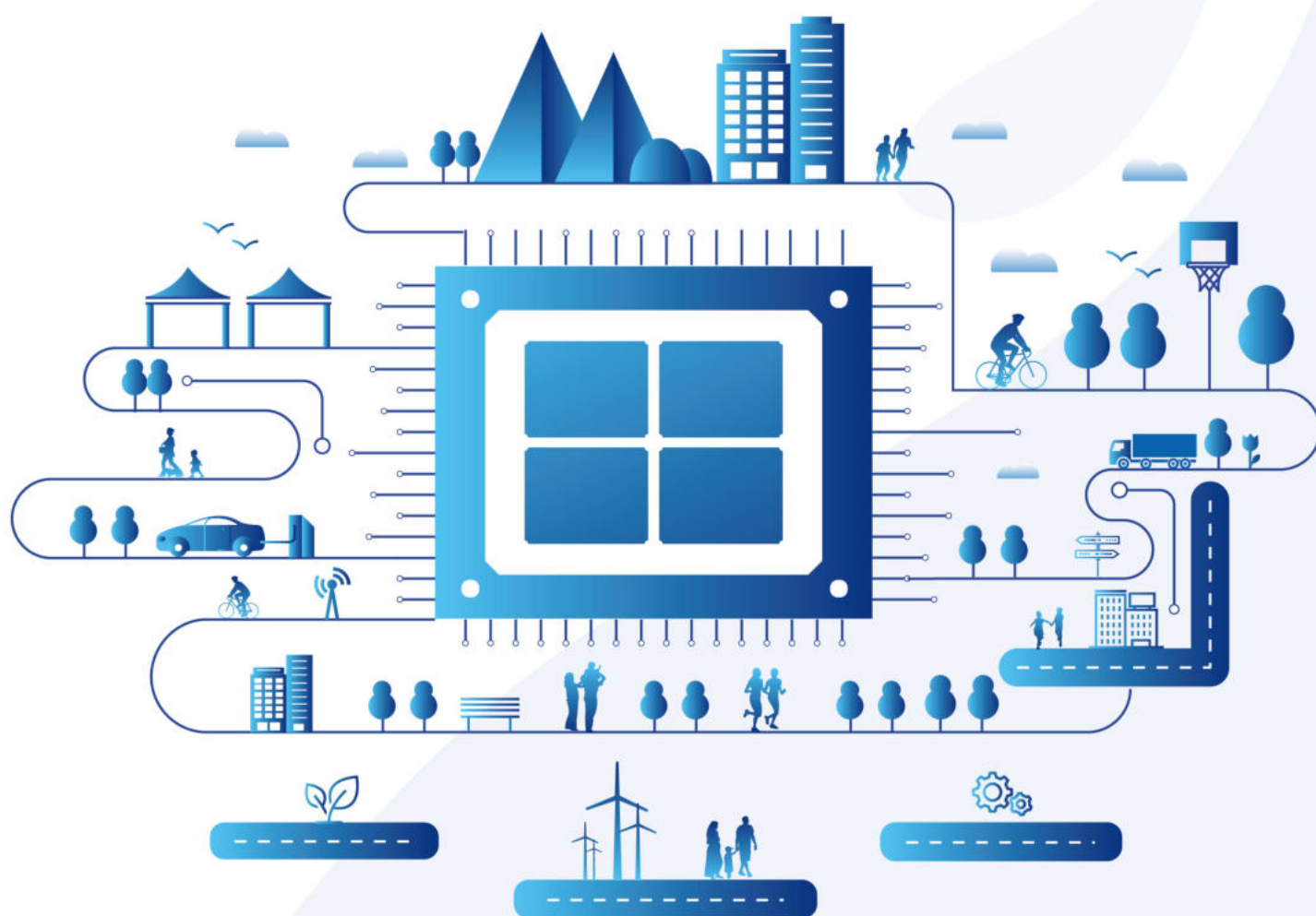


2019 | 企業社會責任報告

CORPORATE SOCIAL RESPONSIBILITY REPORT



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Introduction

Our concept of sustainable development and the pursuit of long-term performance is to achieve these under consideration of economic, environmental, and social aspects, as these aspects interact with and support each other, enabling long-term, sustainable performance. We strictly comply with all local applicable laws and meet social expectations in our operations, and we align our standards for environmental protection to those of the leaders in international industry. We devote ourselves to sustainable cities and communities. In following our corporate vision of *Continuous Innovation and Empowering the Future for Global Customers*, we promptly respond to Stakeholders, including customers, employees, investors, communities, and countries where we operate, toward the goal of sustainable development of enterprises and society.

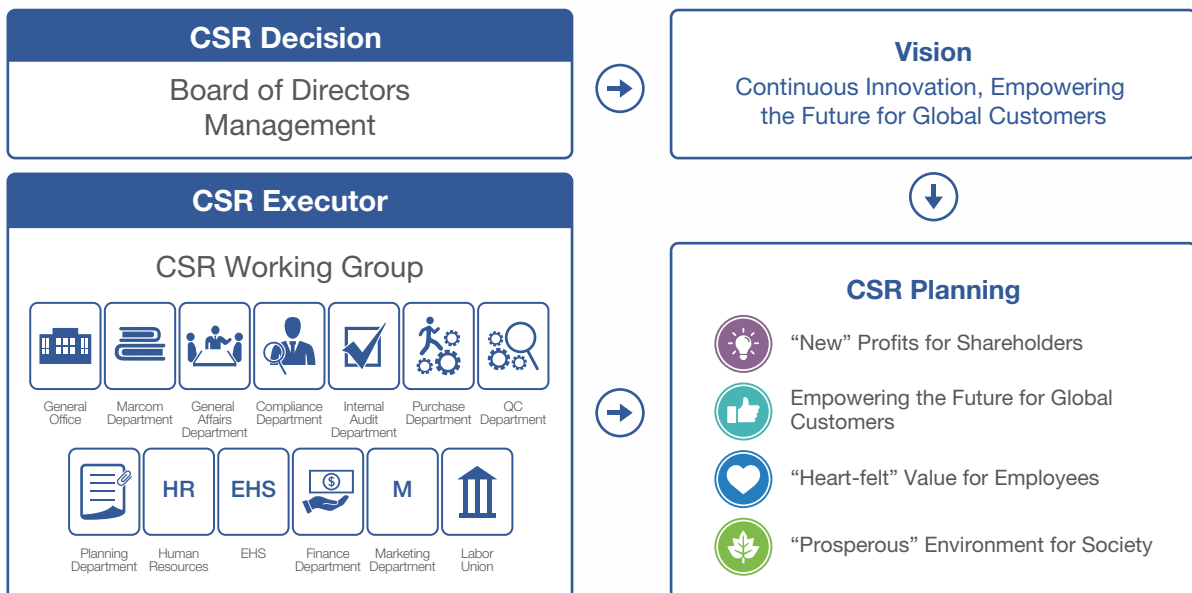
1 Social Responsibility Management System

1.1 Social Responsibility Policy

We believe fulfillment of corporate social responsibility first requires pro-active adherence to and implementation of the highest international standards of business and social ethics, while creating value for and sharing value with all Stakeholders. To this end, in addition to compliance with all laws, regulations, and rules of the state in terms of operation, we also incorporate environmental and social responsibilities directly into our business strategies and operations. We take a prudent approach to manage our environmental and social risks by perfecting our management system, improving supply chain performance, and reducing resource consumption and environmental emissions. We encourage innovation-driven development and foster innovative talents, thereby promoting social harmony.

1.2 Social Responsibility Management Mechanism

Effective social responsibility management requires the ongoing attention of senior management and the involvement of all employees. We established a Corporate Social Responsibility ("CSR") working group to set up a CSR organization system that enables management to participate in and coordinate with functional departments horizontally and member companies vertically. The working group comprises responsible officers from diverse functional departments.



Structure for CSR Management

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Provided by the Board of Directors as the CSR Decision Maker, the following four aspects summarize the social responsibility of the corporate vision Continuous Innovation and Empowering the Future for Global Customers.

