Tencent 腾讯

Enhancing Responsibility for Mutual Value

2020

Corporate Social Responsibility Report

This English version of the Corporate Responsibility Report is not a full or direct translation of the original Chinese-language report. This shortened version is provided as a courtesy summary of the full report, which can be found under the 'Corporate Responsibility' section of Tencent's website.

Introduction

2020 has been a challenging and extraordinary year.

People from all over the world have been standing together in the fight against the COVID-19 pandemic. From providing domestic support to participating in global collaboration, from supporting medical research to spurring economic recovery, from setting up charity funds to battling the pandemic through science and technology, Tencent's passionate employees have devoted themselves to this global fight, guided by our mission to deliver "Tech for Good."

Tencent is committed to translating this extraordinary passion and creativity into a long-term corporate culture that will continue to create value for society. This year's Corporate Responsibility Report, "Enhancing Responsibility for Mutual Value," provides an overview of how this new approach is helping Tencent demonstrate its commitment to "Tech for Good" and respond to the needs of our communities and this unique era.

CONTENTS

Messages from the Management Team

Promoting Sustainable Innovation for Social Value

Two years ago, Tencent announced a new mission: Value for Users, Tech for Good. Since then, we have been thinking about how to better implement this mission. Our fight against COVID-19 in 2020 expanded the boundaries of our understanding of what is possible.

The company responded immediately after the COVID-19 outbreak, launching an all-out fight against the pandemic. Around the world, our passionate colleagues seized the initiative to help. They collected supplies, rushed to the front lines to help medical workers, and developed many digital tools to support the pandemic response, promote health and safety, expand education, and help revive the economy. Indeed, nearly 12,000 of our employees across 95 teams were recognized for their outstanding contributions to the multifaceted battle against the pandemic. Yet, that represented just a part of our employees' involvement in this fight.

We are deeply moved and proud of the passion, creativity, and spirit demonstrated by our employees in times of crisis. Business network capabilities we have developed in recent years have been integrated into industry after industry, enabling us to respond to the urgent needs of society. The current crisis also raised the expectations people place on technology platforms and increased their desire for a better life. This has helped inform the direction of our future development.

When we first confirmed our "Tech for Good" mission, we stated: "Technology is a tool, but the use of technology for good is a conscious choice." Looking back at the company's 23 years of growth, the idea of doing good has long been incorporated into Tencent's genes. The seeds of serving the community were planted long ago when we placed "Value Creation for Users" at the foundation of our approach.

In 2002, when we were still in our entrepreneurial stage, we had already begun charity work by donating computers to children in remote mountain regions. In 2007, Tencent established the Tencent Charity Foundation—China's first foundation launched by an internet company—and built the world's largest online fundraising information platform. We took the lead in promoting accessible and inclusive technology in China, and have insisted on protecting users' privacy and promoting healthy use of technology by minors. In 2012, Tencent implemented an open-platform strategy, putting trust in our partners and creating mutual value across the ecosystem. In 2018, we embraced the idea of the "Industrial Internet"—digital transformation of traditional industries and sectors—to further elevate the scope and potential of social responsibility.

Along the way, our understanding of social responsibility has evolved from focusing on creating value for our users to creating sustainable value for broader society. We are deeply aware that the more an enterprise grows, the more it needs a solid, stable foundation for creating that social value.

Based on the vision of "nurturing the consumer internet and embracing the industrial internet" that we put forth in 2018, we want to further incorporate the idea of sustainable innovation for social value into our core strategy. Indeed, this now forms the basis of all of our core businesses, which should incorporate this into their development planning. This will enable us to fully implement our mission of "Tech for Good."

To support this new strategy, we integrated our Corporate Social Responsibility and charitable activities into a new Sustainable Social Value (SSV) organization in the first part of 2021. The new division will be the core engine that drives sustainable innovation for social value throughout the company. This will have a number of key benefits. First, it will help us evolve our traditional charitable donations to be more sustainable. Second, the new structure will integrate our core capabilities, talent, and resources, helping us bring our digital technology and platform advantages to bear. And third, SSV will link our products and businesses to form a new model for social-value innovation based on a firm foundation, mutual support, and joint action.

As our core strategy, promoting innovation for social value is not only a goal of our business, but also the responsibility of every Tencent employee to practice and implement. To that end, we have pledged an initial capital investment of RMB50 billion (US$7.67 billion) to fund initiatives in areas including basic science, education, rural revitalization, carbon neutrality, food/energy/water supply, disaster relief, elderly assistance, and public welfare. We believe that this new strategy, like every change in our history, will push the boundaries of what's possible and drive our evolution.

Since our establishment in 1998, operating with integrity has been our core value. Our integrity has attracted a like-minded group of followers who share the same values, and has also helped us reflect and be kind as we grow. Promoting sustainable innovation for social value, alongside nurturing the consumer internet and embracing the industrial internet, means we recognize that we all share a common destiny and believe in a future full of even more possibility.

We are inspired by our mission and excited by our new strategy. We know that successfully meeting the challenges ahead will require all of us at Tencent to embrace change, innovation, and hard work to build a more sustainable future for all.

Ma Huateng (Pony Ma), Martin Lau
and Tencent Management Team

Tencent and the United Nations Sustainable Development Goals SDGs

NO POVERTY – Tencent Foundation has been supporting poverty-stricken rural areas with donations over the past 10 years. With technologies and online platforms such as mobile payments, Tencent Philanthropy, and WeCountry, we have supported rural poverty reduction by providing assistance in the areas of industrial development, the consumer economy, education, and governance.

ZERO HUNGER – Tencent introduced the first Agricultural Artificial Intelligence System to effectively improve agricultural production and enhance resource utilization. We also work with global partners to research "smart agriculture."

GOOD HEALTH AND WELL-BEING – Tencent established an RMB1.5 billion (US$211 million) fund in China and a US$100 million global fund to help fight the pandemic and protect public health. We have also been providing fully integrated digital health services and developing digital solutions for medical institutions. Our Tencent Medical Enlightenment Summit is an annual event to explore innovations in medical science.

QUALITY EDUCATION – Tencent services such as Tencent Classrooms and Tencent Smart Campus ensure that learning never stops. Tencent has also developed smart education with the launch of Tencent Education Brain to improve teaching and management efficiency, and continues to fund public-education projects through the Tencent Foundation.

GENDER EQUALITY – The Tencent Xplorer Prize, established by our founders, promotes gender equality by recognizing and celebrating outstanding scientific achievements by women. We strive to create an equal and inclusive working atmosphere for all employees.

CLEAN WATER AND SANITATION – Tencent has created a new Smart Water Conservancy Platform to explore the use of AI to improve water-management capabilities. The water-recycling system at Tencent headquarters in Shenzhen has been recycling wastewater and cutting water usage by 50 percent to 70 percent. We also promoted the documentary film "Day Zero" that drew global attention to the protection of water resources.

AFFORDABLE AND CLEAN ENERGY – Leveraging technological innovations, Tencent has built a new smart energy industrial ecosystem that connects users and businesses. Our data centers can improve energy efficiency by adopting energy-saving technologies and using renewable energy sources. Our headquarters has adopted intelligent energy-management systems to implement green operations.
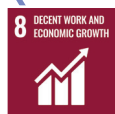
DECENT WORK AND ECONOMIC GROWTH – Tencent has grown steadily with sound operations and good financial performance. We offer competitive salary packages, holistic training programs, and solid career development channels for our employees. Our solutions improve employment more broadly by encouraging digital entrepreneurship.

INDUSTRY, INNOVATION AND INFRASTRUCTURE – Tencent continuously increases investment in foundational and cutting-edge science and technology, expanding future possibilities for new infrastructure. We also focus on data centers, AI, network security, and other fields, leveraging technological innovations and connectivity to help digitally transform various industries and promote development of the digital economy.

REDUCE INEQUALITIES – By exploring product standards, creating industry benchmarks, setting incentives and more, Tencent promotes digital inclusion through the principles of accessible design and "design for all" to enable vulnerable populations such as the people who are disabled, elderly, or living in poverty to benefit from digitalization.

SUSTAINABLE CITIES AND COMMUNITIES – Tencent continuously invests in digital capabilities and resources and works closely with partners across the ecosystem to promote the development of digital cities, including improving public services, innovating in community governance, and upgrading municipal intelligence.

RESPONSIBLE CONSUMPTION AND PRODUCTION – Tencent has worked with industry partners to build network security services, promote data privacy protection, and protect intellectual property. We are also committed to producing high-quality content and working with parents, educators, and all stakeholders to create a healthy and engaging online world for the next generation.

CLIMATE ACTION – Tencent's carbon-neutrality plan actively explores low-carbon, green operations in response to carbon-neutrality goals. We have jointly implemented carbon-neutral initiatives with industry peers, and have called for broader efforts to focus on climate change and leverage science and technology to help achieve net-zero carbon emissions.

LIFE BELOW WATER – Tencent has launched the Marine Plastic Reduction Initiative to raise awareness of ocean conservation though a series of public education activities. In partnership with the United Nations, we also launched the animated advertisement "The Penguin and the Whale," calling for more action to fight marine pollution, climate change, and other global sustainable development issues.

