



# Huaqin Technology Sustainability Report 2021

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Improve people's communication and life

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# About This Report

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## Reporting Scope

The report covers Huaqin Technology Co., Ltd. and its subsidiaries, unless otherwise noted. References in this report to "Huaqin Technology", "Huaqin", "the Company", "we", "us", and "our" mean Huaqin Technology Co., Ltd.

## Reporting Period

This report covers the period between January 1, 2021 and December 31, 2021, unless otherwise noted.

## Release Date

April 21, 2022 (the next report is expected to be released in April 2023)

## Disclosure Principles

The report is prepared in accordance with the Global Reporting Initiative (GRI) Standards (Core option), and presents our sustainability performance in business operations, social responsibility, environmental protection, and employer practices.

This report covers all the entities that Huaqin controls or over which Huaqin exercises a significant influence with respect to financial or operating policies and actions, which are the same as those covered by the company's annual report. Any matters not included in the report due to various objective conditions will be disclosed in future reports.

## Data Collection

The entities' data on operation, social responsibility, environmental protection, and employer practices for 2021 was collected by following the company's existing process. The financial data is based on our "2021 Annual Financial Audit Report".

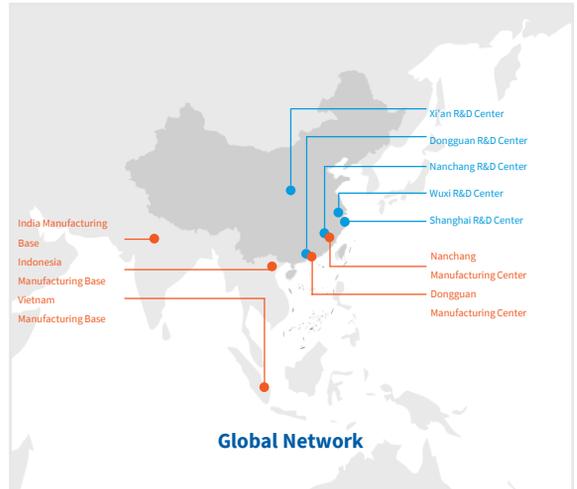
# About Huaqin

Founded in 2005 and headquartered in Shanghai, Huaqin Technology Co., Ltd. ("Huaqin") is the world's leader in intelligent hardware products. Committed to "making people's communication and lives better", Huaqin provides global hi-tech companies with end-to-end services covering development, manufacturing and operation of software, hardware and systems.

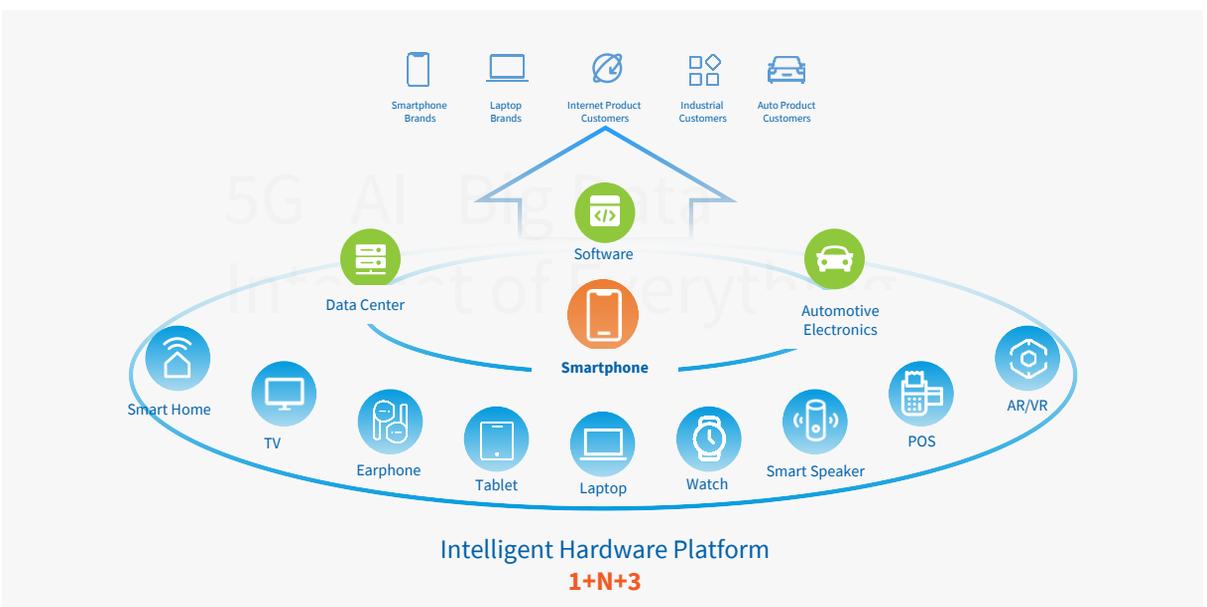
With a global presence in more than 100 countries and regions, Huaqin provides billions of users with intelligent products including smartphones, tablets, laptops, wearables (smart watches, TWS earphones, and smart bands), AIoT products (smart POS, automotive electronics, and smart speakers), and servers, covering more than 80 operators worldwide.

Huaqin has a strong global footprint. It has five R&D centers across China in Shanghai, Dongguan, Xi'an, Nanchang, and Wuxi, two domestic manufacturing centers in Nanchang and Dongguan, and three overseas manufacturing bases in India, Indonesia, and Vietnam.

Positioned as an intelligent hardware provider driven by efficient operation, R&D, and advanced manufacturing, Huaqin has horizontally expanded the product lines and developed a "1+N+3" product category strategy, which includes smartphones, consumer electronics, enterprise data centers, automotive electronics, and software. The company ranks first in the world in terms of ODM/IDH combined shipment volume of smartphones, tablets, and laptops. By deepening digital transformation around the core strategy



of "building an intelligent hardware platform", Huaqin works to pursue innovation together with global tech companies and ecosystem partners. With core R&D, manufacturing, and operational competencies, Huaqin has grown into a manufacturer with strong R&D capabilities, a hardware player that excels in software, and a large-scale company also devoted to flexibility and high efficiency.



# Huaqin Ideas



## Mission

Improve people's communication and life.

## Vision

To be the world's premier intelligent products and service provider.

## Values

- Customer-oriented
- Embrace Change
- Integrity
- Cooperation
- Commitment
- Passion



## 2021 Data

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### Operating Revenue

**\$13.1** billion

Nearly 40% year-over-year growth

### Shipments

**220+** million units

### Return on Net Assets

**22.3%**

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### Total Assets

**\$7.1** billion

### R&D Investment

**\$567.8** million

### Environmental Protection Investment

**\$5.9+** million

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### Number of Employees

**33,141**

12,471 R&D personnel

### Intellectual Property Licenses

**3,173**

Industry leadership in the number of intellectual property rights

### Total Employee Training Hours

**200,000+**

hours

# 2021 Industry Honors

**Ranked 18th among China's Top 100 electronic information companies**  
 - China Electronic Information Industry Federation



**Pudong New Area Outstanding Contribution Award for Private Enterprises**  
 - Shanghai Pudong People's Government



**Jiangxi Province Meritorious Enterprise of the Year**  
 - Jiangxi Provincial Development and Reform Commission

**Top 500 Private Enterprises in China**  
**Top 500 Private Manufacturing Enterprises in China**  
 - All-China Federation of Industry and Commerce

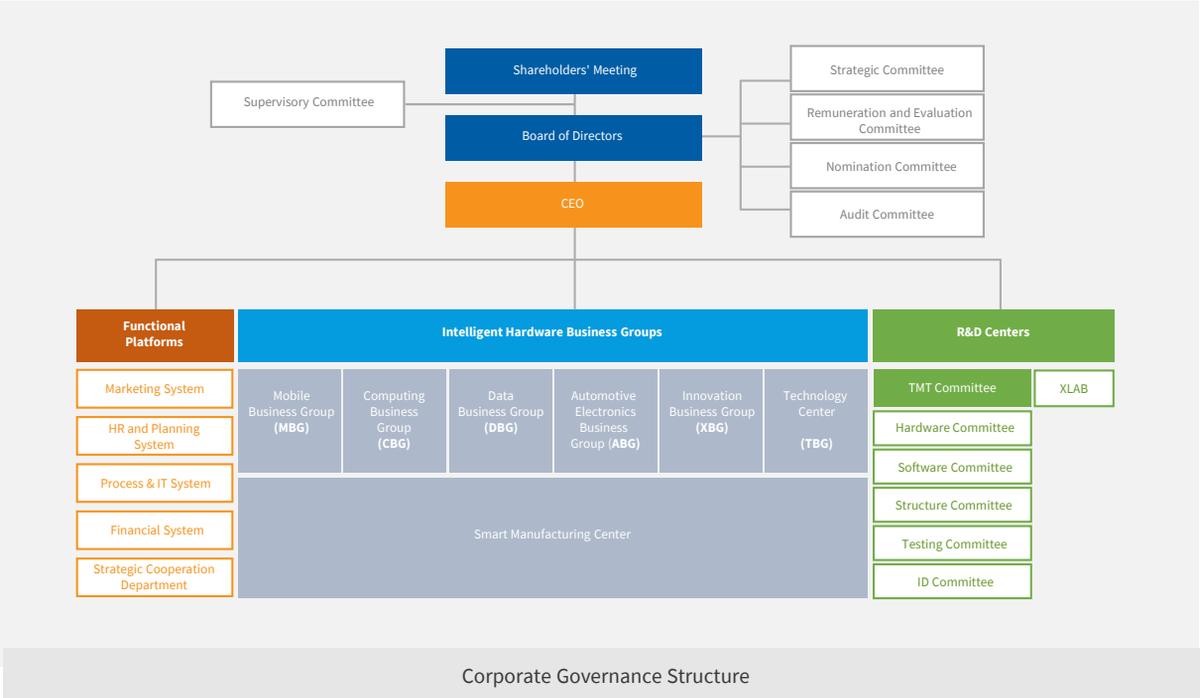


**Top 30 Best Practices in Human Resources Informatization in China**  
 - MOKA  
**China Best Employer Award 2021**  
 - Zhaopin  
**Top Graduate Employers 2021**  
 - 51job.com  
**Most Influential Employers 2021**  
 - Haitou.cc

# Sound Governance Structure

In strict accordance with the provisions of the Company Law, the Securities Law, the Code of Governance for Listed Companies, and other normative documents on corporate governance in China, Huaqin has established a legal and compliant institutional framework that satisfies the needs of actual operations.