Empowering the Future for Global Customers

Providing Quality Products Guaranteeing Rights & Interests of Customers
Booming Industrial Economy



Expanded “New” Profits for Shareholders

Development through Innovation
Consolidate Operations with Integrity
Sharing the Benefits of China’s growth



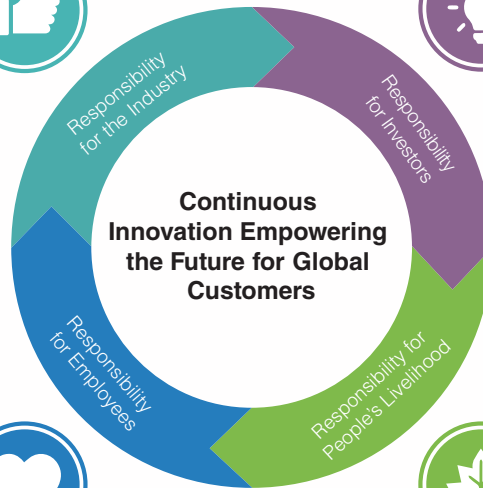
“Heart felt” Respect for the Value of Employees

Caring about Career Development
Protecting Occupational Health



“Prosperous” Environment for Society

Promoting Green Development
Utilizing Resources Jointly Promoting Social Harmony



Implementation Points of Focus of CSR Planning of Hua Hong Semiconductor Limited

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1.2 Involvement of Stakeholders

Based on the business and operational characteristics of our Company and leveraging the experience and practices in the industry at home and abroad, we have determined the following to be our Stakeholders: our shareholders; customers; employees; government agencies and regulators; partners; communities; and the public. Our Company actively communicates with all of these Stakeholders via various channels and methods, including websites, media, meetings, reports, and other business and social activities.

Expectations and Responses of Stakeholders

Key Stakeholders	Description	Issues concerned	Communications and responses
Shareholders and senior management	Domestic and foreign investors holding equity and debt investments in our Company, and senior management members of the Company	Risk management, economic performance, industrial development, customer communication and satisfaction	Shareholders' meetings, financial reports, performance reports, results road shows, etc.
Customers	IDMs, systems and fabless semiconductor companies	Protection of customer rights and information, product and service quality, customer communication and satisfaction	Product exhibitions, customer research, technical seminars, B2B (such as E-tapeout systems, WIP report and WAT report, etc.), customer service hotlines and complaints, customer satisfaction surveys, etc.
Employees	Our employees and contract personnel who serve our Company on a continuous basis	Employee interests and welfares, employee health and safety, employee development and training	Employee activities, Employee Representatives Congress, Intranet, trainings, self-service systems and employee manuals, internal publications, etc.
Government and regulators	Industry, tax, environmental protection, security and other departments, local governments, SFC and other governmental or regulatory authorities	Compliant operation, green products, emissions management and energy utilization	On-site visit, official correspondences, policy enforcement, information disclosure, etc.
Partners	Suppliers, research institutions, industry associations, etc.	Industrial development, compliant operation, product and service quality, customer satisfaction and communication	Public tender conferences, strategic cooperation negotiations, exchanges and visits, etc.
Communities and the public	Communities in which we operate, the public and media, etc.	Green products, emissions management, community and public benefit	Community activities, employee volunteer activities, public welfare activities, social cause campaigns, etc.

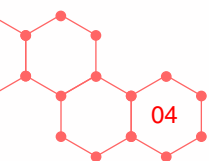
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1.3 Risk Management/Identification and Analysis of Substantive Issues

Risk Management

We continuously improve our risk management system by upgrading relevant processes and policies, thereby effectively enhancing our risk management abilities. Since 2016, the Company has established procedures for risk management through the Internal Audit Department, which issued the guideline “Rules about Comprehensive Control of Risks”, and launched related projects.

In 2019, the Company started construction of the risk control system of Hua Hong Semiconductor (Wuxi) Co., Ltd., a subsidiary, which initially formed a risk control system based on the theory of three lines of defense. The Company carried out an annual comprehensive risk assessment covering Shanghai and Wuxi; interviewed the management with regard to risks through risk questionnaires; identified major risk areas; and formed an annual risk management report. Two risk training sessions were carried out with the participation of 20 managers at all levels from companies in Shanghai and Wuxi, covering the operation of the existing risk management system and discussion of typical risk events.



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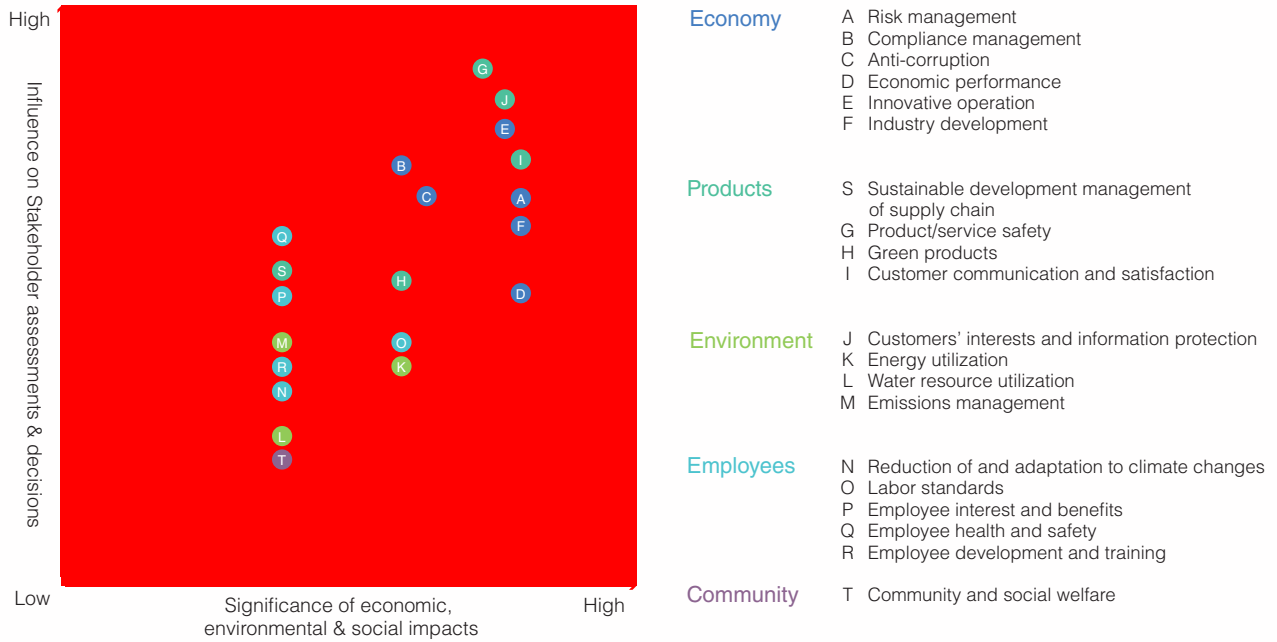
Key Operational Risks and Countermeasures

Risk Category	Content	Countermeasures
Strategy	Strategic planning	The Company formulated strategic objectives from top to bottom, appropriately deconstructed and implemented such objectives in specific business models of corporate operation, to ensure the accomplishment of strategic objectives
	Investment Decision	We conduct prudent pre-investment analysis, continuous process supervision, and effective post-investment evaluation to control the investment risk to an acceptable range in a multi-pronged manner
	Supervising and management system	Our well-organized systems and processes, taken together with the Company's risk management system with its three lines of defense, can efficiently assure accomplishment of strategic objectives
Operation	Reserve of Talents	We set up the talent resume database, carried out the talent inventory, continuously explored the recruitment channels, optimized the salary structure, and comprehensively enhanced the Company's attraction and employee satisfaction by combining the synergies of brand building and cultural promotion.
	Information security	Based on our Management Rules about Information Security, the Company established its information security framework and management policy. We implement the risk evaluation procedure for information security every year to maintain the optimal interests of all Stakeholders
	Research and development	The structured R&D closed-loop mechanism conducts comprehensive monitoring on R&D initiation, implementation and post-evaluation, and helps develop new products with commercial value continuously and in a timely fashion
	Intellectual property	Comprehensive intellectual property protection awareness and management procedures protect the intellectual property rights of the Company and customers
Finance	Cash flow	Monthly cash flow statements record cash flows and dispatch the same to relevant departments for follow-up actions
	Exchange fluctuations	Transactions denominated in foreign currencies are settled in the same foreign currency whenever possible to reduce the need for foreign currency exchange, thus reducing risks arising from exchange rate fluctuations
Environment and Safety	Environment	We design management procedures based on our observation, assessment and control of environmental factors, and list major environmental factors
	Safety check	Safety checks focusing on troubleshooting and fault diagnosis are carried out continuously
	Occupational health	We have developed the goals, indicators and program management forms of our environmental and occupational health and safety programs in accordance with the Company's established goals, indicators and program management procedures for health, safety and environment ("HSE")
Project risk	Wuxi project management	The Company's management has always attached great importance to Wuxi projects and has given priority to the allocation of resources. Special personnel have been appointed to continuously monitor the project progress, investment expenditure, procurement compliance, and other important control points to ensure that the project progress, quality, and cost control meet established targets.