LIFE ON LAND – Tencent launched the "Tencent for the Planet" project to combat illegal wildlife trade on the internet. We also led the creation of standards for the Control of Illegal Wildlife Trading on Internet Platforms, and hosted the Light Public Good Innovation Challenge to encourage developers to use AI to promote wildlife conservation.

PEACE, JUSTICE AND STRONG INSTITUTIONS – Tencent is committed to operational integrity. We continuously optimize our corporate governance mechanisms, strengthen internal risk management, and enhance anticorruption and other codes of conduct. We also promote responsible procurement, building a healthy industrial ecosystem, and creating a good business environment.

PARTNERSHIPS FOR THE GOAL – Tencent promotes open-source collaboration to build a global technology community. We support the digital transformation of small- and medium-sized enterprises and provide new, dynamic models for industrial upgrading and economic development. We work with community partners to build platforms, donate resources, and provide technical support to build an online ecosystem for the public good.

Enhancing Responsibility: Key Events

In 2020, we redoubled our commitment to social responsibility. The global pandemic underscored the huge potential of digital technology to create social value-and also revealed rising expectations across society that it would do so.

Fighting the Global Pandemic with Technology

In a time of global crisis, Tencent strove to live up to our responsibility as a leading internet technology company. Whether enhancing scientific and technological capacity, ensuring continuation of work and daily life, or supporting medical and health research, we took practical action to protect public health and people's wellbeing.

Activating Anti-pandemic Efforts Through the Cloud

The ongoing pandemic has accelerated the development of the digital economy and driven the rapid development of new infrastructure. One of Tencent's roles is that of "digital assistant," leveraging our connectivity and technical ability to help all industries seamlessly continue work under new conditions, and injecting new momentum into economic growth.

Elevate Responsibility and Embrace Long-term Value

Amid the current complex and changing internal and external environments, Tencent takes a positive approach to integrating corporate social responsibility into our products and services, focusing on user value, technological innovation, and sustainable business models. Indeed, we are committed to internalizing Tech for Good as a way to improve our core competitiveness.

January – May

Established an Anti-Pandemic Fund:

In the first few months of the pandemic, Tencent worked quickly to establish an anti-pandemic fund in China, contributing a total of RMB1.5 billion (US$211 million) for material and technical support, personnel needs, scientific research, and medical treatment.

Innovating in Digital Health:

Tencent brought a full range of digital capabilities to help fight the pandemic, including developing online health codes, launching an online medical consultation platform, promoting a map of medical clinics, and supporting more than 100 anti-pandemic government services with custom apps.

Internal Recognition for Anti-pandemic Efforts:

Tencent launched the largest internal award in the company's history, recognizing 95 teams and nearly 12,000 employees for their contributions to fighting the outbreak.

Participated in Global Anti-Pandemic Efforts:

Tencent's anti-pandemic initiatives went beyond China. They included the creation of a US$100 million global anti-pandemic fund, participation in the Global Public Health Program, promoting open-source anti-pandemic product codes, cosponsoring anti-pandemic coding initiatives, and more.

Rebooting After the Hubei Outbreak:

Tencent announced a series of post-pandemic investment programs for Hubei Province. These included in-depth cooperation on initiatives, such as digital governance and smart education. These efforts aimed to assist the development of Hubei's digital economy.

May – November

Enhancing Digital Infrastructure:

Tencent announced that it will invest in new infrastructure over the next five years, focusing on a number of emerging technologies.

Safeguarding Small Businesses:

Weixin launched a new initiative for more than 50 million microbusinesses on its platform, offering online-to-offline integration, financial subsidies, business education guides, and security support to help boost revenue amid the pandemic.

Using the Cloud to Help SMEs:

Tencent announced plans to invest RMB10 billion (US$1.46 billion) to build 100 software-as-a-service (SaaS) products and solutions for small- and medium-sized enterprises, and to create 100 digital training courses to help the digital transformation of these businesses.

Helping Others Digitally Transform:

Tencent was selected by the National Development and Reform Commission for its Digital Transformation Partner Operation 2020, launching various programs to support the transformation of small- and medium-sized enterprises in terms of cost reduction, market expansion, special funds, and open-source technology.

Supporting Charity Initiatives:

Tencent held its sixth annual Tencent 99 Giving Day, one of the most popular charity events in China that is sponsored by the Tencent Charity Foundation. Thousands of other charities, businesses, celebrities, and media participated in initiatives to enhance digital capabilities and create greater social well-being.

November till End of 2020

Supporting Scientific Research:

Tencent hosted the Science WE Summit to encourage scientific research and development. This year, the Summit provided special attention to women and early-stage scientists.

Responsible Product Design:

In line with the principle of "responsible digitalization," Tencent continuously upgrades our products with measures to protect children and minors and to strengthen privacy protections, and implements mechanisms to evaluate our products from a digital responsibility perspective.

A New Social Responsibility Strategy:

Tencent announced the establishment of a Sustainable Social Value division to explore areas such as science; education; rural revitalization; carbon neutrality; food, energy, and water security; emergency response; elderly care; and digitalization of matters of public interest.

Accelerating Research and Development:

Tencent has continuously increased foundational research funds, having generated more than 45,000 patent applications.

Reducing Carbon:

Tencent announced the launch of our Carbon-Neutral Program that will explore using technology to help industry partners reduce emissions, in addition to reducing our own carbon footprint in data centers and office buildings.

A New Approach to Management and Corporate Responsibility

Corporate social responsibility is an important part of Tencent's overall development strategy. This is demonstrated not only in the breadth of the issues we address and the scale of our investment, but also in our organizational structure and incentive mechanisms, which are designed to promote accountability through improved management of our corporate responsibilities.

Corporate Responsibility Strategy: Continuous Improvement and Working for Good

Tencent was founded in Shenzhen, China, in November 1998. The company was listed on the Main Board of the Stock Exchange of Hong Kong in June 2004. Since its establishment, we have made the practice of corporate social responsibility (CSR) an important part of our corporate development strategy.

For example, through our content and social platforms, Tencent has worked with users to build an internet content ecosystem and create a high-quality digital life and culture. Through its advertising and marketing platforms, Tencent helps producers, market service providers and hundreds of millions of consumers achieve diverse, high-quality connections. Through fintech and corporate services, Tencent's persistent role as the "digital assistant" has facilitated the digital transformation of countless industry partners. Through investment in basic research and talent development, Tencent has integrated our own growth journey into the broader pattern of industry development and nurtured the digital economy.

In 2010, Tencent established a dedicated CSR department to develop and implement our CSR strategy across the entire group. At the business-unit level, we appointed CSR liaison officers and encouraged the formation of dedicated teams to practice social responsibility.

In 2018, Tencent launched an organizational restructuring that introduced the idea of "nurturing the consumer internet and embracing the industrial internet." In 2019, we introduced our new mission of Tech for Good, elevating corporate social responsibility to a higher strategic level.

Now, Tencent has once again launched a new strategy of "promoting sustainable innovation for social value, alongside nurturing the consumer internet and embracing the industrial internet." Our new SSV organization announced it will initially invest RMB50 billion (US$7.67 billion) to fund initiatives in areas including basic science, education, rural revitalization, carbon neutrality, food/energy/water supply, assisting with public emergencies, elderly care, and public welfare.

By leveraging our technology and platform strengths, our traditional approach to philanthropy will be upgraded to encourage both charitable donations and sustainable innovations, thus creating new value for society. The new SSV organization will link our products and businesses to create an integrated model of social-value innovation. Specifically, the organization houses the Tech for Good Lab Cluster, which adopts a flexible internal entrepreneurial model to incubate projects in various areas, including technology innovation, education, rural revitalization, and carbon neutrality. These projects will be spun off from the Lab Cluster when they are mature and become independent studios in their respective areas.