Huaqin has a corporate governance structure consisting of the Shareholders' Meeting, the Board of Directors, the Supervisory Committee, the special committees under the Board of Directors, and the management. The sound organizational structure with clear responsibilities and authority, rules of procedure, and working procedures at all levels ensures that decision-making, execution, and supervision are separated, promoting scientific decision-making, compliant operations, and healthy corporate development.



# Good Institutional Operation

## Shareholders' Meeting

Our shareholders include our founding members, China Mobile, Intel, Qualcomm, Northern Light Venture Capital, China Merchants Securities Investment, and Zhangjiang Hi-Tech Park. All these corporate shareholders have a strong and highly visible presence in such fields as semiconductor and strategic investment.

The Company regulates the convening, holding, and voting procedures of shareholders' meetings in strict accordance with the provisions of the Company Law, the Securities Law, the Articles of Association, the Rules of Procedure for Shareholders' Meetings, as well as other applicable laws and regulations in China, to protect the rights and interests of minority shareholders. We also engage lawyers to attend the shareholders' meetings and to issue legal opinions on relevant convening and voting procedures, fully respecting and safeguarding the legitimate rights and interests of all shareholders.

### Board of Directors

There are four special committees under the Board of Directors, namely the Strategic Committee, the Nomination Committee, the Remuneration and Evaluation Committee, and the Audit Committee. Each special committee performs its duties under the relevant laws and regulations, the Articles of Association, and its implementation rules. The Board of Directors comprises high-end talents with rich experience and a good reputation in the industry and academia.

### Supervisory Committee

The Supervisory Committee is accountable to the shareholders' meetings, and its size and composition comply with applicable laws and regulations. The Supervisory Committee has formulated the Rules of Procedure for the Supervisory Committee, which stipulates its composition and functions and powers, as well as the procedures for meeting convening and holding, proposal discussion, and voting. All supervisors are urged to independently and lawfully exercise their supervisory powers over the Company's financial situation and the duty performance of directors and senior managers in the principle of being responsible for all shareholders.

## Comprehensive Internal Management

Huaqin has formulated an internal control system under the Company Law, the Articles of Association, and relevant laws and regulations in China, which has guided its implementation of standardized control across the Company to protect the rights and interests of minority shareholders, improve institutional operation, and enhance internal management. The sound internal control system complies with applicable laws and regulations in China, and plays an effective role in risk control and prevention in all aspects of business management. In 2021, Huaqin prepared an annual evaluation report for internal control based on its daily and special supervision to evaluate the effectiveness of internal control as of December 31, 2021 (reporting base date), and Da Hua Certified Public Accountants issued a standard and unqualified audit report on the Company's internal control.

## Key Performance

### Shareholders' Meeting

During the reporting period, **1** general meeting of shareholders was held and **22** proposals were deliberated.

### Board of Directors

The Board of Directors has a total of **9** directors, including **3** independent directors. During the reporting period, **3** meetings were held and **33** proposals were deliberated.

### Supervisory Committee

The Supervisory Committee has a total of **3** supervisors, including **1** employee supervisor. **3** meetings were held during the reporting period.

# Promote Sustainable Development with Technological Innovation



**Vincent Qiu**  
Chairman and CEO of Huaqin  
Technology

Facing the uncertainties such as the ongoing pandemic, raw material shortage, power rationing measures, and exchange rate fluctuations in 2021, we became aware that business operation is a systematic and long-term process of fulfilling social responsibilities. Only by pursuing long-term development and building our sustainable capabilities against external uncertainties can we help solve social problems with our core competencies.

Sustainable social and economic development depends on scientific and technological innovation. In this era of uncertainty, technological innovation is the key for businesses to stay ahead. While moving toward a dual-drive system of market development and technological innovation, we have strategically built our competitive advantages to enhance our core competency. By stepping up investment in technological innovation and innovation incentives in 2021, Huaqin established an innovation system covering technology research, platform support, and product development. The TMT Committee organizes and implements our technology planning, the Product and Manufacturing Division works on specific and generic technologies around products and processes, and X-Lab focuses on core and cutting-edge technologies. Together we work to build a more technology-oriented business where employees are bold in and adept at innovating.

Today, digital economy has become a new impetus behind the high-quality economic development in China, and digitalization and intelligence are the key drivers. In 2021, Huaqin actively promoted digital transformation to create a happier business, another major change since the IPD reform in 2015. Through digital transformation, we can always make correct and effective data-driven decisions to improve the efficiency of the whole value chain. From company-wide ISC and financial reforms to rapid improvement across the systems, Huaqin is advancing digital transformation in an orderly manner. With advanced processes and digital systems, we can significantly reduce repetitive manual workloads and allow our people to engage in more complex and rewarding work, thus bringing a greater sense of happiness and achievement. Therefore, ensuring the well-being of all employees is the ultimate goal of digital transformation.

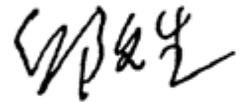
While promoting digitalization, Huaqin is also sparing no effort to drive automated manufacturing. To improve manufacturing efficiency, Huaqin piloted several lean production projects and introduced a lot of automation equipment in 2021. We will step up efforts in automated manufacturing and promote the trial and application of automation in more product lines, so that we can realize intelligent manufacturing and build our competitive advantages in the industry.

Openness and cooperation are the trends of global development. Huaqin remains committed to open and win-win collaboration with global partners. As a typical "chain leader" in the electronic information industry, Huaqin has raised the acceptance bar of individual component parameters while ensuring that the overall performance meets requirements, so as to provide opportunities for more chip companies in China and help the country enhance the upstream of the intelligent hardware industry. In 2021, Huaqin also worked with local governments on multiple projects in response to the 14th Five-Year Plan. For example, we built a new manufacturing center in Nanchang and a new manufacturing center for servers and mobile terminals in Dongguan, and signed a contract with Shanghai Lingang Special Area on setting up an R&D and manufacturing base for automotive electronics. With these moves, we have increased our business scale and multi-location collaboration advantages. Bearing technology inclusion in mind, we will continue to improve our R&D and manufacturing efficiency and deliver highly cost-effective smart devices, allowing more people to enjoy a smart life and effectively promoting social equity.

At present, carbon neutrality has become a global consensus. Guided by the idea of "green, low-carbon and sustainable development", we work to reduce the environmental impact of our production, operations, and products throughout their life cycle. Our measures to improve energy efficiency and control pollutant emissions include resource recycling, pollution control, waste disposal, and environmental digitization. In 2021, the two manufacturing centers in Nanchang and Dongguan alone reduced over 6,000 tons of carbon emissions through energy-saving technology improvements, clean energy utilization, and other measures. Meanwhile, we advocate circular development with more environment-friendly materials, more durable products, greener packaging materials, and less waste.

Over the years, Huaqin has been fulfilling social responsibilities and getting involved in public welfare. Internally, efforts are seen in talent development, welfare insurance, working environment optimization, and frontline employee training. We are striving to build a diversified space for growth where "the harder you work, the happier you will be". By adhering to the industry consensus of putting people first, we work to strengthen risk management, ensure workplace safety, and value inputs from employees. Under ESG commitments of employment equality, employee diversity, and the prohibition of child labor and forced labor, we have been actively fulfilling our responsibility to employees.

In the future, Huaqin will continue to pursue technological innovation and sustainable development to create value for the whole industry and the whole society. Huaqin is ready to work together with global industry partners and promote innovative green, low carbon, energy conservation, and environmental protection technologies to achieve the UN sustainable development goals. We strive to bring a smart life to everyone, every family, and every organization, making people's communication and lives better.



Vincent Qiu, Chairman and CEO of Huaqin Technology



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# 1

## Business Operations



Technological Innovation  
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Business Automation  
High Quality Strategy  
Business Continuity Management  
Information Security Assurance  
Business Ethics

# Technological Innovation

Huaqin is committed to establishing a globally competitive R&D network and a multi-level R&D system that is tailored to its business and local conditions, and has built five major R&D centers across China in Shanghai, Dongguan, Xi'an, Nanchang and Wuxi. The centers focus on the research of such smart hardware products as smartphones, tablets, laptops, smart wearables, data center products and automotive electronics. With an R&D investment of \$567.8 million and 12,471 R&D experts, we have 3,173 intellectual property licenses, 2017 authorized patents, 804 invention patents, and 1,000+ software copyrights in 2021.

**\$567.8** million  
invested in R&D resources

**12,471**  
R&D experts

**3,173**  
intellectual property  
licenses

**1,000+**  
software copyrights

## Invest in superior R&D resources and advance intelligent manufacturing through large-scale R&D projects

By leveraging location advantages and integrating R&D resources, Huaqin has built five major R&D centers in Shanghai, Dongguan, Xi'an, Nanchang and Wuxi to establish a regional R&D network with complementary advantages.

We built a technology center as our technological innovation platform to apply our years of experience in smartphone R&D, embedded software and rapid to such smart products as tablets, computers, smart wearables, AIoT products, data center products and automotive electronics.

We established a software center to make Huaqin competitive in software and evaluation. On top of that, a comprehensive infrastructure platform that integrates hardware-software solutions has been built to meet the complex needs of customers from all fields.

X-lab was established to improve our innovation capabilities in acoustics, optics, thermal design, microwave, and battery (new energy), enhancing our technology for productization and securing our industry leadership in cutting-edge technologies.