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Identification and Analysis of Substantive Issues

We check social responsibility issues on a regular basis and identify the more substantive ones on which to focus our operations, reporting, and disclosures through periodic identification, evaluation, and screening. We consider both internal and external factors such as our strategic and operational direction, Stakeholders' concerns and expectations, as well as national and international standards and policies.



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2 Environmental Responsibilities

The Company takes environmental protection as its own duty; complies with laws, regulations, and industry standards in relation to environmental protection; makes efficient use of energy and other resources; attaches great importance to pollution prevention; continuously invests in the development and promotion of green products; reduces the negative impact of its own operation on the environment; and strives for the sustainable development of enterprises and society.



2.1 Environmental Management System

The Company gradually shifted its focus from production management to control of product life cycles and risks; committed to improving environmental performance at every step of the process, including procurement of raw materials, production, and waste management; and passed the new ISO 14001:2015 environmental management system certification. In terms of supervision and management, we added a review and follow-up system to the security management system in the Company's intranet. This system collects and lists matters violating environmental protection regulations, which are identified daily by management, following up and recording subsequent actions through regular system reminders.

In 2019, the Company adhered to the aim of innovative development and green development realizing clean production through various energy-saving and emission-reduction group activities. It won the honor of Shanghai Energy Conservation and Emissions Reduction Benchmarking Enterprise in Shanghai Energy-Saving and Emission-Reduction (JJ) group activities.

As of the end of the reporting period, the Company was not subject to any environmental complaints or penalties, or involved in any environmental pollution incidents.

Certification in Relation to Environmental Responsibilities

Environmental Management	Certification Authority	Date of First Certification
 ISO 14001:2015 Environmental Management System	British Standards Institutions (BSI)	26 April 2002
Green Building	Certification Authority	Date of First Certification
 "Leadership in Energy and Environmental Design" (LEED v4) Gold Award	U.S. Green Building Council (USGBC)	October 2019
 Two-Star green building design label certificate	Chinese Society for Urban Studies (中國城市科學研究院)	December 2019
Green Products	Certification Authority	Date of First Certification
 QC 080000 Hazardous Substance Process Management System	BSI	18 November 2009

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Green Building

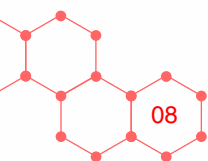
The Company is committed to becoming a green enterprise in green technology, green production, green building, and green industries. The 12-inch IC production line (HH Fab 7) undertaken by Hua Hong Semiconductor (Wuxi) Co., Ltd. has been designed and constructed in strict compliance with LEED certification requirements and has won the “Leadership in Energy and Environmental Design” (LEED v4) Gold Award certified by the U.S. Green Building Council (USGBC) due to the green and energy-saving features of the building and supporting facility design. In the design and construction of the engineering building (E1), it adhered to the concept of green and energy conservation; made greater effort in innovation; and enhanced the promotion and application of new materials, new equipment, and new technologies. Finally, it won the “Two-Star Green Building Design Label Certificate” certified by the Chinese Society for Urban Studies, with its excellent environmental performance, such as the renewable energy utilization rate of 100% for domestic hot water, the building energy saving rate of 65%, and the non-traditional water utilization rate of 56.19%.

Green Culture

We continuously promote the environmental protection concept inside and outside the Company. We make good use of science and technology in our daily operations to implement the concept of sustainable development and environmental protection measures.

Practice in Green Culture

Saving paper around the office	<ul style="list-style-type: none">• Implementing office automation to reduce paper consumption.• Making efforts to promote the use of recycled paper, including for printing business cards of employees, to support recycling.
Saving electricity	<ul style="list-style-type: none">• Turning off the power supply when leaving work or for a long time.• Reasonably setting air conditioning temperature above 26°C in summer and below 20°C in winter.
Saving water	<ul style="list-style-type: none">• Developing employees’ awareness of saving water and posting water saving tips.
Waste disposal	<ul style="list-style-type: none">• Classifying domestic waste in each factory into 4 categories, namely dry, wet, recyclable, and harmful waste, and requiring all employees to answer online waste classification questions.• Participating in E-waste recycling activities at alah.com
Commuting	<ul style="list-style-type: none">• Encouraging employees to commute by public transport.• Using new energy vehicles as shuttle buses for the Company.

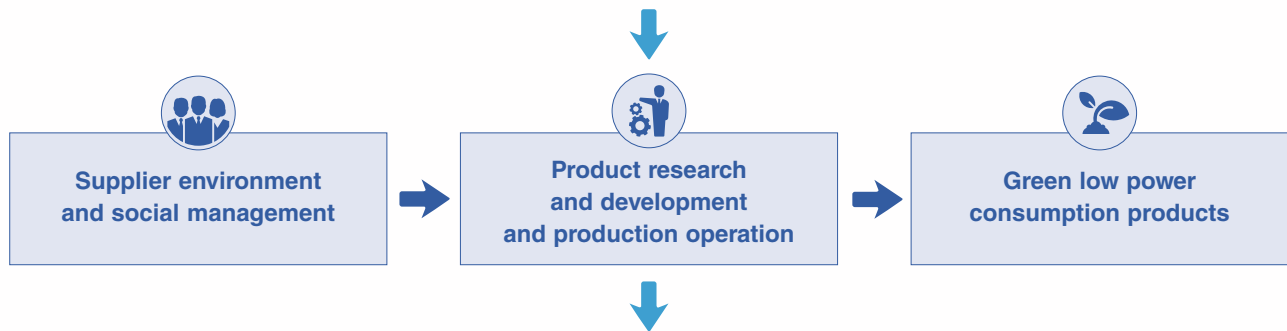


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Overview on Environmental Management Performance

The Company's production and operation requires the use of such resources as energy, water, and other raw materials and generates emissions such as air emission, water, and solids. In addition, we are planning to promote supplier environmental management and to provide low-power green products in an effort to achieve better environmental management performance throughout the value chain.

Water Resources	
Total water consumed	7,724,830 m ³
<i>of which: Water from municipal water supply</i>	4,791,336 m ³
<i>Wastewater reused</i>	2,933,494 m ³
Water consumed per unit product	2.46 m ³ per 8-inch wafer
Volume of recycled water	2,823,278 m ³
Energy	
Total electricity consumed	528,044 MWh
Electricity consumed per unit product	271.14 kWh per 8-inch wafer
Natural gas consumed	8,138,435 m ³
Natural gas consumed per unit product	4.18 m ³ per 8-inch wafer
Packaging Materials	
Total packaging materials used for finished products	110 tons
Other Raw Materials	
Silicon slice, quartz, target material, gas, chemicals, and other raw materials for production	



Waste	
Total hazardous waste produced	5,013 tons
Hazardous waste produced per unit product	2.57 kg per 8-inch wafer
Total non-hazardous waste	3,595 tons
Non-hazardous waste produced per unit product	1.80 kg per 8-inch wafer
Air Emissions	
Total air emissions	1,257,074 m ³
Nitrogen oxide (NO _x) emissions	19,383 kg
Sulfur dioxide (SO ₂) emissions	72.50 kg
Greenhouse gas	
GHG emissions	449,339 tCO ₂ e
GHG emissions per unit product	0.23 tCO ₂ e per 8-inch wafer
Wastewater	
Total wastewater discharge	4.31 million m ³

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2.2 Cleaner Production

Air Emissions and Waste Water Discharge

We follow the rules and regulations related to environmental protection and relevant matters. The air emissions discharged during production include sulfuric acid mist, hydrogen chloride, nitric oxide, ammonia, and volatile organic compounds. We established a system for processing air emissions that meets the new requirements for controlling emissions. This system can eliminate over 90% of the VOCs generated. In terms of waste water discharge, the Company began adoption of the Grade B Standard of GBT 31962-2015 (Waste Water Quality Standards for Discharge to Municipal Sewers) in 2017 and reduced the discharge through recycling washing water used for production in the factory.

