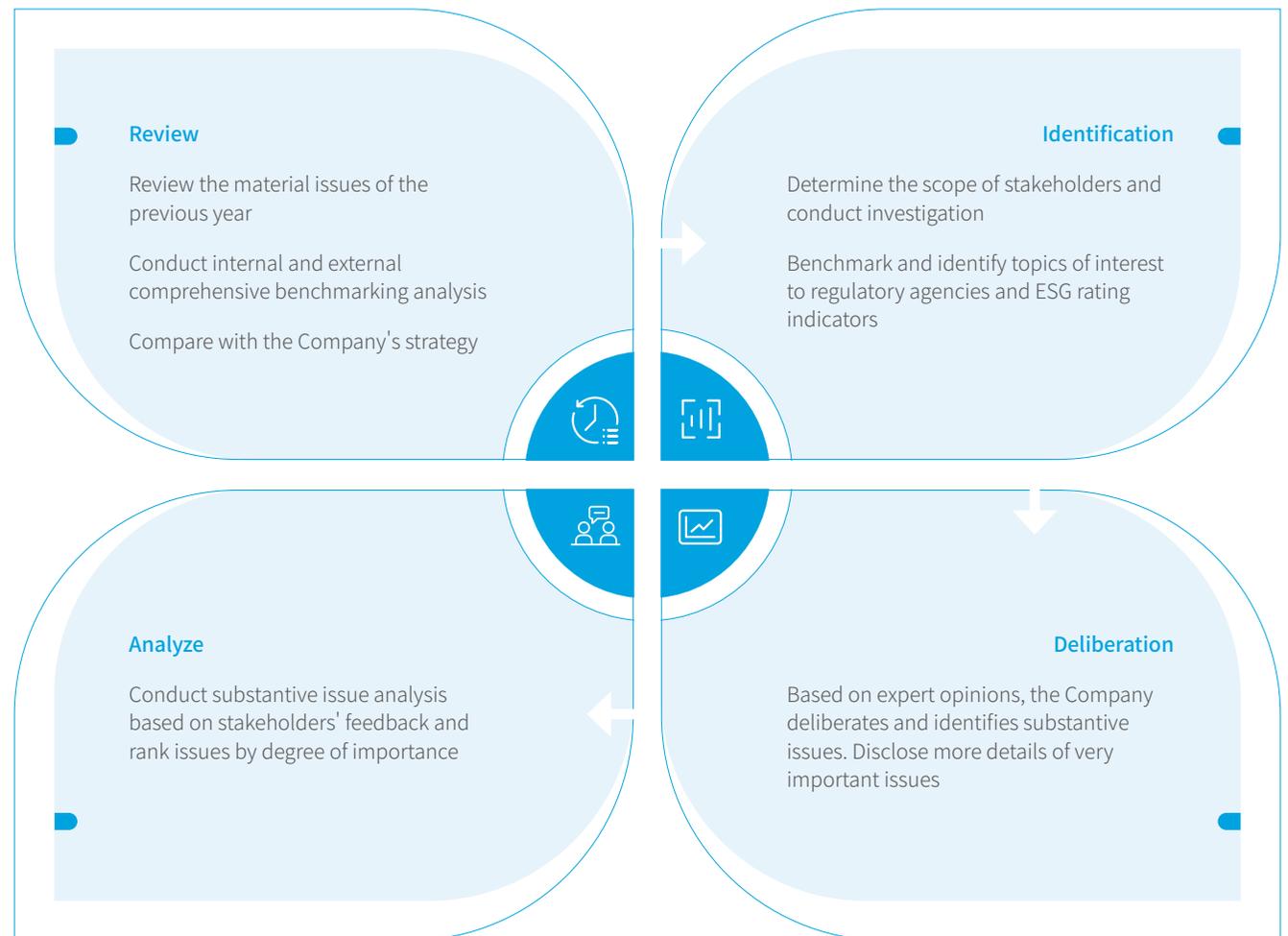
Stakeholder	Main Concerns	Communication Mechanisms	Corporate Response
 <p>Partner</p>	<ul style="list-style-type: none"> • Supplier Management • Integrity Management • Training and Empowerment • Win-Win Cooperation • Sustainable Development 	<ul style="list-style-type: none"> • Field Investigation • Supplier Conference • Supplier Training • Channel conference • Cloud-e-commerce platform • Questionnaires 	<ul style="list-style-type: none"> • Conduct supplier training and coaching and carry out supplier development program • Adhere to ethical and compliant procurement, and strength anti-corruption efforts • Adhere to the sinking strategy, continuously empower partners, achieve mutual contribution, shared benefits and win-win cooperation
 <p>Governments and Regulators</p>	<ul style="list-style-type: none"> • Compliance with Law • Employment Creation • Environmental Protection • Tax Payment According to Law 	<ul style="list-style-type: none"> • Policy Consultation • Governmental Meetings • Compliance management • Information declaration • Government training and conferences 	<ul style="list-style-type: none"> • Adhere to laws, regulations, and business ethics • Tax compliance • Work safety • Actively promote local employment and procurement, provide job opportunities, and stimulate the local economy • Reduce carbon emissions in operations and increase the use of renewable energy
 <p>Community</p>	<ul style="list-style-type: none"> • Public Welfare • Communication with Communities • Environmental Protection 	<ul style="list-style-type: none"> • Community Activities • Interviews and investigations 	<ul style="list-style-type: none"> • Allocate time and funds for community development • Actively engage in philanthropic projects • Implement waste sorting in industrial parks • Rectify and control wastewater discharge





Material Issues

Dahua has incorporated the analysis and identification of material issues into the Company's ESG assessment process, which has been systematically conducted since 2022. This approach ensures that the assessment results accurately reflect the significance of stakeholders' concerns regarding each ESG issue. Subsequently, the Board of Directors reviews and finalizes the material issues.



Materiality Matrix



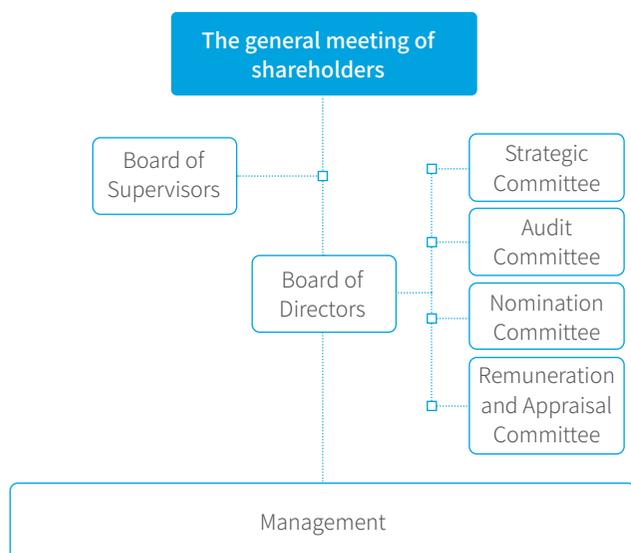
● Environmental ● Social ● Governance

List of issues

<p>Environmental</p>	Waste and Hazardous Substance Management
	Resource utilization
	Clean Technology and Applications
	Energy Management
	Biodiversity
	Climate Change and Green House Gas Emissions
<p>Social</p>	Chemicals Management
	Respect for Human Rights and Labor Practices
	Employee Benefits and Development
	Occupational Health and Safety Management
	Supply Chain Management
	IPR Protection
	R&D and Innovation
	Customer Service and Satisfaction
	Industrial Cooperation and Development
	Product Liability
<p>Governance</p>	Data Security and Privacy Protection
	Manufacturing Digitalization
	Public Welfare
	Community Participation
<p>Governance</p>	Compliance Operations
	Corporate Governance
	Creating Economic Value
	Anti-corruption and Anti-commercial Bribery

Corporate Governance

The Company strictly adheres to the requirements of relevant laws, regulations, rules, and normative documents such as the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, and the *Code of Corporate Governance for Listed Companies*. It has established the legal person governance structure based on "three meetings and the management"¹, that is, the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and the management. Under the Board of Directors, there are four specialized committees: the Strategic Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. Each committee has its own rights and responsibilities and operates in coordination with each other.



Dahua actively fosters a diverse Board of Directors to navigate the intricate and ever-evolving market landscape. We adhere strictly to the principle of appointing individuals based solely on merit, considering a range of factors including gender, age, and expertise when selecting director candidates. Additionally, we conduct thorough assessments of candidates' industry experience, professional background, and other pertinent qualifications. As of the end of the Reporting Period, Dahua's Board of Directors comprised 9 members, including 6 non-independent directors, 3 independent directors, and 1 female director.

Director Type	Name	Gender	Expertise		
			Industrial Experience	Risk Management	Financial Management
Non-independent director -Chairman	Fu Liquan	Male	✓		
Non-independent director -Vice Chairman	Wu Jun	Male	✓		
Non-independent director	Chen Ailing	Female			✓
Non-independent director	Zhao Yuning	Male	✓		
Non-independent director	Yuan Lihua	Male	✓	✓	
Non-independent director	Zhang Xiaoming	Male	✓		
Independent director	Cao Yanlong	Male	✓		
Independent director	Liu Hanlin	Male			✓
Independent director	Zhang Yuli	Male			

¹ "Three meetings and the management": "three meetings" refer to the general meeting of shareholders, including the shareholders' meeting, the Board of Directors, and the Board of Supervisors. The Board of Directors has four specialized committees: the Strategic Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee; "the management" refers to the management of Dahua Technology.

Compliance Management

As a responsible global commercial entity, Dahua consistently prioritizes compliance in all its operations. Through strict adherence to local laws and regulations in the regions where we operate, we have established a comprehensive internal compliance management system and efficient operational mechanisms. This enables us to accurately identify and proactively mitigate compliance risks on a global scale, ensuring the Company's long-term and stable development.

Dahua's Ethics Compliance and Compliance Management Committee is responsible for making significant decisions regarding ethical compliance and compliance management. The Compliance Management Office, a subordinate entity of the committee, is tasked with formulating the Company's compliance policies and regulations, establishing annual compliance goals and plans in alignment with the committee's directives, and overseeing the actual implementation of the Company's compliance policies and requirements. The Compliance Management Office consists of the Compliance Management Department and the Overseas Supervision and Compliance Office, which are respectively responsible for the specific implementation of internal compliance work and overseas supervision and compliance situations.

In addition, the Company has established the Special Compliance and Compliance Management Group, the Business Compliance and Compliance Management Group, and Overseas Supervision and Compliance Risk Control Groups. We ensure the implementation of compliance requirements across all compliance modules, business segments, and aspects of overseas compliance management.



Within the compliance framework, Dahua conducts thorough risk identification and management for key projects and business operations. The Company's focal compliance projects encompass science and technology ethics, trade compliance, cybersecurity and data protection, high-risk employee conduct, and financial and tax compliance. Key business domains encompass domestic marketing, overseas marketing, research and development, supply chain management, delivery and services, and procurement management.



Risk Management

Based on the COSO-ERM framework and BCM business continuity management systems, the Company has continuously improved its "1-3-6" risk management system framework. This approach is characterized as "risk-oriented and system-based, with process as a connector, control as a facilitator, and IT as an enabler." Through a robust risk management structure, comprehensive risk identification, precise risk assessment, timely risk response, objective risk monitoring, and a well-established reporting mechanism, we systematically bolster the effectiveness of the three lines of defense against risks, thereby ensuring the achievement of our strategic objectives.



The **internal audit line** is the third line of defense in risk management, responsible for overseeing the Company's management and evaluating the effectiveness of risk solutions and measures at Dahua headquarters.

The **internal control line** is the second line of defense in risk management, responsible for organizing and coordinating the risk management work of all business units. It ensures the implementation and execution of the Company's risk management and continuously monitors related work.

The **business line** is the first line of defense in risk management, integrating risk management tools and internal control procedures into its daily work to effectively manage various risks faced in the Company's operations and management.

Risk management processes	Risk management measures
Foundation Building	<ul style="list-style-type: none"> Dahua has established risk control committees such as the Strategic Decision Committee, Audit Committee, Ethics Compliance Management Organization, Information Security Committee, Work Safety Committee, and Compliance Committee. Establish the Three Lines of Defense model (business departments, internal control departments, internal audit departments) and construct a risk-oriented internal control framework. The Company's main business functional departments and subsidiaries have appointed department-level internal control liaisons.
Risk Identification	<ul style="list-style-type: none"> The Company has identified and reviewed the risks at the level of the Group, branches and subsidiaries through interviews, special internal audit reports, and has built and continuously enriched the risk databases of various business sectors and departments.
Risk Assessment	<ul style="list-style-type: none"> Based on the risk database, by introducing various sources of risk information such as regulatory tips, industry risks, research, audit findings, manager feedback, the Company evaluates the risk level of the possibility of risk events, the degree of impact caused and the vulnerability of response measures, and then makes an overall evaluation in combination with the major risk categories to achieve comprehensive risk analysis and evaluation.
Risk Response	<ul style="list-style-type: none"> The Company determines the risk response strategies based on the risk evaluation results, including risk reporting, risk taking, risk avoidance, risk mitigation and risk transfer, which include: <ul style="list-style-type: none"> Risk response compliance: Consolidate the support of internal control management according to the internal control requirements of regulatory authorities at all levels; Scenario-based risk response: Conduct in-depth evaluation on the process and internal control in ESG-related high-risk internal control fields, and adopt different risk management modes for different business scenarios; Hierarchical risk response: Promote the organization of high-risk issues in various fields of ESG, gradually establish a hierarchical authorization mechanism, and clarify the authorization contents at all levels; Risk response specialization: Establish special internal control projects at the company level and the department level for high-risk businesses to closely and effectively integrate internal control with business processes to avoid or reduce risks.
Risk Monitoring	<ul style="list-style-type: none"> A risk monitoring mechanism is established to routinely monitor and check the response to risks and ensure that the outcomes of risk response are guaranteed both in the design of response plans and in their implementation.
Reporting Mechanism	<ul style="list-style-type: none"> Establish a risk reporting mechanism in the form of regular routine reports, special risk reports and major risk/risk emergency reports to comprehensively, timely and objectively reflect the status of substantive risks faced by the management of subsidiaries and departments during the Reporting Period in order to better manage risks.

Meanwhile, the Company has formulated a series of internal systems tailored to address material risks, continuously optimizing process management to bolster the Company's risk management capabilities through comprehensive systems and standardized procedures. Dahua also places significant emphasis on fostering risk awareness. We routinely conduct risk management training and disseminate information across all departments, aiming to cultivate a risk-aware culture and empower every employee to identify and mitigate risks effectively.

Business Ethics

Dahua upholds stringent standards of business ethics and has established the Dahua Integrity Construction Committee. Chaired by the Company's chairman, the committee is tasked with coordinating integrity-related initiatives, devising integrity systems, overseeing the implementation of related measures, facilitating integrity assessments, and fostering a culture of integrity within the Company. Furthermore, Dahua has established internal policies and systems, including the *Dahua Business Ethics and Anti-Corruption Policy*, the *Anti-Fraud System*, and the *Measures for the Administration of Corporate Accountability and Punishment*, to fortify the Company's integrity and compliance standards, thereby ensuring sound business and management practices.

The Board of Directors



- The Board of Directors is the highest governing body responsible for overseeing business ethics issues within the Company. It is entrusted with reviewing the legality and compliance of business ethics practices and preventing unethical behaviors.
- It oversees the Company's management and emphasizes the need for heightened awareness of unethical behaviors, urging management to take prompt and effective actions to prevent and address such behaviors.

The Integrity Construction Committee



- The Board of Directors establishes the Integrity Construction Committee, jointly operated by the Legal and Compliance Department, Compliance Management Office, Human Resources Center, and Internal Audit Department.
- The Integrity Construction Committee is responsible for overall anti-corruption and anti-bribery efforts, including identifying compliance obligations, assessing compliance risks, establishing systems, implementing measures, conducting inspections, and driving enhancements.
- The Internal Audit Department operates independently from other primary departments and is responsible for identifying and investigating instances of corruption, ensuring the authenticity and objectivity of reporting. In cases where corruption is confirmed, decisions regarding the disposition of implicated personnel are made collaboratively by the Human Resources Department, Compliance Management Office, and Legal and Compliance Department, based on the severity of the situation, to ensure fairness. The Human Resources Center handles internal penalties for implicated personnel, while the Legal and Compliance Department and Compliance Management Office report such individuals to external authorities for appropriate action.

During the Reporting Period, Dahua conducted numerous anti-corruption training sessions and campaigns targeting all directors, executives, and employees, aiming to instill a culture of integrity company-wide. Internally, Dahua distributed the *Integrity Initiative* to underscore the Company's zero-tolerance stance against corruption and bribery, serving as both a warning and an educational resource. For suppliers and channel partners, the Company required them to sign the *Integrity Agreement* upon entry into the system. After entry, the Company also sent them the *Dahua Integrity and Compliance Ecosystem Construction Initiative* to emphasize its commitment to creating a fair competition environment and building an ethical and fair supply chain.

Integrity and Compliance Publicity Month

In 2021, Dahua launched its first Integrity and Compliance Publicity Month, followed by a series of orderly integrity and compliance publicity activities held annually in August. In August 2023, under the theme of "Integrity and Compliance, Transparency and Integrity," Dahua sent the *Dahua Integrity and Compliance Ecosystem Construction Initiative* to external suppliers and channel partners, demonstrating the Company's commitment to creating a fair competition environment. Internally, the Company distributed the *Integrity Initiative* to its employees, emphasizing its zero-tolerance stance towards corruption.



Dahua's channels for reporting and complaints regarding business ethics

Hotline: 0571-28816326

Email: jbrx@dahuatech.com

WeChat Official Account: Fanghua Community - Dahua Integrity- Petition and Reporting Channel

Mailing Address: Internal Audit Department, A20, No. 1399, Binjiang District, Hangzhou City, Zhejiang Province.

In addition to implementing preventive measures such as training and promotion, Dahua also supervises and audits its businesses with significant ethical risks and potential corruption risks related to suppliers. The Company conducts a comprehensive business ethics audit covering all operational areas and processes at least every three years. During the Reporting Period, Dahua's Internal Audit Department focused on business ethics audits in the sales sector to identify any irregular transactions with customers. In cases where confirmed instances of corruption are discovered, the Company adopts a zero-tolerance stance, terminating the employment of implicated employees and referring them to legal authorities for prosecution. Additionally, in 2023, Dahua conducted 14 supply chain audits and found no violations of business ethics.