Shanghai R&D Center



New Shanghai Headquarters / Global R&D Center



Nanchang R&D Center



Xi'an R&D Center



Dongguan R&D Center



Wuxi R&D Center

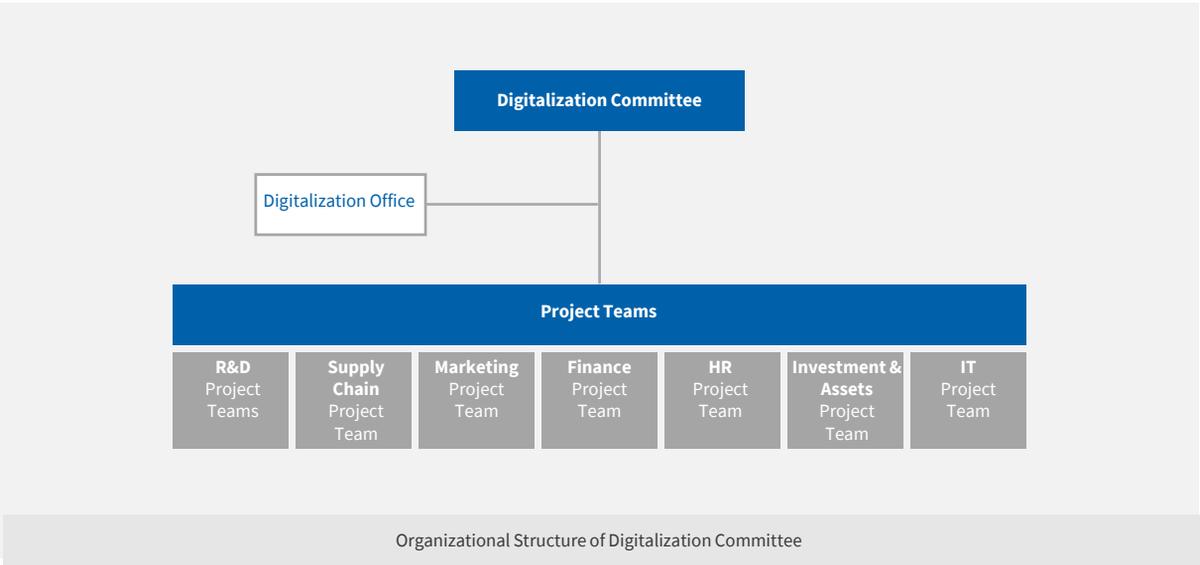
# Digital Management

To support the overall business strategy of "1+N+3" and achieve operational excellence, we set up a digitalization committee under the general principle of "integrated design, central platform, and unified standard". The committee aims to improve management for digital transformation step by step and unify end-to-end core business processes, data standards and systems by 2025. In this way, Huaqin can realize efficient and transparent operations, consistent management, and risk control.

## Digitalization Committee

The Digitalization Committee was formed for the group to support the departments at all levels in setting goals and objectives for digital transformation and putting them into practice under the general principles. The Digitalization Committee includes 8 senior managers from R&D, supply chain, marketing, finance, HR, investment, process and IT systems.

The committee also includes an office for the execution and coordination of transformation routines and the implementation of strategic objectives. The Digitalization Office operates on a weekly and monthly basis, holds special meetings for discussions as needed, and reports to the Digitalization Committee for decisions.

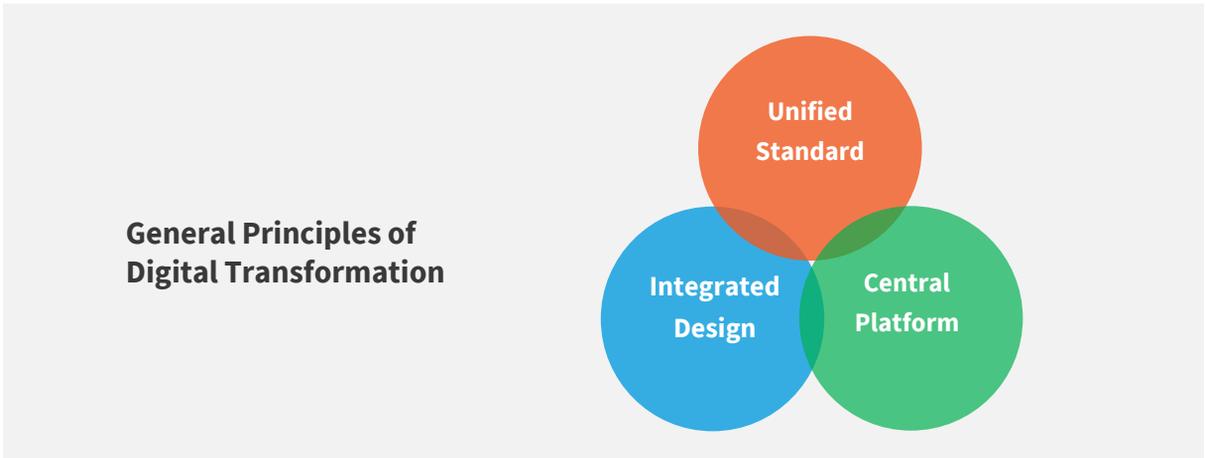


### Responsibilities of Digitalization Committee

- To formulate digitalization strategies, principles, objectives, guidelines, policies and systems for the company, and promote their implementation.
- To evaluate the level of each digitalization project, and give guidance on IT platform selection, master plan, pilot design and promotion units.
- To facilitate coordination and problem-solving in cross-domain and cross-process digitalization, and enable end-to-end synergy of digital transformation.
- To channel internal and external resources for various project teams engaged in digital transformation.

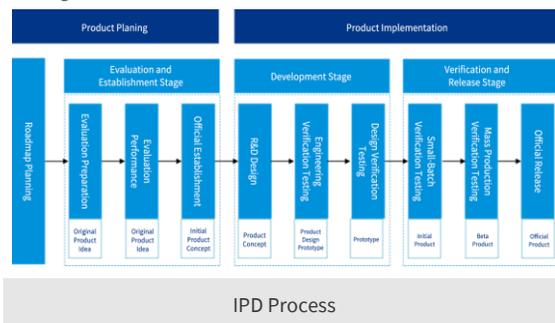
## Digital Transformation Results

From the beginning, Huaqin has outlined the general principle of "integrated design, central platform, and unified standard" to steer digital transformation in R&D, operations, marketing, manufacturing, HR, administration, and finance. Remarkable results have been achieved.



### R&D

To integrate R&D personnel and improve R&D efficiency, Huaqin has gradually built an efficient and process-oriented IPD model since 2015. Under the model, an integrated team, comprised of an operational director, marketing representatives, R&D representatives, procurement representative, manufacturing representatives, and quality representatives, is formed for each R&D project. This raises the company-wide awareness of whole-process product development and integrates internal resources to support customers in project development. Furthermore, Huaqin can realize standardized, digital, and process-oriented R&D management.



### Operations

An operation middle platform has been built to share data with customers through EDI and reduce the manual operation and error rate. It also allows us to share data with upstream suppliers through the SRM platform, increasing the efficiency of the whole supply chain. The internal departments are connected through the IBP platform for full coverage of the supply chain. In a word, it provides efficient support for receiving customer orders and communicating purchase orders and forecasts.

### Marketing

We have launched the whole process system of contract management, quotation, order processing, forecast, expense, and customer management to enable a digital business value chain, providing data support for business decisions, and improving the precision of strategic management.

### Manufacturing

We have started systematic construction of the manufacturing dashboard following a three-year plan covering data visualization, early warning and error proofing, and intelligent transformation. We expect to complete factory digitization in 2024. With core data visualization completed in 2021, 90% of data visualization is expected to be completed by 2023 at the latest.

### HR & Administration

After institutional review, process development, and data governance, Huaqin has improved key areas of HR and administration in DL recruitment, electronic signature, and HR self-service, satisfying tens of thousands of employees in scenarios like contract signing, electronic signature, one-stop HR services.

### Finance

We have also reformed our financial systems (IFS) and built a sound digital financial system by reviewing the financial process framework (FPF), building platforms for financial data management, developing and optimizing core financial systems, and promoting data governance.

# Supply Chain Management

We are committed to building a transparent, secure, agile, cost-leading and sustainable supply chain system and maintaining a win-win partnership with our suppliers. To create a world-class supply chain system, we build an efficient operation process and a comprehensive digital and systematic IT system for effective vertical resource integration. For the purpose of our strategic goals, we also develop a team of differentiated suppliers, a global network of strategic procurement, and a risk management mechanism to establish a competitive supply chain.



## Supply Chain CSR Management System

Huaqin has established a supplier relationship management (SRM) system that spans the whole lifecycle from supplier introduction, on-site audit, contract management to performance management. To fulfill our corporate social responsibility and deliver on our commitment to sustainability, Huaqin has established a comprehensive procurement CSR management system based on the United Nations Guiding Principles on Business and Human Rights (UNGP), the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the International Labour Organization (ILO) Guidelines for Multinational Enterprises as well as the Responsible Business Alliance (RBA) Code of Conduct and the Joint Audit Cooperation (JAC) Supply Chain Sustainability Guidelines. We require that all suppliers sign and abide by the CSR system that encompasses labor standards, safety and health, environmental protection, business ethics, and management systems. Huaqin strives to conduct sourcing and business on our products, employees, and suppliers in a socially, environmentally, and ethically responsible manner. Suppliers are subject to joint field audits by the R&D, procurement, and quality departments to evaluate their workplace environment and compliance with relevant environmental protection requirements. In addition, suppliers need to have certifications including ISO9001 and ISO14001. Huaqin incorporates the anti-commercial bribery commitment into the procurement framework agreement, and makes

integrity a red line issue. Any supplier who crosses the line will be banned from cooperation forever. Suppliers in the Approved Vendor List (AVL) are subject to regular performance assessments by multiple departments on costs, delivery, quality, and CSR fulfillment and services. We identify the continuous improvements to be made by suppliers based on the assessment results, and help suppliers improve their awareness of social responsibilities and management capabilities. Huaqin promises that we will never support or use conflict minerals and tin, tantalum, tungsten, gold, and cobalt from unknown sources, and we encourage the actions of the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI) against conflict minerals. We comply with the OECD guidance on conflict minerals and the RBA program to conduct responsible supply chain sourcing and facilitate Reasonable Country of Origin Inquiry (RCOI) and Due Diligence (DD). We encourage suppliers to develop policies that prevent and reduce any human rights and environmental risks caused by minerals in their products. Suppliers must trace the source of and conduct due diligence on minerals in the purchased products. We share due diligence information with customers, and work with customers and suppliers to promote the sustainable development of mineral supply chains.