In terms of pollution discharge and information disclosure, the Company carried out online monitoring of waste water, with relevant data disclosed on the Environmental Information Disclosure Platform for Shanghai Enterprises and Public Institutions, thus improving transparency of environmental information for the Company.

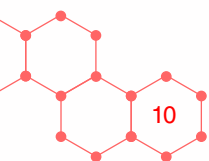
In 2019, the Company amended the Air Emission Management Rules to further improve emission control and treatment of air emissions and waste water. In addition, HH Fab 2 and HH Fab 3 completed clean production audits and adopted a series of improvement measures according to the audit results, including installation of VOC online detection devices.

Pollutant Discharge Management

Type	Treatment Method
Air Emissions	
Acid air emission	Up-to-standard discharge after removing most of the components through a washing tower
Alkaline air emission (mainly ammonia gas)	Purification through a washing tower
Organic air emission	Purification through activated carbon adsorption, or combustion after concentration
Air Emissions containing dust (mainly small particulate matters of silicon dioxide)	Removal through a dust-extraction unit
Wastewater	
pH, COD, ammonia nitrogen, fluorine ion, etc.	After treatment, up-to-standard discharge through a pipeline into a designated urban sewage pipe network

Discharge Reduction Work and Achievements in 2019

Measures	Achievements
Reconstruction for recycling of boiler flue gas	↓80% Nitrogen emissions
Reconstruction for reducing NOx emissions from boilers	≤50 mg/m ³ NOx emissions from boilers



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Waste Management

Wafer production generates liquid hazardous waste, such as waste acid and isopropanol. We authorized a qualified third-party company for treatment of this waste, mainly by means of incineration, physical-chemical treatment and recycling. The Company has: formulated a Waste Management Procedure; standardized waste management operations; recorded and managed waste treatment, through the unified environmental protection management system of the government to ensure all transportation records are traceable and controllable. Non-hazardous solid waste, such as sludge generated in wastewater treatment, was treated by the waste disposal agency using landfill. Since 2017, the Company has carried out work to reduce the discharge of various hazardous waste every year. In 2019, it reduced the discharge of waste photoresist and arsenic-containing waste by 96.13 tons in total.

The Company entrusted the Waste Management Center of Shanghai Pudong New Area to pick up and transport domestic waste and kitchen garbage on a regular basis.

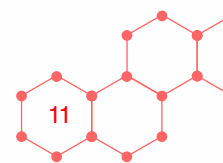
Treatment Methods for Hazardous Waste

Treatment Method	Type of Hazardous Waste
Recycling	Such as waste acid, waste isopropanol, and waste phosphoric acid
Physical-chemical treatment	Such as waste glass bottle, 200L chemical barrels, and waste liquid from laboratory
Incineration	Such as cleaning cloth, plastic bottles, organic waste liquid, waste activated carbon, waste resin, and arsenic-containing waste

Carbon Emissions

The emission of large amounts of greenhouse gases such as CO₂ is the main contributor to global warming. We realize that climate change mitigation is of great importance to enterprises and the globe. We actively took part in carbon emission trading by the Shanghai Municipal Development and Reform Commission to cut greenhouse gas emission and slow down climate change. In 2019, the Company completed settlement of carbon credits of approximately 449,343 tons for 2018.

The Company also set an emission target according to the carbon trading management measure of the Shanghai Municipal Development & Reform Commission and reduced greenhouse gas emissions through energy saving and emission reduction projects. In 2019, it invested a total of approximately RMB5.8 million to improve energy saving and emission reduction technologies.



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2.3 Resource Saving

Energy Management

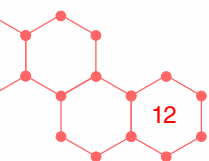
The energy consumed by the Company is mainly electric power, heat, natural gas, and a small amount of gasoline and diesel. It has formulated the Resource and Energy Management Procedure, clearly defining the principle of resource and energy management. The Company shall control the use of energy and carry out continuous reduction, while satisfying production requirements and improving productivity. These actions will reduce our impact on the environment while reducing production cost. Our efforts will promote sustainable development in harmony with the environment. In response to the 2020 goal of the Shanghai Municipal Government to control the total amount of energy and improve energy utilization efficiency, the Company has set its energy-saving target for the "13th Five-Year Plan" period. By 2020, the Company's comprehensive energy consumption per RMB10 thousand of revenue will be 12% lower than that of 2015, and the energy consumption for 8-inch integrated circuit wafer production will be 13% lower than that of 2015. The Company has engaged a third-party organization to conduct its energy audit and put forward a technical renovation plan for energy conservation.

2019 Energy Saving Work and Achievements

Factory	Measures	Achievements
HH Fab 1	<ul style="list-style-type: none">Removal of WALL CHILLER for DRK ASP-CHWAT test time reduction	171,000 kWh Electricity saving for the year 147,000 kWh Electricity saving for the year
HH Fab 2	<ul style="list-style-type: none">Extending the service life of aluminum and copper kits and reducing the consumption of water and chemicals for kit cleaningChanging cold pure water (electrical heating) to warm pure water for pure water measuring tanks	228,000 kWh Electricity saving for the year 25,000 kWh Electricity saving for the year
HH Fab 3	<ul style="list-style-type: none">Lighting energy saving control for electrical rooms, DUPS and generator roomsOptimizing the photolithography technique process of source-drain ion implantation for flash platforms	199,000 kWh Electricity saving for the year 350,000 kWh Electricity saving for the year

Note:

Since HH Fab 7 was officially put into operation in September 2019 and did not have data on energy saving achievements for the year as of the end of the reporting period, such data were not included in the table.



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Water Resource Management

Water used by the Company comes from the municipal water supply to a large extent in addition to a smaller amount of recycled water and air conditioning condensate. Through technological improvement and recycling, we actively seek to improve our water saving and water resource utilization efficiency. The Company has used recycled water for the production process and air conditioning condensate water for replenishing the water in cooling towers, with a total recycled water consumption of 2.82 million m³ for the year.

2019 Water Saving Work and Achievements ^{Note}

Factory	Measures	Achievements
HH Fab 1	• Increasing the yield rate of MN0665X bank card products	1,100 tons Water saving for the year
	• Changing POWER MOS Poly 12K to 8K	300 tons Water saving for the year
	• Water saving projects for cooling towers	85,000 tons Water saving for the year
HH Fab 2	• Recycling RO-3 concentrated pure water for EPI Scrubber	52,300 tons Water saving for the year
	• Recycling RO-4 concentrated pure water for dissolution and dilution of lime in the fluoride waste treatment system	29,200 tons Water saving for the year
HH Fab 3	• Optimizing transportation and cleaning processes for split-gate trench power devices	7,200 tons Water saving for the year
	• Ebara tool cleaner 2 pencil self-clean water flow reduction project	1,200 tons Water saving for the year

Note:


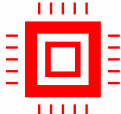



Since HH Fab 7 was officially put into operation in September 2019 and did not have data on water saving achievements for the year as of the end of the reporting period, such data were not included in the table.

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2.4 Green Products

Facing risks arising out of global climate change and the increasingly vigorous demand for energy conservation and emission reduction in society, reducing the high energy consumption of electronic and electrical products has become a focus in industry. In the field of professional integrated circuit manufacturing services, the Company is committed to implementing full-life cycle environmental management covering processes from raw material procurement and production to disposal. By continuously optimizing its wafer manufacturing technology; reducing product volume; improving the energy efficiency of products used at terminals; and reducing the impact of scientific and technological progress on the environment; the Company is supporting construction of a low-carbon and environment-friendly society while creating competitive advantages in power consumption, efficiency, and chip size optimization for customers.

Environmental Management for the Full Life Cycle of Products

 Warehousing of Raw materials	 Product Production	 Product Transportation	 End-user Products	 Disposal
<ul style="list-style-type: none"> Carry out hazardous substance examination and systematic control on raw materials; Review the qualification and environmental compliance of suppliers and require suppliers to sign the Environmental Protection Undertaking. 	<ul style="list-style-type: none"> According to the pollution discharge permit management, promote material reduction projects; From the perspective of resource recycling, carry out allocation among systems in waste chemical plants to reduce the use of external resources; Implement water recovery projects to improve the overall recycling rate and reduce the water supply pressure of the pipe network. 	<ul style="list-style-type: none"> Recycle and reuse product packaging materials to reduce the consumption of packaging materials and waste generation. 	<ul style="list-style-type: none"> By helping customers produce low energy consumption products, reduce the environmental impact of the use of terminal electronic products 	<ul style="list-style-type: none"> Monitoring wafers produced by the Company are monitored for harmful substances, which means that the terminal electronic products manufactured by using the wafers have less impact on the environment after disposal.