> "Promoting sustainable innovation for social value, alongside nurturing the consumer internet and embracing the industrial internet, will become the foundation of the company's development, and guide all core business. A business can only be sustainable if we give back to the planet and communities that we live in."
>
> – Ma Huateng (Pony Ma), Chairman of the Board and CEO of Tencent

> "Our exploration of social responsibility has been accompanied by Tencent's continuous growth, self-discovery, and improvement. In the beginning, user value was the most important thing to us. Later, we focused on the value of our employees, partners, and stakeholders. Today, we place the highest emphasis on social value because it transcends the general sense of corporate social responsibility. This has been a gradual process. It is also an opportunity presented by the times."
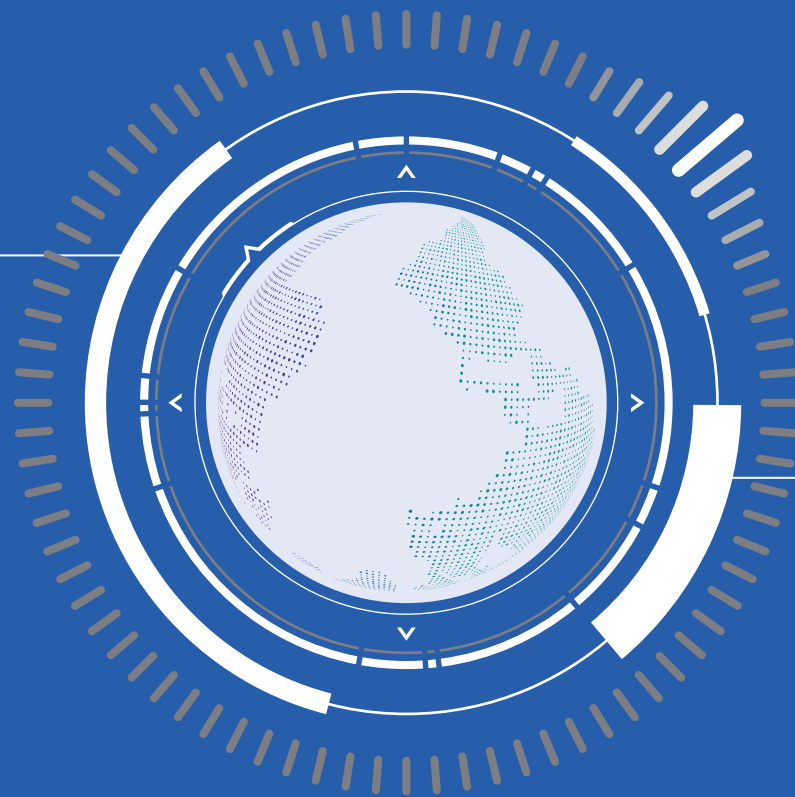>
> – Martin Lau, Tencent President

HIGHLIGHTS

A Strategy for Sustainable Social-value Innovation

With Tech for Good as our vision, Tencent strives to incorporate social responsibility into our products and services, promote technology innovation and cultural vitality, help industries digitally upgrade, and collaborate for the sustainable development of society.

Organizational Improvements

Tech for Good Lab Cluster

Rural Development Lab: Actively explore rural revitalization through internet and advanced technologies to enhance digital connections and services and nurture talent in rural areas.

Technology Ecosystem Lab: Support and invest in basic scientific research to create a science and technology ecosystem for advanced technologies, nurture young talent, and foster industry cooperation.

Innovation Teaching Lab: Apply Tencent's core strengths of "connect" and "openness" to the field of education, focusing mainly on innovation such as integrating technology with learning methods and curriculum, extending education through online learning platforms, and offering ecosystem assistance by connecting schools with research institutions and enterprises to explore new collaborative teaching methods.

Tencent Carbon Neutral Lab: Showcase Tencent's climate ambition with research and exploration on carbon-neutral initiatives and tools to help governments in key cities achieve their sustainability goals.

Elderly Care Technology Lab: Empower, incubate, drive, and better serve an aging society with technology, products, and services that are tailored for this demographic.

Experimental Product Center: Support new companies to tap into the field of social-value innovation and incubate new projects for sustainable development.

Sustainable Innovation

Philanthropy Platform: With Tech for Good as our mission, we promote sustainable social-value innovation and embrace digital technology as the foundation of our philanthropy efforts and to aid development of the entire sector. This includes helping charitable organizations digitize projects, train staff, enhance organizational governance, improve financial transparency, and develop talent.

Ongoing Communication About Our CSR Mission

Tencent is committed to communicating with our stakeholders about our CSR strategy and social values. In 2008, Tencent published our first CSR report and we have produced a total of nine reports, including this one. In 2020, against the backdrop of the global fight against the pandemic, we initiated regular leadership briefings, monthly reports, and special reports to increase visibility and awareness of our CSR activities.

2013/14

2015/16

2017

2018

2019

2020

Product Upgrade

In the digital age, technology is profoundly changing our lives. Public awareness of digital rights has rapidly developed, and regulatory scrutiny of digital products, platforms, and enterprises is becoming more stringent. In our 2018 CSR Report, Chief Executive Officer Pony Ma proposed that "responsible digitalization is the greatest public good of our time."

Various departments and special taskforces within Tencent have collaborated and explored what the idea of "digital responsibility" means for our products and services.

Case Studies: Responsible Product Design

User value is the lifeblood of internet products. In Tencent's day-to-day work, most of our time and energy is devoted to product development to enhance the user experience and create more value.

Weixin

To protect minors and encourage healthy use of technology, we launched Youth Mode to set limits on the use of Weixin mini-games, mini-programs, video channels, official accounts, search, and other functions.

Tencent Charity

When the pandemic broke out in 2020, our product design team responded quickly to the needs of users, adding a variety of interactive formats to support our communities, allowing millions of people to send messages of support and raise tens of millions of dollars for relief efforts.

Weixin Pay

To prevent online fraud, Weixin Pay built new security measures to identify malicious accounts and transactions. During the payment process, when the system recognizes abnormal activity, Weixin flags the transaction according to the degree of risk. When the system suspects an account of fraud violations or detects a high degree of malicious activity, Weixin will block the transaction and reassure users that their funds are secure.

Improving Our Culture

Employee volunteerism is an important way for us to fulfill our social responsibilities. The Tencent Volunteer Association has grown into a shining light for our CSR activities. In 2020, the pandemic fanned the flames of our spirit of volunteerism.

Setting up Volunteer Groups for a Range of Social Issues

The Tencent Volunteer Association was established in 2007 and has explored the intersection of technology and volunteering. The association now has 25 chapters, including ones focused on technology, finance, relief efforts, and more. As of December 2020, the association boasted more than 7,000 registered volunteers contributing more than 170,000 hours of service.

Exploring the Crossroads of Charity and Technology

In the digital age, data and technology are themselves important charitable resources. This enables resources who can contribute by being online instead of on the frontline. In 2020, Tencent had 1,132 research and development staff participating in technical volunteer activities with a total service time equal to more than 725 working days.

With the support of the Tencent Foundation, our Enterprise IT Department, User Research and Experience Design Department, and other teams began research and development of a new "technology charity platform" that aims to use technology to build bridges between social needs and professional volunteers and promote more social projects in the areas of science and technology. For instance, one project in an elderly care facility uses sensors and AI to detect and send alerts if a resident falls.

1

Helping Our Values Take Root

We believe that science and technological innovation are key to meeting global challenges such as poverty, equitable access to education and health care, climate change, and environmental protection. Tencent is committed to transforming our growth model to foster win-win ecosystems for everyone.

1.1 *Increasing Investments in Scientific Research*

Increasing Investment in Talent

Talent and business strategy are the driving forces behind Tencent's growth. The Tencent Big Data Report on Research and Development (R&D), released in March 2021, showcases the extent of the company's commitment to growth by both disclosing the (CY2020) data on the company's investments in R&D as well as the effectiveness of this investment. The report describes open-source synergies between departments to propel the business forward, and showcases the company's commitment to bolstering its human resources capacity. The report notes that R&D staff accounted for 68 percent of the company's total staff in 2020, up 16 percent year-over-year from 2019.

To date, Tencent has more than a dozen outstanding scientists and engineers, including two International Association of Electrical and Electronics Engineers (IEEE FELLOW) and dozens of tenured professors.

Building an Open-source Community

In addition to Tencent's products and services, we have also built an open-source community for developers around the world to share knowledge and build a win-win technology ecosystem.

2020 marks Tencent's 10th anniversary of open-source efforts. The popularity of Tencent's open-source projects on GitHub has grown by 30 percent every year for a decade, making us one of the largest open-source contributors in the world. Tencent is deeply involved in dozens of internationally renowned open-source projects, and ranks first in China among open-source communities such as OpenJDK and KVM. Tencent has also contributed six projects, including TencentOS Tiny and TKEstack, to top open-source foundations.

In 2020, Tencent also became the first to participate in the Linux Foundation Public Health (LFUX) program to contribute to the fight against the pandemic. Launched by the Linux Foundation in conjunction with seven key members, including Tencent, IBM, and Cisco, the program brings together the world's leading technology and consulting firms, public health departments, experts in related fields, and individual developers to participate in code-based anti-pandemic efforts.

1.2 Building a Digital Engine to Accelerate Development of New Infrastructure

Data Centers

The storage and handling of huge amounts of data is at the core of digital innovation and is key to the success of new infrastructure. Based on more than 20 years of experience in internet services, Tencent has accumulated numerous technical achievements in data center research, development, and operation. We are not only industry leaders in terms of scale and capacity, but we are also constantly improving efficiency, energy consumption, and security.

Scaling Development and Servicing Multiple Needs

Data centers, as a name implies, are physical spaces for the processing, storage, and exchange of data. They are the cornerstone of all internet businesses. Over more than two decades, Tencent has undergone four generations of data center technology exploration and implementation, deploying 58 data centers in 27 countries. Tencent currently operates more than one million servers across our network, making it the first company in China and the fifth in the world to operate more than a million servers. Tencent's cloud peak bandwidth has exceeded 100T, and service and traffic ranks among the world's top tier.

1.3 Protecting Data Rights

Data is the key resource of the digital age. Tencent believes that internet technology platforms have a responsibility to support construction of a digital ecosystem for everyone.