# Business Automation

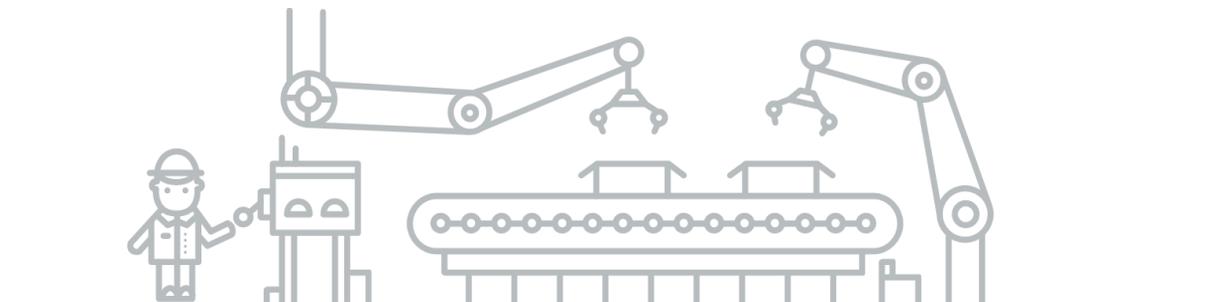
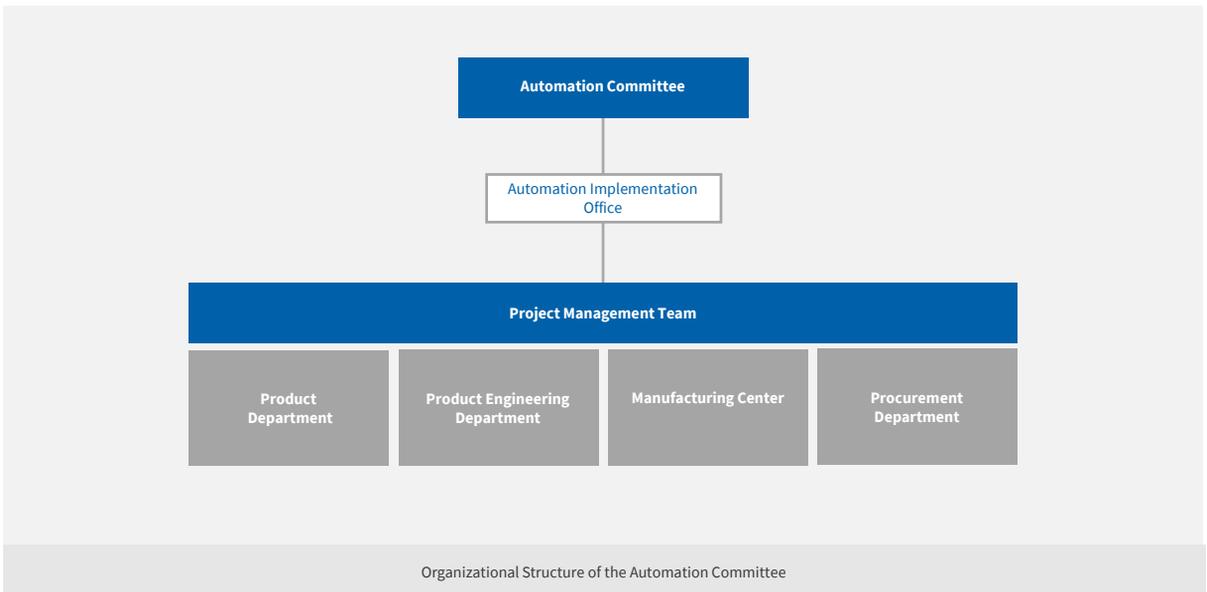
Huaqin established its Automation Department in 2017 and the Equipment Technology Department and Automation Committee in 2020 dedicated to automating the manufacture of a full range of products including mobile phones, tablets, laptops, and smart wearables. By 2025, the business is expected to be automated on a larger scale, with nearly 50,000 sets of equipment in use, an improved baseline automation rate of 70%, and a cumulative manpower saving of over 20,000 people, leading to an intelligent equipment management ecosystem that will set the standard for the industry.

## Automation Committee

We have created an Automation Committee to help all relevant manufacturing departments set and work toward their individual goals that are aligned with the overall organizational automation goals. Comprised of senior executives from the Equipment Technology Department and various manufacturing departments, the Committee has set up an Automation Implementation Office to control

the execution and coordination of automation routines and the implementation of strategic objectives.

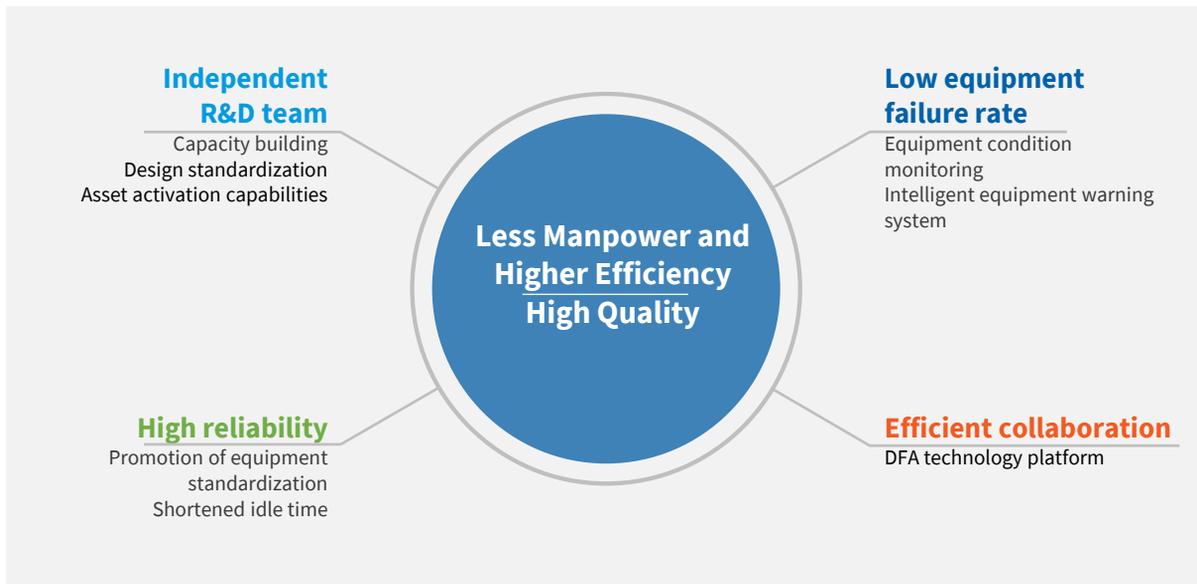
The Automation Committee is responsible for defining the company's automation roadmap and overall objectives; assisting the Automation Implementation Office in setting project objectives for each business segment; and guiding and monitoring objective implementation, providing guidance on project improvements, and reviewing their results.



## Automation Outcomes

In 2021, Huaqin purchased about 6,700 sets of automation equipment including FATP and SMT lines, which saved nearly 2,000 jobs. Huaqin supercharged its automation efforts at baseline in 6 categories of products by introducing automation equipment in such categories as smartphones, tablets,

smart bands, and smart watches, as well as TWS earphones and laptops.



**6,700** sets

of automation equipment procured

**2,000** jobs

saved through customized automation equipment

The independent automation R&D team was expanded to cover the whole process of design, assembly, commissioning, formal use, renovation, and reuse. Equipment standardization was promoted to realize modularized design, generalized control platforms, and integrated user interfaces. We also managed to shorten idle time to enable high reliability of equipment by adopting relevant mechanisms, growing our talent pools, improving the automation introduction process, and identifying key risks.

We customized the TPM (total productive maintenance) system and established an equipment data acquisition warehouse to integrate real-time monitoring, instant alarming, intelligent prediction and analysis warning, and pulling features to ensure high availability of the equipment.

We created a DFA (design for assembly) middle platform that involves special DFA items, baselines, projects, and rules, to enable effective collaboration between the manufacturing and R&D departments and improve the standardization of design and production.

# High Quality Strategy

Huaqin has been regarding product quality as its lifeline since the very beginning. We treat high quality as a group-level strategy, keep improving the product quality control system, and always get an accurate picture of product R&D and design, raw material procurement, manufacturing management, product flows, supply assurance, and after-sales services. Such practices bring a good reputation to Huaqin, making it a high quality benchmark in the industry.

## Background

With changes in consumption patterns, consumers have shifted their consumption demand from the ultimate cost performance to the best user experience. This means customers now pay more attention to brand reputation and product quality control.

The industry is experiencing high-quality development, which is indicated not only by the continuous market expansion and growth, but also by the radical improvement in product quality. China has changed from a technology follower to a market leader in many fields, especially in the electronic information industry, during its course of upgrading from a manufacturer of quantity to one of quality. It is an inevitable choice for Huaqin Technology, as a top 18 player in China's electronic information industry and a representative of intelligent manufacturing in China, to make quality control a corporate strategy.

## High-quality Control Throughout the Lifecycle

Huaqin has built an integrated quality management and organization mechanism that spans the full product lifecycle and aims to build a diverse talent pool, to facilitate its transformation into an agile organization. Based on the overall organizational structure and corporate culture, we have continuously optimized the quality control mode to create a new, open, and flexible management structure that effectively supports the interconnection between Huaqin's internal quality control and customer value chain.

In the early stage of a project, we first identify risks regarding new objectives, processes, and technologies for the project,

and make plans in advance for proactive prevention of risks. During project execution, we break down quality objectives and implement them individually, and review the fulfillment of leading indicators regularly. Meanwhile, we encourage 4Q (PQE, PQA, SQE, and IQC) interaction and end-to-end interconnection among the R&D, procurement, and production departments, so as to provide adequate resources for the smooth implementation and quality control of the project.



## Quality Culture

"HQ", the abbreviation for "HuaQin", can also be interpreted as "High Quality", implying that Huaqin has been committed to quality since its inception. In 2008, Huaqin initiated the "910 Quality Month", marking the building of our quality culture system.

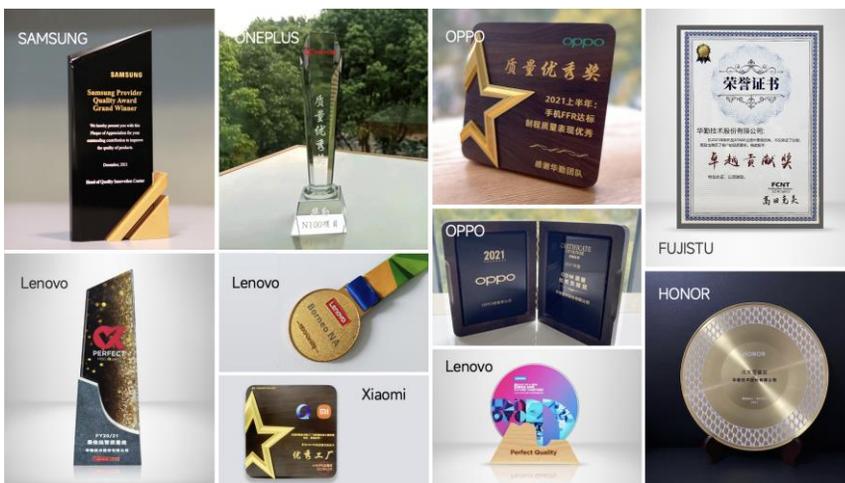
With the advocacy for high-quality development in all fields, we clearly communicated our quality vision, quality objectives, quality management policies, quality benchmarks, etc. to all of our employees so that they can always bear high quality in mind.