The anti-corruption reporting system and its associated processes are integral components of the integrity culture development. Dahua has established a variety of reporting channels, including hotlines, email, WeChat official accounts, letters, and others, to continually receive feedback from various stakeholders through diverse and accessible means, fostering ongoing communication.

In 2023, Dahua conducted

14 supply chain audits

Dahua accepts anonymous reports and complaints and has implemented a whistleblower protection system. This system explicitly prohibits the disclosure of the whistleblower's identity, department, address, and other personal details. Materials containing the personal information of whistleblowers, such as the reporting letter, are not disclosed to the individuals or departments under investigation. We encourage the reporting of fraudulent behavior. If the information provided by the whistleblower is found to be inaccurate, no action will be taken against the whistleblower.



Cybersecurity and Privacy Protection

Dahua places great emphasis on cybersecurity and privacy protection. While ensuring compliance with relevant laws and regulations in each operational area, the Company has also established a comprehensive cybersecurity management framework and continuously improves personal privacy protection systems. Dahua actively engages in external audits and system certifications, while conducting emergency drills and training to safeguard the cybersecurity and privacy rights of both the Company and its customers.

Cybersecurity

Dahua strictly adheres to the *Cybersecurity Law of the People's Republic of China* and other relevant network security laws and regulations in each operational area. The Company has established a cybersecurity management system, which includes the Cybersecurity Committee, Cybersecurity Execution Group, Cybersecurity Research Institute, and cybersecurity engineering teams for each product line. These entities are responsible for decision-making, implementing measures, and conducting technical research related to the Company's cybersecurity matters.



Cybersecurity Committee

As a supreme decision-making organization of cybersecurity, the Cybersecurity Committee is responsible for the overall planning, coordination, guidance, and monitoring of cybersecurity work at a strategic level.

Cybersecurity Execution Group

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

Cybersecurity Research Institute

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

Cybersecurity engineering teams for each product line

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

We have successfully completed audits conducted by independent third-party organizations and acquired ISO 27001, ISO 27017, and other system certifications. We conduct comprehensive and systematic reviews of the Company's information security system and cloud security management to ensure the effectiveness of Dahua's cybersecurity management.



Dahua has formulated the *Anti-virus and Malware Management Regulations*, the *Information Asset Confidentiality Management System*, the *Data Backup Management Regulations* and other related system documents to support the Company in maintaining the reliability and security of software, hardware, data, and information management from a systemic perspective.

Under a rigorous cybersecurity management system, Dahua continues to implement a range of cybersecurity measures, including hardware network upgrades and software management optimizations. Leveraging technology and policies as the cornerstone, we are committed to fully safeguarding the Company's cybersecurity.

In terms of hardware networks, Dahua has established multiple data centers, enabling a global ring and redundant architecture network for office networks, ensuring the reliability of data center networks.

In software management, Dahua adopts a hybrid IT architecture model and establishes a data sharing platform based on the data middle platform and data lake, achieving integrated data management.

During the Reporting Period, Dahua's cybersecurity management efforts received a number of recognitions, and the Company also leveraged its expertise in cybersecurity by actively contributing to the development of industry standards.

Awards and Honors	Certifications and Recognitions	Standard Setting
<p>CSA Security Golden Shield Award - Cloud Security Alliance Greater China Region</p> <p>First Prize of the Third Information Technology Service Industry Application Skills Competition - China Information Association</p>	<p>2023 Industrial Information Security Monitoring Emergency Support Unit of National Industrial Information Security Development Research Center</p>	<p>GB/T 35274 - 2023 Information Security Technology Big Data Service Security Capability Requirements</p> <p>GB/T 43026 - 2023 Public Safety Video Surveillance Network Information Security Testing Specification</p>

During the Reporting Period, Dahua issued security alerts to global users on three occasions, with an average response time of within 24 hours and a 100% response rate for security emergency services. Additionally, Dahua received numerous awards and certifications related to vulnerability management.

Response rate for security emergency services

100%

Average response time

within 24 hours

Dahua has established a product security incident response team to promptly address cybersecurity incidents. Throughout the Reporting Period, we refined and updated our cybersecurity incident response process, encompassing key steps such as reception, verification, solution implementation, disclosure, and improvement.



Awards and Honors	Certifications and Recognitions
<ul style="list-style-type: none"> Ministry of Industry and Information Technology's Network Security Threat and Vulnerability Information Database (NVDB) - Advanced Enterprise in Vulnerability Management Practice China National Vulnerability Database of Information Security (CNNVD) - Excellent Technical Support Unit China National Vulnerability Database (CNVD) - Outstanding Contribution Unit in Vulnerability Handling 	<ul style="list-style-type: none"> China Industrial Control System Vulnerability Database's (CICSVD) user group member unit China National Vulnerability Database of Information Security's (CNNVD) technical support unit (Level Two) China National APP Vulnerability Database's (CAPPVD) three-star technical support unit

Dahua also places significant emphasis on cultivating a corporate culture of cybersecurity. For several consecutive years, the Company has organized cybersecurity training sessions and promotional activities, including Cybersecurity Awareness Month, to deepen employees' understanding of the significance of network and information security. This ongoing initiative is designed to raise awareness among staff members and continually enhance their cybersecurity knowledge, thereby strengthening their capacity to effectively manage cybersecurity.

Cybersecurity Awareness Publicity Month

Dahua emphasizes the cultivation of a culture of cybersecurity and the enhancement of cybersecurity awareness. The Company has been organizing Cybersecurity Awareness Publicity Month activities since 2021. In September 2023, we held the Cybersecurity Awareness Publicity Month event themed "Security Relies on Everyone in Dahua". This event featured four main topics: cybersecurity, information security, legal and regulatory compliance, and brand compliance. Additionally, there were interactive components including online knowledge quizzes and offline activities aimed at reinforcing employees' cybersecurity awareness through engagement.



Privacy Protection

Dahua continues to enhance cybersecurity measures and remains committed to empowering product safety and privacy protection. We have implemented a comprehensive privacy protection management system and successfully passed ISO 27701 and ISO 27018 system audits. We strictly adhere to relevant laws and regulations in operating locations such as the *Personal Information Protection Law of the People's Republic of China*, the *EU General Data Protection Regulation*, the *California Privacy Rights Act, CPRA*, and the *Personal Data Protection Bill* in India, and we have formulated a series of comprehensive privacy protection systems, process guidelines, and regulations.

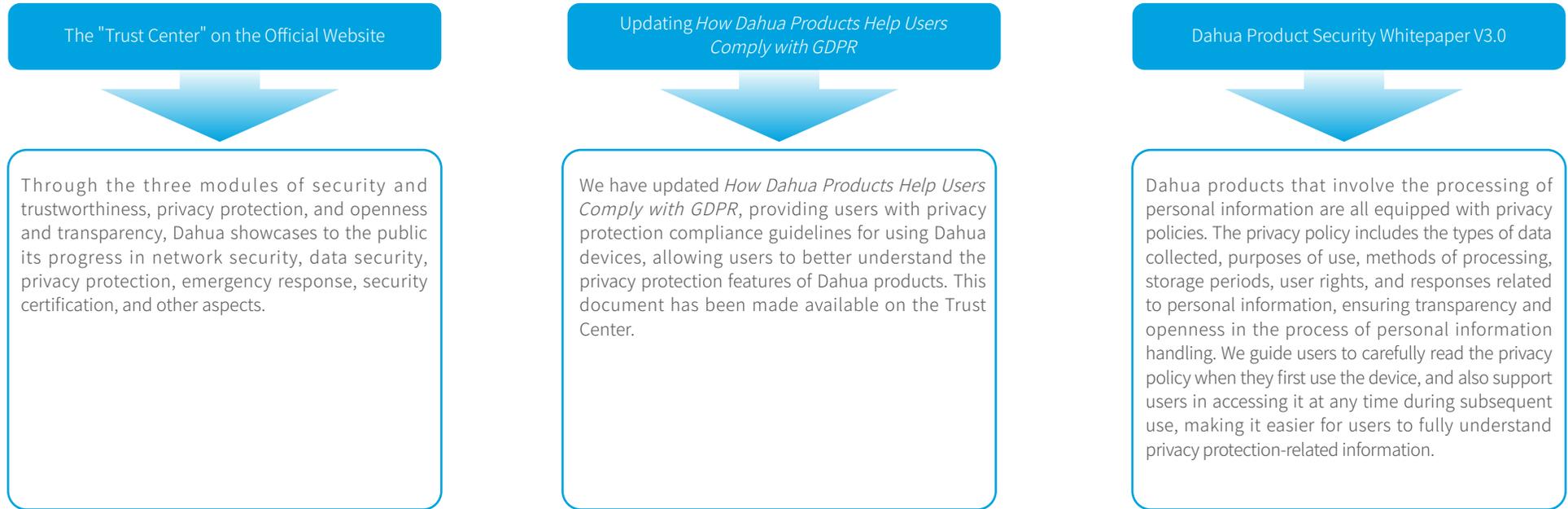
Information Security and Privacy Protection Management Manual and Information Security and Privacy Protection Policy	They have provided direction for privacy protection at Dahua and established the CEO's accountability for privacy protection at Dahua.
Regulations for the Security Management of Customer Information Data Protection at Dahua	It provides a detailed definition of customer information and proposes specific security protection requirements.
Dahua Personal Data Classification and Grading Specification	It categorizes the types of personal data that products and services may involve, defines security levels, and sets different usage and protection requirements for data of different levels.
Product Privacy Protection Design Guidelines	It provides guidance for privacy protection throughout the product lifecycle, with privacy design as its core principle.
Privacy Impact Assessment Management Procedure	It focuses on the assessment of user data security and the protection of user privacy rights, clarifying the process of privacy impact assessment and the responsibilities of relevant departments.
User Rights Response Process	It outlines the procedures for handling user rights requests, maximizing the protection of user privacy rights.

An Overview of Dahua's Main Privacy Protection Systems, Process Guidelines, and Regulations

Under the constraints and guidance of laws, regulations, and policies, Dahua conducts internal testing and audits, external audits, and specialized work on data security governance for privacy protection.

<p>Internal testing and audits</p>	<p>The Cybersecurity Research Institute and the Legal and Compliance Department conduct privacy compliance checks on apps once or twice a year. We thoroughly assess the privacy compliance of all Dahua apps in the app market using a combination of manual and automated tools, and subsequently generate privacy compliance reports. Any identified potential risk points are promptly and effectively addressed by the corresponding development departments.</p> <p>During the Reporting Period, guided by a special initiative from the Zhejiang Communication Administration, we conducted privacy compliance self-assessments and rectifications on seven apps.</p>
<p>External testing and audits</p>	<p>During the Reporting Period, we underwent an independent third-party audit and obtained ISO 27701 certification, which involved a comprehensive and systematic evaluation of Dahua's privacy protection management practices. Additionally, we conducted focused audits on Dahua's privacy impact assessments to ensure the effectiveness of our privacy protection efforts.</p> 
<p>Data security governance</p>	<ul style="list-style-type: none"> DMSS Special Project: The Cybersecurity Research Institute, as an internal independent third-party organization, conducted a special project on data security, especially personal data security governance, for DMSS. This time, it comprehensively reviewed all personal and business data involved in DMSS, and conducted detailed analysis on the encryption storage of personal data, thereby enhancing the level of data security governance for DMSS. Macro Data Special Project: Dahua conducted a comprehensive review of Macro Data assets, completed important data analysis and identification, and completed a data protection impact assessment. Through research on information processing, we identified data security management and technical risks, data processing activity risks, and risks related to handling personal information. We thereby generated data security risk assessment reports. Privacy Impact Assessment: Dahua adheres to the principles of Privacy by Design and Privacy by Default in the design and development of information technology products and services, protecting personal data and privacy through default design. We regularly conduct privacy impact assessments, comprehensively review the collection of personal data in various business areas, and analyze the legality and privacy risks of each stage of collection, storage, transmission, use, provision, and destruction of data. Based on the impact of these risks on the rights and freedoms of natural persons, we rate the privacy risks. For identified privacy risks, business owners will formulate risk mitigation plans and regularly monitor the results of their implementation. <p>In 2023, Dahua's Cybersecurity Research Institute and product lines jointly completed privacy impact assessments for the Dolyнк series products and Macro Data series products.</p>

In addition, while implementing privacy protection measures and adhering to the concept of privacy protection, we actively provide privacy protection guidelines to customers and showcase the progress of Dahua's privacy protection efforts to the public.



Since the R&D stage, Dahua has placed a high emphasis on integrating privacy protection principles and features into its products. The Company initiated the "Security Baseline" plan in 2016, adhering to core principles such as "Security by Design" and "Security by Default," as well as "Privacy by Design" and "Privacy by Default." We delve deeply into cybersecurity and privacy protection technologies to provide users with secure products. The Security Baseline plan embodies security and privacy design principles, designing architectures based on security elements such as identity authenticity, consistent permissions, non-repudiation, confidentiality, integrity, availability, and privacy. This forms a systematic AIoT product security framework covering physical security, system security, application security, data security, network security, and privacy protection.

During the Reporting Period, the *Life Cycle Process Specification for Dahua sSDLC Secure Software Development* has been iterated to version 3.0. By implementing the sSDLC process management specification, we have implemented refined and differentiated security controls to software development projects. We ensure that products and services adequately consider cybersecurity and privacy risks in accordance with relevant laws and regulations in the regions where they are offered. We propose mitigation measures and ensure that security responsibilities are fulfilled in every software project.



Ensuring a healthy ecological environment is fundamental for the sustainable growth of a company. At Dahua, as we continually enhance the quality of our products and services, we actively embrace current trends by emphasizing the harmonious coexistence of business operations and environmental preservation. In addition to strengthening our own environmental management system, we have developed a comprehensive sustainable environmental management policy. We proactively address climate change risks and grasp opportunities, and efforts are made in key operational areas such as R&D, logistics, products, and office operations to continuously optimize resource utilization efficiency and reduce the overall environmental impact of the Company's operations.

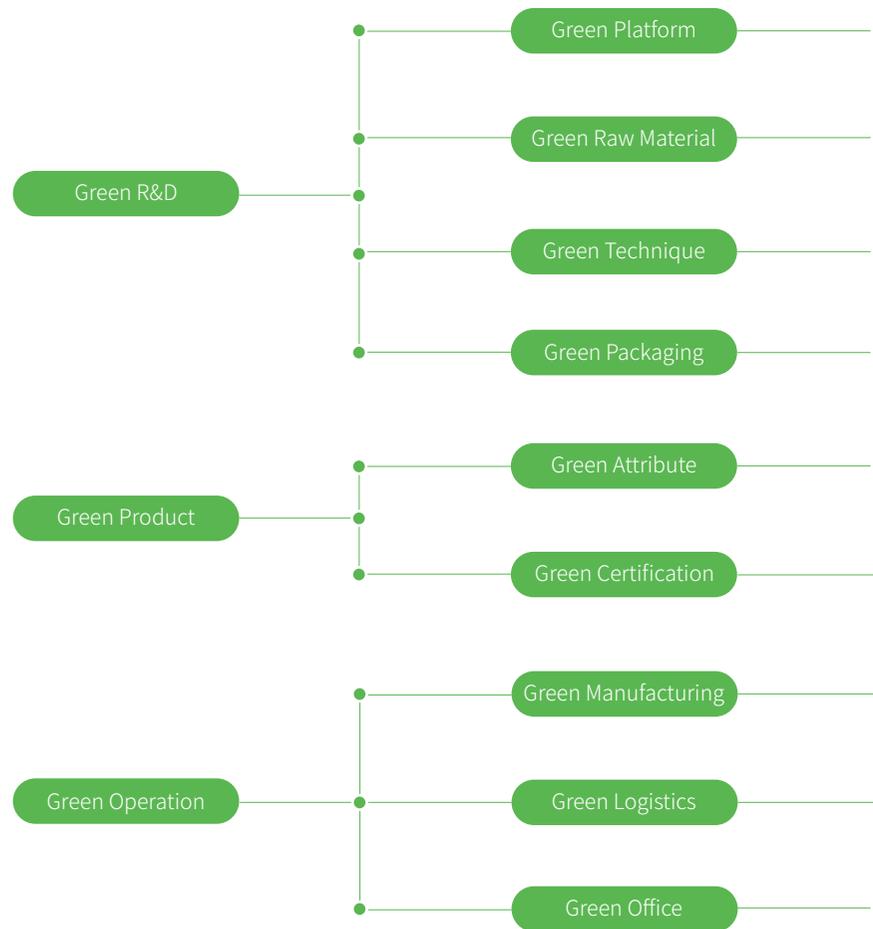
Environment

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Environmental Management

Dahua adheres to the environmental management system guideline of "safe and environment-friendly, green and healthy, compliance with laws and regulations, continuous improvement". The Company has established an environmental management framework that encompasses R&D, products, and operations. Dahua diligently identifies and strictly adheres to relevant environmental laws and regulations in the areas where it operates. We have formulated the *List of Laws, Regulations and Other Requirements Recognized and Evaluated*. Additionally, the Company has developed the *Regulation on the Recognition and Evaluation of Environmental Factors* to comprehensively identify, assess, control, and update environmental factors related to the Company's business activities.

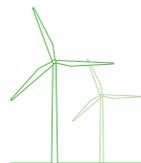


Environmental management framework

Based on the requirements of ISO 14001:2015 Environmental Management System, Dahua has established a robust environmental management system and developed a set of comprehensive environmental management regulations. This system plays a pivotal role in mitigating potential adverse impacts on the environment. The Company meticulously manages aspects such as water, air, noise, and waste, and engage third-party agencies to produce environmental supervision and evaluation reports such as the report of three waste detection. This approach ensures thorough internal management and external oversight, providing a dual layer of assurance. During the Reporting Period, Dahua successfully obtained the ISO 14001:2015 Environmental Management System certification.



In terms of energy management, Dahua has formulated the *Energy Review Management Procedures* and the *Energy Benchmark, Energy Performance Parameter Management Control Procedures* to systematically monitor the Company's energy consumption indicators on a regular basis. Additionally, we have established the *Energy Management Factor Identification Checklist* to oversee and inspect energy usage in offices. Implementing an intelligent, refined, and visualized energy management and control system, we leverage smart IoT technology to enhance our energy management system. During the Reporting Period, Dahua obtained the ISO 50001:2018 Energy Management System certification.