Tencent emphasizes protecting our users' data privacy. We build privacy protections into our product design. We hold security, autonomy, compliance, and transparency as the objectives of our privacy protection efforts, and we move forward with a vision of upholding a better digital life.

> "We want the industry as a whole to follow the 'minimum necessary principle' when collecting and processing data. Users should be able to know how their personal information is stored and how it is protected."
>
> – Ma Huateng (Pony Ma), Chairman and Chief Executive of Tencent

Systematically Protecting User Privacy

Tencent regards user information security and privacy protection as core to our business, and abides by relevant laws and regulations. Ten years ago, Tencent was already demonstrating our commitment

to data security by establishing a security records committee and a security technology committee to promote security and data-protection enforcement.

In recent years, in keeping with our vision of "Value for Users, Tech for Good", Tencent continued to provide ongoing improvements to all levels of user data

privacy. This included enhancing data protection by establishing a strong, safe, and reliable data-protection system for users; limiting our data collection to only what is necessary to provide services to users; and managing data and ensuring security according to all laws and regulations, among other efforts.

HIGHLIGHTS

Tencent's Privacy Principles

Tencent holds security, autonomy, compliance, and transparency as the objectives for our privacy protection efforts. We adhere to six privacy-protection principles: Security and Reliability, Privacy of Communications, Autonomy and Choice, Reasonable Necessity, Clarity and Transparency, and Design for Privacy.

Security and Reliability: We do our best to prevent information leakage, damage, and loss through effective information security technology and management processes.

Autonomy and Choice: We provide you with convenient information management options so that you can make appropriate choices and manage your personal information.

Privacy of Communications: We strictly comply with laws and regulations to protect your communication privacy and provide you with secure communication services.

Reasonable Necessity: We only collect information necessary to provide better services to you and other users.

Clarity and Transparency: We strive to present our privacy policy to you in concise and understandable language so that you have a clear understanding of how we handle information.

Privacy by Design: We integrate the concept of privacy protection into development of our products and services.

Providing Privacy Protection Services to Users

Tencent adopts an approach to protecting user privacy that we call "Person-Button-Data." "Person" refers to how the needs of our users are central to everything we do. "Button" is the universal symbol of user control and a reminder of our commitment to providing users with the ability to manage their data in a way that is easy and seamless-like the click of a button. "Data" refers to our thorough and cutting-edge security technology and management protocols.

In 2020, Tencent improved our privacy protection platform to include things such as design that is centered on users and privacy, and providing users with privacy management guidance for specific products. Users can easily view product privacy-protection guidelines, modify privacy settings, learn about logout processes, and manage application authorization.

Internet advertising is an important area involving data privacy protection. Tencent Advertising has made great efforts in our management and services, such as creating various resources to promote responsible digital marketing.

HIGHLIGHTS

Protect Intellectual Property and Encourage Digital Creation

The vigorous development of the internet industry also brings new challenges to the protection of internet intellectual property (IP) rights. Innovation is the primary driving force of development, so protecting IP also protects digital innovation. Tencent has established a dedicated team to actively implement its IP protection policy. We set up a special complaint platform and complaint channels and worked with other parties to explore various models of IP protection.

Tencent launched an IP protection platform to disseminate related policies and information, opening a convenient channel for complaints and helping users improve their knowledge and ability to protect intellectual property. We help users protect their IP through a system that can search, investigate, and collect evidence of IP violations. We also cooperate with industry peers, film and television production companies, and organizations of IP rights holders to fully integrate our efforts and jointly carry out actions to protect IP. Tencent promotes respect for IP rights through user agreements, product interfaces, company announcements, and other channels.

Weixin has built a comprehensive IP protection system, brand rights platform, and copyright protection program.

From the second half of 2019 to the first half of 2020, Weixin handled more than 120,000 copyright infringement cases, 30,000 cases blocking the dissemination of infringing film and television content, and over 20,000 cases of education-related infringement.

In terms of brand protection, Weixin helps identify counterfeits by connecting tips from users to brands through the Weixin Brand Protection Platform. From the second half of 2019 to the first half of 2020, Weixin sent more than 410,000 infringement leads to brands, processed infringements by more than 71,000 personal accounts, and blocked more than 35,000 personal accounts.

2 Enhancing Value Innovation

2.1 Activating the Power of Digital

2020 marks Tencent's 22nd anniversary and 10 years of Tencent's industrial internet business (services for enterprises). Tencent aims to become a "digital assistant" for various industries as they go through technological and industrial transformation and increase their participation in the digital economy.

Smart Medicine

Tencent provides digital solutions across the health care ecosystem. At the diagnostic level, for example, our AI medical-imaging technology reduces the time for a coronary pneumonia screening. At the management level, our digital tools help hospitals improve service quality and cost-effectiveness. As of December 2020, 76 of the top 100 hospitals in China use Weixin as their health-service platform, and more than 38,000 medical institutions nationwide serve patients through Weixin official accounts and Mini Programs. We also provide digital tools for drug development and production. For example, we launched our first AI-driven drug-discovery platform, iDrug, to significantly reduce the time and cost of developing new pharmaceuticals. The platform has already been applied to more than a dozen drug-development projects.

Smart Education

In 2020, the education sector experienced an unprecedented "online migration." As the pandemic shuttered schools everywhere, millions of teachers across the country were able to quickly resume classes through Tencent Classrooms, Tencent Smart Campus, Weixin, QQ, and other products. We also partnered with top universities in China to offer more than one million free tutoring lessons across the country through Tencent

Penguin Tutoring. We launched Tencent Education Brain to train educators in best practices for teaching and management. We partnered with Jiangsu Province to help bridge the educational resource gap for rural students, offering more than 10,000 digital courses.

Smart Tourism

Tencent in recent years has committed to using technology to promote the development and value of the cultural tourism industry through technology. For instance, to date, we have partnered on more than 40 projects across China that combine a local travel app with Weixin Mini Programs and the Weixin Official Account to provide a wide range of travel services and information to enhance the overall experience for tourists.

In 2020, in the face of the pandemic, the travel industry embraced digital technology to increase access to the world via the mobile cloud. Take the world-famous Dunhuang Grottoes in central China's Gansu Province, for example. Tencent, the Dunhuang Research Institute and the People's Daily newspaper partnered on the Dunhuang Cloud Tour Weixin Mini Programs. The tour included a collection of research courses, creative products, guided tours, digital protection, fundraising, ticketing capabilities, and other functions. Users could enjoy more than 2,000 Dunhuang frescoes right at their fingertips. Views via

the Mini Program exceeded two million within 24 hours.

Smart Transportation

Smart transportation is the artery that supports the efficient operation of cities. In recent years, Tencent has continued to deepen our work in all areas of transportation, offering many innovative products and solutions in fields such as urban public transportation and traffic management, smart networking, smart high-speed transportation, smart airports and aviation, and more. We have established many partnerships to help the smart transportation industry innovate and develop.

We have deployed virtual simulation technology to accelerate the development of self-driving cars and municipal intelligent networks. Because efficiency and comfort are fundamental for travel, we have provided intelligent in-car services to dozens of car brands around the world. In the field of urban public transport, Tencent's technology was used by more than 180 million people in 160 cities across China to ride buses, subways, ferries, and other modes of transportation.

Smart Retail

During the pandemic, people were restricted at home for months and retail almost ground to a halt. Tencent supported the retail industry by upgrading our digital tools and introducing a

wide range of support measures to help retailers move their operations to the cloud. For example, many retailers used Weixin to provide online services to consumers, including one-to-one exclusive services, and one-to-many community services. Many businesses also set up their own Weixin Mini Programs to attract customers. Tencent Cloud Mall also helped small businesses create mobile shopping sites.

Smart Energy

The digitalization of the energy industry is accelerating. To that end, Tencent launched our Energy Studio, which provides four core services: an integrated marketplace, data convergence, operational application, and foundational capabilities. This enables end users, parks, integrated energy service providers, and others to quickly build their own integrated energy platform.

In view of the problems facing the energy industry, such as the wide variety of information systems and data sources, Tencent launched the Energy Cognitive Brain, to help enterprises build a knowledge-application platform, and help the industry achieve knowledge sharing and cocreation. The solution has been used in the power, oil, gas, and other industries, covering production, transmission, operation, consumption, and other scenarios.

HIGHLIGHTS

Digitalization for Economic Growth and Job Creation

The pandemic took a huge toll on employment, but it also led to a boom in new online jobs. Weixin played an active role in stabilizing employment, such as by organizing recruitment sessions with job platforms and well-known companies. Digitalization helps create jobs and stimulate economic growth. Tencent actively plays a key role in the internet industry to help create jobs and support entrepreneurship. In recent years, the growth of the Weixin ecosystem has created a large number of job opportunities. In 2020, Weixin, Weixin Mini Programs, and Weixin Pay supported the creation of approximately 2.9 million jobs.