### Case I 2021 Quality Month

Huaqin holds Quality Month campaigns every September. The quality month in 2020 was themed "Success Through Quality Instead of Quantity", and a variety of campaigns such as signing in for prizes, collecting likes for prizes, and making videos of the Quality Ambassador in My Heart were rolled out to enhance the quality awareness of all employees.



## 2021 Quality Honors



- Samsung | ODM Grand Prize
- Lenovo | Best Operation Quality Award
- OnePlus | Project Quality Excellence Award
- MOTO | Award for Best After-Sales Service Quality
- Xiaomi | Factory with Excellent Quality System Operation
- OPPO | Quality Excellence Award
- OPPO | Award for Excellent Contribution to ODM Quality
- Lenovo | Perfect Quality Award
- FUJISTU | Outstanding Contribution Award
- Honor | Excellent Quality Award

Listed in no particular order

# Business Continuity Management

In 2021, by further reviewing existing policies and processes, Huaqin clarified the approval process and the assignment of authority and responsibility for various economic and non-economic matters to ensure that important control points of key business were properly managed, and streamlined the decision-making process to be as efficient as possible. Through years of sustained investment, Huaqin has developed policies and processes in procurement, manufacturing and logistics, backed by HR, finance, legal, and IT backend departments providing backup services.

## Key Initiatives in Procurement

We source raw materials from multiple suppliers, and prefer suppliers that have multiple manufacturing sites. During mass production, we prepare safety stock to better address the ever-changing customer demand and uncertainties during the pandemic.

## Key Initiatives in Manufacturing

We have established two China manufacturing centers in Nanchang and Dongguan, and three overseas manufacturing bases in India, Indonesia, and Vietnam. These manufacturing sites also serve as integrated equipment backups for each other.

# Information Security Assurance

Huaqin implements effective control of information security by improving its information security management systems and protection mechanism and raising employees' information security awareness.

## Construction of the Information Security System

In strict accordance with the Cybersecurity Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China, Huaqin has passed the ISO27001 (information security management system) certification and developed a complete information security system that classifies all information and sets up approval processes, and defines all violations and penalties.



## Tight Information Security Control

Huaqin has established an Information Security Committee to strengthen the company's information protection policies and implement control strategies on physical security, data security, and personal information security.

To ensure the security of information in use, Huaqin provides internal employees with online and face-to-face training courses on subjects such as prevention of internal and external network attacks and intrusions, and information security in confidential areas. Moreover, Huaqin carries out information security month activities and organizes information security exams every year to enhance all employees' awareness of information security risks and their ability to identify them.

Based on the comprehensive information security protection system, Huaqin also reinforces the protection of customer information through controls over its internal operation and suppliers.

## Internal Operation Control

Strict background checks are done for all key positions with access to customer information. For key project positions, a commitment letter or confidentiality agreement specific to the project will also be signed.

Customer-related documents are encrypted and stored in secure locations with specific permissions defined. Copying to removable storage devices are prohibited.

Employees are forbidden to send company documents to personal email addresses.

## Supplier Control

All suppliers are required to sign a confidentiality agreement before their cooperation with Huaqin. To prevent unauthorized entrance, suppliers must show their valid IDs when entering the company.

Huaqin has strict restrictions on all physical and logical access by suppliers. In addition, Huaqin conducts information security inspection and supervision of key suppliers at least once a year.

# Business Ethics

With the central task of company development in mind, Huaqin effectively strengthens its clean governance and anti-corruption efforts by supervising company operations and working practices in accordance with applicable disciplines and regulations. Huaqin has fostered a culture of compliance, integrity, uprightness and entrepreneurship within the company by establishing relevant systems and mechanisms, perfecting the supervision system, and enhancing preventive education.

## Develop Systems and Mechanisms

In 2021, Huaqin kept improving relevant systems and mechanisms to promote its internal audit and supervision capabilities. The company reshaped its internal audit team, established Huaqin Regulations on Internal Audit and Huaqin Integrity Management System, and revised the Huaqin Regulations on Handling and Managing Violations and the Employee Handbook.

## Establish a Supervision System

In 2021, Huaqin strengthened its internal audit and completed a total of 14 audit projects in such fields as procurement, finance, and operations. With an optimized report and complaint channel, we handled over 10 complaint and report cases in 2021 and provided appropriate corrections and reinforcements through analysis of the cases to address both symptoms and root causes.

## Strengthen Preventive Education

Huaqin has been promoting warning education and integrity culture while implementing punishment and governance. The preventive measures sound the alarm for employees to prevent them from corruption. Typical examples of misconduct are used as both deterrents and guidelines of integrity culture to enhance the warning and prevention effects.

To further deepen the construction of "Huaqin of Integrity", the Internal Audit Department has developed the Huaqin Integrity Manual for internal and external use. In the middle of every September, Integrity Compliance Week campaigns are simultaneously held in five locations to enhance the popularity of integrity culture.



Integrity manual



Procurement system integrity compliance training

## Case I 2021 Integrity Compliance Publicity Week

Huaqin holds integrity compliance campaigns every September. The theme in 2021 was "Integrity Effort Matters and Compliance Requires Diligence". We launched various campaigns in five locations including Shanghai, Nanchang and Dongguan. Employees learned about the bottom lines in our corporate culture and enhanced their awareness of integrity compliance through a series of offline games and online quizzes.



Campaign in Nanchang



Campaign in Shanghai



Campaign in Dongguan



# 2 Social Responsibility



Promoting Social Equity  
Public Welfare

# Promoting Social Equity

## Bring the Internet to Everyone

### Background

According to the latest Poverty Trends: Global, Regional and National, in 2021, an estimated 698 million people, or 9% of the global population, were living in extreme poverty – that is, living on less than \$1.90 a day. 1,803 million people were living below the higher poverty line, and over 3,293 million people were living below \$5.50 a day.

It is difficult and costly to maintain income equality. However, the Internet plays an important role in social distribution by promoting equity through public services. Children in poverty can receive basic education online. Simple health issues can be diagnosed quickly with online medical services. Also, poverty relief and financial inclusion can be done through the Internet. The cost-effectiveness of smart products determines whether those with financial hardships can access the Internet.

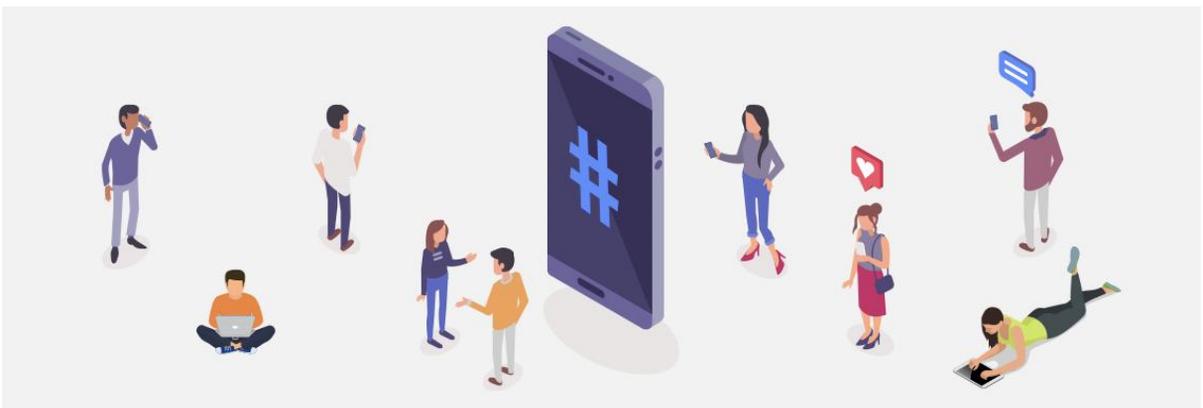
Huaqin has been committed to improving people's communication and life since its inception. We always believe that everyone should be able to enjoy a smart life through technical inclusion to promote social equity.

Through efficient operation, technical R&D and innovation, and advanced manufacturing, we continue to improve the quality of our smart products and R&D and manufacturing efficiency to provide cost-effective products and stay ahead in market competition.

In 2021, Huaqin's total shipment was over 220 million units, of which the total shipment of smartphones, tablets, and laptops topped the global ODM/IDH industry. Huaqin has become a driving force in promoting smartphones, tablets, laptops, smart hardware, and connectivity around the world for social equity.

220+ million units

shipped in 2021



# Enabling Inclusion and Equity for Seniors

## Background

According to the Seventh National Census of China, 190 million people, 13% of the total population in China, are aged 65 years or over, indicating a 4.6% increase compared to 2010. The aging population is growing faster than the national population and will continue to grow at a faster rate over the next 30 years.

We take the physical and mental differences into account when designing elderly-friendly products. With emerging technologies such as smart hardware, IoT, cloud computing, and AI, we are able to help the elderly enjoy easy tools for their daily lives and travel and improve their quality of life, sense of happiness and social engagement.

## Case I Elderly-Friendly and Accessibility Features



HAC, TTY, and Easy Mode on Samsung A02S, A11, and other smartphones help hearing-impaired and the elderly communicate more easily and enjoy a smart lifestyle.

### HAC

Hearing aids can be used with smartphones to help hearing-impaired/elderly people. With hearing aid compatibility (HAC), noises caused by the incompatibility between digital mobile phones and hearing aids are eliminated, so that people wearing hearing aids can answer phone calls without interference.

### TTY

Teletypewriters can be used with smartphones to support people who are deaf, hard-of-hearing, or have a severe speech impairment.

### Easy Mode (Simple Mode/Elderly Mode)

This mode only provides some basic features such as camera, photo album, phone calls, and SMS and increases the icon and font size, making it easy to use for seniors.