Refined Energy Management

- Establish a smart energy consumption system to monitor and optimize energy efficiency through real-time dashboards.
- Encourage all employees to take the initiative to set up energy-saving projects and implement refined energy management.

Energy Monitoring and Review

- Energy Monitoring: Dahua conducts regular inventories and monitoring of key energy-consuming equipment. Regarding energy monitoring devices, the Company follows the *Monitoring and Measuring Equipment Control Procedures* to maintain and calibrate them, ensuring a reliable data foundation for energy-saving efforts.
- Energy Review: Dahua has formulated the *Energy Review Management Procedures* to conduct regular energy reviews based on energy monitoring data. We use past data to develop future energy management plans.

In waste management, Dahua has formulated the *Solid Waste Pollution Prevention and Control Management Norms* and the *Management Measures for Hazardous Waste Disposal*, resulting in standardized management systems and processes, to ensure that the generation, collection, storage, utilization, and disposal of solid waste strictly adhere to local laws and regulations.

For the management of hazardous substances, Dahua has established a hazardous substance process management system and obtained the IECQ QC080000:2017 Hazardous Substances Process Management System Certification. Collaborating with suppliers, the Company works to reduce the use of hazardous substances in production.

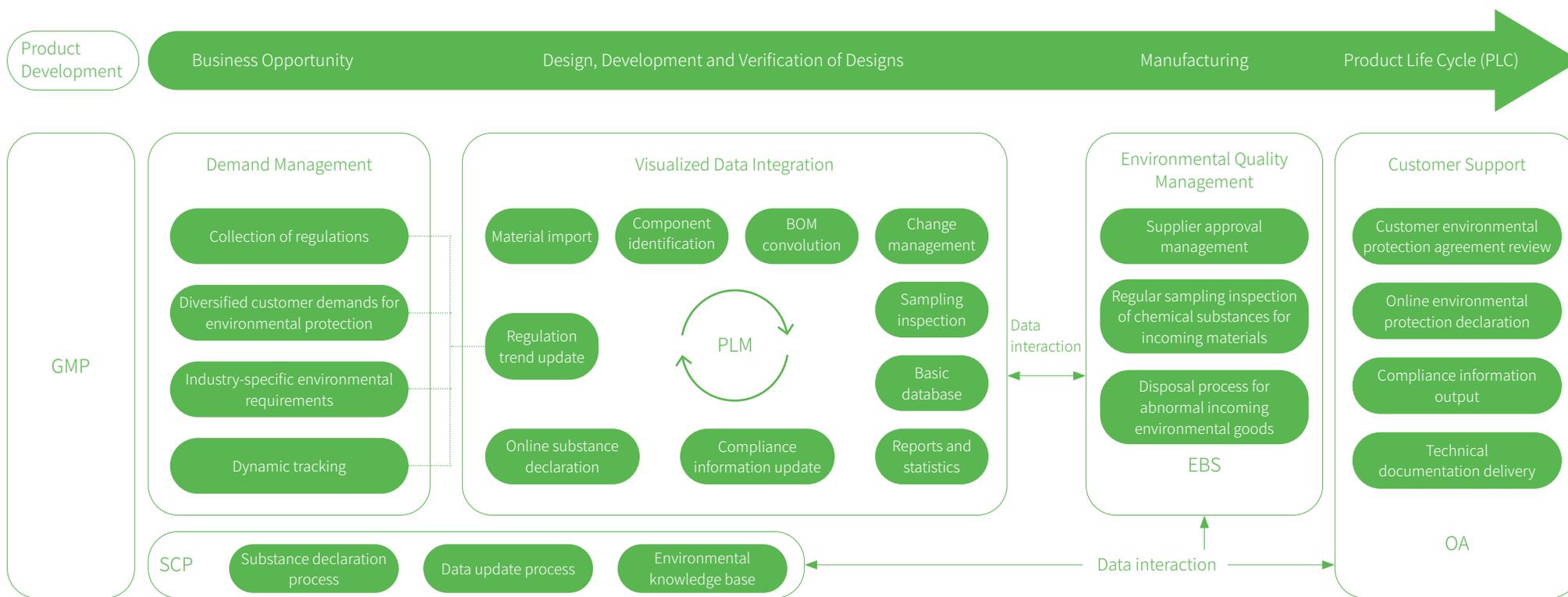


Green R&D

Empowerment by Management Platforms

At Dahua, we view environmental protection as our responsibility, integrating clean technology into the Company's strategy and increasing investment outputs in this area. We embed green principles throughout the entire product lifecycle by establishing a Green Product Management Platform (GPM), facilitating integrated management of product green attributes. This platform significantly promotes standardized and process-oriented management of green R&D efforts, thereby enhancing the efficiency of our green product management.

Additionally, Dahua has developed the *Product Full Lifecycle Environmental Management Specification*, which imposes rigorous standards and strict requirements for internal environmental management across various stages including product design and development, processes, production, logistics, sales, maintenance, and product recycling.



Supported by Green Raw Material

Dahua places significant emphasis on managing green product attributes by integrating environmental requirements into the early stages of R&D. The Company actively identifies and adheres to environmental regulations and standards for products in both domestic and international operations, encompassing key requirements such as RoHS, REACH, CA65, PAHs, among others. These requirements are internalized and integrated into *Dahua's Hazardous Substance Restriction Requirements*, which also extend to the Company's suppliers, ensuring that our products meet stringent environmentally friendly and low-carbon standards right from the source.

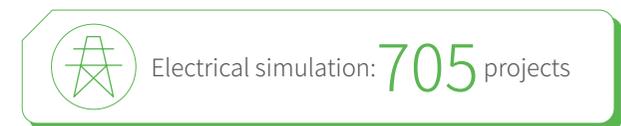
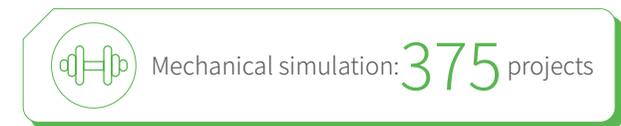
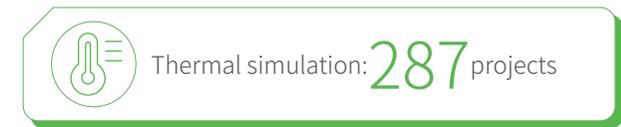
The Company strictly adheres to the Hazardous Substance Process Management System (HSPM) in accordance with the IECQ QC080000:2017. This includes enhancing environmental data control mechanisms, developing multiple material library functions, and utilizing green materials to support green product development. Throughout the Reporting Period, the HSPM operated effectively, resulting in zero recall or customer complaint related to environmental compliance issues.

During the Reporting Period, Dahua added and updated 1,718 RoHS reports, covering over 97% of production materials. The Company also introduced new environmental testing equipment, conducting inspections on over 1,000 types of production materials with a 100% pass rate for self-developed RoHS sampling. Additionally, all types of different materials achieved a 100% coverage rate for REACH declarations. Over 1,000 products sold in Europe completed SCIP registration declarations, and the overall recovery rate for WEEE (Waste Electrical & Electronic Equipment of the European Union) products reached 80%.



Upgrading R&D Technique

While building a green product R&D platform and system, Dahua is dedicated to developing simulation designs. Our constructed Galaxy Cloud Simulation Management Platform facilitates multidisciplinary simulation and cross-domain integration, characterized by high precision and efficiency. This platform significantly diminishes the necessity for actual testing or experiments in the R&D process, leveraging continuous technological innovation to support green development. Currently, 100% of the Company's new product R&D has achieved simulation coverage.



The number of various simulation project on the Galaxy Cloud Simulation Management Platform during the Reporting Period

During the Reporting Period, Dahua was honored with the Excellent Organizational Award in Engineering Simulation Innovation Design at the Belt and Road Initiative and BRICS Countries Skills Development and Technological Innovation Competition. Several employees also received the Second Prize, Third Prize, and Excellent Award for Engineering Simulation Innovation Design in this competition.

R&D of Green Packaging

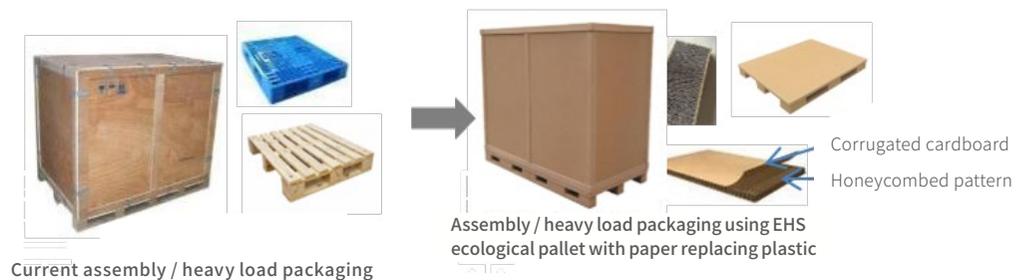
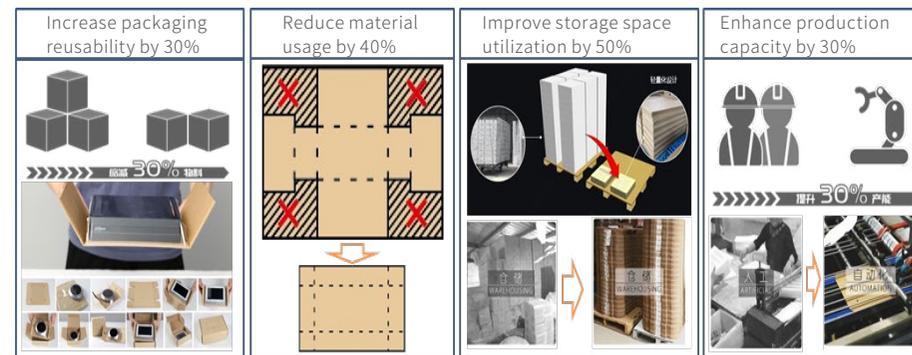
Dahua closely monitors the environmental impact of product packaging. The Company follows the *EU 2005/20/EC Packaging and Packaging Waste Directive*, as well as relevant standards such as the *GB/T 12123-2008 General Requirements for Packaging Design*, the *GB/T 8166-2011 Cushioning Packaging Design*, the *GB/T 6544 Corrugated Board*, and the *GB/T 13024 Carton Boards* baseline requirements. Adhering to principles of light weighting, standardization, and green sustainability in packaging materials, Dahua actively conducts research and development on green packaging materials, guided by the *DH JS 1730 Packaging Design Technical Specification* and the *T/ZJAF 9-2021 Green Packaging Technical Specification* for electronic security products.

Lightweight Packaging

Dahua is committed to a strategy of lightweight packaging, ensuring that packaging effectively protects our products while minimizing the use of packaging materials and reducing packaging weight wherever possible. This approach not only reduces resource consumption but also lowers carbon emissions.

We have developed an industry-leading film composite packaging technology, which utilizes a flat paper-film packaging structure to provide three-dimensional product protection in a flat package. This innovative design is 100% recyclable, resulting in a 40% reduction in packaging material usage and a 50% decrease in storage space requirements. Our patented non-equal-length composite core production process with paper film significantly reduces the average volume of product packaging by over 15%. On average, every million sets of products can save 12.5 tonnes of cardboard usage. This technology has been granted 31 authorized invention patents and 42 utility patents and is continuously being applied to key products in front-end, consumption, and storage segments.

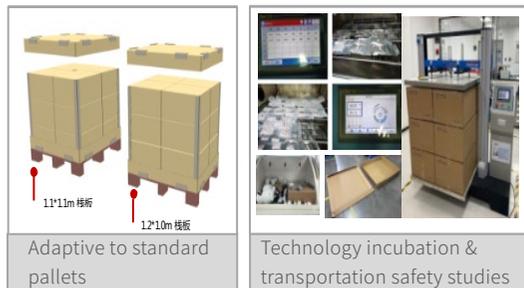
We have also developed EHS ecological pallet with paper replacing plastic. These eco-pallets use paper instead of plastic or wooden pallets, reducing the weight of the pallets by 50% and lowering energy consumption and carbon emissions during product transportation.



Packaging Standardization

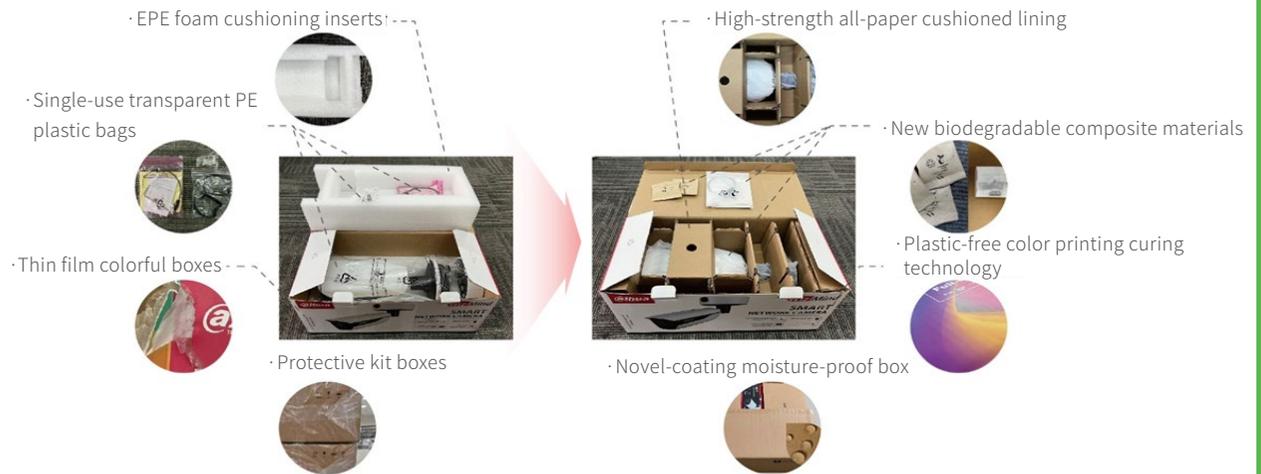
Dahua implements packaging standardization to ensure that packaging materials meet the requirements of various products while promoting uniformity in packaging. This approach enhances the reusability and space utilization of packaging materials.

Based on the standardized design of basic logistics modules, we have developed a modular packaging technology featuring 1 standard box specification and 22 packaging solutions, catering to the packaging needs of over 1,000 components. This technology is characterized by high reusability and significantly enhances the space utilization of packaged products in transport vehicles. Additionally, our innovative film packaging technology not only reduces the consumption of materials but also increases the reuse rate of product packaging by 30%.



Upgrading Green Packaging

Dahua is dedicated to utilizing more environmentally friendly packaging materials, aiming to reduce the plastic content in packaging to lower non-renewable resource consumption, minimize environmental impact, and promote the green recycling of packaging materials. Through initial research on degradable films and cushioning foam materials, along with the development of high-strength all-paper cushioned linings, plastic-free color printing curing technology, and novel-coating moisture-proof boxes, we have introduced green plastic-free packaging technologies to replace non-degradable plastic components in our packaging. This initiative effectively reduces plastic waste, standardizes packaging materials, decreases solid waste disposal requirements, promotes recycling and reuse, and enhances the overall degradability of the upgraded packaging. As a result of these efforts, we have achieved a 9% reduction in plastic content in product packaging, equating to an annual reduction of 8 tonnes of single-use plastic per million units.



Dahua mainly uses paper, plastic, wood and metal as packages. During the Reporting Period, the Company's consumption intensity of paper and plastic packaging was as follows:

Type	Unit	2023	2022	2021
Paper	Tonne/Million units	325	357	412
Plastic (EPE)	Tonne/Million units	42	50	62

Green Development

Based on the overall strategy of "digital intelligence empowerment, low-carbon future, shared ecology, and compliant operation", Dahua integrates digital intelligence into sustainable development across all aspects of our business. We actively embrace the opportunities offered by clean technology and consistently involve in clean tech activities. Our aim is to deliver greener and more low-carbon products through the adoption of clean technology, thereby supporting sustainable and high-quality development across various industries.

Clean technology application - alternative energy



Integrated solar power transmission monitoring system



The transmission monitoring system utilizes solar power to ensure normal operations for over 72 hours even during rainy days. It provides sufficient energy support for intelligent management in transmission scenarios, saving around 380,000 kWh of electricity per ten thousand units annually.



The small reservoir solar power system



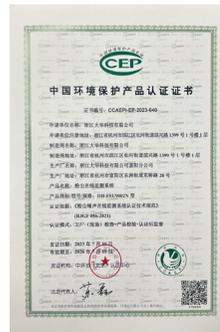
The system provides a low-cost solar power solution for small reservoir construction, addressing the challenge of difficult access to electricity due to the large area and complex terrain of reservoirs. It saves around 1.53 to 2.55 million kWh of electricity per ten thousand units per year.

During the Reporting Period, Dahua obtained a number of authoritative green certifications both domestically and internationally, including China Environmental Labeling Certification (Type II), China Certification of Environmental Products (CCEP), and Attestation of Chinese environment mark.

Green certification



China Environmental Labeling Certification (Type II)



China Certification of Environmental Products (CCEP)



Attestation of Chinese environment mark

Revenues from clean tech products and services during the Reporting Period

RMB **487.61** Million

Green Operation

Dahua takes environmental protection as its responsibility, continuously strengthening its environmental management capabilities across three main operational aspects: green manufacturing, green logistics, and green office. We widely adopt energy-saving and emission-reducing measures to achieve green development.

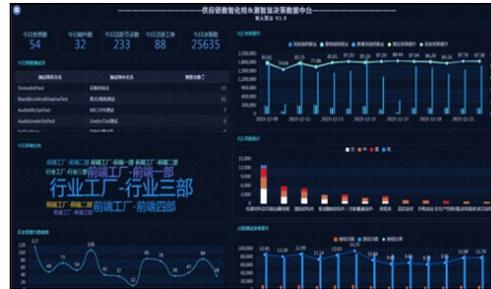
Green Manufacturing

While promoting green transportation both upstream and downstream, Dahua places significant emphasis on energy conservation and emission reduction in our production and manufacturing processes. We implement intelligent and refined management of energy consumption to consistently enhance the efficiency of recycling raw materials and water resources. Furthermore, we prioritize the compliant and harmless disposal of all types of waste generated during production, striving to establish green factories.