Cultivating Employment in Digital Culture Education

In November 2020, Tencent released our Digital Cultural Industry Employment Report 2020, with the theme of "New Jobs, New Models, New Engines." The report explored employment trends and challenges in this field and underscored our commitment to cultivating talent and advancing the industry. The integration of the internet and education creates opportunities for new kinds of jobs and entrepreneurship. To help young people unlock new skills, Tencent Classrooms, the country's largest online continuing education platform, officially launched the Internet Employment Program in August 2020, with enrollment of 10,000 students.

Helping Entrepreneurs

Since 2011, Tencent has been building an ecosystem to promote entrepreneurship and startups. Tencent has partnered with service providers to create a one-stop, high-quality entrepreneurial service platform to promote innovation and entrepreneurship. As of December 2020, Tencent has opened 38 Tencent WeStart innovation spaces in 29 cities in China. During the pandemic, these innovation spaces began offering a suite of 10 office tools to help with the shift to remote work.

2.2 *Establishing a Space of Clarity*

Supporting Digital Arts and Culture

Using digital technology to promote the digital arts is another way for Tencent to demonstrate social value. Tencent actively promotes the development of the ecosystem, including film and television, music, literature, animation, games, and social media. In the past year, the physical barriers imposed by the pandemic further highlighted the social value of digital culture. We have made active efforts to build a healthy and dynamic digital culture.

Encouraging Original Creators

In January 2020, we committed to creating a high-quality short content ecosystem for creators by launching our Weixin Channels function in line with our principles of full openness, equality, and protection of original content. To better facilitate quality content creation, we've held workshops across China for creators from various areas to share their experience. In the meantime, we actively protect the rights of creators by cracking down fraud and infringements, including handling more than 14,000 IP complaints.

HIGHLIGHTS

Better Informing the Public during the Pandemic

During the pandemic, all business segments of Tencent's open content platform made significant efforts to unleash the potential of their content and social-networking capabilities in the fight against the pandemic.

Tencent News, Tencent Hotspot, and other content platforms launched specific pandemic sections to make it easier for users to find the latest information and updates. By April 2020, Tencent News had logged more than 490 million interactions with anti-pandemic topics and 10.9 billion views on anti-pandemic content. Tencent News and other programs partnered with experts and professionals to cover and report on information about how to prevent the spread of COVID-19, and launched various campaigns with diversified content like cartoons and stories to provide engaging and useful content for the public.

HIGHLIGHTS

Games for Good

Since ancient times, games have been a way for people to learn, socialize, and express themselves. Today, digital technology has led to an explosion in the variety of compelling new games. Tencent is committed to ensuring that young gamers can enjoy these games in a healthy and balanced way. We have launched numerous initiatives to that end and are partnering with parents, schools, and other stakeholders to help promote healthy gameplay among minors. We have also explored how to use games for educational purposes.

Tencent is committed to helping parents understand the issue of internet screen time. To help, we have created tools such as the "Game Guide for Parents" and "Classroom for Parents" to promote communication and understanding between parents and children through free classes, discussions, and high-quality educational information. We launched the "By Your Side" campaign, inviting expert lecturers to teach children and parents in communities, factories, and rural areas to promote healthy communication within families.

In October 2020, Tencent Game's Parental and Guardian Platform, which allows parents to manage their children's gameplay, held a user council, inviting groups of parents and children from different backgrounds to share their ideas. The council also brought together experts in adolescent psychology, education, and related fields for in-depth discussions on gaming for minors. We are using the feedback collected from users to improve parental controls and help optimize our technology, products and services.

To address disparities between rural and urban communities, in November 2020 Tencent launched our "Classroom of the Future" program, which aims to provide rural youth with high-quality educational material, games, and other innovative content that promotes a better understanding of the internet and digital technology.

2.3 Building a Smart Society Together

Mass urbanization is one of the most prominent signs of the industrial era. As the pace of our lives accelerate, our societal relationships are becoming more complex. This challenges the resilience of municipal governments and in turn impacts the well-being of residents. In China, digital technology is becoming more widespread in the management of municipalities, especially against the backdrop of COVID-19. Technologies such as big data, AI, blockchain, and digital communications tools have played a crucial role in the pandemic response, return to work and school, and public transportation. In recent years, Tencent has continued to invest in our digital capabilities and resources while collaborating with municipal governments and other stakeholders to secure the technologies needed for a shared digital economy.

Enhancing the Public Sector's Digital Capabilities

Tencent leverages our technology platform and partners with municipal government agencies and corporations to build the digital infrastructure of tomorrow. For example, on January 24, 2020, Tencent News launched a verification platform to combat misinformation about COVID-19, and, as of July 2020, over 300 million Weixin users had used our product to receive real-time information about COVID-19.

Exploring a Blueprint for Smart Cities

The rapid process of urbanization has raised people's expectations for their quality of life and in turn exerted pressure on the sustainable development of cities. Smart cities provide a pathway toward sustainable growth. Smart cities are complex ecosystems that allow various local government agencies to carry out their missions while following a human-centric, digital-first development philosophy. Tencent's "WeCity" concept is designed to address these needs.

3 Inclusive Development and Shared Values

In 2015, the United Nations Sustainable Development Summit adopted the 2030 Agenda for Sustainable Development, which was agreed upon by 193 member states, and promoted three extraordinary initiatives for the world to achieve by 2030: eliminating extreme poverty, overcoming inequality and injustice, and curbing climate change. The goals cannot be achieved without the participation and contribution of responsible enterprises. As a global digital technology company based in China, Tencent has also integrated the Sustainable Development Goals into its corporate social responsibility strategy, carrying out long-term actions on important issues such as philanthropy, rural poverty reduction, digital inclusiveness, environmental protection, and carbon reduction, in hopes of having a positive impact on society.

3.1 Commitment to Charity

Philanthropy is an important way for Tencent to fulfill our social responsibility and create value for society.

We established a dedicated philanthropic foundation that supports basic research, poverty relief, education assistance, environmental protection, traditional culture, and other fields. We also created a platform to help charitable organizations raise money and promote their activities.

Guided by Tencent's mission of "Tech for Good," our business teams actively, continuously, and extensively participate in various community service and charitable activities by donating resources, technical support, and volunteer time.

As we look hopefully to the post-pandemic era, all industries are accelerating their digitalization journey. Philanthropy is no exception. Digital transformation has become an urgent need across fundraising, communication, finance, and organizational management. Tencent will strive to meet these and other needs.

HIGHLIGHTS

Improving Our Efforts to Do Good

The Tencent Foundation is a key initiative demonstrating our commitment to philanthropy and delivering social impact. Founded 14 years ago, Tencent Foundation is one of China's pioneering corporate foundations and has been continuously increasing its donations while also professionalizing its efforts and operations.

Pursuing Philanthropy Based in Science and Technology

What kind of enterprise do we want to be? In late 2006, Tencent, then with just over 1,000 employees, kicked off an internal discussion on that question. One result of this discussion was the establishment of the Tencent Foundation.

In June 2007, the Tencent Foundation registered with the Ministry of Civil Affairs as a national private foundation. It was also the first philanthropic foundation initiated by an internet company in China. Tencent has pledged to donate a certain percentage of its profits to the foundation every year.

As of December 31, 2020, the Tencent Foundation had received a total of RMB6.38 billion (US$977.78 million) in donations from Tencent, and given out a total of RMB4.6 billion (US$704.98 million) to various community and charitable organizations.

The establishment of the Tencent Foundation marked the evolution of Tencent's philanthropic efforts from interest-based employee volunteer activity into that of a professional charity. Since its launch, the charter of the Tencent Foundation has clearly stated its objectives: to focus on the public interest and philanthropy, care for the growth of young people, advocate corporate citizenship, and to promote social progress.

For the Tencent Foundation, philanthropy means far more than just making donations for social relief and humanitarian aid. It also includes support for many matters of public interest, such as infrastructure, medical care and public health, rural poverty reduction and development, basic scientific research, basic education, environmental protection, elderly care, and more.

In each field of the public interest and philanthropy, the Tencent Foundation considers how we can innovate in terms of project design and make full use of the company's core capabilities, including data, products, and platform. It is this kind of thinking that has led to a series of Tencent-led mega-projects, such as 99 Giving Day and Tencent for Villages.

Global Vision, Local Practice

Just as Tencent is a leading global internet technology enterprise in China, the Tencent Foundation similarly takes both local and global efforts seriously. This attitude is also reflected in the Tencent Foundation's performance in many fields.

In early 2020, the COVID-19 pandemic broke out across the globe. One month after announcing an RMB1.5 billion (US$211 million) fund to help fight the pandemic at home, the Tencent Foundation announced a US$100 million global fund to provide resources, open-source platform code, and scientific research funding.

In addition, many projects supported by the Tencent Foundation, especially those covering sustainable development issues such as education, basic scientific research and elderly care services, look beyond their local areas to help inspire other global efforts in terms of project design, output, and model exploration.

In the field of basic science research, the Tencent Foundation funded and supported the establishment of the Xplorer Prize in 2018. By rewarding outstanding young researchers in the fields of foundational science and cutting-edge technology, the award aims to foster the legacy of scientific and technological innovation for China and the world.