# Public Welfare

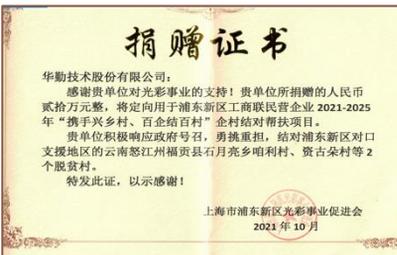
In June 2012, Huaqin, in collaboration with Shanghai Charity Foundation, set up the Huaqin Special Care Fund for environmental protection, disaster relief and rescue services, and various charitable activities to help farmers, children, students, and those with disabilities or financial difficulties. Since the launch of the fund, Huaqin has sponsored the bone cancer treatment project for care worker Pan Jinfeng, the Zhufei project, earthquake relief projects for areas such as Ludian in Yunnan, and projects for supporting teachers suffering from serious diseases. In addition, Huaqin also supported earthquake relief through Shenzhen One Foundation.

In 2021, Huaqin organized a wide range of charitable activities. We stood with local communities through thick and thin when facing the outbreak of COVID-19 or supporting long-term charitable projects.



## Social Responsibility Activities in 2021:

- Outstanding Philanthropic Enterprises in Pudong New Area
- "Communication - Supporting Education for Children with Autism" Project
- Student Support at Zuolong Town, Langao County, Ankang, Shaanxi
- Poverty Relief for Villages in Yunnan
- Nursing Home Elderly Support in Pudong New Area





# 3 Environmental Protection



Dual Carbon Strategy  
Green Technologies and Products  
Green Supply Chain  
Green Manufacturing  
Contributing to a Circular Economy

# Dual Carbon Strategy

## Background

In recent years, China puts forward a set of new strategies for the construction of ecological civilization. Huaqin has set up the Carbon Neutrality Committee to keep pace with the goal of "peaking carbon emissions by 2030 and achieving carbon neutrality by 2060" ("dual carbon" targets) set in 2020. The "dual carbon" targets has brought us new opportunities and challenges in building technical and service capabilities.

## "Dual Carbon" Targets

Based on Huaqin's carbon neutrality targets, the carbon neutrality plan is divided into four stages:

**Stage I:** In 2021, we started to control carbon emissions and developed an emission control strategy; **Stage II:** By 2030, we plan to peak our carbon emissions and fully control our carbon emissions and their sources; **Stage III:** By 2050, we plan to achieve regional carbon neutrality targets; **Stage IV:** By 2060, we plan to achieve our overall targets for carbon neutrality.

**Targets**  
Peaking carbon emissions by 2030 and achieving carbon neutrality by 2060



# Green Technologies and Products

As a world-leading smart hardware enterprise, Huaqin produces hundreds of millions of smart products every year, including smartphones, tablets, laptops, smart wearables, AIoT products, data center products, and automotive electronics. Huaqin has long valued technological innovation and R&D and investment in green technologies to contribute to a sustainable world.

## Green Technologies

Huaqin is committed to exploring new ways to contribute more to the circular economy, reducing our reliance on natural resources, and providing customers with more eco-friendly products.

### Case I "Liquid Server Cooling" — Reducing Power Consumption of Data Centers by More Than 30%

The power usage effectiveness (PUE) of traditional data centers with air cooling systems is usually 1.5-1.8 (PUE is a key indicator that describes the energy efficiency of a data center; an ideal PUE is 1.0).

In 2021, Huaqin started to develop cold plate liquid cooling technology and reliable immersion liquid cooling technology for servers and switches in data centers. The cold plate liquid cooling technology can cut the average PUE of data centers to about

1.2 throughout the year, while the immersion liquid cooling technology can cut the PUE to less than 1.1, reducing the power consumption of data centers by over 30-40% and decreasing carbon emissions significantly.

The liquid cooling system significantly reduces the number and load of cooling fans used in IT equipment and noise in the data center, resulting in an easy operation and maintenance environment.



## More Durable Products

Huaqin always adheres to the "high quality strategy" and produces durable and high-quality products to reduce the consumption of natural resources. In the design stage, we ensure that raw materials meet all environmental requirements by selecting them based on strictly controlled evaluations; in the manufacturing stage, we conduct strict reliability tests against international standards to ensure that our products function normally, even in severe conditions.

We have multiple specialized reliability labs in China, where we simulate use scenarios and perform reliability tests on different products and components to ensure product quality before shipment. These include drop tests, temperature cycling tests, and abrasion tests.



Lab

## Green Materials & Packaging

Huaqin uses a variety of renewable materials such as recycled paper and recycled plastic in its products, and keeps exploring new possibilities of using more high-quality renewable materials together with material suppliers.

In terms of green packaging, we have adopted lightweight and compact packaging designs that meet customer needs to reduce the use of packaging materials and cut packaging and logistics costs.



Our environmental protection efforts were recognized by the industry:



**China Energy Conservation Program (CECP)**

CECP aims to reduce energy consumption and emissions by encouraging manufacturers to produce more resource-efficient products and helping consumers make sustainable purchasing decisions.



**China Environmental Labelling Program (CELP)**

CELP, also known as the Ten-Ring Certification, is currently the most authoritative eco-friendly product certification in China. CELP-certified products use less hazardous substances and are more energy efficient than similar products in the same industry.



**Energy-Related Products (ERP)**

Energy-related products are any products that have been placed on the market and/or put into service and have an impact on energy consumption during their use.



**Energy Star**

The Energy Star rating has become a key factor in the purchasing decisions of both consumers and businesses. More efficient buildings, applications, and hardware can lead to significant savings on heating time or power costs.

# Green Supply Chain

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All the materials supplied by all the suppliers of Huaqin shall comply with RoHS (Restriction of Hazardous Substances) and REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) requirements, as well as applicable national or regional regulations, government environmental directives, and certification requirements, and meet our environmental directives and green design requirements. Our suppliers are incorporated into our quality management system.

Huaqin requires all suppliers to fulfill their responsibilities under environmental laws and regulations, including but not limited to the PAHs (Polycyclic Aromatic Hydrocarbons) Directive, REACH Regulation, Battery Directive, Packaging Directive, POPs (Persistent Organic Pollutants) Regulation, California Proposition 65, and Restriction on the Use of Hazardous Substances in Children's Products:

For example, materials provided by suppliers must meet the latest requirements of our corporate standards and technical documents on the restricted use of hazardous substances in eco-friendly products, and applicable laws and regulations. Suppliers must, upon Huaqin's request, provide test reports on hazardous substances under environmental protection laws and regulations for the materials they provide (the report request will be released by Huaqin through the Quality Management System (QMS) platform, and suppliers shall reply on the announcement platform). The test report must be valid for 12 months. In addition, test reports, ingredient reports, declaration documents, drawings, management regulations, and other technical documents and quality records related to the RoHS and REACH regulations must be retained by suppliers for 10 years.



# Green Manufacturing

In China, Huaqin has two manufacturing centers in Nanchang and Dongguan. Huaqin takes steps to make sure our own operations are green, low-carbon, and sustainable. Guided by the principle of "low consumption, low pollution, and high efficiency", we have been striving to build green, sustainable company campuses. To create green campuses, we use as much renewable or clean energy as possible at the source, take technical and managerial measures to save energy during our operations, properly dispose of hazardous waste and organize environmental awareness programs. These efforts have enabled us to cut costs with increased resource utilization and reduced waste generation, and achieve more efficient, sustainable, low-carbon operations. In 2021, Huaqin manufacturing centers reduced their carbon dioxide emissions by 6,374 tons.

**6,374** tons  
of carbon dioxide emissions  
reduced this year  
at Huaqin's manufacturing  
centers



Nanchang Manufacturing Center



Dongguan Manufacturing Center

## Use Renewable/Clean Energy

As the urgency of combating climate change becomes clearer, more countries, regions, and organizations are now interested in acquiring and using renewable energy. We use renewable energy in our operations wherever possible and are building more PV power plants, solar water heating systems and other green energy facilities on our campuses.

### Case | Photovoltaic System / Solar Water Heating System

The photovoltaic system on our Nanchang campus has a total of more than 6,000 PV panels, which can provide more than 5 million kWh of electricity per year.



Photovoltaic System

The solar water heating system on our Nanchang campus provides hot water for thousands of people each day.



Solar Water Heating System

Since 2019, Huaqin's manufacturing centers have engaged in comprehensive energy-saving initiatives through technical and managerial measures, and used energy-saving proposals and promotional activities to raise awareness among all personnel.

In 2021, Nanchang and Dongguan manufacturing centers implemented technical energy-saving projects, including air compressor waste heat recovery, workshop heat-generating equipment cooling and exhaust renovation, energy-efficient LED light replacement, renovation of factory corridor lighting, renovation of lighting switches in dormitory activity areas and

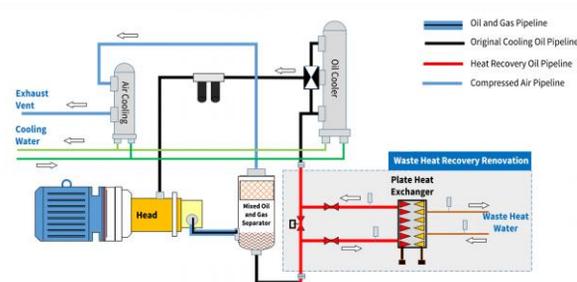
packaging areas, and energy-saving renovation of the process cooling water system for reflow ovens in the SMT workshop. In addition, professional energy-saving institutions conducted special technical renovation evaluations on central air-conditioning, air compressors, water pumps, and other energy-intensive equipment.

Managerial energy-saving projects included formulating energy consumption standards, introducing energy management systems, establishing energy use auditing mechanisms, starting and stopping equipment as needed depending on the load, and conducting energy efficiency reviews when new equipment was installed.

### Case | Dongguan & Nanchang Technical Energy Saving: Air Compressor Waste Heat Recovery

#### Before Renovation:

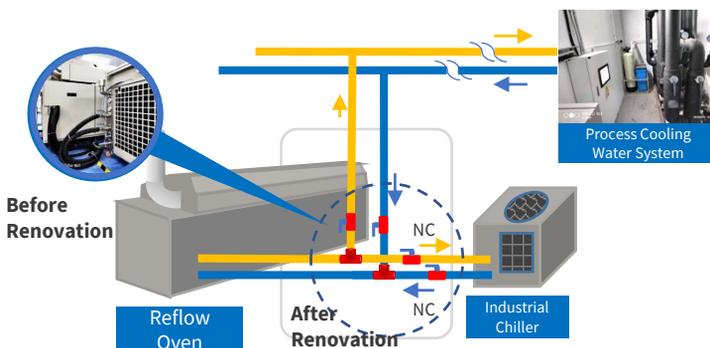
1. The dormitories required a lot of hot water and the heat pumps used a great deal of energy, resulting in high electricity consumption.
2. The water tower was frequently replenished, resulting in a significant loss of heat energy.
3. The ambient temperature in the air compressor room was high, which was unfavorable for equipment operation.