Energy Management

We continue to improve the efficiency of energy utilization in our production and operations through our energy management system, which integrates refined energy management and energy monitoring and evaluation. This involves real-time online monitoring of electricity, gas, and other energy consumption measurements and billing, along with reporting analysis and energy consumption data. Through functions such as energy consumption diagnosis and analysis, we offer comprehensive approaches to energy management for management personnel, thereby elevating the efficiency and effectiveness of energy management while reducing operation and maintenance costs. In 2023, we achieved significant progress in constructing smart energy consumption systems, optimizing energy structures, transforming park equipment, and reducing carbon emissions in green data centers.

The intelligent energy consumption system



During the Reporting Period, Dahua remained committed to optimizing the energy consumption platform for the park, gathering categorized energy consumption statistics. We established a park energy consumption data dashboard to enable real-time monitoring of energy consumption, providing precise data support for targeted improvements in energy usage efficiency. Simultaneously, we developed an intelligent energy consumption system for the park, capable of accurately identifying high-energy consumption points or inefficient electricity usage methods. This system automatically calculates equipment energy consumption and corresponding carbon emissions. Additionally, it analyzes the usage rate of workstations through electricity data, enabling us to optimize workstation zoning and enhance energy usage efficiency in the park.

Clean energy utilization



Rooftop photovoltaic system at Fuyang Phase II Factory

Rooftop photovoltaic

By December 2023, it had generated a total of electricity

60,000 square meters

5.447 million kWh

Photovoltaic panels installed on the rooftops

Electricity by December 2023

140+ kW

45,000 kWh

Dahua's Fuyang Phase II Factory installed a rooftop photovoltaic system covering an area of 60,000 square meters, connected to the grid for operations. It was put into use in 2023, and by December 2023, it had generated a total of 5.447 million kWh of electricity. In the 1399 New Park, green energy is fully utilized, with 140+ kW photovoltaic panels installed on the rooftops of buildings. The photovoltaic panels were put into operation in 2023 and had generated 45,000 kWh of electricity by December 2023.

Park equipment upgrades

We conducted a thorough assessment of the public electrical equipment and facilities in the park, delving deep into potential energy-saving opportunities. We devised plans for electricity conservation and proceeded with energy-saving upgrades, achieving significant results in energy efficiency improvement.

- Utilize intelligent methods to set timed temperature adjustments and air conditioning shutdown strategies.
- Install motion-sensing radar above the stadium to monitor whether there are people on the premises in real-time, enabling automatic light shutdown when the area is vacant, with an estimated annual electricity savings of approximately 62,000 kWh.
- Utilize residual heat from workshop air conditioning boilers in the Fuyang base to heat water tanks for dormitories.
- Upgrade streetlights, replacing energy-saving and fluorescent lights with 26W LED lights, with an estimated annual electricity savings of approximately 13,880 kWh.

Green data center

Dahua continues to dive into innovative cloud services, leveraging cloud computing technology to further empower carbon neutrality. With the goal of building a "green" cloud, Dahua constructed the Dahua Cloud Platform, integrating cloud computing, big data, and data centers during the Reporting Period. In 2023, Dahua Cloud Platform's data centers continued to optimize and integrate server resources, reducing the dependence of cloud products on hardware and decreasing the demand for server procurement by 27%.

The Dahua Cloud Platform features efficient dynamic scheduling capabilities. It calculates power consumption based on workload utilization rates, and when business loads decrease, it can transition redundant resources into energy-saving mode.

The peak resource utilization rate increased by over **60%**  The energy consumption of primary equipment and machine rooms both decreased by over **12%** 

60%  **12%** 

Based on the more flexible scheduling, higher resource utilization, and more simplified structure of the Dahua Cloud Platform, we have transferred software development and testing to the cloud. This has resulted in a substantial increase in research and development efficiency and a significant improvement in cost-effectiveness.

Cloud-based software development reduced the Company's electricity consumption by about **83,000 kWh** 

83,000 kWh 

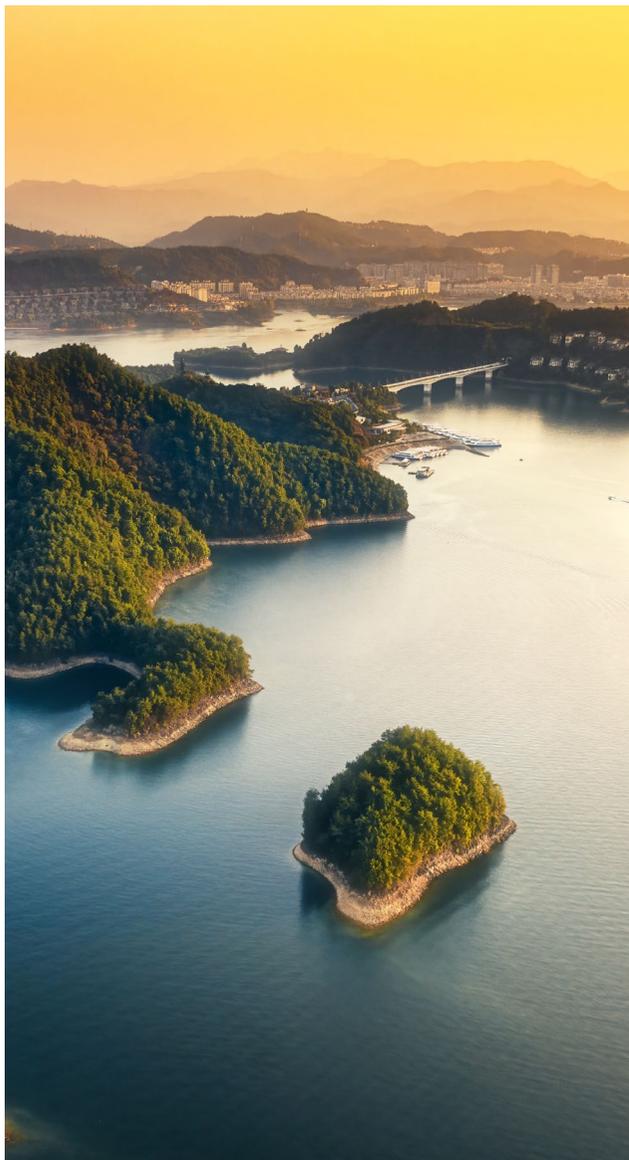
Dahua's cloud computing center adopts standardized and modular data center design, equipped with intelligent power supply systems, adaptive temperature sensing systems, and standardized management systems. Compared to traditional data center models, it consumes significantly less energy.

The Power Usage Effectiveness (PUE) of the cloud computing center has been optimized to **1.32** 

1.32 

Energy Consumption ²		Unit	2023	2022	2021
Indirect Energy Consumption	Indirect Energy Consumption	kg standard coal	12,785,680	11,676,721	8,910,584
	Indirect Energy Consumption Intensity	kg standard coal /RMB million revenues	397	382	271
Direct Energy Consumption	Direct Energy Consumption	kg standard coal	2,520,444	2,053,365	1,529,811
	Direct Energy Consumption Intensity	kg standard coal /RMB million revenues	78	67	47
Comprehensive Energy Consumption	Comprehensive Energy Consumption	tonne standard coal	15,306,125	13,730,087	10,440,394
	Comprehensive Energy Consumption Intensity	tonne standard coal /RMB million revenues	475	449	318

² The energy consumption data in this table is calculated by various energy-standard coal conversion coefficients from Appendix A of GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption (reference values).



Water Management

Dahua has established a strict water management system in accordance with the production process and relevant local laws, regulations and standards. This system ensures the scientific and rational use of water while comprehensively enhancing water utilization efficiency. We have established dedicated working groups and devised annual water-saving plans. Through initiatives such as water balance testing, water usage monitoring, water-saving renovations, and rainwater recycling, we strive to decrease water consumption and waste, thereby increasing the reuse rate of water resources.

Rainwater recycling system



The recycled rainwater is used for landscape ponds, greenery irrigation systems, road washing, etc., significantly reducing the demand for municipal water in daily operations.

Water-saving renovation



The Company actively adopts advanced water-saving technologies, uses water-saving equipment and appliances, and installs overflow prevention devices, trying to reduce water consumption.

Water consumption	Unit	2023	2022	2021
Water Consumption	tonne	798,597	807,292	790,857
Water Consumption Intensity	tonne/RMB million revenues	25	26	24

Production Resource Management

We prioritize the management of resource utilization efficiency, leveraging digital-intelligent technologies to optimize the use of production materials. We continually enhance production processes to minimize resource waste and actively explore product recycling systems.

Production scheduling optimization



Frequent line changes can lead to prolonged idle states of equipment, resulting in inefficient equipment utilization and energy waste. During the Reporting Period, Dahua optimized the production line configuration based on the order structure and combined equipment resources to schedule products that could be batched together in advance. The efforts increased the batching rate from 3% to 18%, reduced downtime due to line changes by 2,885 hours, and improved equipment utilization by 1.05%.

Product recycling and circulation



We recycle, dismantle, and reuse returned products and scrapped materials in a compliant and refined manner. During the Reporting Period, we recycled 14 types of materials from returned goods, weighing a total of 1,663 tonnes.

Consumables Management Platform

Dahua has enhanced the transparency, refinement, and standardization of consumables, engineering equipment, and labor protection supplies management through the construction of the energy consumption management platform system. The platform provides data support for the control of business departments, enabling rational procurement, reducing material waste, and increasing the utilization rate of idle resources.



Platform-based operations: We implement standardized and systematic management, regulating the application, issuance, and distribution of consumables across all departments to achieve unified and standardized operations.



Clear responsibilities: The status and ownership of engineering equipment materials are available for online inquiry, allowing responsible individuals and administrators to access real-time information. This facilitates the handover of materials when employees transfer or depart. Additionally, it specifies accountable personnel to prevent material loss or waste.



Efficient assessment: By analyzing historical data in the system, we can promptly and accurately evaluate demand information, thereby improving the accuracy and rationality of monthly demand forecasts. This enables balanced procurement and reduces waste caused by overstocking.



Data transparency: By categorizing materials, consumption data becomes transparent. From material requisition to distribution on the production line, all consumption can be quickly verified for rationality and abnormalities through the system's records. This targeted approach provides effective support for cost analysis and control.



Idle assets sharing: By establishing an idle resource repository, we achieve resource sharing, effectively increasing the utilization rate of consumables and reducing waste.

Emissions Management

Building upon our comprehensive and compliant waste management system, we exercise stringent control over the generation, handling, and discharge of waste during production and operations. We ensure that all waste meets the environmental standards of the operating locations before promoting waste and emissions reduction initiatives, thus driving forward green manufacturing throughout the industrial chain.

Waste gas management



- We invite third-party testing agencies to conduct regular on-site waste gas testing and issue the *Industrial Waste Gas Testing Report*. During the Reporting Period, all indicators of waste gas emissions from Dahua complied with relevant national standards.
- For cafeteria fumes, we have installed oil fume purification devices certified by the environmental protection department. It is stipulated that fumes must be treated before discharge.

Wastewater management



- The Company's wastewater mainly consists of sanitary sewage and cafeteria oily wastewater. After treatment in oil separators, it meets the *Comprehensive Wastewater Discharge Standards* and is discharged into the municipal water supply network. Every year, the wastewater of the Company is analyzed by the Binjiang Water Quality Analysis Monitoring Station, to ensure that all indicators meet relevant national standards.

Solid waste management



- The main hazardous waste generated by Dahua includes toner cartridges, ink cartridges, batteries, and fluorescent tubes. In accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations, we have formulated management measures for the disposal of hazardous waste. These measures ensure that the identification, collection, storage, and disposal processes of hazardous waste adhere to national and local laws and regulations, thereby effectively controlling potential environmental pollution risks.

Integrated exhaust and ventilation system

During the Reporting Period, to reduce the emission of waste gases during production due to glue volatilisation and ensure the health and safety of employees, we introduced an environmentally friendly exhaust system for glue dispensing.

This system adopts an integrated exhaust and ventilation solution. Combined with two secondary activated carbon filtration boxes, it meets the emission standards specified in *DB33/2146-2018* Table 1. Additionally, the control end has been enhanced with timing and frequency conversion functions to further reduce energy consumption.

In 2023, the waste emissions during production and operations of Dahua are as follows:

Types of emissions		Unit	2023	2022	2021
Solid waste	Total disposal amount of hazardous waste	tonne	76	51	52
	Legal transfer rate of hazardous waste	%	100	100	100
	Compliance disposal rate of hazardous waste	%	100	100	100
	Disposed hazardous waste density	tonne/RMB million revenues	0.002	/	/
	Total recyclable waste	tonne	2,209.5	1,524	/
	Total non-recyclable waste	tonne	5,540.5	1,228	568

Green Logistics

Dahua collaborates with industry partners both upstream and downstream to collectively establish a green and intelligent logistics system. This system spans the entire industry chain, encompassing upstream supplier material supply, internal warehouse management, and product distribution and transportation. Our goal is to enhance the efficiency of the industry chain while simultaneously achieving energy conservation and emission reduction.

Green transportation



- Full-process tracking: Dahua collaborates closely with logistics companies to monitor the real-time routes and operational status of transportation vehicles. Through big data analysis and cloud computing, transportation routes are optimized to improve transportation efficiency while reducing energy consumption caused by detours, transfers, and traffic congestion.
- Delivery waybill optimization: Through data exchanges between Warehouse Management Systems (WMS) and Transportation Management Systems (TMS), order information is electronically transmitted to logistics companies. Dahua's logistics sorting labels and network waybill manifest labels are integrated into a single label, allowing logistics companies to directly input the information into the network without the need for secondary labeling, thus reducing resource usage and the negative environmental impact of adhesive.
- Specialized vehicles for large items: By setting a weight baseline in the SCP system, shipments meeting the criteria are automatically intercepted and identified in the system. This allows large shipments to be directly converted into specialized vehicle deliveries, reducing intermediate transportation links, shortening transportation cycles, and achieving energy conservation, emission reduction, and cost reduction in the transportation process.

Green warehousing



Intelligent Distribution Center: Through "digital intelligence" and "energy conservation and emission reduction," we implement green warehousing. The intelligent distribution center of Dahua Phase II has built algorithm models for inventory distribution, wave formation, and AGV scheduling. It has also applied automated equipment such as automatic conveyors, AGVs, lifts, automatic measurement devices, heat sealing packaging machines, and RFID systems. We have deployed 376 AGVs in both raw material and finished product warehouses, achieving unmanned operations. The floor area of the dark warehouse has increased from 100,000 square meters to 120,000 square meters, saving energy costs of RMB900,000 per year.

Dark Warehouse: Dahua has transformed the Fuyang bonded warehouse into an unmanned dark intelligent warehouse, achieving low-carbon operations within the warehouse. Customs can remotely monitor this warehouse to ensure real-time data exchanges and systematic integration for customs declaration. Entry and exit data are collected through intelligent AGVs and smart industrial cameras, enabling the entire process to be paperless.

Number of deployed AGVs

376

The floor area of the dark warehouse

120,000 square meters

Saving energy costs of per year

RMB 900,000

Recycling and circulation



Reusable Straps: During the Reporting Period, we replaced the commonly used wrapping film material in warehouses. For situations involving medium to short-distance transportation or short-haul scenarios, we use reusable straps instead of wrapping film to secure entire pallets of materials, reducing the use of plastic wrapping film.

Supply Chain Sharing: We continue to implement packaging sharing programs, collaborating with suppliers to recycle turnover boxes. Additionally, we combine the packaging for the same order to reduce the use of cardboard boxes.

Green Office

While promoting green production, Dahua also places emphasis on improving management and implementing measures for green offices, with the objective of establishing a green industrial park. Throughout the Reporting Period, we introduced various energy-saving equipment in the park and provided environmental protection training and awareness campaigns for employees.

Smart lighting



- In our new park, we have implemented a smart lighting system equipped with dimmable lights and motion sensors. In common areas such as elevator halls, pantry areas, corridors, and meeting rooms, the lighting intensity can be adjusted based on natural light levels, ensuring that lights are only on when people are present and turn off when the area is vacant.
- In the underground parking lot, the smart lighting system activates lights within the visual range (30-50 meters) upon detecting movement from people or vehicles. Once the vehicle leaves or pedestrians depart, the lights dim to reduce energy waste while ensuring adequate illumination for passage.

Water-saving practices

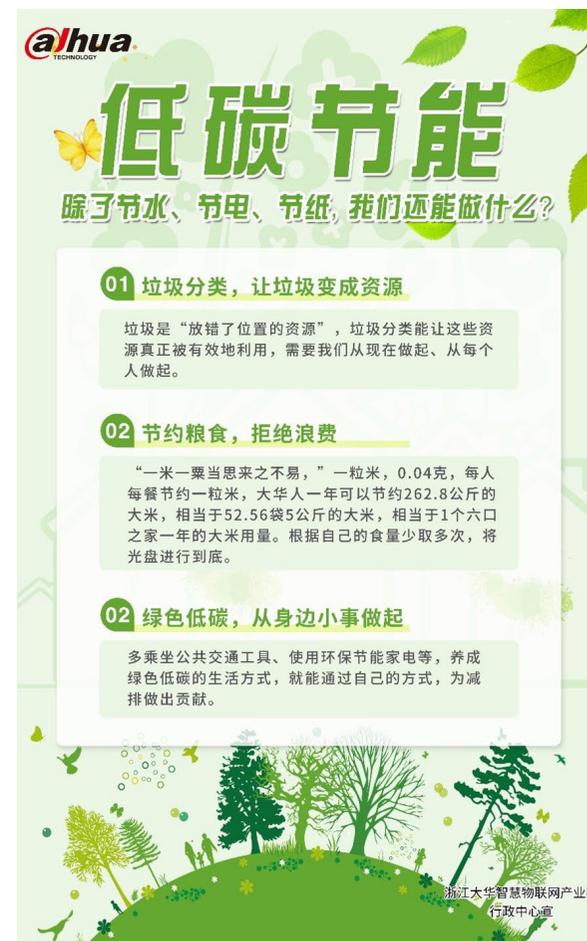


- We have placed signs in the office areas encouraging employees to use water wisely and reduce waste.
- To avoid water waste from automatic flushing systems, the restrooms in our new building have been equipped with manual flushing mode.