Building a Charity Platform that Makes Giving Easy

Over the past decade, the rapid development of the internet and social media has continued to fuel innovation in Chinese philanthropy. The surge of online charitable giving and fundraising is the most striking example. Through the Tencent Charity Platform, the Tencent Foundation is committed to promoting the transparency and sustainability of charitable donations, and advancing the causes of public interest groups and charitable organizations.

After more than 10 years of development, the Tencent Charity Platform has become one of the leading fundraising platforms in China, supporting the largest number of projects and wielding the largest brand influence. As of December 31, 2020, the Tencent Charity Platform has helped more than 95,000 charitable projects raise more than RMB11.5 billion (US$1.76 billion), ranking first among the 20 similar platforms identified by the Ministry of Civil Affairs in China. In 2020, against the backdrop of major public efforts such as the fight against COVID-19, poverty alleviation, and flood relief, Tencent's fundraising reached RMB3.85 billion (US$590 million), an increase of over 35 percent over 2019. The number of donations reached 118 million, up 20 percent from 2019.

Creating Fertile Soil for Transparent and Trustworthy Giving

Increasing the scale of donations is not the only goal of Tencent's social platform. Developing a transparent and trustworthy culture of giving is the foundation. Tencent is committed to exploring and innovating in all facets of projects, such as their objectives, donors, frequency, and scenarios.

For example, in terms of selecting which public issues to support, the Tencent Charity Platform is open to all kinds of legitimate public interest and charitable projects. It not only continues to support traditional projects and issues such as disaster relief and poverty alleviation, but also actively raises public awareness of environmental protection, education, and culture. In terms of donors, the platform leverages the Weixin ecosystem to encourage donations to expand from individual action to community participation. In terms of donation methods, the platform creates a brand-new donation experience by encouraging donation of "virtual wealth," such as walking steps, walking duration, and point scores via links with Weixin, QQ, Tencent News, and other products. In terms of donation frequency, the platform gives users options for single or recurring donations to cultivate long-term commitment and engagement.

In addition, the platform also links with Tencent News, Tencent Advertising, Tencent Hotspot and other teams to help charitable organizations mobilize donors and promote their projects. For example, the Tencent Foundation, Tencent Advertising, and Tencent User Research and Experience Design partnered in the "I Am a Creator" competition to help the philanthropic sector enhance its digital communication capabilities.

In addition to fundraising, the Tencent Charity Platform also aims to improve transparency. Since 2018, the platform has advocated for transparency in areas such as product design, operations, and brand communication. For example, at the product level, the platform continues to iterate on standardized financial disclosure and project progress notification tools to help charitable organizations make important information public. Along with some charitable partner organizations, the platform launched an Accountability Pledge, promising to reject improper fundraising activities and providing added supervision to increase transparency.

99 Giving Day

Modern philanthropy is about more than just doing good, it's about doing good together. Starting in 2015, from September 7-9, Tencent Foundation has hosted 99 Giving Day involving hundreds of public foundations and more than 10,000 charitable organizations, academic institutions, media, and celebrities. The initiative has mobilized individuals, families, communities, and businesses to do good together.

99 Giving Day is now one of the largest philanthropic events in China. In 2020, the event mobilized a total of 57.8 million netizens to donate RMB2.32 billion (US$352 million) through the Tencent Charity Platform. In addition, 915 businesses gave RMB324 million (US$49 million) and the Tencent Foundation itself donated RMB399.9 million (US$60 million), bringing the total to RMB3.044 billion (US$462 million), a record for the event.

After six years of growth, 99 Giving Day's reach and impact has expanded into new realms. With its iconic brand image of the "Little Red Flower" and well-known slogan of "Doing Good Together," the Tencent Foundation's advocacy of trustworthy and transparent charity for all has spread from a single three-day event to year-round awareness. In 2020, for example, the number of monthly donors on Tencent Charity Platform increased steadily, with the average donation four times that of single donors. In January 2021, the Tencent Foundation made a commitment to extend 99 Giving Day into a year-long campaign, and to strengthen support for donors to give on a monthly basis.
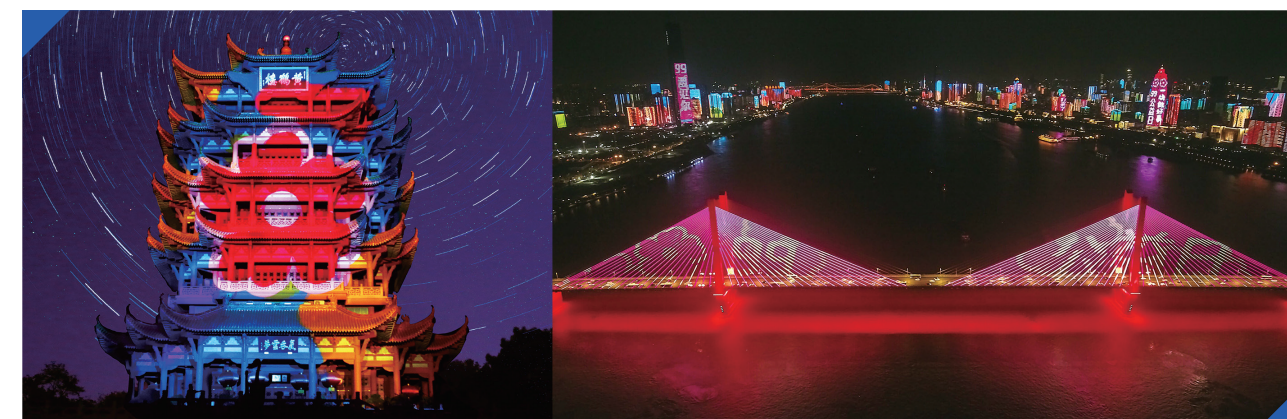
Explore Innovative Models to Activate the Power of Technology to Do Good

Internet technology empowers digitalization of charities. In 2020, the Tencent Foundation announced the launch of our "Charity SaaS Plan" with more than 20 initiatives covering a variety of public interest and philanthropic issues.

For example, in elderly care, Tencent used AI image recognition and other technologies to create an intelligent alarm system to detect when someone

has fallen, thereby helping nursing homes protect the safety of their residents. In terms of accessibility, Tencent has used an AI noise-reduction algorithm to improve cochlear implants for people with hearing difficulties.

Helping the Philanthropic Sector Move from Quantity to Quality

In 2020, the average number of donations for organizations using the Tencent Charity Platform exceeded 10,000, with some organizations even reaching four million donors. This growth, while

encouraging, also poses challenges for charitable organizations that need to scale their digital infrastructure, tools, and resources.

In January 2021, the Tencent Foundation announced that the Tencent Charity Platform would provide charitable organizations with even more functionality, such as a visual user-data dashboard, data reports, and intelligent fundraising strategy suggestions. Meanwhile, the Tencent Foundation plans to establish a technology development fund to explore future capabilities.

3.2 Revitalizing Rural Areas

The quality and fairness of education in China has made remarkable progress. But while having access to education is no longer a problem, demand for quality education is increasingly strong. How can we use the latest technology to make high-quality educational resources available for all? How can we use internet tools and modalities to help local educators? There is still much to be done in promoting universal education.

Addressing the Education Imbalance in Urban and Rural Areas

In 2015, we launched the Tencent Smart Campus to provide high-quality educational resources to teachers, students, and parents in remote areas. In less than five years, Tencent Smart Campus has served more than 100,000 schools in China, striving to ensure that every child can enjoy fair and quality education.

In May 2019, Tencent officially released our education blueprint, which aims to promote the equitable, personalized, and intelligent development of education through the power of science and

technology, starting with connectivity, content, and social responsibility. Tencent Education helps integrate resources from the national level, local cities, schools, and publishing houses to build high-quality and inclusive educational resources for local schools.

For example, online education can transcend geographic constraints by making teachers and courses available to children in remote areas. During the pandemic, millions of teachers quickly pivoted to online learning through Tencent Classroom, Tencent Smart Campus, Weixin, and other products. Tencent Penguin Tutoring, our self-guided online course provider, has

delivered more than one million free classes, enabling children in rural areas to participate in the courses of teachers from famous universities in major cities.

The imbalance of educational resources is a global problem. One of the United Nations Sustainable Development Goals for 2030 is to ensure inclusive and equitable quality education and lifelong learning opportunities for all. Tencent will also accelerate the development of new education infrastructure, provide richer and more user-friendly online learning tools, and help solve the imbalance between urban and rural education, so that all children can enjoy fair and inclusive learning opportunities.

3.3 Promoting Digital Inclusion

As one of the world's largest internet companies with the largest number of users, Tencent has always been rooted in creating value for its users. In recent years, Tencent has promoted product design by exploring product standards, setting case benchmarks, and establishing incentive mechanisms. Digital inclusion concepts such as "accessible design" and "design for all" help empower all people to benefit from digitalization and bridge the digital divide as much as possible. Tencent will continue to improve this work as digital inclusion becomes a greater focus in society.

HIGHLIGHTS

Caring for the Elderly and Helping Them Bridge the Digital Divide

As digital technology becomes more widespread and popular in daily life, the problem of the "digital divide" faced by the elderly has become increasingly prominent. Tencent is actively exploring ways to make digital technology benefit the elderly rather than pose a challenge for them.