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Control of Hazardous Substances

In accordance with: the regulation Restriction of Hazardous Substances (RoHS); the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) as formulated by the EU; as well as customer requirements, we have established a hazardous substances management system and standard.

The Company has established an electronic system to manage different raw materials at different levels. Suppliers are required to provide a signed Commitment on Nonexistence of Hazardous Substances and relevant test reports on a regular basis, so as to ensure that their products comply with laws, regulations, and customers' requirements on the management of harmful substances, assuring control from the source.

The Company entrusted Société Générale de Surveillance S.A. (SGS) to conduct tests for hazardous substances and achieved 100% compliance for control of hazardous substances in 2019. All manufacturing devices of the Company are verified to comply with the standards and requirements of QC 080000 for reducing hazardous substances in electronic elements, apparatus, and products.

3 Employee-Related Responsibilities

Employees are valuable resources of the Company. We are committed to creating a harmonious, friendly, and win-win cultural atmosphere in accordance with relevant laws and regulations. In order to protect the rights and interests of our employees, we take various measures to ensure the occupational health and safety of employees. We build diversified career development paths and provide a warm and comfortable working environment to promote the realization of personal goals and corporate values.

As of the end of the reporting period, the Company did not infringe the rights and interests of its employees and was not subject to complaints or penalties by a regulatory authority.

3.1 Rights and Benefits of Employees

We insist on fair, equal, and open recruitment and employment. We are committed to providing equal opportunity in all our human resources activities such as employee selection, recruitment, promotion, transfer, and remuneration. We do not implement or engage in discriminatory policies or injurious actions for any reason, in particular nationality, region, color of skin, ethnicity, religion, age, family conditions, or other factors. We have formulated and follow the guidelines described in "Employment Procedures and the Management Procedures for Trainees". We strictly check the identity information of our employees and do not employ children or adolescents under the age of 16 years. We strictly followed related laws and regulations such as the Labor Law of the People's Republic of China and the Special Rules on Labor Protection of Female Employees and resolutely prevented any compulsory labor practices. As of the end of the reporting period, the Company had 5,138 regular employees.

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Overview of Employee Rights and Interests and Benefit System



Recruitment and Dismissal

Recruitment: Adhering to the principle of fairness, equity and openness

Dismissal: The Company and employees go through the dismissal procedure according to relevant laws, regulations and the Dismissal Management Procedure.



Remuneration

The Company provides competitive salaries for employees, which are higher than the minimum wage in the place of operation.



Benefit

Endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund, accident insurance and other commercial supplementary medical insurances, employee rehabilitation, festival gift, assistance in household registration of non-local employees, etc.



Working hours

The standard working hours system is adopted. The comprehensive working hours system or flexible working hours system is adopted for certain positions with the approval of the labor and personnel authority of the government.



Vacation

Based on holidays and festivals specified by the government, supplementary annual leaves are provided for employees.



Democratic Participation

Labor union, employee congress, etc.

Harmonious Relation

An unblocked communication channel and sincere care are vital for the establishment of harmonious labor relations. The Company has formulated the Employee Communication Rule and encouraged the fair, straight-out, and multi-way communication between the Company and employees, between officers and subordinate officers, and among employees through the creation of multiple communication channels.

In addition, we established the Employee Assistance Mechanism, under which we provide assistance for needy employees at special festivals such as Spring Festival, Labor Day, and Mid-Autumn Festival, in addition to routine expression of sympathy and solicitude to injured or families of diseased employees; and we give timely care and support to employees who suffer a significant misfortune and help them overcome their plight as soon as possible through multiple forms of assistance including donation, support, care, and nursing. We care for the welfare and development of female employees, annually organizing a special physical examination, continuously improving human-based management of lactating employees, and providing relevant service facilities to ensure convenience for pregnant employees and lactating employees at work.

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3.2 Health, Safety and Employee Welfare

Occupational Health and Safety Management

The Company has established an occupational health and safety system that meets the requirements of OHSAS 18001, defining the occupational health and safety policy, so as to provide its employees with a good working environment and ensure their occupational health. In 2019, in response to the upgrade of OHSAS 18001 to ISO 45001, the Company improved its internal management system in accordance with the requirements of the new standard, involving the identification and evaluation of risks, opportunities, and hazards, etc. and arranged for employees to systematically learn the new standard.

Occupational Health and Safety Management System

Occupational Health and Safety Management Policy							
Strictly comply with the safety, health, and environmental protection regulations; make efforts for clean production; carry out continuous improvement; create a safe, healthy, and comfortable working environment for employees; strenuously pursue the highest goal of "zero accidents"; sustainable operation; and become a model corporate citizen in the world.							
Organizations	Establish a safety, health and environment committee and implement a regular safety meeting system.	System Construction	Require the employees to sign the Safety Responsibility Statement and the Safety Commitment Letter to ensure the performance of the responsibilities for safety production.	Management Items	Emergency response to hazards/ environmental factors; Chemicals management; Special equipment and positions; Construction operations; Occupational health, etc.	Publicity and Education	Safety education and training; Emergency drill; "ANKANG" labor competition events, etc.

The Company mainly eliminated or controlled safety risks in production activities of employees from four major aspects, namely, fire-fighting equipment, alarm monitoring system, personal protection, and emergency measures. In 2019, the Company carried out: education and assessment activities with themes including personal protective equipment; first aid and firefighting; prepared training materials; established a question bank with the internal human resources training system platform as the carrier; carried out training on typical cases; and identification of potential hazards every quarter, to create a good safety culture atmosphere.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Measures for Prevention of Employee Safety Risks



Fire-fighting Equipment

- A perfect fire-fighting system and an automatic alarm system have been established.



Alarm Monitoring System

- There are toxic, harmful and inflammable gas warning systems, liquid leakage detectors and ultra-high-sensitivity smoke detectors in the clean workshop.



Personal Protection

- Providing necessary personal protective equipment and emergency protective equipment; Regularly checking whether there is a complete set of equipment and whether the equipment is effective.



Emergency Measure

- Establishing an emergency rescue team and formulating emergency plans for different disasters;
- Annually organizing special disaster prevention drills, and in a timely manner, correcting problems identified.

In terms of protecting employees' health, we provide an annual health check-up for all employees, including multiple cancer screenings and other items, and we establish employee health records to systematically track the changes in employees' health status. In addition, the Company engages external organizations to test its production environment every year, analyze and rectify nonconformities, so as to ensure that the occupational exposure limits for harmful factors are not exceeded in the production environment, and the Company informs all employees of the test results.

Chemicals, including nitric acid and ammonia water, are used in the Company's operation. We have formulated relevant management policies, including the Chemicals Management Procedure and the Chemical Material Review Procedure. We regularly complete annual detection of harmful factors in workplaces, evaluation of current conditions, and carry out various emergency drills for safety production accidents, with a total of 10,767 participants. As of the end of the reporting period, no safety production accidents happened for the Company.



RMB31.32 million
Safety-related
investment for the year



100%
Percentage of
employees receiving
safety trainings



100%
Rectification rate
for potential safety
hazards



100%
Percentage of
employees having a
health check-up

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

High-quality Working Environment

The Company is committed to creating better office and service facilities for employees and improving their happiness.



Office

- An air purification system is installed to improve office air quality;
- The green space is increased in office areas.



Diet

- There are staff canteens and coffee shops in factory zones;
- Establishing a food safety supervision team and the mode of centralized purchasing of food materials and qualified supplier management, and inviting employees and department representatives to carry out supervision;
- Publishing the canteen food cooking guideline to manage balanced nutrition, oil and salt control for the employees' diet in the canteens.



Accommodation

- Constructing a dormitory with private bathrooms, 24-hour supply of hot water and WIFI network, etc.;
- The dormitory area, has a library, computer room, snooker room, laundry, TV room, HIVE BOX and other facilities.