Environmental awareness promotion



- We post energy saving and consumption reduction signs in the park, advocating "Achieve multiple use of water to reduce waste from the source", "Save energy by turning off lights to reduce residential electricity consumption", "Promote double-sided printing to reduce waste from the source".



Dahua's energy-saving publicity posters

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Empowering Employees' Development

Dahua values its employees as a valuable asset and embraces a talent philosophy centered on "respecting, nurturing, caring for, and empowering employees." We consistently invest in attracting and developing talent, fostering organizational vitality, and promoting employee well-being. This dedication enables our employees to recognize their self-worth and evolve alongside the Company.



In 2023, Dahua received the following major employer-related awards:

Award	Awarding Agency
MostIn Global Attractive Employer	Linkedin.com
Top 30 Employers in Hangzhou	Landing.zhaopin.com
Echo Annual Employer for Cherishing Talents	zhipin.com
2023 Most Influential Employer	haitou.cc
Best Collaborative Partner	Beisen.com
Outstanding Employer	wow.liepin.com

Diverse and Inclusive Workplace

Dahua strictly adheres to laws and regulations, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. Our recruitment practices are guided by principles of openness, transparency, scientific rigor, standardization, and procedural efficiency. We actively seek external talent while ensuring that our employment practices are both legal and compliant, thus fortifying our business development initiatives. As of the end of the Reporting Period, the employment situation is as follows:

Number of employees worldwide:

23,452

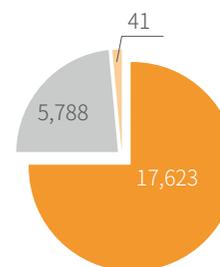
Providing employment opportunities for

3

persons with disabilities

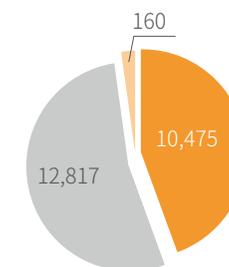
Dahua remains steadfast in upholding the principle of equality, clearly articulating in the Company's *Employee Handbook* its commitment to providing equal job opportunities. We adamantly oppose discrimination in all its forms, regardless of nationality, race, gender, education level, religious beliefs, age, or any other factors. At Dahua, we ensure that employees receive fair and equitable treatment across all stages of their employment journey, encompassing recruitment, employment, salary, training, promotion, and compensation. This dedication serves to nurture a diverse talent system within the organization.

During the Reporting Period, Dahua became a signatory to the United Nations Global Compact. The Company is committed to upholding the ten principles set forth by the organization, with a specific focus on respecting and safeguarding human rights. In alignment with the SA8000 social responsibility standard, Dahua developed a *Social Responsibility Management Manual*. This comprehensive manual is designed to eliminate child labor, forced labor, infringements on freedom, and all forms of potentially illegal labor practices. It establishes reasonable working hours



The number of employees by gender

● male ● female ● unknown³



The number of employees by age

● below 30 ● 30 to 50 ● above 50

and upholds employees' rights to freedom of association and collective bargaining under legal and voluntary conditions.

To ensure the harmonious and stable development of our workforce and effectively safeguard the rights and interests of our employees, we have established the Dahua Labor Union. We actively listen to employees' feedback to enhance organizational vitality. Moreover, we adhere to the legal framework governing workers' congresses, continuously innovating democratic management practices, and safeguarding employees' rights to access information, participate in decision-making processes, and exercise oversight.

As of the end of the Reporting Period, the percentage of workforce covered by Dahua Labor Union is

100%

³ Due to privacy protection policy requirements in some overseas operating locations, gender information for some employees has not been disclosed.

Employee Growth and Development

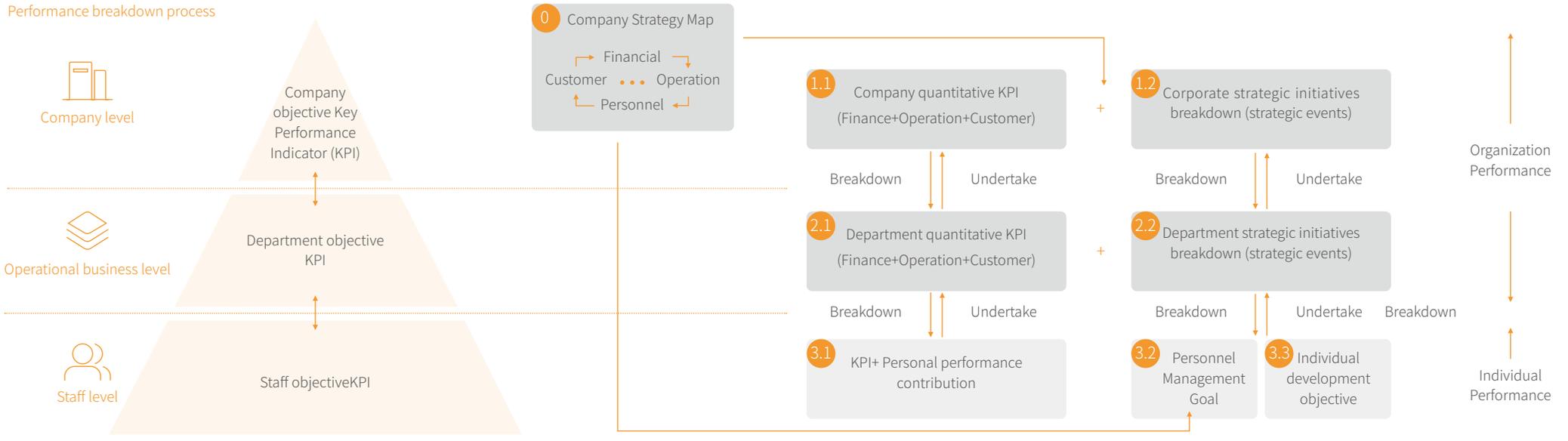
Dahua consistently upholds the concept of "Empowering Customers, Empowering Strivers." Through the establishment of a scientific performance management system, dual-channel career development paths, and comprehensive talent training and development programs, the Company offers employees a fair, diverse, and expansive platform for personal and professional growth.

Performance Management

Dahua is dedicated to upholding principles of fairness, transparency, impartiality, scientific rigor, and clarity. To ensure effective performance management, the Company has implemented a comprehensive system encompassing goal setting, process guidance, performance evaluation, application of assessment results, and performance improvement measures. We have developed *Performance Management Measures* and conduct annual performance evaluations and feedback sessions for all employees. Based on these evaluations, we provide opportunities for promotions and salary adjustments. Furthermore, we have integrated indicators related to environmental protection, occupational health and safety, and sustainability into the employee performance appraisal system, thereby consistently enhancing both employee and Company sustainability performance.



Performance breakdown process



Aligned with our overall business goals and strategic planning, we have devised organizational objectives spanning dimensions such as finance, customer satisfaction, internal operations, and learning and growth. These objectives are passed down to departments, teams, and individuals, forming a goal-oriented performance management framework.

At Dahua, each employee collaborates with their manager to establish individual performance goals. Leveraging key KPI commitments, personal performance contributions, personnel management objectives, and skills enhancement plans, we objectively assess, systematically track, and collectively enhance employee performance. We utilize both absolute and relative evaluations to gauge the actual attainment of individual performance objectives. Absolute evaluation involves direct supervisors and project managers assigning scores to individuals. Drawing from these absolute evaluations, we compare and rank employees in similar positions and ranks, ultimately determining performance levels to further inspire employees and bolster their work enthusiasm.



Employee Career Development Channel

To ensure that employees have access to better career development opportunities, we have implemented a dual-channel mechanism for both professional and managerial growth. This framework is tailored to individual job characteristics, career interests, and employee capabilities. We have developed corresponding job standards and learning resources for each of these development channels, aimed at better supporting employee skill enhancement initiatives.



The Company provides sustainable development possibilities and opportunities for employees on the basis of their abilities shown through job performance, in the form of organizational nomination, competitive recruitment, internal recruitment, and various resource pools.

Graduate Development Program

Dahua actively engages in campus recruitment programs and has established the Top Talents Program for doctoral candidates, the Starburst Program for high-potential fresh graduates, and the Starforce (Global Campus Recruitment). Through these programs, we ensure the establishment of a stable talent pipeline. Embracing the concept of "learning by doing and applying what you learn," we have designed customized training paths for campus recruits and provide resources such as new employee mentors and systematic quality courses to help these employees grow rapidly.

In addition, to attract more young talents, the Company established the Dahua Scholarship in many universities and organized a series of activities themed Coming from Campus and Going to Campus, including Open Day events, University- Enterprise Forums, and Alumni and Experts into Campus.

Internal Recruitment Program

To help employees find more suitable career development paths, Dahua has established the Dandelion Plan and the Dynamic Water Plan, which inspire employees to unleash their full potential.

- Dandelion Plan: Establishing a pathway for R&D talents to adapt to the market, providing excellent core technical talents with broader development opportunities and more robust mechanism support.
- Dynamic Water Plan: Encouraging the orderly flow of technical and marketing talents to develop an internal talent pool.

Employee Training

Dahua remains committed to fostering a learning culture characterized by "empowering excellence with excellence and replicating success with success." Through a training mechanism that combines various methods such as learning, training, practical application, and assessment, we aim to develop employees' capabilities across multiple dimensions, thereby enriching their overall experience. During the Reporting Period:

Our employees spent a total of

659,491 hours

in training

A total of

4,635

training sessions have been conducted

Total investment in employee training

RMB **4.108** million

We have also established a comprehensive training system based on job role models, offering various training courses to continuously enhance employees' professional skills and work ethics.



In addition, we have established the Dahua Global Training Center and significantly upgraded training facilities and hardware/software infrastructure. Leveraging innovative platforms such as the Dahua E-learning platform, Dahua Training Live-room, Smart Classroom, and others, we cater to both online and offline multifunctional training needs, thus enhancing training effectiveness and instructional efficiency.

Employee Compensation and Benefits

Dahua offers competitive salaries and a comprehensive benefits system to its employees, aiming to motivate them to grow alongside the Company, and continuously enhancing their sense of belonging and satisfaction.

Employee Compensation

Dahua adheres to the principle of equal pay for equal work and routinely reviews and analyzes the Company's salary levels. We conduct annual salary adjustments to safeguard employee rights while ensuring the Company's competitiveness within the industry.

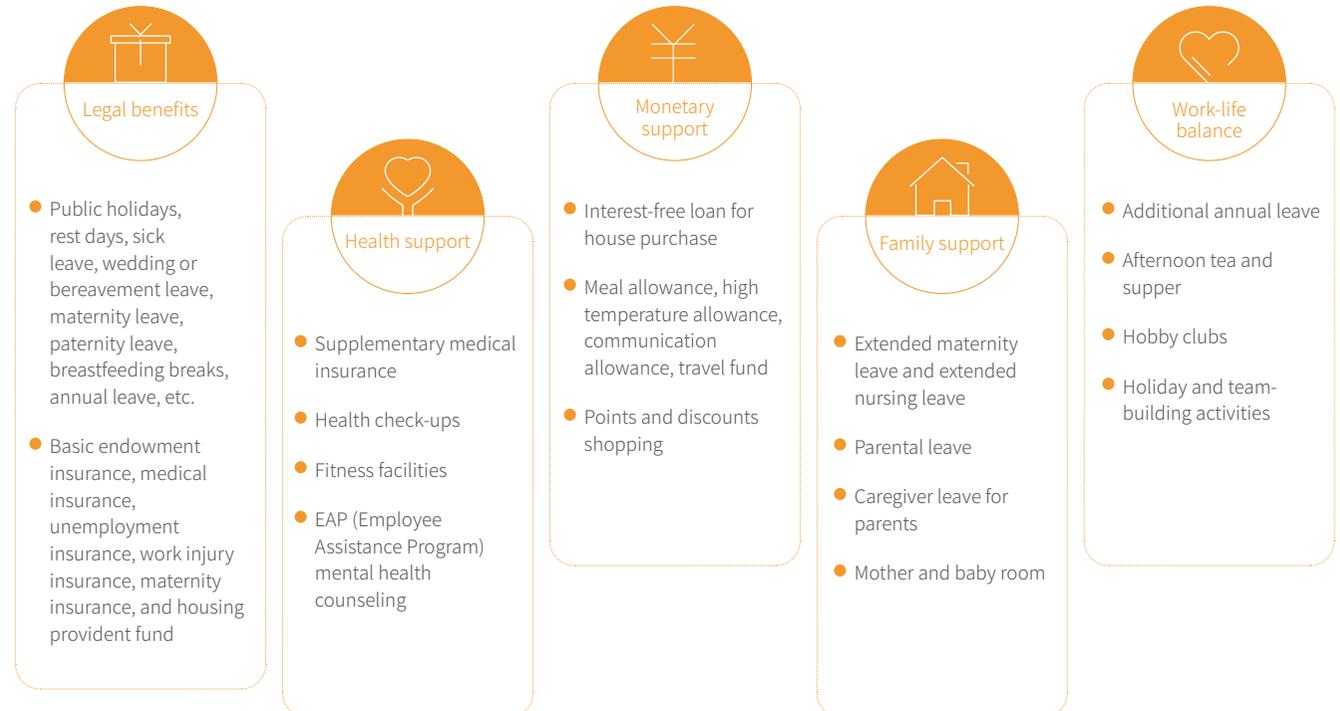
We have established a salary structure comprising fixed and variable components. Additionally, we have implemented a performance bonus incentive mechanism covering all employees. This mechanism ties employee variable pay to work performance and individual performance evaluations, enabling employees who contribute to the Company's growth to partake in its success.

We advocate for a "striver-orientation" approach and, alongside performance bonus incentives, we have introduced a long-term incentive plan encompassing stock options, restricted stock awards, and innovative business follow-on investment plans for all employees. This comprehensive structure integrates short-term incentives with long-term rewards, offering robust talent support for the Company's sustained and steady development. We have implemented the *2022 Stock Option and Restricted Stock Incentive Plan*, with over 4,000 individuals receiving incentives by the end of the Reporting Period.



Employee Benefits

Dahua is committed to providing comprehensive benefits for its employees. Considering the diverse customs, practices, legal requirements, and employee needs across our global operational locations, we have implemented non-monetary benefit programs that encompass all employees. These initiatives are designed to enhance employees' sense of belonging and well-being.



Employee health services

Dahua provides comprehensive health services for employees, including annual physical examinations, lectures on interpreting examination reports, and monthly traditional Chinese medicine consultations. Additionally, we place a strong emphasis on employees' mental health by establishing the "Legal Aid Home" and providing EAP mental health counseling to help employees relieve stress and address emotional issues.

Furthermore, we continue to upgrade our hardware facilities and have established a physiotherapy room, gymnasium, badminton hall, basketball hall, and other sports and leisure facilities in the Company's headquarter. These initiatives enable employees to strike a balance between life and work.



Badminton hall



Gymnasium

Family care services

Dahua cares for and supports employees' families by providing extended maternity leave, breastfeeding breaks, nursing leave, parental leave, and caregiver leave on top of statutory allowances. These measures enable employees to care for and be present with their parents and children during significant family moments. Additionally, we regularly organize family days, Children's Day carnivals, autumn hiking events, and other family activities to foster a family-friendly work environment.

To achieve the goal of "friendly environments, friendly courses, friendly services, and friendly mechanisms", the Company built the in-the-park kindergarten, which provides convenience for employee childcare and education, ensuring a conducive environment for the growth of employees' children.



Family Day



In-the-park kindergarten

Employee Engagement

Dahua promotes an open and inclusive corporate culture. Every year, we conduct surveys on employee engagement to gain a comprehensive understanding of employees' expectations and needs regarding job content, salary, career development opportunities, work-life balance, and other aspects. During the Reporting Period, we organized an annual engagement survey, collecting a total of 12,746 questionnaire responses, resulting in an overall employee engagement rate of 82%. To address feedback from the survey, we have implemented policy optimizations, upgraded benefit systems, and made improvements to provide employees with a higher quality and more fulfilling work experience.

The overall employee engagement rate is

82%

Employee Health and Safety

Dahua adheres to the "safety first" policy, continuously enhancing work safety management. We actively participate in various safety culture activities to foster a positive safety culture atmosphere, prioritizing the health and safety of our employees. This commitment ensures the stable and orderly operation of the Company.

Safety Management System

Dahua strictly complies with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, and other laws and regulations. We have formulated a comprehensive safety management system and obtained the certification of ISO 45001 Occupational Health and Safety Management System.

Our safety management framework is well-established. The Safety Production Committee serves as the highest safety management body within the Company, responsible for coordinating and making decisions on safety-related matters. The committee is chaired by a senior vice president of the Company, with members comprising heads of various primary departments. Each primary department has secondary safety management groups tasked with implementing safety and occupational health requirements in their respective business areas, in alignment with the Company's overall safety plan.

We consistently prioritize compliance. Conducting annual EHS system reviews and quarterly safety inspections, we uphold standardized safety production and graded safety risk management requirements. During the Reporting Period, we conducted special safety hazard inspections for gas, fire prevention, hazardous chemicals, laboratories, etc., and issued detailed inspection analysis reports. All identified hazards were promptly rectified, bolstering our safety defenses.

Occupational Health Management

We focus on employee health and carry out occupational health management work from multiple dimensions, serving as guardians of employee health.



Occupational hazard identification

- ◆ Conducting occupational hazard identification work in accordance with legal regulations and system standards requirements;
- ◆ Regularly commissioning third-party agencies to conduct testing on occupational hazard factors.



Occupational health notification

- ◆ Providing safety education and operational guidance for employees exposed to occupational hazard factors;
- ◆ Providing relevant employees with personal protective equipment;
- ◆ Posting occupational hazard and safety notification cards at production sites to communicate protection and emergency response requirements.



Occupational health records

- ◆ Organizing regular occupational health checks;
- ◆ Establishing and improving employees' occupational health records;
- ◆ Continuously monitoring policy and societal trends, enhancing the construction of a safe and healthy work environment.