Exploring a Model for Smart Elderly Care

Tencent hopes to use digital technology to address the difficulties and bottlenecks in home-based care, community care, and institutional care for the elderly. At the beginning of 2018, Tencent donated RMB30 million (US$4.7 million) to the Shenzhen Nursing Home to help it carry out institutional reform and use technology to improve residents' health,

safety, and well-being. As part of the partnership, Tencent developed a health-monitoring system to provide accurate details of residents' physical condition. A tablet connected to medical sensors is placed next to each bed, which can display current health status and sound a warning if it detects any abnormality. The patient can also use the tablet to watch videos, play games, or order meals. An application is also being developed to

let doctors and family members remotely access real-time data. The nursing home also uses an advanced alarm system that uses more than 100 sensors to detect when a person falls and then calls for help. It can also alert staff when a resident approaches the home boundaries to help prevent them from wandering away and into possible danger.

HIGHLIGHTS

Caring for Special Needs Helps Break Down Barriers

Technology has enhanced our ability to explore the world. But disabilities mean that many people are unable to keep up with the pace of technology. Tencent is committed to inclusive product design to enable everyone to enjoy the benefits of technology.

Using Technology to Eliminate Audio-visual Barriers

Hearing aids and cochlear implants are currently the only effective way to help the hearing impaired restore some of their hearing. But these devices have some drawbacks, such as making it difficult to hear certain sounds in noisy environments like airports and shopping malls. Working with partners, the Tencent Media Lab launched Tencent Ethereal Audio, which uses an AI noise-reduction algorithm that enables the hearing impaired to hear the

world around them more clearly. With further research, we launched a solution called "Mobile Companion + Cochlear Implant," which can enhance the clarity and intelligibility of speech by 40 percent.

Xinmu Cinema is a program in which volunteers in movie theaters "read" movies for visually impaired people. After the pandemic closed theaters, Weixin, Tencent Pictures, and Tencent QQ launched a streaming version of Xinmu to help visually impaired people across the country "hear" movies online.

Raising Autism Awareness through Art

The Tencent Volunteer Association has also focused on caring for special-needs groups. Since March 2017, Tencent's Starry Color team has partnered with World of Art Brut Culture (WABC) to create a mobile class to help autistic children through painting. In July 2020, Tencent launched a creative campaign called "Let Love Come, Let Obstacles Go," selecting 70 excellent works for an exhibition that helped build awareness of autism and highlight the talent of the community.

3.4 Protecting the Environment and Reducing Carbon Emissions

As an internet technology enterprise, Tencent's approach toward environmental responsibility is rooted in digital technology. We support low-carbon operations and continue to optimize and improve energy-saving technologies such as our data centers, intelligent office buildings, and paperless operations throughout the organization. Tencent and the Tencent Foundation also actively encourage business teams to use big data, artificial intelligence, Mini Programs and other technologies and product capabilities to explore innovative solutions in the area of environmental protection.

HIGHLIGHTS

Using Technology to Help Achieve Zero Carbon Emissions

In January 2021, Tencent unveiled its plan for carbon neutrality. By practicing what we preach and exploring how to reduce our own carbon emissions, we demonstrate how businesses can work with society to implement carbon-neutral measures and call for broader efforts focused on climate change, using technology to achieve zero carbon emissions.

Low-carbon Operations Start with Our Own

The carbon emissions of internet enterprises mainly come from their power consumption, and data centers are the main consumers of energy within internet infrastructure. A metric known as Power Usage Effectiveness (PUE) is used to evaluate the energy efficiency of data centers. The closer PUE is to 1, the more energy efficient a facility is.

To reduce data center PUE, our fourth-generation data center technology, T-Block, adopts evaporative cooling, solar power, natural cooling and other energy-saving technologies and systems, achieving an annual PUE lower than 1.25, far better than the industry average. In July 2020, our first T-Block data centers with capacity of one million servers began to come online. Future sites for Tencent data centers will be located in areas with abundant renewable energy sources such as wind, solar, and hydro.

We are also improving the efficiency of existing data centers through smart technology. For example, one of our commercial projects in Chongqing optimized its energy consumption by 30 percent. Our Tianjin Data Center implemented a waste-heat recovery pilot program that met the heating needs of more than 5,100 households, reduced 52,400 tons of CO2, and planted more than 2.8 million trees.

In addition, Tencent also explores and practices green and low-carbon operation by comprehensively promoting paperless operations in our offices and intelligent energy management in our headquarters.

Cooperation and Advocacy

Tencent not only uses technology to empower the company with more efficient operations and lower-carbon data centers, but we also help the industry to encourage all parts of society to embrace low-carbon practices.

For example, in terms of smart transportation, we have helped the automobile sector to realize intelligent and low-carbon improvements by partnering with cities to improve the efficiency of transportation planning, operation and scheduling. Our QR codes for public transportation deliver a more efficient and seamless experience to 150 million people.

In terms of smart energy, an integrated energy management system for business parks and enterprises can optimize energy consumption. Tencent's Smart Building solutions reduce carbon emissions and improve operating efficiency through Internet of Things and AI capabilities. As of March 2021, 10 smart energy-efficiency projects under Tencent had helped save 7.5 million kWh of electricity and reduced carbon emissions by 7,477.5 tons a year.

HIGHLIGHTS

Smart Measures to improve Environmental Protection

Protecting endangered animal and plant species and maintaining ecological balance is very important. Tencent actively seeks to use technology to open up more possibilities for ecological and environmental protection.

Protecting Biodiversity

As a pioneer in wildlife conservation in China, Tencent has long been concerned about cybercrime in the wildlife sector. In 2015, Tencent partnered with various non-governmental organizations to launch the "Tencent for the Planet" project. We also set up a special advisory group to establish a direct reporting channel to help crack down on illegal online wildlife trade.

Tencent uses science and technology to help protect biological habitats. In January 2020, the Guangzhou Zhuhai National Wetland Park partnered with Tencent Cloud to become the first "cloud-based" national wetland park in China. With the Tencent Cloud intelligent security platform, park managers can oversee the site through video and data monitoring. The system also tracks traffic, humidity, air quality, and animal and plant changes within the park, providing crucial data for management of the park.

Tencent also partnered with the World Wildlife Fund (WWF) and an environmental protection foundation in Shenzhen to develop a Weixin Mini Program for protecting leopards. Leveraging Weixin and AI technology, the program allows users to more intuitively and vividly understand the life and history of the snow leopard, a national first-class protected animal in China. Within two days of its launch, more than 100,000 people used the program.

Caring for the Earth with AI

According to the United Nations, the global population will reach 10 billion in 2050, placing new stresses on supply of food, energy, water, and other aspects. David Wallerstein, Chief Exploration Officer of Tencent, wrote "Reinventing the Earth: AI for FEW," a book that showcases Tencent's cutting-edge use of AI to solve global challenges such as environmental protection and access to food, energy, and water.

In the area of agricultural development, Tencent's iGrow system, an AI planting solution, helps reduce labor costs by 20-25 percent and heating costs by 30-40 percent. We have carried out pilots of iGrow in Heilongjiang, Liaoning, Shandong and other major agricultural provinces, helping farmers increase their revenue. Nano T-Block, an advanced data center developed by Tencent, has been deployed in Inner Mongolia's Ulan Buhe Desert. It can perform real-time monitoring of surrounding environmental data, accurately adjusting irrigation levels according to demands of the soil and accelerating its conversion to farmland.

In the energy industry, Tencent uses AI algorithms to help thermal power stations improve their operational efficiency by learning from historical data. Tencent has now also carried out cooperation with some thermal power plants in Europe.

In terms of managing water resources, Tencent's "Digital Yellow River" uses remote sensing, data collection, geographic information, and other high-tech tools to build an integrated digital information system covering the complex interplay of natural resources, the environment, and social and economic factors in the Yellow River basin, providing easy-to-read data dashboards for decision-making and daily management of the region's issues.

HIGHLIGHTS

Promoting Sustainable Social Development for the Future

Sustainable development is the common vision and goal of people around the world. Since our founding, Tencent has actively fulfilled our social responsibilities, taking the United Nations Sustainable Development Goals as a guide forward to promote human well-being and create a promising future for all.

The year 2020 marked the 75th anniversary of the Founding of the United Nations and the launch of the "Decade of Action" to achieve the Sustainable Development Goals by 2030. On March 31, the United Nations announced a global partnership with Tencent to help organize the 75th anniversary celebration. In July, with the help of Tencent Meeting,

12 UN entities in China partnered with Tencent to hold 11 online dialogue sessions ranging from climate change to gender equality, from AI to the future of agriculture, from fighting the pandemic to environmental sustainability. Hundreds of young Chinese representatives, UN officials, and experts in related fields participated in these in-depth discussions.

On August 12, 2020, International Youth Day, Tencent helped put on the Chinese Youth Dialogue on the Future Conference. At the event, we unveiled our animated short film, "The Penguin and the Whale" to raise awareness of global sustainability issues such as marine pollution and climate change.