Travel

- Providing all employees with travel allowance;
- Providing free commuter bus services between the park, subway stations and the dormitory;
- Creating a commuting route for employees living in the transit-challenged areas and arranging commuter bus services for departments which need to have such services on weekends.

3.3 Training and Career Development

Employee Training

The Company has impeccable training facilities (special training rooms and equipment), learning and sharing platforms (including online training registration management platform, training material and position-specific question bank), and where necessary, uses external resources for ensuring employees learning and development.

In addition, the Company has established a complete employee education and training system; formulated the Operating Procedure of Internal Training System Review, the Education and Training Procedure and department-level training procedures; and continuously enhanced the training effect according to the training cycle. The Company continuously carried out improvements according to strategic development and employees' needs.

In 2019, the Company launched two special linked training camps for newly-hired recent college graduates in Shanghai and Wuxi respectively, which provide trainees with a variety of courses including theoretical knowledge about semiconductor manufacturing practices, professional accomplishment, and outward bound. This helped its new employees quickly integrate into the team, preliminarily and comprehensively master semiconductor-related knowledge, and meet the challenges of their future work with full enthusiasm.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Employee Training Programs

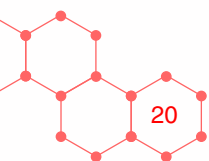
Trainees	Training Contents	2019 Performance
Grass-roots managers	Role recognition, self-management, management of others, and working management	100% Percentage of employees trained
Front-line managers	Develop management skills of front-line shift and team leaders, cultivate a front-line management team with high quality and high business ability, and lay a solid foundation for the Company's management	
Newly-employed university students	Career quality, corporate culture, introduction to special skills and other courses	100.5 hours Average training hours per employee
Front-line employees	Courses about theory and practical training of the semiconductor manufacturing module	

Career Development

According to industrial characteristics, the Company has set three professional categories, namely, management, technology and functional support and has established corresponding positions. Employees may continuously develop their careers in a single professional title category according to their own specialties, potential, and desires, and in other professional title categories, such as a shift from technology to management, or function to technology. In addition, we encourage employees to receive education and pursue further study, providing on-the-job academic education subsidies for all employees working under a labor contract with the employer. A total of 7 employees received education subsidies for masters and doctorate engineering degrees in 2019.

4 Products and Customers

The Company keeps track of international treaties, local and foreign laws, and regulations that are relevant to our products and customers in places where our business operates; regularly updates our management policies governing products and services in terms of health, safety, labels, privacy, and other areas; and establishes quality assurance systems and customer service systems. As of the end of 2019, the Company had not been involved in any litigation regarding infringement of the interests of customers, nor did the Company receive any litigation from customers regarding product quality.



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

4.1 Product Responsibility



Quality Control


According to the philosophy of “the quality is vital for the existence of an enterprise”, the Company has formulated the Quality Management Policy, and successfully passed the ISO 9001 quality management system and IATF 16949 automotive quality management system certification.

The Company implemented an inclusive quality management model in accordance with the Quality Management Policy covering the five far-reaching departments and sections of: quality systems and customer satisfaction; supplier management and raw materials analysis; quality engineering; reliability assurance; and failure analysis. To reduce human error, we established multiple management systems, such as personnel management, equipment management, supply chain management, environment management, systems management, process management, and customer quality control. With these reliable management systems, we are able to achieve real-time monitoring and testing over our entire product cycles from product R&D to production and after-sales feedback; carry out failure analysis on anomalies that may arise during the production and application processes; dig out the nature of problems; and work out corresponding corrective and preventive measures. The Company has established an optimal product recall system, and our customers may return to us within the warranty period non-conforming products whose prescribed functions or hazardous substances fail to meet our specifications. As of 2019, the failure rate of the Company's products on the end-user side was less than one in a billion.

Comprehensively carry out performance excellence management; strenuously promote the integration of industrialization and informatization; actively fulfill corporate social responsibility; strictly adhere to the concept of zero defects; deliver green and high-quality products on time; continuously deliver competitive services; fully meet customer requirements; unremittingly improve customer satisfaction; and realize mutual benefit with win-win results.

Product Responsibility-related Certification

Product Quality	Certification Authority	Date of First Certification
 ISO 9001 Quality Management System	BSI	6 November 2001
 IATF 16949 Automotive Quality Management System	BSI	2 August 2005

Information Security	Certification Authority	Date of First Certification
 ISO 27001 Information Security Management System	BSI	2 July 2004

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Technological Innovation

The Company has always focused on technological innovation and a willingness to cooperate in the creation of ICs under independent innovation. It established the first Expert Workstation and the first Enterprise Association for Science and Technology in the integrated circuit industry in Shanghai. The Company endeavors to fully establish an industry-university-research system for technology innovation through introduction of experts, project cooperation, talent cultivation, academic exchange, etc., thus promoting the transformation of scientific and technological achievements into actual productions.

Intellectual Property Protection

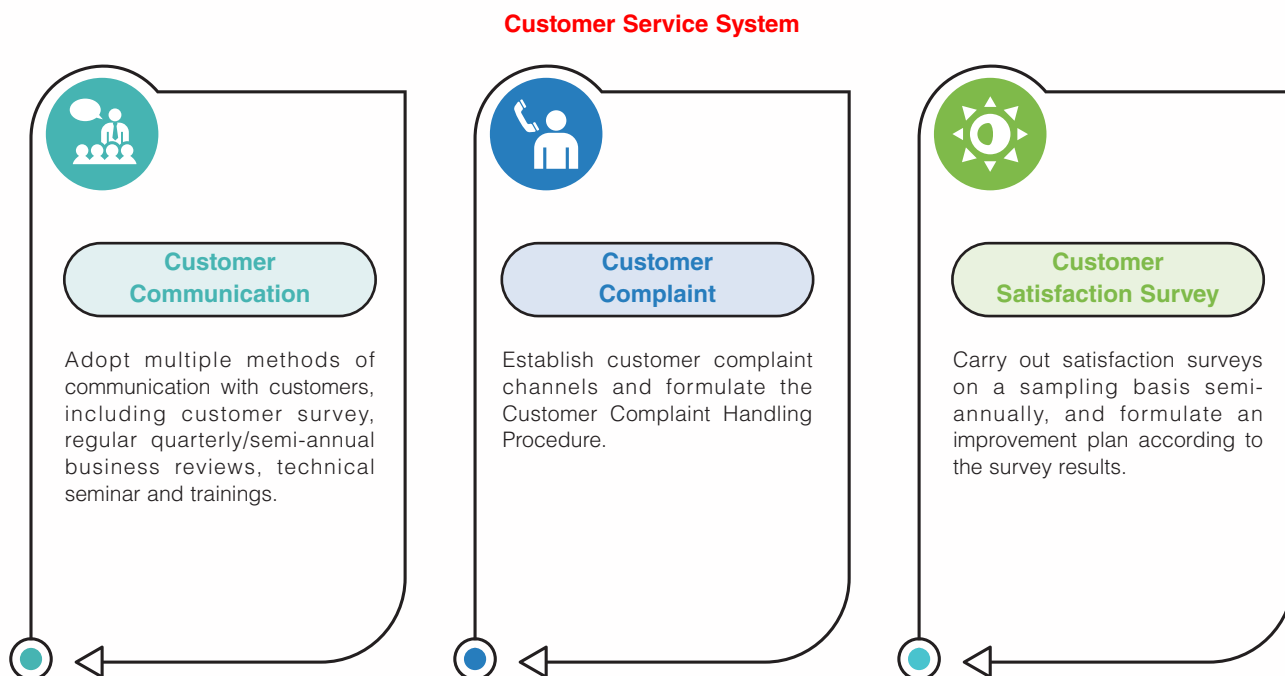
As a science-oriented enterprise, we advocate independent innovation and respect for intellectual property rights in our research and development of application-specific integrated circuits, including intelligent chips and information security chips. According to the Company's System for the Management of Intellectual Property, we actively filed applications for patents and investigated responsibility for any potential breaches of intellectual property rights. At the same time, we promise that we will never infringe upon the intellectual property rights of any enterprise or individuals and will keep confidential all technological information regarding products of upstream and downstream partners.

To reduce the risk of claims of infringement of third-party intellectual property rights against our manufacturing of semiconductor devices or end products, we only accept orders from reputable customers with no known potential risk of infringement. We have entered into several technology licensing agreements with major technology companies.