During the Reporting Period, there is

no occupational disease

in the Company



Safety Culture Construction

We prioritize employee safety education, consistently advancing safety awareness to fortify the foundation of our safety culture. This ensures enduring and stable security for the Company's business operations. During the Reporting Period, we organized a range of safety culture activities, including Work Safety Month, safety business capability training, emergency drills, and more. These initiatives cultivate an environment where every individual learns safety knowledge and enhances safety awareness.

Work Safety Month

We conducted Work Safety Month with the theme "Everyone knows about safety, and everyone is prepared for emergencies." Through specialized training, safety knowledge competitions, distribution of safety manuals, and other engaging forms, we help employees integrate safety awareness into their daily work and lives, fostering good safety habits.

During these activities, we organized special safety training sessions on safety laws and regulations, accident case analysis, fire safety, hazardous operation control, emergency response, and more. These sessions reached a total of 7,509 participants.

These sessions reached a total of

7,509 participants

Comprehensive emergency drills

To optimize the Company's emergency response mechanism, we annually formulate an emergency drill plan based on production risk types and characteristics. We then refine the Company's safety risk emergency plans according to the results of the drills.

During the Reporting Period, we conducted fire drills and gas leak emergency evacuation drills covering all employees at our offices and production bases. These exercises aim to enhance employees' handling capabilities when it comes to accidents or emergencies.



Creating Customer Value

Dahua upholds the core values of "Empowering Customers, Empowering Strivers," and remains dedicated to our mission of "Making society smarter, making life better." Through the provision of outstanding products and services, we strive to create additional value for our customers.

Ensuring Product Quality

Quality System

Dahua has implemented a comprehensive whole -process quality management system, which encompasses five core processes (LTC, IPD, ISC, ISD, and ITR) as well as other supporting processes. The Company's Quality Management Center is responsible for managing quality across the organization, integrating quality requirements and standards into various business processes and management practices. We consistently strive to optimize the quality of our R&D, manufacturing, supply chain, and delivery processes, with the aim of enhancing customer satisfaction. Dahua has obtained ISO 9001 Quality Management System certification.



Quality Actions

Building upon a comprehensive end-to-end system and full-process business digitalization, we continuously refine our digital management practices to elevate our quality management standards. During the Reporting Period, we developed a quality data analysis model that integrates data from various sources including R&D, supply chain, delivery, and marketing systems. Through precise digital analysis, we drive enhancements in quality across R&D, product lines, and the supply chain.

Meanwhile, we place a high emphasis on quality culture. Guided by our quality policy of "actively listening to customer feedback, meticulously constructing product quality, sincerely providing satisfactory service, and continuously creating customer value," we have cultivated an organizational atmosphere of "whole-staff participation and continuous improvement." During the Reporting Period, we organized various quality improvement and training programs such as Quality Training Camps, Six Sigma Training Camps, and Quality Enhancement Seasons. These initiatives aim to further instill a culture of quality excellence among all employees.

Six Sigma training camps

We utilize a training and practicing model to conduct Six Sigma Green Belt and Six Sigma Yellow Belt training camps with the goal of achieving "zero defects." By continuously improving quality management techniques, we aim to drive an increase in quality levels.

During the Reporting Period, a total of 48 employees received Six Sigma Green Belt certification, while 12 employees received Six Sigma Yellow Belt certification. Among the 52 projects that passed the final defense, it is anticipated that they will generate financial benefits exceeding RMB83 million for the Company.

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During the Reporting Period, Dahua's commitment to excellence in products and services was recognized by the China Quality Inspection Association, which honored us as a "National Demonstration Enterprise for Product and Service Quality Integrity." Moreover, in the Asia Quality Improvement Competition hosted by the Asia Quality Function Deployment and Innovation Committee, all three of our participating projects emerged as frontrunners, underscoring our exceptional achievements in the realms of quality and innovation.

Upgrading Service Quality

Service System

Dahua adheres to the philosophy of "Empowering Customers" and has established four major service systems consisting of an integrated delivery system, technical support system, operation and maintenance management system, and training and certification system. We are committed to building a world-class professional delivery platform with service networks spanning 180 countries. Our goal is to provide customers with services covering the full lifecycle of products and solutions, striving to become superb service value creator.



 We highly value customer feedback and strictly adhere to internal management systems such as the *Customer Complaint Handling Process* and the *Major Incident Response Mechanism* to standardize the entire process of customer complaint handling and continuously optimize our after-sales service.

Multiple customer communication channels

- Setting a 24/7 service hotline, WeChat official account, WeChat mini-program, service email, and other communication channels to ensure that customer opinions and suggestions are promptly addressed.

Customer Complaint Classification and Grading

- Based on the content of the complaints, categorize them into types such as product-related, service-related, pricing-related, and business-related. Standardize the handling processes for each type accordingly.
- Based on the impact of complaints on customers and company operations, categorize complaints into Level 1 - General issues, Level 2 - Serious problems, and Level 3 - Critical issues. Implement targeted actions such as quick resolution, comprehensive analysis, root cause analysis, etc., for each level.

Closed-Loop Handling of Customer Complaints

- After the call center receives complaints, the complaint engineer should respond to the issue within 30 minutes and provide feedback to the relevant department.
- The receiving department should respond within 2 hours, provide an initial solution within 24 hours, and close the loop within 3 working days.
- The ITR dispatch system continuously monitors dispatching, response times, order acceptance, progress updates, customer satisfaction surveys, and other processes to ensure that customer complaints are effectively addressed.

With a comprehensive service system and outstanding service capabilities, Dahua has obtained the five-star certification in GB/T 27922-2021 *Evaluation System for After-sales Service of Commodities*.

Service Capabilities

As the Company's business continues to grow, the demand for customer service is on the rise. We prioritize the enhancement of service quality and the development of service capabilities. Investments are consistently made in upgrading service platforms, developing technical tools, training service personnel, and ensuring prompt and effective responses to customer service needs.

During the Reporting Period, we successfully completed a comprehensive upgrade of the Global After-Sales Service System (GASP). This upgrade introduced features such as automatic spare parts forecasting, intelligent fault detection in repairs, and intelligent allocation of repair work orders. As a result, we achieved online visualization, standardization, and intelligent management of the entire customer repair process, thereby enhancing customer service efficiency. Additionally, for our overseas clients, we launched an online robot that provides 24-hour service, featuring intelligent keyword association, smart recommendations for common issues, detailed data analysis, and more. This initiative efficiently addresses customer problems and supports rapid market and customer expansion.

At the same time, we conduct specialized training programs to enhance the capabilities of internal service teams, ecosystem partners, and other key groups. These efforts strengthen our professional service building, ultimately leading to enhanced customer satisfaction.



Empowerment of distributors

Dahua upholds the concept of "joint construction and sharing" and grows hand in hand with our distributors. We have established a comprehensive distributor empowerment mechanism, providing distributors with rich training programs such as offline training sessions, high-quality online courses, service provider days, etc., covering customer management, product presentations, warehouse logistics, e-commerce operations, and more. This all-encompassing approach aims to enhance the capabilities of our distributors.

During the Reporting Period we organized a competition where distributors engaged in activities such as online learning challenges, knowledge quizzes, product solution debates, and practical delivery competitions. Through these various forms, we promoted distributors' understanding of our products and solutions, supported the development of our partners' businesses, and simultaneously increased end-user satisfaction.



Customer Satisfaction

Dahua places a strong emphasis on ensuring customer satisfaction across all business processes. We have formulated the *Customer Satisfaction Survey Methods* and established a Customer Satisfaction and Issue Management Committee. In alignment with our commitment to enhancing customer satisfaction throughout our entire business process, we conduct annual customer satisfaction surveys to cater to different customer groups.

During the Reporting Period, to further enhance the effectiveness of our customer satisfaction initiatives, we conducted a thorough review of the customer satisfaction survey questionnaire design and indicator system. We designed tailored questionnaire content for different business models and customer types. Subsequent to the collection of survey results, we conducted multidimensional data analysis to generate a comprehensive customer satisfaction survey report. We included key factors influencing customer satisfaction in priority action items, with improvement measures identified and monitored for progress, and implemented to continually enhance the customer experience.



Promoting R&D Innovation

Dahua consistently harnesses technological innovation as a strategic cornerstone for high-quality development. With our headquarters in Hangzhou as the primary hub, we have established R&D centers in Xi'an, Chengdu, Poland, and Mexico to bolster our global R&D capabilities. We remain committed to driving innovation through industry operations, continually enhancing our technological innovation capabilities to introduce new technologies, products, and momentum for industrial development. Our unwavering dedication is aimed at contributing to the construction of a safer, smarter, more harmonious, and inclusive society.

R&D Innovation System

Building upon the Dahua Think#2.0 strategy, we have established a comprehensive and efficient R&D innovation system. Adhering to the AIoT and IoT digital intelligent platforms as our two major technology strategies, we rely on five research institutes—Advanced Technology, Big Data, Central Research, Cyber Security, and Future Communications—as foundational support. We continuously enhance our autonomous innovation capabilities and competitive advantages in core technologies such as artificial intelligence, AIoT, big data, software, and more. This focused approach enables us to create greater value for our customers.



Innovative Talent Strategy

We are committed to fostering a diverse and innovative cultural atmosphere, nurturing R&D teams that are eager to push boundaries. Over the years, we have conducted leadership programs that focus on breakthroughs in core technologies across various industries and domains. These programs are designed to fortify our expert team and bolster the Company's R&D innovation capabilities, enhancing our competitiveness within the industry. Additionally, we foster a culture of continuous innovation among our employees by implementing a multi-dimensional, multi-level innovation incentive policy. This policy ignites creative energy among our talented workforce, ensuring robust talent support for high-quality development initiatives.

R&D Center Innovation Conference

During the Reporting Period, we organized the fourth R&D Center Innovation Conference. This event aimed to select and recognize significant innovative achievements that have made valuable contributions, lead in key technological areas, and have notable impacts. The conference encouraged all R&D personnel to actively embrace challenges, innovate enthusiastically, and foster a culture of innovation among all team members.



With outstanding R&D capabilities and a team of innovative talents, Dahua won the first prize in the National China Innovation Methods Competition, and the first prize in the Zhejiang Region of China Innovation Methods Competition for seven consecutive years.

Industry-Academia-Research Exchange and Collaboration

For many years, Dahua has been actively engaged in university-enterprise cooperation. Through partnerships with several universities, we have established industry-education integration communities and achieved significant advancements in areas such as the Internet of Things, big data, artificial intelligence, and new materials. In 2023, we continue to leverage our existing strengths by engaging in exchange and collaboration with renowned institutions across various fields to collectively drive technological innovation.



Signing a strategic cooperation agreement with South-Central Minzu University

In 2023, the Company signed a strategic cooperation agreement with South-Central Minzu University. The collaboration focuses on various aspects such as jointly building talent development bases, scientific research, research outcome commercialization, and social services. This aims to promote the integration of talent, education, industry, and innovation chains, creating a new paradigm of industry-education integration. Additionally, the Company established a college-level "Professional Master's Degree Joint Training Base" with Zhejiang University to facilitate the deep integration of talent development in higher education and industrial development.



The signing ceremony of the strategic cooperation agreement between Dahua and South-Central Minzu University

2022 Innovative Engineering Ph.D. Students Leadership Study Tour of the Engineering College in Zhejiang University

Dahua collaborated with Zhejiang University to organize the activity of "2022 Innovative Engineering Ph.D. Students Leadership Study Tour of the Engineering College in Zhejiang University - Enter Dahua". This activity included three parts: exhibition hall tours, company presentations, and themed discussions. It showed Dahua's commitment and achievements in exploring the path of university-enterprise cooperation and industry-education integration.



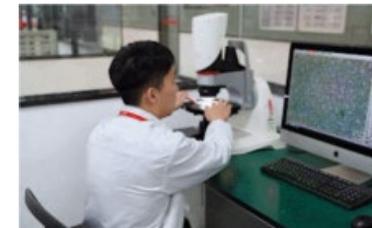
2022 Innovative Engineering Ph.D. Students Leadership Study Tour of the Engineering College in Zhejiang University - Enter Dahua

Dahua has been nominated for the Zhejiang Science and Technology Progress Award

Dahua won the second prize of the Zhejiang Science and Technology Progress Award for its "Key Technology of High-Speed and Large-Scale Visual Computing Engine."

This project, based on several national key R&D projects, Zhejiang Provincial Department of Science and Technology public welfare projects, and Zhejiang Provincial Natural Science Foundation key projects, conducted research in collaboration with China Jiliang University, Zhejiang Gongshang University, Zhejiang University, and other universities. The research focused on addressing internationally recognized challenges in intelligent visual computing in complex environments. It broke through technological bottlenecks such as ultra-high-speed comparison of visual content combining software and hardware, cross-scenario multi-angle object detection and tracking, and real-time delivery of massive perceptual events. This achievement truly maximized the value of industry-academia integration.

In addition, Dahua participated in projects such as "Key Technologies and Platform Applications for Automatically Developing Vision Algorithms for Heterogeneous Hardware," "Research and Application of Key Technologies for Cross-Domain Intelligent Detection and Tracking of Multiple Targets in Complex Environments," and "Technology and Industrialization Application of Microdefect Detection in Large-Caliber Optical Elements". These projects all won the first prize of the Zhejiang Science and Technology Progress Award.

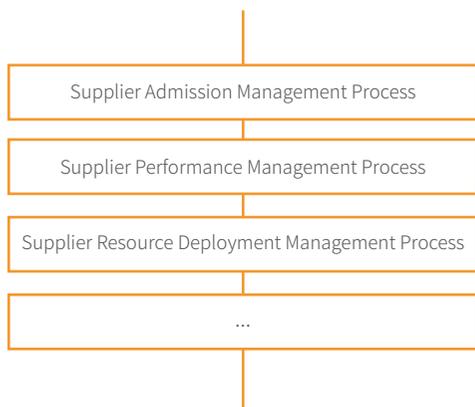


Responsible Supply Chain

A stable and robust supply chain serves as a crucial foundation for ensuring product and service quality. Dahua consistently upholds the principles of "win-win cooperation, transparency, and compliance," continuously refining its supplier management system, and collaborating closely with suppliers to cultivate a responsible supply chain.

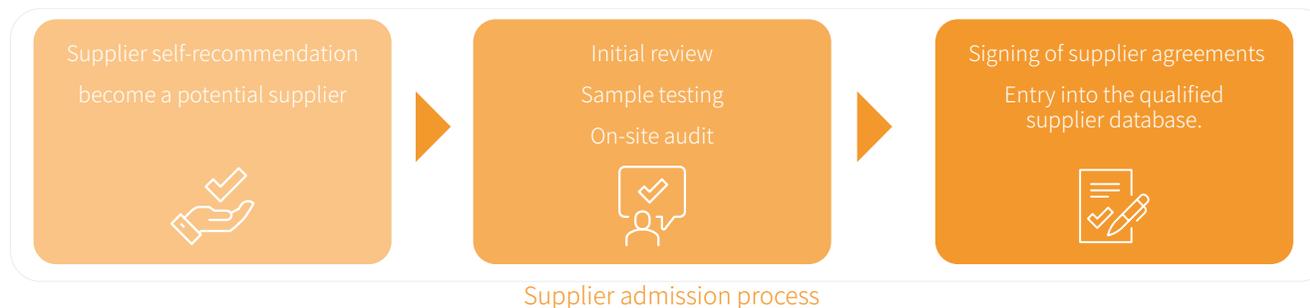
Supplier Management

Dahua maintains stringent oversight over supplier admission and conducts regular evaluations and audits of suppliers. We have established internal processes such as the *Supplier Admission Management Process*, the *Supplier Performance Management Process*, and the *Supplier Resource Deployment Management Process* to cover the entire lifecycle of supplier management.



Supplier Admission

We have established diverse channels for supplier self-recommendation, including the Company's public account and procurement website. We conduct multidimensional evaluations of potential suppliers, assessing their management, technology, environmental practices, and social impact. This approach enables us to select high-quality supplier resources and improve our ecosystem cooperation process. Through initial reviews, sample testing, on-site audits, and other steps, we identify suppliers that meet our requirements and include them in the Company's qualified supplier database. Utilizing a one-stop supplier management platform, we consistently reinforce efficient and transparent control over supplier admissions.



We classify qualified suppliers into four categories based on material category, technical difficulty, and materiality to business: strategic suppliers, key suppliers, bottleneck suppliers, and general suppliers. We then implement different management strategies based on the classification to enhance management efficiency.



Supplier Evaluation

To further enhance the supplier management system, we conduct comprehensive assessments of suppliers based on the *Supplier Performance Management Process*. We establish supplier grading management rules to continuously improve the level of the supply chain.

We conduct monthly performance evaluations of suppliers, focusing on aspects such as compliance, supply quality, service capability, and delivery performance. Based on the evaluation results, we categorize suppliers into A, B, C, or D levels, and implement corresponding incentives, corrective actions, or elimination measures. Dahua publishes assessment results through the supplier management platform to promote a fair and transparent competitive environment. Additionally, we conduct on-site assessments and spot checks of suppliers according to annual plans to promptly identify supply chain risks and ensure the sustainability of production operations.

Supplier Empowerment

We highly value our suppliers and aim to establish long-term, stable partnerships with each supplier. In response to feedback received during daily supplier communication and evaluations, we empower suppliers through training, support, exchange meetings, and various other means to continuously improve their capabilities.



Supplier quality training

The quality of our suppliers is crucial for the quality of our products and services. Each year, based on the operational needs of the Company and any exceptional issues with suppliers, we develop a supplier quality training plan that covers comprehensive quality management, lean production, performance management, and other aspects. During the Reporting Period, we conducted specialized empowerment training on the theme of "Innovation and Efficiency" for 48 key suppliers to continually enhance their quality management capabilities.



Specific training for supplier quality improvement



Sustainable Supply Chain

Dahua is committed to building a sustainable supply chain. We adhere to environmental, social, and governance standards to screen and evaluate suppliers, enhancing supplier awareness and management capabilities in areas such as anti-corruption, environmental protection, and labor rights protection.