4 Values Point the Way

Creating value for users was the original foundation of Tencent's approach to corporate social responsibility. Over the past 22 years, the principle of doing the right thing has guided and supported our evolution into a leader in internet technology. In 2020, businesses are facing unprecedented challenges, from drastic changes in international affairs, the ongoing global pandemic, deepening economic reform, and more. Yet we believe that the more challenges we face, the more we can demonstrate our intrinsic value to society.

4.1 Optimizing Corporate Governance

Doing the right thing is first embodied in respect for law and ethics and in upholding rules and principles. Tencent continues to optimize its corporate governance mechanisms and improve its internal risk-management system. In 2020, Tencent invested more resources in these risk management and internal monitoring systems.

"Integrity is a kind of belief and baseline. Our commitment to integrity has attracted a team of people with the same values, helping us to reflect and improve. This is the cornerstone of Tencent's journey."

– Ma Huateng (Pony Ma), Chairman and Chief Executive of Tencent

Tencent's non-executive directors of the company bring a wide range of business and financial experience to the Board. Independent non-executive directors represent more than one-third of the Board, providing sufficient checks and balances that safeguard the interests of the shareholders and the Group. The Board consists of five committees: the Audit Committee, Corporate Governance Committee, Investment Committee, Nomination Committee, and Compensation Committee.

In order to ensure the long-term growth and sustainable development of the company, Tencent has a holistic risk-management system in place covering structure, process, and culture, under the supervision and guidance of the Board of Directors. The company is committed to continuously improving its risk-management system, including structure, process, and culture, to ensure the long-term growth and sustainable development of the company's business.

The company's risk-management system sets out the roles and responsibilities of each relevant party in the system as well as the relevant policies and processes. Each of the company's business groups, on a regular basis, identifies and assesses any risks that may negatively impact the achievement of its objectives, and formulates appropriate response measures. The company also provides risk-management and internal-control training for staff on a regular basis.

4.2 Practicing Integrity

Tencent has always complied with the law and improved our competitiveness through compliance. We will continue to embrace modern corporate practices and constantly improve our anti-fraud efforts and supplier management as our contributions to a healthy business environment.

All Tencent employees are required to follow and to strictly comply with the Sunshine Code, Tencent's comprehensive code of conduct. It expressly prohibits all kinds of fraudulent activities, bribery, embezzlement, misappropriation of company assets, extortion, falsification of information and any other activities which are not in compliance with applicable laws and regulations.

Tencent maintains a zero-tolerance approach to enforcing the Sunshine Code, Tencent's comprehensive code of conduct. Violation of the Sunshine Code by a Tencent employee will result in termination and a permanent ban on reemployment with the company. Violations by external companies will result in a permanent ban on further cooperation. From the fourth quarter of 2019 to January 2021, Tencent's Anti-fraud Investigation Department handled numerous violations, resulting in the dismissal of more than 100 people, and the referral of dozens of people to public security organizations for suspected crimes.

Ensuring transparent procurement that adheres to the principles of openness, fairness, and improved supplier quality is an issue that all businesses must take seriously. We require 100 percent of our suppliers to abide by the business ethics and anti-corruption requirements in our Sunshine Code and jointly safeguard the foundation for cooperation based on legal, fair, and equitable trade. Tencent has implemented strict supplier-management mechanisms, established a procurement-management control unit, launched a supplier-management system, and has ended any harmful actions toward business partners. We have also established long-term and stable cooperative relations with reputable suppliers, committed to building a healthy industrial ecosystem, and are creating a transparent business environment.

Tencent also places great importance on the integrity of the relationship between procurement staff and suppliers. We have established a code of conduct for procurement staff and strengthened their training, established a written declaration system to disclose any relationship between employees and suppliers, and raised employee awareness of social responsibility.

In recent years, Tencent has continuously strengthened our hiring, employment, and review criteria, established a database of qualified suppliers, and standardized supplier management. Tencent also regularly evaluates supplier performance and takes appropriate measures to address any quality issues. In 2020, Tencent completed evaluations for approximately 400 suppliers.

4.3 Building an Ecosystem for Doing Good

Culture is the cornerstone of corporate development. As a 22-year-old internet company, Tencent's corporate culture reflects a combination of heritage and change, and top-down advocacy and bottom-up creativity.

In the rapidly evolving internet industry, the development of a corporation is never completed. At the age of 22, Tencent continues to innovate and enrich its corporate culture amid constant growth and change. In 2019, Tencent responded to the expectations of our customers, updated our mission to deliver "Value for Users, Tech for Good." With this as our guiding principle, we strive to incorporate social responsibility into our products and services, promote technological innovation and cultural vitality, help industries digitally transform, and collaborate with stakeholders across society on sustainable development. Our updated values are now Integrity, Initiative, Collaboration, and Creation. These changes reflect how our corporate culture has evolved since our founding, just as our businesses have thrived and outstanding people have joined our team.

Integrity

Uphold our principles, ethics, openness, and fairness.

Proactivity

Pursue positive contributions, volunteer, and push for breakthroughs.

Collaboration

Be inclusive and collaborative, strive to progress and evolve.

Creativity

Push for breakthrough innovations in technology, models, and services, and explore the possibilities of the future.

4.4 Protecting Tencent's Greatest Asset by Helping Employees Grow

Scientific and technological progress cannot be achieved without people. Tencent's people are our most valuable asset. Tencent cares about helping our employees grow, strives to protect their rights and interests, and provides support for them through competitive compensation and benefit programs. We will continue to work with employees to provide them with more development opportunities, richer forms of participation and feedback, and a supportive culture.

Sharing Success with Employees

Tencent employees enjoy competitive salaries as well as benefits such as stipends or allowances for communication, transportation, work assignments, and travel that vary according to the job needs. At the end of every year, Tencent issues performance bonuses and service bonuses to employees.

Tencent respects and embraces employees of diverse cultures, genders, nationalities, ethnic groups, and religious beliefs, and strives to create an equal and supportive working atmosphere for employees.

Tencent provides comprehensive health benefits for employees, including annual physical examination, 24-hour health consultation, healthy food options, venues for activities and sports, private education, relaxation rooms, and more. During the pandemic, Tencent offered additional psychological counseling services to help employees cope with unprecedented pressures.

In addition to providing flexible working hours and paid vacation for employees, Tencent also offers a housing program that provides monthly rental subsidies to new employees within three years after graduation. After two years of work, employees can apply for an interest-free housing loan of up to RMB500,000 (US$74,150). Tencent offers family-related benefits such as subsidies for weddings, births, and holidays, as well as flexible insurance options to give employees and their families peace of mind. Every April, Tencent organizes a charity walk activity for employees and their families to promote good health, well-being, and social responsibility. Our Annual Family Open Day is a special event when employees can bring family members to the office.

Tencent fully respects every employee and encourages them to make their voices heard in the company's development. At the end of each year, in addition to an annual employee party, Tencent also holds employee town halls where various leaders deliver updates on the company's strategy, organization, and management and recognize teams that have made outstanding contributions. Moreover, to enhance communication among employees, Tencent has set up an internal online community where employees can ask questions and share knowledge.

Helping Employees Develop Their Talents

Tencent established a special internal training department in 2007 to carry out multi-level training for new employees, professional staff, and management teams. Through face-to-face training, live broadcasts, and other innovative formats, we are committed to helping employees grow. At the end of 2020, Tencent Training offered more than 600 courses, 1,700 company-level lecturers, more than 10,000 individual classes totaling more than 30,000 hours of instruction. Some 90 percent of this content is offered in face-to-face instruction and 100 percent of it is offered online.

Tencent has established a dual-channel career development system to provide employees with paths for professional and managerial development. Tencent has also established a smooth internal talent market in which qualified employees can change jobs freely, try new things, and give full play to their strengths.

Appendix

This report is Tencent Holdings Ltd.'s ninth Social Responsibility Report, covering the company's practices and management approach to key social responsibility issues and demonstrating the company's social responsibility performance in 2020.

Time Range

This report covers the period from January 1, 2020, to December 31, 2020; however, some of the content extends moderately to the year before and after.

Scope of the Report

This report covers the activities of Tencent Holdings Ltd., including its subsidiaries and directly affiliated institutions.

Preparation Basis

This report was prepared in line with the Guide to Reporting on Corporate Social Responsibility in China (CASS-CSR4.0) of the Chinese Academy of Social Sciences, the Global Reporting Initiative, the Sustainable Development Reporting Guide (GRI Standards), and the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guidelines.

Data Sources

The data contained in this report are derived from Tencent official documents, statistical reports, or relevant public information. All monetary conversions (USD) included in this summary are provided for ease of reference and general comparison purposes only, and may not reflect present rates.

Reliability Guarantee

Tencent warrants that there are no false records, misleading statements, or material omissions in the contents of this report.

The Title Description

For ease of expression and reading, "Tencent Holdings Ltd." is also expressed as "Tencent," "we," or "the Company."

Report Acquisition

You can log on to Tencent's official website: www.tencent.com to download the electronic version of the report. If you have questions or suggestions about the content of the report, please email us at CSR_report@tencent.com.

Tencent 腾讯