#### After Renovation:

1. Plate heat exchangers are added to the air compressor to transfer excess heat.
2. The excess heat is used to heat water via plate heat exchangers, reducing the energy needed to supply hot water to dormitories and decreasing the energy consumption of the boiler and the heat pumps.
3. The temperature in the air compressor room is reduced, improving the equipment operating environment and lowering the risk of equipment failure.
4. The water consumption from the water tower is reduced so the water tower turbine can not be kept on at all times. This reduces energy and electricity consumption.

### Case | Dongguan Technical Energy Saving: Energy-saving Renovation of Cooling Water System for Reflow Ovens



#### Before Renovation:

Cooling water circulation was enabled by a split-type industrial chiller, which consumed a large amount of energy and discharged hot air into the workshop.

#### After Renovation:

1. The process cooling water system is used as the main cooling water circuit for reflow ovens.
2. The industrial chiller is used as an emergency backup cooling water source through a three-way bypass valve.
3. Estimated energy savings: 22,000 kWh per month.

## Managerial Energy Saving | Nanchang: Energy Management System

### Before Renovation:

1. Employees had to manually read the meter and record a large amount of data. This took a lot of time and effort.
2. Employees might make mistakes when recording data, so the recorded totals did not exactly reflect actual energy usage.
3. We could not precisely analyze the actual data, which made it harder to manage energy consumption.



### After Renovation:

1. An energy management system is established to digitally display energy consumption data in real time.
2. The system analyzes the electricity consumption of each department, analyzes the consumption of each unit based on the total production output and the output quantity of each MD unit, and apportions the electricity consumption of each MD. It compares the standard electricity costs with the actual electricity costs of production units.
3. Reasonable energy management plans are in place.

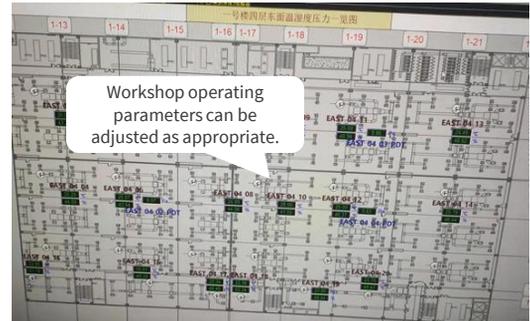
## Managerial Energy Saving | Nanchang: Energy-efficient Management of Equipment Operation

### Workshop Temperature Increased by 1°C

On the premise of compliance with manufacturing environment standards, we increased the temperature of all workshops from 23°C to 24°C in July 2020, theoretically reducing energy consumption by about 3%. In September 2021, we increased the temperature of all workshops again to 25°C for an extra 3% energy saving, enabling energy efficiency at scale.

### Precise Control of HVAC Units

We turned off some HVAC units based on the maximum workshop temperature and humidity requirements to limit the number of exhaust fans in operation.



## Management of Solid Waste, Wastewater, and Waste Gases on Huaqin Campuses

To better manage waste on our campuses and minimize our impact on the environment, we have hired certified waste disposal companies to classify and dispose of our waste. To reduce waste, we have also organized environmental awareness campaigns, which have received a tremendous response from our employees. Our employees join in these campaigns enthusiastically, and have learned a lot about protecting the environment.

Waste Classification	Example	Disposal	
<b>Solid waste</b>	Non-recyclable waste	Domestic waste	Regularly removed by designated suppliers .
	Canteen waste	Leftovers and waste cooking oil and fats	Harmlessly treated by designated certified suppliers.
	Recyclable waste	Packaging boxes and metal parts	Recycled and reused by designated suppliers and then handed over to certified suppliers for disposal.
	Hazardous waste	Chemical containers	Centrally stored in a designated area and then processed by certified suppliers.
	Construction waste	Waste from refurbishments	Centrally stored in a designated area and then processed by construction companies.
<b>Wastewater</b>	Canteen wastewater	Oily wastewater from canteens	After oil is removed through an oil separation tank, wastewater is discharged into the municipal sewers if it meets the required standards.
	Other domestic wastewater	Wastewater from bathrooms, office pantries, and sanitation	Discharged into the septic tank for sedimentation and then into the municipal sewers if it meets the required standards.
	Sporadic wastewater	Sporadic wastewater generated from the production process	Recycled and disposed of by an industrial wastewater treatment facility and discharged if it meets the required standards.
<b>Waste gases</b>	Waste gases from canteens	Cooking fumes from hobs	Purified by purifiers and then discharged at a steady rate if they meet the required standards.
	Industrial waste gases	Industrial waste gases generated from the production process	Centrally disposed of by the industrial waste gas treatment facility on the roof of the building in which the waste gases are produced and then discharged if they meet the required standards.

### Noise Management

We adopt eco-friendly, low-noise equipment, sound layouts, and sufficient greenery coverage to keep the noise generated by our factories below the standard limit. We have optimized processes by transforming aging from offline to online, lowering worker exposure to noise. We also install mufflers on nitrogen generators, air compressors, and other machinery and equipment to reduce noise by up to 30 dB. Noise detection is performed in all directions around the factory perimeter to ensure that we meet national Class 2 limit, that is, < 60 dB(A) during the day and < 50 dB(A) at night.



## Case | Waste Gas Disposal on Dongguan Campus

### Industrial Waste Gas Disposal

Bag filters are installed on the roof of one factory building on Dongguan campus, achieving a dust removal efficiency of over 90%. There are a total of 14 detection points for the organized waste gas emission outlets and 8 detection points for fugitive emission outlets on the campus. Their emission concentrations all comply with Guangdong Province's emission standards for waste gases.



Waste Gas Sampling

## Promoting Energy-Saving Awareness

To get employees engaged in energy-saving practices, Nanchang and Dongguan manufacturing centers hold various face-to-face or online promotional activities themed by energy saving.

## Case | Energy-Saving Activities on Dongguan Campus

An energy-saving team comprised of representatives from each department was established, which holds monthly meetings and special meetings on energy saving. On-site investigation of implementation results, collection of energy-saving proposals, energy-saving improvement by each department, and major special projects for energy saving all contribute to the effective execution of energy-saving projects. In addition, effective promotional activities are regularly launched through emails, WeChat, posters, and wall decals.



# Contributing to a Circular Economy

## Green Logistics

### Transition from Paper to Electronic Documents

Electronic documents are available in Huaqin's on-site warehousing system and logistics system, allowing customers, suppliers and Huaqin employees exchange electronic documents easily. This low-carbon and efficient solution effectively reduces the consumption of paper documents.

### Recycling of Packaging Materials

The pallets used in the transportation between factories and warehouses are recycled. It is strictly prohibited to scrap pallets that are still usable. Some orders from direct-delivery warehouses require pallet dismantling before delivery. The removed corner guards can be recycled and processed for reuse in packaging operations. This reduces the waste generated by secondary packaging and transportation.

### Reducing Transport Trips

By integrating transportation plans and resources on similar routes, we build regional direct-delivery warehouses in customers' areas to reduce the transport trips of finished products.

For machines and materials that cannot be stacked, we offer the high-pallet option to reduce transport volumes and transport trips.

In this way, we can cut down on energy use and waste.

### Using New Energy Vehicles to Create Green Transportation Channels

Transportation takes a crucial part in the logistics process. Huaqin has introduced new energy vehicles for short-distance intra-city deliveries, reducing the energy consumption and waste from traditional vehicles. This effectively reduces exhaust emissions from intra-city transportation vehicles.



## Green Office

In 2021, Huaqin launched hotel and ride-hailing platforms for digital management and reimbursement of business trip expenses and hotel invoices. This helps to kill paper waste instead of trees.

**72,000** sheets of paper

### Hotel Platform

Saves 72,000 paper invoices each year

**210,000** sheets of paper

### Ride-Hailing Platform

Saves 210,000 paper invoices each year



# 4

## Care for Employees to Motivate Growth



Talent Attraction and Development

Employee Engagement and Communication

Care for Employees

Occupational Health and Safety

# Talent Attraction and Development

As the world's leading enterprise specializing in smart hardware products, Huaqin has experienced several transformations over the past 17 years. Huaqin has updated its service offerings and revolutionized its business model, organizational structure, culture, leadership, and competencies. In response to the ever-changing technology landscape, Huaqin sees being self-motivated and innovative at work as a vital move towards sustainable business growth.

## Talent Recruitment

Huaqin searches for talents through various internal and external channels every year, including regular on-campus recruiting, online recruitment platforms, internal recommendations with rewards, and talent rotation opportunities.

On-campus recruiting is a great way to find qualified talents. Huaqin has collaborated with over ten colleges and universities, sending over 500 interviewers to more than 100 on-campus publicity events each year. Huaqin has actively responded to the call of the government to ensure stability on the six fronts (employment, the financial sector, foreign trade, foreign investment, domestic investment and expectations) and security in the six areas (job security, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments). In 2021, we enrolled over 1,500 students from on-campus recruiting.

Besides, we have a comprehensive internal recommendation system. Successful recommendations are rewarded depending on the job level. Outstanding recommendations are recognized and honored each year.

## Employee Training

Huaqin has formulated a comprehensive and detailed training system, including the Internal Trainer System and the Part-time Instructor System, to encourage the sharing of information and knowledge within the Company. Our training courses mainly focus on five categories: general, management, business, expertise, and operations. We also tailor our training plans for employees at each stage of their career development. In 2021, we held 530 online courses with the total training duration of over 200,000 hours.

Huaqin offers 14 professional academies that span hardware, structure, testing, and large-scale operations. Huaqin academies are constantly looking for new ways to empower our people, with a focus on individualized, differentiated, and systematic needs.

For the purpose of effective training, we set up a team of professional mentors and over 400 internal instructors.

### 2021 Employer Awards

MOKA | Top 30 Best Practices in Human Resources Informatization in China  
Zhaopin | China Best Employer Award 2021  
51job.com | Top Graduate Employers 2021  
Haitou.cc | Most Influential Employers 2021



200,000+ hours  
of training duration

530  
online courses

400+  
internally certified instructors

## 2021 Phoenix Tree Project - Courses for Beginners

In September 2021, Huaqin hosted the 9th Phoenix Tree Project - Courses for Beginners which focused on real-world management cases through face-to-face and online courses and exams, aiming to help junior managers evolve from "individual contributors" to "team managers" and easily fulfill their responsibilities for business management and talent training.