Environmental standard	Social standard	Governance standard
<ul style="list-style-type: none"> ● We put forward environmental protection requirements to suppliers, including eco-friendly design, resource conservation, hazardous substance control, and greenhouse gas emission management. ● We sign the <i>Environmental Commitment Letter</i> with all suppliers, requiring them to comply with ISO 14001 environmental management system requirements. All materials, including process production, must strictly adhere to the RoHS 2.0 standard. For suppliers that do not meet environmental requirements, we set red lines. ● We adhere to green selection, where suppliers must provide environmental information for materials, which undergoes a specialized environmental audit by Dahua. 	<ul style="list-style-type: none"> ● We require suppliers to adhere to social responsibility standards, including labor standards, health and safety regulations, quality management, and responsible mineral management. ● We sign the <i>Supplier Social Responsibility Agreement</i> and the <i>Quality Assurance Agreement</i> with all suppliers, requiring them to establish and comply with the ISO 45001 Occupational Health and Safety Management System and the ISO 9001 Quality Management System, committing to fulfilling social responsibilities. 	<ul style="list-style-type: none"> ● We offer business ethics requirements for suppliers, including integrity in operations, anti-corruption, whistleblower protection, intellectual property rights, and privacy protection. ● We sign the <i>Supplier Compliance Commitment Letter</i> and the <i>Integrity Commitment Letter</i> with all suppliers, requiring them to uphold a fair, open, and transparent business environment. ● We conduct regular supply chain business ethics audits and training to strengthen ethical awareness, ensuring clean and efficient supply chain management.

With a comprehensive supplier management system and supply chain security system in place, we have obtained ISO 28000 certification for the supply chain security management system.

Responsible Mineral Management

Dahua Technology adheres to responsible procurement practices, continuously driving the sustainable development of the industry chain. Following the framework process outlined in the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* issued by the Organization for Economic Cooperation and Development (OECD), we have developed a *Responsible Mineral Procurement Policy*. We have established a control system for conflict minerals, encompassing tin, tungsten, tantalum, gold, cobalt mineral resources, and their products. Leveraging resources such as the Responsible Minerals Initiative, we encourage suppliers to procure and utilize non-conflict minerals, jointly fulfilling social responsibility.

Supplier import review	<ul style="list-style-type: none"> • The management and control of conflict minerals is listed in the <i>Supplier Approval Management Process</i> as one of the baselines for supplier admission; • All production suppliers are required to sign and comply with the <i>Declaration of Conflict-Free Minerals</i> to ensure that the products provided to Dahua and its affiliates do not contain conflict minerals or metals.
Due diligence for the supply chain	<ul style="list-style-type: none"> • Dahua conducts due diligence on conflict minerals in the supply chain through the supplier portal periodically, and requires its suppliers to effectively disclose the relevant information of the country of origin of the minerals, smelters and refineries used and their downstream supply chains according to the report template of the Responsible Minerals Initiative: Conflict Minerals (Cobalt) Questionnaire (CRT) and Conflict Minerals (Gold, Tantalum, Tungsten, Tin) Questionnaire (CMRT). • Dahua further improves the understanding of regulations on conflict minerals through training and promotion of the supply chain, assist suppliers in completing Dahua's due diligence on conflict minerals quickly, and support the formulation of suppliers' internal conflict-free mineral procurement policies, carry out sub-level due diligence plans.
Regular supplier review	<ul style="list-style-type: none"> • Dahua conducts regular supplier reviews. If the information provided by the supplier can't be verified or the supplier fails to take effective measures to comply with Dahua's policies related to conflict minerals, Dahua reserves the right to terminate the cooperation with the supplier.

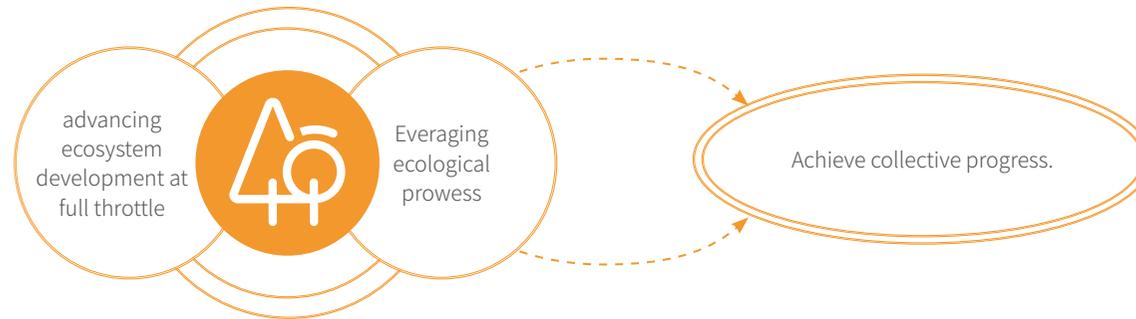
In order to cope with possible conflict minerals risks, Dahua has defined the responsible team and formulated the corresponding emergency plan, clarified the response mechanism and processing procedures for conflict minerals-related issues.



During the Reporting Period, Dahua conducted conflict minerals due diligence with a total of 100 suppliers, and the response rate from suppliers was 100%. Dahua did not experience any violations due to conflict minerals.

Building Industrial Ecosystem

Eco-development is a pivotal strategic initiative for Dahua. With ecology at its core, we are advancing ecosystem development at full throttle, leveraging ecological prowess to achieve collective progress. The year 2023 marks the "first year of the ecosystem" for Dahua, during which we collaborated closely with our partners to establish an ecosystem characterized by co-construction, win-win cooperation, and coexistence. Our aim is to cultivate an ecological community of intelligent IoT. In the future, building upon the advantages of digital and intelligent eco-development, Dahua remains steadfast in enhancing capabilities such as market expansion, resource investment, and channel diversification. Through these efforts, along with other key initiatives and services, we are committed to creating value and fostering mutually beneficial development with our partners. Together, we embark on a new journey of digital and intelligent development.



Ecological co-construction, development and co-creation, jointly open up a new journey

Adhering to the concept of "Full Ecosystem," Dahua has prioritized the realization of customer value. We have established a comprehensive opening capability spanning technology, business, and service domains. By collaborating with ecosystem partners, we are forging new pathways, shaping fresh dynamics, and unlocking boundless possibilities for industrial development. Our goal is to empower digital intelligence across a myriad of industries. In fostering the prosperous development of business ecology, Dahua endeavors to create scenario-based application paradigms tailored to various industries and sectors. Drawing from our profound understanding of urban and enterprise business scenarios, we are poised to deliver tailored solutions that meet the unique needs of each industry.



In the field of intelligent transportation, we address the public's significant concerns regarding traffic congestion and parking challenges by collaborating with our partners. Together, we explore technological applications including traffic signal optimization, intelligent holographic intersections, intelligent green bands, and green parking solutions. These innovations aim to offer smarter traffic management solutions for traffic control departments, ultimately enhancing the efficiency of traffic management for the convenience of public travel.



In the field of intelligent buildings, we collaborate with our partners to cater to numerous communities, parks, and complexes. Through automated sensing, ubiquitous connectivity, timely transmission, and information integration, we are pioneering a comprehensive intelligent solution that spans the entirety of a building's lifecycle. Our objective is to achieve a built environment that is safe, reliable, green, ecological, efficient, convenient, and economically viable. By doing so, we aim to reduce costs and enhance efficiency for enterprises.



In the field of intelligent energy, we have collaborated with enterprises such as SUPCON to delve deeply into the capabilities and scenarios of video IoT. Together, we assist enterprises in sectors including electric power, coal, iron and steel, and petrochemicals to optimize their safety systems. Through the integration of AI, we safeguard the well-being of personnel, equipment, and the environment, while also fostering a smarter and more efficient mode of production and management. This initiative serves as a safeguard for enterprises and enhances production efficiency.



In the field of smart agriculture, we leverage the high-quality capabilities of our partners to deliver comprehensive digitalization services across various agricultural production scenarios. These services encompass intelligent collection of environmental data, visualization and supervision of growth processes, livestreaming of agricultural products, AI-based smart counting, digital cockpit management, and more. By providing these solutions, we contribute to enhancing the efficiency of agricultural operation and management, ultimately augmenting production value.

Technology Ecosystem

The technology ecosystem contains four major segments: hardware openness, intelligence openness, data openness and platform openness. We firmly believe that fostering openness and collaborative development within the technology ecosystem will ignite boundless market vitality and scene vitality, propelling the future of digital intelligence forward.



The essence of technology ecosystem

Business Ecosystem

A business ecosystem entails constructing a business ecological alliance through channel sharing and resource complementation. Dahua systematically integrates its own R&D, supply chain, channel, and ecological capabilities, thereby completing the business closed loop through various methods including business opportunity sharing, traffic mutual guidance, assessment and incentives, and market supervision.

Currently, Dahua has amassed a wealth of scenario applications tailored for government and enterprise settings. Specifically, we have delivered over 5,000 city segmented scenes, and more than 120+ industry solutions for government scenarios. Similarly, our enterprise scene applications are equally diverse, encompassing more than 3,000 segmented scenes, and more than 110 sets of industry solutions.

Applications tailored for government and enterprise settings

8,000+

sets of segmented scenes

230+

sets of industry solutions

Holding the Eco-Partnership Conference to open up a new chapter for cooperation

On May 13, 2023, Dahua held the 2023 Dahua Software Eco-Partnership Conference with the theme of "Building an Ecosystem of Everything, Creating Digital Intelligence and Internet of Things". More than 160 partners from all over the country came to the conference, and we discussed with them the role and value of AIoT, big data, AI and other technologies in urban governance and enterprise management, discussed the development direction and future opportunities of digital intelligence in the industry, and sought the concept of co-construction, win-win, and symbiosis cooperation and deepened the cooperation for the intelligent IoTs industry.



Fu Liqian, Chairman and President of Dahua, delivering a speech

In the future, Dahua will take "co-construction, win-win and coexistence" as the core value and guideline of ecological cooperation, unswervingly uphold cooperation, carry out altruism, and create value and win-win development with our partners, so as to embark on a new journey of digital and intellectualized development together.

Service Ecosystem

In the field of service ecosystem, Dahua is dedicated to establishing an efficient and professional delivery platform. We have developed four open systems, namely integrated delivery, technical support, operation and maintenance management, and training and certification. Through these systems, we aim to provide the market with comprehensive product and solution lifecycle services.

2023 Dahua's First Service Eco/ASC Skills Classic

On October 27, the "2023 Dahua First Service Ecology/ASC Skills Competition" was successfully concluded in Hangzhou. This competition invited 17 Dahua ASCs (Authorized Service Centers) and excellent service eco-partners, with a total of 32 senior technical engineers participating.

This competition covers product knowledge, service specification requirements, practical ability and other aspects. From the intelligent IOT, vehicle access, pedestrian access, intelligent building 4 practical track and through the knowledge of the quiz competition, practical competition in two modes of evaluation, we comprehensive considered the service ecological ability, and effectively promote the eco-partner's professional exchanges and ability to grow.



2023 Dahua's First Service Eco/ASC Skills Competition Site



2023 Dahua's First Service Eco/ASC Skills Competition Site

Investing in Public Welfare

While pursuing its own growth, Dahua remains steadfast in its commitment to public welfare, actively fulfilling its social responsibility and demonstrating its dedication. We are eager to share the benefits of our business with society and contribute to the prosperity of the community. Dahua has a long-standing dedication to public welfare and volunteerism, investing in areas such as agriculture, education, and disability support. In 2023, our public welfare initiatives focus on empowering youth education, aiding disaster-stricken areas, and supporting employee volunteering, among others. To spearhead these efforts, we have established the Huayu Public Welfare Development Center and Volunteer Association. These entities lead our employees and community members in making meaningful contributions to community welfare.



Huayu Public Welfare Development Center

Dahua Huayu Public Welfare Development Center has been a social organization dedicated to social services and public service activities. With the aim of "Giving Love, Helping Others and Serving the Society", it has become a practical organization with emphasis on teamwork, full of volunteer service consciousness and strong will power.

Huayu public welfare centers around the purpose of the organization and combines with the business of Dahua, so as to start special programs in helping agriculture, education, and disability respectively. In addition, it sets up the Common Wealth Action Runner Project, Yongquan Education Project, and Digital Intelligence Disability Project, and continues to explore a smart model in helping the elderly.



Volunteer Association

The Volunteer Association is a non-profit social organization formed by the employees of Dahua, which is committed to serve the Company and social welfare activities for a long time. With the aim of "giving love, serving the society and realizing oneself", the association aims to cultivate Dahua employees to establish a social culture of solidarity, love, helpfulness, courage and selflessness.

At present, the Association has more than 200 volunteers, and since 2019, it has served more than 80 volunteer activities, the number of volunteers is more than 800, and the total service hours are more than 7,000. In 2023, the Association is also actively involved in participating in the Company's internal activities, as well as volunteering in the Asian Games torch relay, Hangzhou Horse Race, and other grand international events.



Empowering Youth Education

Education plays a pivotal role in shaping the destinies and futures of young people. With their dynamic minds and innovative spirits, youth are at the forefront of shaping their own paths forward. Consequently, we consider empowering youth education as a cornerstone of Dahua's social responsibility initiatives.

Clothes for love, Books for warmth

On November 14 to 15, 2023, the labor union of Dahua and Huayu Public Welfare jointly carried out a clothing and book donation activity with the theme of "Clothes for love, Books for warmth" at 5 locations of 3 parks in Hangzhou. The activity collected more than 900 pieces of clothing and 500 books. Among them, the clothes were shipped directly to Yushu, Qinghai Province, and the books were given to the bookstore in Dazhuang Village, Siachen County, bringing warmth and care to the children in these areas.

Since 2014, Dahua has been continuously carrying out clothing donation activities, donating a total of more than 8,500 pieces of clothing and more than 5,000 books for 10 consecutive years.



Donating books and clothes

Dahua's "Mini Wish" program

During the Reporting Period, we carried out Dahua's "Mini Wish" program, donating RMB 46,800 to Pujia Primary School, 6 second-hand laptops and 200 books of extracurricular readings for primary students. The project aims to improve the quality of school operation and the living conditions of students, deepening the East-West education collaboration and boosting the quality development of local schools.



Donations to Pujia Primary School

Donated

RMB 46,800

to Pujia Primary School

Student aid project

Dahua, in conjunction with the Arawana Charity Foundation, donated RMB 350,000 of equipment to be used for the installation of monitoring out of security purpose at Yihai School in Guanyun County, Jiangsu Province, and some Yihai Schools in Shandong Province.



The donation ceremony

Donated in conjunction with the Arawana Charity Foundation

RMB **350,000**

Establishing Zhejiang University Education Fund

Dahua joins hands with Zhejiang University to establish the Dahua Scholarship. The Company takes the establishment of the scholarship as an opportunity to provide important support for the education of talents in the university.

In 2023, Dahua donated RMB 150,000 to the College of Optical Science and Engineering and RMB 170,000 to the College of Information Science & Electronic Engineering in education fund. We hope that in the future, Dahua and the university will make joint efforts in cutting-edge technology innovation, transformation of scientific research results, and training of talents to achieve win-win cooperation, and with the help of the college's excellent alumni power, to create a cooperative ecosystem and realize the breakthrough of the industrial chain.



Donation ceremony held by Zhejiang University Education Foundation

Donated

RMB **150,000**

to the College of Optical Science and Engineering

RMB **170,000**

to the College of Information Science & Electronic Engineering in education fund

Helping disaster-stricken area

Natural disasters are merciless, yet they bring out the best in human compassion. Dahua recognizes the profound social responsibility entailed in responding to natural disasters. We hold deep respect for nature and stand in solidarity with the communities affected by such calamities. Promptly mobilizing resources, we extend aid to the affected areas during times of crisis.

Rushing to Zhuozhou and Hebei for disaster relief

On August 4, 2023, a severe rainstorm hit Zhuozhou, Hebei Province. In response to the disaster, Dahua immediately mobilized a rescue team, urgently procured and coordinated relief supplies, and donated pharmaceuticals, hygiene products, and food worth over RMB 50,000 to the relevant authorities. We also issued a donation appeal to all employees. Nearly 100 employees extended their hands and stood in solidarity with the affected people during this difficult time.



Rushing to Zhuozhou for disaster relief

Encouraging Employees to Partake in Public Welfare

As a responsible enterprise, Dahua always believes that the success of an enterprise is not only reflected in the economic benefits, but also in the contributions made to society; similarly, the self-worth of an individual can be realized and manifested by contributing to public welfare. Thus, we actively foster an environment where our employees are encouraged to participate in such activities, aligning their efforts with the Company's mission to foster the prosperity and development of society.

Charity bazaar aiding Binjiang Charity Carnival

On August 18, 2023, the Binjiang District's "Chinese Charity Day", titled "Building a Charitable City, Protecting the Hangzhou Asian Games," officially kicked off on Hualian Xingguang Avenue in Binjiang District.

As a specially invited company for this event, Dahua set an example by establishing the first named fund in Binjiang District and actively participated in the "One-Day Donation" initiative. We donated 100 robots and 10 smart locks to participate in the "Xinzi e-Reach" public charity bazaar.



Public charity bazaar



Helping farmer: the "Common Wealth Action Runner Plan"

To systematically promote poverty alleviation work, accelerate the pace of poverty alleviation and wealth creation for targeted populations, lead impoverished households to increase income and become prosperous, Huayu Public Welfare Development Center is deepening paired assistance to boost rural revitalization. They are recommending the high-mountain organic tomatoes from Zhou'an Village, Yuyan Town, Songyang County to the people of Dahua. Furthermore, they are conducting on-site sales activities in the park area. All proceeds from the on-site sales were entirely given to the farmers of Zhou'an Village, Yuyan Town, Songyang County, with a total sales target of RMB 30,000.

Huayu Public Welfare Development Center has established channels with the Zhejiang Federation of Industry and Commerce, the Zhejiang Committee of the CPPCC, the Binjiang District Government, Zhejiang Satellite TV Qianjiang Channel, among others. They are providing assistance to 26 mountainous counties through donations, purchasing agricultural products, and other means. These counties include Guangyuan in Sichuan, Zhou'an in Lishui, Changshan in Quzhou, Taishun in Wenzhou, among others. As of 2023, they have accumulated sales of approximately RMB 430,000.



Trophy of the "Common Wealth Action Runner Plan"

Joining hands for the Asian Games

On July 12, 2023, Dahua's Party Committee, labor union, Red Cross, and Huayu Public Welfare joined hands with the Zhejiang Blood Center to carry out the blood donation activity of "Joining hands for the Asian Games". The activity was held simultaneously in 1199 Park, 1399 Park and Fuyang Base. Employees responded positively and signed up enthusiastically, and a total of more than 350 people bravely donated their blood.