4.2 Customer Service and Protection of Customers' Interests

Customer Service System

According to the philosophy of "providing customers with more convenient and safer services", the Company has established an impeccable customer service system, including three main aspects: customer communication; customer complaint; and customer satisfaction.



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

The Company has formulated the Customer Complaint Handling Rules to standardize customer complaint handling and the implementation of corrective and preventative measures. Customers may make a complaint and give feedback to the Company through e-mail, hotline, letter, fax, and other channels.

Customer Complaint Handling Process



Occurrence of a Complaint

- Normally, communicate and confirm with the customer within 24 hours after the occurrence of a complaint and give a preliminary reply.



Investigation into Failure Causes

- Complaints requiring product failure analysis will be submitted to relevant departments for handling. Corrective and preventative measures will be proposed according to the investigation results and a reply will be given to customers.

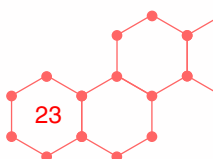


Correction and Prevention

- Relevant departments are required to implement corrective and preventative measures, and the rectification effect is supervised and evaluated by regularly sorting out and analyzing relevant information given in customer complaints.
-

Protection of Customer Information

The company attaches great importance to maintaining customer information security. We have established an ISMS information security management system, which controls information security risks from information asset management, personnel security, physical control, logic control, and other aspects to ensure information security and is ISO 27001 certified. An Information Security Committee was established within the Company with the main responsibilities including: responding to and making decisions on major emergency safety accidents; regularly reviewing the information security management system; auditing our photomask partners to ensure the security of their data management and storage; returning to customers or destroying waste masks generated during the production process, thus preventing to the utmost disclosure of customer information on such waste masks. No incidents of infringement against laws or regulations concerning customer privacy occurred within the Company during the year.



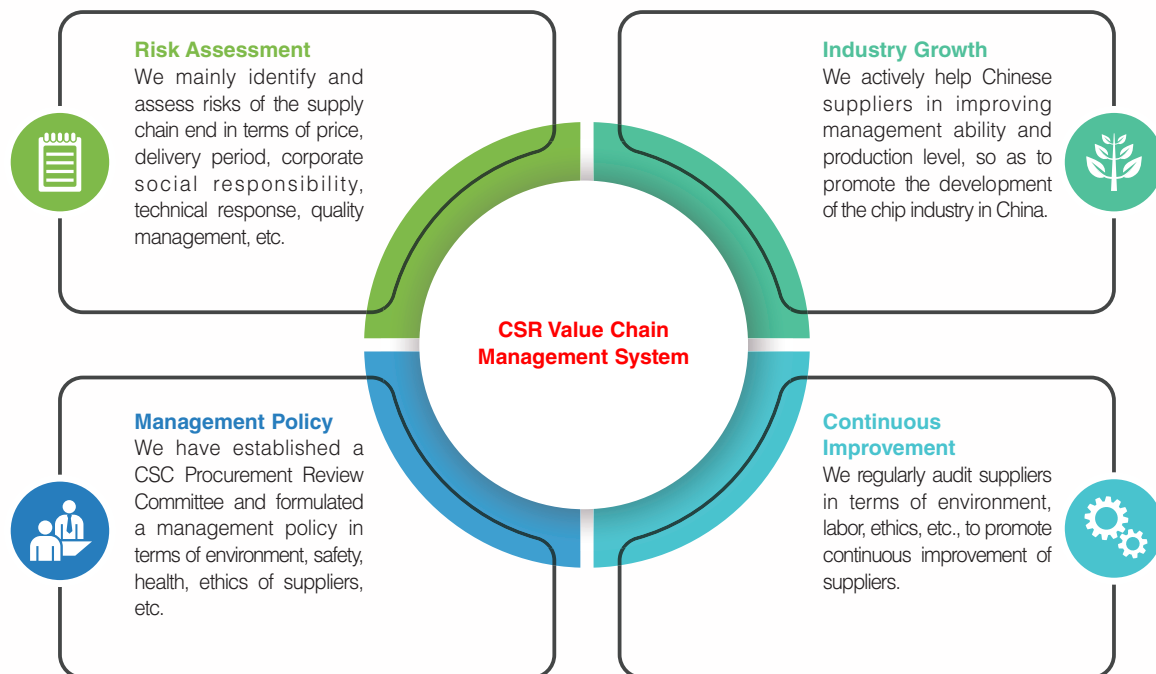
2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

5 Compliance in Business Operation

The Company is in strict compliance with laws and regulations with respect to compliance in business operations including the Criminal Law of the People's Republic of China, the Contract Law of the People's Republic of China, and the Anti Unfair Competition Law of the People's Republic of China. We thereby strengthen the implementation of supplier review work and proactively engage in the promotion of clean and honest industrial practices and anti-corruption governance. As of the end of the reporting period, the Company had not been involved in any litigation with respect to any commercial bribery or corruption.

5.1 Responsible Value Chain

Creating the CSR value chain is an important strategy for long-term development of the Company. It has established an excellent value chain management system and has conducted comprehensive assessment, management, and control of the environmental and social risks of suppliers. It is committed to supporting the growth of suppliers to promote development of the chip industry in China.



The Company established a CSC Procurement Review Committee and implemented an open bidding process as our main procurement approach to guarantee an equitable, open, and fair procurement process. As a member of ECOVadis in France, we monitored the environmental and social risks of suppliers. By entering into the Undertakings Against Commercial Bribery with suppliers, we strive to eradicate all unfair competition activities.

The Company continued raising requirements on our suppliers with respect to labor, health and safety, environment, ethics, and management systems in accordance with the Code of Conduct of the Responsible Business Alliance (formerly known as EICC) and offered relevant training. Through the annual supplier assessment system, the Company requires unqualified suppliers to take corrective action, thereby further promoting the development of our green supply chain.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

We proactively support growth and development of our suppliers in China and constantly assist suppliers in improving their management capabilities and production levels. In addition, we proactively encourage small and medium-sized enterprises to participate in the local supply of key raw materials, including, gases, chemicals, and silicon wafers. Therefore, we've cultivated a growing group of local raw material and equipment suppliers, thereby significantly promoting the development of the chip design industry in China.

Conflict Minerals Management

According to the Dodd-Frank Wall Street Reform and Consumer Protection Act and research reports of certain international non-governmental organizations, metal mining will cause serious social and environmental problems in certain areas. For example, gold, palladium, tungsten, tin, tantalum, etc. mined in the Democratic Republic of Congo are likely to be used for electronic and electrical products, such as mobile phones and computers, in ICT industries.

The Company has undertaken to refuse to purchase conflict minerals and has conducted due diligence on the use of conflict raw materials by suppliers. We continuously update reports on conflict minerals investigations according to the Conflict Minerals Reporting Template (CMRT), jointly created by the Responsible Business Alliance (RBA, formerly EICC) and the Global e-Sustainability Initiative (GeSI). According to investigation and review, in 2019 all of the Company's suppliers met the requirements of non-use of conflict minerals.

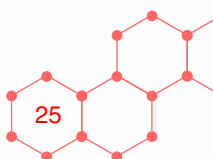
5.2 Anti-corruption

The Company has a long-term commitment to the development of an integrity and credibility culture, whether for the management of external customers and manufacturers or for the management of internal cadres. The Company has formulated the Management Rule Against Commercial Bribery, explicitly specifying that companies having business dealings with the Company shall sign the Undertaking Against Commercial Bribery and that relevant internal personnel shall sign the Undertaking to Reject Commercial Bribery. In order to ensure unblocked reporting channels for employees and the standard and orderly handling of matters reported, the Company has published the Management Measures for Case Handling and Investigation by the Discipline Inspection Commission, which covers the scope of reporting, notes on reporting, requirements on handling of matters reported, and handling processes, etc.

In 2019, the Company continuously provided training and education on business integrity for all employees; actively promoted the execution of the Undertaking Against Commercial Bribery and the Undertaking to Reject Commercial Bribery; carried out regular audits and random checks; constantly promoted ethical business practices; organized training programs with respect to anti-corruption and business integrity initiatives; and published ethical business practice publicity documents through the intranet.