## Comprehensive Employee Promotion System

We offer three career paths for our employees to follow: operations, managers, and specialists, with a total of six job groups. Each year, we provide promotion opportunities for specialists, make available management job openings, and hold internal recruitment events.

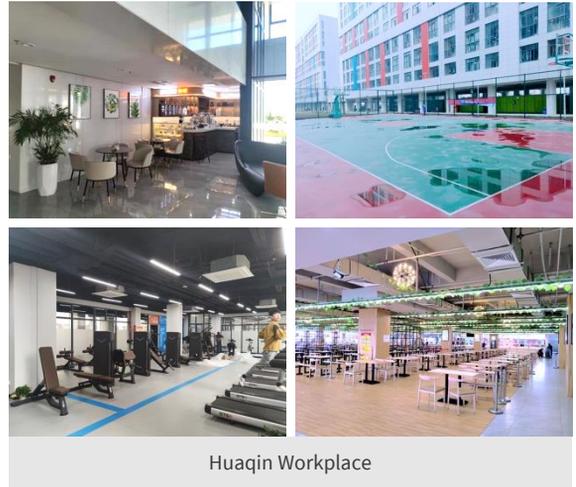
We evaluate the professional capabilities of all personnel based on the qualification criteria to get the right people in the right positions. Moreover, we encourage managers to develop their leadership and specialists to improve their professional skills, allowing all employees to constantly hone their skills in a variety of sectors in a performance-oriented and behavior-oriented approach to empower growth across paths.



# Employee Engagement and Communication

## Harmonious Workplace

We value the workplace and living conditions of our employees. Our R&D centers are equipped with an array of amenities such as canteens, convenience stores, and ATMs. Our manufacturing centers offer canteens run by qualified suppliers. To maintain the safety and nutrition of staff meals, we regularly evaluate food safety, hygiene, food quality, services, and prices, removing suppliers with low ratings. Our dormitories offer pharmacies, barbershops, laundromats, activity centers, and mobile karaoke facilities. Also, our branch office buildings include multiple beverage stations and leisure areas, nursing rooms, all-in-one SSC service centers, and gyms. These efforts have given our staff a stronger sense of happiness.



Badminton Club Activities



Tennis Club Activities

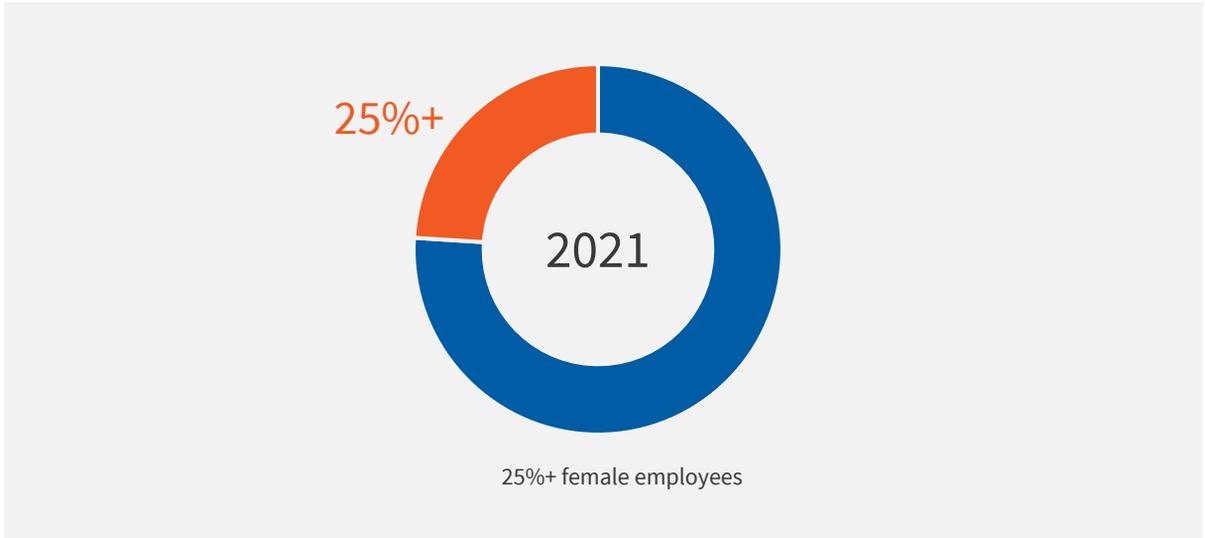
## Entertainment at Huaqin

We hold diverse staff care activities with focuses on health maintenance, skill development, and better services. We are always looking for ways to improve our employees' well-being. We also organize blind date events twice a year and a group wedding ceremony once a year to give our employees a strong sense of happiness and help balance their lives. Besides, family days are held regularly to encourage employees to take more time with their families outside of work.

Huaqin employees set up 31 employee clubs to enrich their leisure time. These include a badminton club, basketball club, swimming club, billiards club, foodie club, running club, and reading club. Backed by local clubs and trade unions, Huaqin encourages and supports physical activities that help employees manage physical and mental health, such as the 4th "Lingang Cup" Health Run, "Golden Autumn Cup" Games, Huaqin Shanghai Summer Basketball League, South China Huaqin Cup Basketball Tournament, Wuxi Huaqin Cup Basketball Tournament, and Shanghai Spring Badminton Tournament. These events enrich the lives of our employees and help them relax and find a better work-life balance.

## Diverse and Inclusive Workforce

The diversity of our employees is the wellspring of our innovation and success, forming a vital part of our corporate culture. Huaqin values diversity in the workplace and is committed to creating an inclusive workplace where all employees enjoy equal opportunities. As of December 31, 2021, Huaqin boasts a global employee base of 33,141 people, of which more than 25% are females.



## Listening to Employees

Huaqin is willing to listen to its employees and provides many ways for them to express their voices, including employee workshops and meetings with senior management and the president. In this way, the voices, needs, problems, and suggestions of employees at all levels could be heard and resolved. Employees can also offer feedback through employee relations hotline and suggestion boxes. Besides, Huaqin offers an internal social platform called "Huaqin Moments", where employees are encouraged to express their problems and suggestions regarding jobs, workplace, management, and daily life, either publicly or anonymously. This allows our functional departments to optimize our work processes and resolve issues quickly.



# Care for Employees

## Occupational Health

In addition to annual physicals and pre-employment physicals, Huaqin also provides commercial insurance to employees based on their occupational needs. Employees' families can take the physicals with the same discounted price. Each year, Huaqin surveys employees in all regions on their satisfaction with physicals services and improves these services accordingly. Besides, Huaqin invites healthcare professionals to present 3 or 4 health workshops each year, covering topics such as nutrition and mental health.

## Employee Care Fund

Huaqin cares about employees and their families and offers employee gift packs for special occasions, such as marriages and the birth of children. Our Employee Care Fund is available to all Huaqin people, providing financial assistance in the event of illness or serious accidents. As a result, employees can rest assured that they and their families are always protected.

## Employee Benefits

Huaqin provides comprehensive benefits for our employees and their families. In addition to daily subsidies for transportation and meals, Huaqin is working hard to attract external talents and promote internal talents in support of the Huaqin Nanchang Development Strategy. For instance, we have set up the "Lakeside Talent Housing Program". The talent housing is adjacent to the office area of the Nanchang manufacturing center, effectively solving the housing problem for high-value employees. To make it easier for employees' children to attend local schools, Huaqin has concluded agreements with primary and secondary schools in Nanchang and Dongguan to offer spaces for employees' children. This solves a major concern for employees with young children.

The infographic features the word "BENEFITS" in large white letters on a blue background. To the left, a man and a woman are celebrating. To the right, a man is sitting on the ground with a laptop, and a robot character is standing next to a tree. The background is decorated with small white dots.

<b>Onboarding</b> New employee orientation/mentoring	<b>Enjoyable work</b> Meal and transportation subsidies, team building, model selection, quarterly bonuses, and annual bonuses	<b>Growth and development</b> Career planning, multiple career paths, training system, and internal trainer system	<b>Entertainment activities</b> Department activities, interest clubs, blind date events, and group wedding ceremony
<b>Holidays</b> Kick-off red packets, holiday gifts, anniversaries, and R&D day	<b>Anniversary gifts</b> Gifts for 1st, 3rd, 5th, 10th, and 15th anniversaries with Huaqin Meritorious service award	<b>Marriage</b> Wedding bonus	<b>New parents</b> Maternity and paternity leaves, and gifts for new parents
<b>Healthcare</b> Annual physicals	<b>Sickness</b> Medical insurance, commercial insurance, paid sick leave, and Employee Care Fund	<b>Personal time</b> Annual leave and time off in lieu	<b>Retirement</b> Social pension insurance and meritorious service award

# Occupational Health and Safety

Huaqin is committed to providing employees with a healthy and safe working environment, allowing them to work with assurance and ensuring safe and stable production operations. With the goal of "100% safety and no hazards", we are constantly working to improve our safety performance. We built an intelligent manufacturing information system, introducing automated equipment or processes for jobs that are labor-intensive, exhausting, or involve occupational hazards to reduce occupational health and safety risks.

Huaqin complies with the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Work Safety Law of the People's Republic of China,

international occupational health and safety management systems and standards, and applicable laws and regulations in all jurisdictions where it operates. Huaqin's safety management system has passed the ISO45001 (occupational health and safety management system) certification, ISO14001 (environmental management system) certification, level-2 safety standardization certification, and Responsible Business Alliance (RBA) certification.

Huaqin boasts a multi-level safety and health management system that regularly updates information on hazard sources and formulates hierarchical control measures. Beyond these, Huaqin regularly holds fire drills, hands-on fire extinguisher training, and safety training for all its staff.

## Case | 2021 Work Safety Training in Nanchang Manufacturing Center



Huaqin sets up a professional EHS (Environment, Health and Safety) team to ensure occupational health and safety and compliance with environmental regulations. In 2021, the Nanchang manufacturing center held 15 equipment safety training sessions, three EHS certification sessions for team leaders, 14 fire drills, and six forklift safety training sessions. We conducted multiple safety hazard investigations and real-time equipment safety inspections, held relevant activities, recognized outstanding performance, and published monthly health and safety journals and group articles to help improve the health and safety awareness of our employees, especially rank-and-file employees.

15

equipment safety training sessions

14

fire drills







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