The year 2023 is the 7th year for the Company to hold the blood donation activity. More and more employees participate in these activities, connecting the bond of love with blood, and showing the care for life and responsibility for the society with practical actions.



Blood donation activity

Bubble run for charity

On May 20, 2023, Dahua carried out a bubble run activity around the lake, in which participants accompanied with their teams, brought their families and friends, and contributed to the public welfare fund by recording their own steps. In 2023, public welfare running totaled more than 2,690,000 steps, and RMB 10,000 of the fund was donated to the Hangzhou Charity Federation.



Public welfare running

The UK subsidiary launching breast cancer fundraising campaign

The UK subsidiary held a fundraising event on October 20, 2023 to help breast cancer patients. At the event, our employees were in pink and gave what they could to help these patients.



The UK subsidiary launching breast cancer fundraising campaign

Joining donating programs to support local communities in MENA

In response to Dubai's "One Billion Meals" initiative, the Company has provided a large number of free meals in the Middle East and North Africa to workers who have been away from home for long periods of time and who have been working under harsh conditions. Employees of our subsidiaries have also participated in the delivery process, spreading warmth and love. At the same time, we also make donations to community groups in need of social care in other MENA countries.



Supporting donating programs in MENA

Appendix

Appendix 1: Key Performance Indicators >>>

Indicator	Unit	2021	2022	2023
Key Performance Indicators				
Revenue	RMB100 million	328.35	305.65	322.18
Cash dividends	RMB100 million	8.09	8.02	12.50
Tax revenue	RMB100 million	12.04	20.69	19.24
Key Performance Indicators for Environmental Protection				
Revenue from cleantech services and products	RMB10,000	/	/	48,761
Paper consumption intensity	Tonne/Million units	412	357	325
Plastic(EPE)consumption intensity	Tonne/Million units	62	50	42
Consumption for purchased powers	10,000 kWh	7,250	9,501	10,403
Installed capacity of roof PV	MW	/	/	5.99
PV generation	MWh	/	/	5,492.4
Indirect energy consumption	Kg standard coal	8,910,584	11,676,721	12,785,680
Indirect energy consumption intensity	Kg standard coal/RMB million revenues	271	382	397
Gasoline	Liter	34,316	36,004	27,466
Diesel	Liter	42,955	55,142	44,110
Natural gas	Cubic meter	1,040,392	1,088,363	1,324,917

Indicator	Unit	2021	2022	2023
Direct energy consumption	Kg standard coal	1,529,811	2,053,365	2,520,444
Direct energy consumption intensity	Kg standard coal/RMB million revenues	47	67	78
Total energy consumption	Tonne standard coal	10,440,394	13,730,087	15,306,125
Total energy consumption intensity	Tonne standard coal/RMB million revenues	318	449	475
Scope 1 ⁴	tCO ₂ e	2,483	2,665	3,038
Scope 2 ⁵	tCO ₂ e	51,006	66,840	59,330
Scope 1 and Scope 2	tCO ₂ e	53,489	69,505	62,368
Scope 1 and Scope 2 emission intensity	tCO ₂ e/RMB million revenues	1.63	2.27	1.94
Total amount of water consumption	Tonne	790,857	807,292	798,597
Water consumption intensity	Tonne/RMB million revenues	24	26	25
Total disposal amount of hazardous waste	Tonne	52	51	76
Legal transfer rate of hazardous waste	%	100	100	100
Compliant disposal rate of hazardous waste	%	100	100	100

⁴ The low calorific value, unit heat value carbon content, and fuel carbon oxidation rate used in Scope 1 calculations are from "Guidelines for Greenhouse Gas Emission Accounting Methods and Reporting for Mechanical Equipment Manufacturing Enterprises (Trial)" Appendix 2: Recommended Values for Relevant Parameters.

⁵ Scope 2 calculations are based on the 2022 national grid average emission factor of 0.5703 t CO₂/MWh as published in the "Notice on Management of Greenhouse Gas Emission Reporting for Power Generation Enterprises for the Period 2023-2025" by the Ministry of Ecology and Environment.

Indicator	Unit	2021	2022	2023
Intensity of disposed hazardous waste	Tonne/RMB million revenues	/	/	0.002
Recyclable waste	Tonne	/	1,524	2209.5
Non-recyclable waste	Tonne	568	1,228	5,540.5
Key Social Performance Indicators				
Number of employees				
Number of employees worldwide	People	22,864	23,587	23,452
Number of employees by gender				
Male	People	/	/	17,623
Female	People	/	/	5,788
Unknown	People	/	/	41
Number of employees by age				
Below 30	People	/	/	10,475
30 to 50	People	/	/	12,817
Above 50	People	/	/	160
Employees' rights and interests				
Coverage of labor union	%	/	/	100
Coverage of Collective Bargaining Agreement	%	/	/	100
Employee diversity				
Proportion of female directors	%	/	/	11

Indicator	Unit	2021	2022	2023
Proportion of female managers	%	/	/	13
Proportion of local-employed executives	%	/	/	89
Number of employees with disabilities	People	/	/	3
Employee training				
Average employee training hours	Hour	42.6	25.4	28.1
Proportion of trained employees	%	/	/	96
Occupational health and safety				
Number of work-related fatalities	Case	0	0	0
Occupational disease case	Case	0	0	0
Safety education coverage	%	100	100	100
R&D innovation				
R&D investment	RMB100 million	34.52	38.83	39.67
Number of new patents during the Reporting Period	Pcs	762	1,322	1,318
Number of new software copyrights during the Reporting Period	Pcs	61	83	127
Number of new trademarks during the Reporting Period	Pcs	35	53	90
Cumulative number of patents and software copyrights	Pcs	3,574	4,979	7,079

Appendix 2: Awards and Recognitions >>>

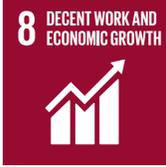
Rewards
2022 Annual Growth Potential Enterprise in Intelligent IoT and Security Ecosystem
Top 10 Copyright Holders of 2022
2023 Top 100 Brand Software Enterprises in the Yangtze River Delta
National Product and Service Quality Integrity Demonstration Enterprise
National Quality and Credit Benchmarking Enterprises
Nationally Trusted Quality Inspected Products
National Quality-Inspected Qualified Products
Nationally Guaranteed Quality Products
National Product and Service Quality Integrity Demonstration Enterprise
Zhejiang Provincial Leading Science and Technology Enterprise
2022 China Standard Innovation Contribution Award-Second Prize-Video Surveillance System Architecture
2023 Top Enterprise in Software and Information Technology Services
Group Member of the China Quality Inspection Association
National Intellectual Property Demonstration Enterprise
Second Prize of Science and Technology Award by Zhejiang Institute of Communications-Ethernet Multi-Medium Adaptation and Long-Distance Enhancement and Independent Chip Research and Application
First Prize of Zhejiang Science and Technology Progress Award – Key Technologies and Platform Applications for Automatic Development of Vision Algorithms for Heterogeneous Hardware
First Prize of Zhejiang Science and Technology Progress Award – Research and Application of Key Technologies for Intelligent Detection and Tracking of Multiple Targets across Domains in Complex Environments
First Prize of Zhejiang Science and Technology Progress Award – Micro-nano Defect Detection Technology and Industrial Application for Large-Aperture Optical Components

Appendix 3: UNGC Principles Index >>>

Human rights	Chapter
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Social-Empowering Employee's Development
Principle 2: make sure that they are not complicit in human rights abuses.	Social-Empowering Employee's Development
Labour	Chapter
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Social-Empowering Employee's Development
Principle 4: the elimination of all forms of forced and compulsory labour;	Social-Empowering Employee's Development
Principle 5: the effective abolition of child labour; and	Social-Empowering Employee's Development
Principle 6: the elimination of discrimination in respect of employment and occupation.	Social-Empowering Employee's Development
Environment	Chapter
Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environmental - Environmental Management
Principle 8: undertake initiatives to promote greater environmental responsibility; and	Environmental - Environmental Management Environmental - Green Research and Development Environmental - Green Products Environmental - Green Operation
Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Environmental - Green Research and Development Environmental - Green Products
Anti-Corruption	Chapter
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Governance-Business Ethics

Appendix 4: SDGs Index >>>

Indicator	Chapter
 3 GOOD HEALTH AND WELL-BEING	Social-Empowering Employee's Development Social-Responsible Supply Chain
 4 QUALITY EDUCATION	Feature: Technology for Social Good, Empowered by Digital Intelligence
 5 GENDER EQUALITY	Social-Empowering Employee's Development
 6 CLEAN WATER AND SANITATION	Environmental-Green Operation
 7 AFFORDABLE AND CLEAN ENERGY	Environmental-Green Products Environmental-Green Operation

Indicator	Chapter
 8 DECENT WORK AND ECONOMIC GROWTH	Social-Empowering Employee's Development
 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Feature: Technology for Social Good, Empowered by Digital Intelligence Environmental-Green Products Social- Creating Customer Value
 11 SUSTAINABLE CITIES AND COMMUNITIES	Feature: Technology for Social Good, Empowered by Digital Intelligence Environmental-Environmental Management Environmental-Green Research and Development Environmental-Green Products Environmental-Green Operation
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Environmental-Green Research and Development Environmental-Green Operation

Indicator	Chapter
 13 CLIMATE ACTION	Environmental-Green Operation
 14 LIFE BELOW WATER	Environmental-Green Research and Development Environmental-Green Operation
 15 LIFE ON LAND	Feature: Technology for Social Good, Empowered by Digital Intelligence Environmental-Green Research and Development Environmental-Green Operation
 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Governance-Corporate Governance Governance-Compliance Management Governance-Business Ethics
 17 PARTNERSHIPS FOR THE GOALS	Social-Building Industrial Ecosystem

Appendix 5: GRI Index >>>

Disclosure Item	Disclosure Title	Sections
<i>Universal Standards</i>		
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	Introduction to Dahua
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	There were no restatements of information during the Reporting Period
2-5	External assurance	There were no external assurance obtained for the report
Activities and workers		
2-6	Activities, value chain and other business relationships	3.3.1 Supplier Management
2-7	Employees	3.1.1 Diverse and Inclusive Workplace
2-8	Workers who are not employees	Not applicable
Governance		
2-9	Governance structure and composition	1.1.1 ESG Architecture 1.2 Corporate Governance
2-10	Nomination and selection of the highest governance body	1.2 Corporate Governance
2-11	Chair of the highest governance body	1.2 Corporate Governance

Disclosure Item	Disclosure Title	Sections
2-12	Role of the highest governance body in overseeing the management of impacts	1.2 Corporate Governance
2-13	Delegation of responsibility for managing impacts	1.2 Corporate Governance 1.1.1 ESG Architecture 2.1 Environmental Management
2-14	Role of the highest governance body in sustainability reporting	1.1.1 ESG Architecture
2-15	Conflicts of interest	See our 2023 Annual Report
2-16	Communication of critical concerns	1.1.2 Stakeholder Engagement 1.1.3 Material Issues
2-17	Collective knowledge of the highest governance body	1.2 Corporate Governance
2-18	Evaluation of the performance of the highest governance body	See our 2023 Annual Report
2-19	Remuneration policies	3.1.3 Employee Compensation and Benefit
2-20	Process to determine remuneration	3.1.3 Employee Compensation and Benefit
2-21	Annual total compensation ratio	Omitted due to confidentiality constraints
Strategy, policies and practices		Annual total compensation ratio
2-22	Statement on sustainable development strategy	Statement from the Chairman
2-23	Policy commitments	1.5 Business Ethics 3.3.2 Sustainable Supply Chain
2-24	Embedding policy commitments	1.3 Compliance Management 1.5 Business Ethics
2-25	Processes to remediate negative impacts	1.5 Business Ethics

Disclosure Item	Disclosure Title	Sections
2-26	Mechanisms for seeking advice and raising concerns	1.5 Business Ethics
2-27	Compliance with laws and regulations	See sections of the report for details
2-28	Membership associations	See sections of the report for details
Stakeholder engagement		
2-29	Approach to stakeholder engagement	1.1.2 Stakeholder Engagement
2-30	Collective bargaining agreements	3.1.1 Diverse and Inclusive Workplace
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	1.1.3 Material Issues
3-2	List of material topics	1.1.3 Material Issues
3-3	Management of material topics	1.1.3 Material Issues
<i>Topic Standards</i>		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Appendix1: Key Performance Indicators
201-2	Financial implications and other risks and opportunities due to climate change	Omitted due to confidentiality constraints
201-3	Defined benefit plan obligations and other retirement plans	3.1.3 Employee Compensation and Benefit
201-4	Financial assistance received from government	Not applicable
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Omitted due to confidentiality constraints
202-2	Proportion of senior management hired from the local community	Appendix1: Key Performance Indicators

Disclosure Item	Disclosure Title	Sections
GRI 203: Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	Feature: Technology for Social Good, Empowered by Digital Intelligence
203-2	Significant indirect economic impacts	Feature: Technology for Social Good, Empowered by Digital Intelligence
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Omitted due to confidentiality constraints
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	1.5 Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	1.5 Business Ethics
205-3	Confirmed incidents of corruption and actions taken	1.5 Business Ethics
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no relevant legal actions during the Reporting Period
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	2.2.4 R&D of Green Packaging
301-2	Recycled input materials used	2.2.4 R&D of Green Packaging
301-3	Reclaimed products and their packaging materials	2.2.4 R&D of Green Packaging
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	2.4.1 Green Manufacturing 2.4.2 Green Logistics 2.4.3 Green Office

Disclosure Item	Disclosure Title	Sections
302-2	Energy consumption outside of the organization	2.4.2 Green Logistics
302-3	Energy intensity	2.4.1 Green Manufacturing
302-4	Reduction of energy consumption	2.2.3 Upgrading R&D Technique 2.4.1 Green Manufacturing 2.4.2 Green Logistics 2.4.3 Green Office
302-5	Reductions in energy requirements of products and services	2.2.3 Upgrading R&D Technique 2.3 Green Development 2.4.1 Green Manufacturing 2.4.2 Green Logistics
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared Resource	2.4.1 Green Manufacturing 2.4.3 Green Office
303-2	Management of water discharge-related impacts	2.1 Environmental Management 2.4.1 Green Manufacturing
303-3	Water withdrawal	2.4.1 Green Manufacturing
303-4	Water discharge	2.1 Environmental Management 2.4.1 Green Manufacturing
303-5	Water consumption	2.4.1 Green Manufacturing
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	2.4.1 Green Manufacturing
305-2	energy indirect/Scope 2 GHG emissions	2.4.1 Green Manufacturing
305-3	Other indirect/Scope 3 GHG emissions	Information unavailable
305-4	GHG emissions intensity	2.4.1 Green Manufacturing
305-5	Reduction of GHG emissions	Information unavailable
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Not applicable
GRI 306: Effluents and Waste 2016		

Disclosure Item	Disclosure Title	Sections
306-1	Waste generation and significant waste-related impacts	2.4.1 Green Manufacturing
306-2	Actions taken to prevent waste generation	2.1 Environmental Management 2.4.1 Green Manufacturing
306-3	Composition of waste generated	2.4.1 Green Manufacturing
306-4	Recovery operations used to divert waste from disposal	2.4.1 Green Manufacturing
306-5	Disposal operations	2.4.1 Green Manufacturing
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	3.3.1 Supplier Management
308-2	Negative environmental impacts in the supply chain and actions taken	3.3.1 Supplier Management
GRI 401: Employment 2016		
401-1	New employee hires and employee Turnover	3.1.1 Diverse and Inclusive Workplace
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.1.3 Employee Compensation and Benefit
401-3	Parental leave	3.1.3 Employee Compensation and Benefit
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	Not applicable
GRI 403: Occupational Health and safety 2018		
403-1	Occupational health and safety management system	3.1.4 Employee Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	3.1.4 Employee Health and Safety
403-3	Guidance for Disclosure	3.1.4 Employee Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	3.1.4 Employee Health and Safety

Disclosure Item	Disclosure Title	Sections
403-5	Worker training on occupational health and safety	3.1.4 Employee Health and Safety
403-6	Promotion of worker health	3.1.4 Employee Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.1.4 Employee Health and Safety
403-8	Workers covered by an occupational health and safety management system	3.1.4 Employee Health and Safety
403-9	Work-related injuries	3.1.4 Employee Health and Safety
403-10	Work-related ill health	3.1.4 Employee Health and Safety
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Appendix1: Key Performance Indicators
404-2	Programs for upgrading employee skills and transition assistance programs	3.1.2 Employee Growth and Development
404-3	Percentage of employees receiving regular performance and career development reviews	3.1.2 Employee Growth and Development
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Disclosure 405-1 Diversity of governance bodies and employees	Appendix1: Key Performance Indicators
405-2	Ratio of basic salary and remuneration of women to men	Omitted due to confidentiality constraints
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	3.1.1 Diverse and Inclusive Workplace
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	3.1.1 Diverse and Inclusive Workplace
GRI 408: Child Labor 2016		

Disclosure Item	Disclosure Title	Sections
408-1	Operations and suppliers at significant risk for incidents of child labor	3.1.1 Diverse and Inclusive Workplace 3.3.2 Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	3.1.1 Diverse and Inclusive Workplace 3.3.2 Sustainable Supply Chain
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	1.1.3 Material Issues Feature: Technology for Social Good, Empowered by Digital Intelligence
413-2	Operations with significant actual and potential negative impacts on local communities	2.4 Green Operation
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	3.3.1 Supplier Management
414-2	Negative social impacts in the supply chain and actions taken	3.3.1 Supplier Management
GRI 416: Customer Health and Safety 2016		
416-1	Political contributions	3.2.1 Ensuring Product Quality
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There were no relevant incidents during the Reporting Period
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	3.2.2 Upgrading Service Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	There were no relevant incidents during the Reporting Period
417-3	Incidents of non-compliance concerning marketing communications	There were no relevant incidents during the Reporting Period
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no relevant complaints during the reporting period

让社会更智能，让生活更美好
Enabling a Smarter Society and Better Living

This document is a translated version of the Chinese version 2023 Environmental, Social and Governance Report (“2023 年度环境、社会及管治报告”) and the published ESG report in the Chinese version shall prevail.