"HHGrace has always taken global social and environmental responsibility as our goal and carried out green procurement and has promised to undertake the following responsibilities in its metal supply chain:

- 1) The promisor will assume social and environmental responsibilities.
- 2) Gold (Au), tantalum (Ta), tungsten (W) and tin (Sn) that it promises to use do not come from "conflict minerals".
- 3) It promises to cause product suppliers to provide the declaration that gold (Au), tantalum (Ta), tungsten (W) and tin (Sn) do not come from "conflict minerals", and to carry out an investigation into conflict minerals, and complete the EICC-GeSI conflict minerals report.



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Achievements in Anti-corruption and Integrity Promotion in 2019



System Construction

- Prepared the work division table for the work plan and published it in the intranet of the Company.
- Carried out enforcement for signing the Business Integrity Undertaking, the Undertaking to Reject Commercial Bribery, and other documents, ensuring that 100% of relevant persons signed the documents.



Petitioning and Reporting

- Handled letters and visits according to the amended Case Handling and Investigation Management Measure and submitted letters from employees to the Discipline Inspection Commission in a timely manner.



Awareness and Education

- In the intranet, set special columns including “discipline inspection system, alarm bell, discipline inspection mailbox” and other columns to continuously improve and update relevant information in a timely manner.
- Held a three-day business training course.



Special Audits

- In 2019, successfully completed special audits on cadre promotion and appointment procedures of Feb 7 and special audits on remunerations and business expenditures of leaders and cadres.

Complaint and Reporting Management

In order to standardize complaint and reporting management procedures, the Employee Complaints and Reporting Management Measures of the Company provides clear reporting channels such as mail, hotline and mailbox to encourage its employees to report suspected internal violations. With regard to the protection of whistle blowers, the Company is responsible for the fairness and impartiality of the report handling process and results, and it strictly protects the personal privacy of whistle blowers, in accordance with the requirements of the Management Measures for Case Handling and Investigation by the Discipline Inspection Commission.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Anti-corruption Supervision and Report Handling Procedures



6 Social Welfare Causes and Public Communities

The Company insists on continual concern about and deep integration with the community. The Company focuses on the needs of the community and regards mutual development with the community as an important part of our social responsibility, including feedback to society in collaboration with all walks of life. With regard to community investment, we focus on targeted poverty alleviation, joint construction of the community, and volunteer services.

The Company encourages employees to actively participate in voluntary services. The trade union department takes the lead in organizing various employee volunteer activities, which are specified in the HHGrace Trade Union Member Benefit Policy.

Targeted Poverty Alleviation

In 2019, in response to the call of Huahong Group for urban-rural partner assistance, the Company designated employees to visit local underprivileged families in Youqiao Village, Shuxin Town, Chongming District during the Spring Festival and held a signing ceremony for the urban-rural party organization partner assistance (for joint construction). In the future, the Company will continue to carry out mutual assistance and joint construction activities with Youqiao Village to realize resource sharing and mutual complementation, thus promoting better the harmonious development and joint construction of enterprises and communities.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Joint Construction of Communities

In order to enhance the safety awareness of community residents, the Company has provided a First Aid Course for Children's Accidents in the community where the headquarters operates, including first aid common sense for children and cardiopulmonary resuscitation for children, for three successively years. As a science-oriented enterprise, the Company cooperated with the enterprise association for science and technology in launching a pilot project of the community STEM science workshop. In 2019, it continued to provide children with programming enlightenment activities, covering basic programming, robot control, and intelligent watering of plants, etc., so as to enhance the exploration spirit and innovation ability of the children in communities.

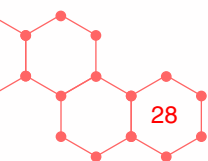
Volunteer Service

We encourage our employees to serve the local community and express their solicitude, and we have established a volunteer team, with a total of 659 hours of volunteer services provided in 2019.

Since 2006, employees of the Company have visited Meixin Nursing Home in Pudong New Area each quarter in their spare time. In 2019, the Company's employees gave the elderly wormwood sachets, citrus pu-erh tea, and other gifts. They also wrote and directed art programs to bring joy and laughter to elderly in the nursing home.

7 2019 Social Recognitions

No.	Awards
National and Industrial Awards	
1	Benchmarking Enterprise in the Electronic Information Industry in China in 2019
2	Leadership in Energy and Environmental Design
3	Two-Star Green Building Design Label Certificate certified by Chinese Society for Urban Studies
4	2018 China Semiconductor Innovation Product and Technology Award
5	Enterprise with the Greatest Growth Potential in China New Energy Vehicle IGBT
6	Wafer OEM Enterprise with Outstanding Performance for the Year in 2019 China IC Design Achievement Award
Provincial and Departmental-level Awards	
7	Shanghai Quality Gold Award in 2018
8	Second Prize for Shanghai Science and Technology Award
9	2017-2018 Shanghai Role Model in Ethical and Cultural Progress
10	Outstanding Contribution Award in Science and Technology Innovation in the Pudong New Area of Shanghai
11	Benchmarking Enterprise for the 10th Anniversary of Shanghai Energy-saving and Emission-reduction (JJ) Group Activities
12	Economic Contribution Award for Outstanding Enterprises in Zhangjiang Science City
13	Science and Technology Innovation Award at 2019 Conference for the Release of Shanghai Corporate Social Responsibility Report



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

8 Performance Data

Environment

Performance Indicators	Unit	2017	2018	2019
Emissions				
Total air emissions	10,000 m ³	1,121,958	1,145,074	1,257,074
Nitrogen oxide (NOx) emissions	Kg	26,374	26,821	19,383
Sulfur dioxide (SO ₂) emissions	Kg	62	68	72.5
Total wastewater discharge	10,000 m ³	436	473	431
GHG emissions	Ton of CO ₂ equivalent	424,151	434,834	449,339
GHG emissions per unit output	Ton of CO ₂ equivalent/ 8-inch wafers	0.22	0.21	0.23
Total hazardous waste produced	Ton	4,641	5,122	5,013
Hazardous waste produced per unit output	Kg/8-inch wafers	2.43	2.47	2.57
Total non-hazardous waste ¹	Ton	3,982	4,017	3,595
Non-hazardous waste produced per unit output	Kg/8-inch wafers	/	2	1.80
Use of Resources				
Total electricity consumed	MWh	509,877	528,402	528,044
Electricity consumed per unit product ²	kWh/8-inch wafers	268	259	271
Natural gas consumed	m ³	7,155,253	7,481,586	8,138,435
Natural gas consumed per unit product	m ³ /8-inch wafers	3.75	3.66	4.18
Total water consumed	m ³	4,898,783	9,267,637	7,724,830
including: Water from municipal water supply	m ³	4,898,783	6,325,999	4,791,336
Wastewater reused	m ³	/	2,941,638	2,933,494
Water consumed per unit product ³	m ³ /8-inch wafers	2.57	3.10	2.46
Recycled/reused water	m ³	2,820,686	2,923,067	2,823,278
Total packaging materials used for the shipment of finished products	Ton	75	78	110
Total recycled packaging materials for the shipment of finished products	Ton	15	16	8

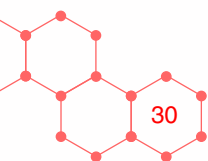
Note:

- 1 Non-hazardous waste is sludge produced in wastewater treatment.
- 2 The electricity consumed per unit product in 2018 disclosed in the 2018 Corporate Social Responsibility Report of Hua Hong Semiconductor Limited has been changed to 259 kWh per 8-inch wafer.
- 3 In calculation, water consumed per unit product only includes water from the municipal water supply.

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Employment and Labor Practice

Performance Indicators	Unit	2017	2018	2019
Employment				
Total number of employees	Individual	4,138	4,512	5,138
Including: Number of male employees	Individual	2,914	3,227	3,720
Number of female employees	Individual	1,224	1,285	1,418
Number of employees working under a labor contract with the employer	Individual	4,138	4,512	5,138
Number of employees working under a labor contract with a labor dispatch company	Individual	215	209	130
Number of employees aged under 30	Individual	2,001	2,129	2,354
Number of employees aged between 30 and 50	Individual	2,054	2,284	2,676
Number of employees aged above 50	Individual	83	99	108
Number of employees from Mainland China	Individual	4,128	4,503	5,129
Number of foreign employees	Individual	10	9	9
Health and Safety				
Occupational disease incidence	%	0	0	0
Number of work-related fatalities	Individual	0	0	0
Lost days due to work injury	Day	193.0	206.0	23.0
Development and Training				
Average training hours completed per employee	Hour	72.3	77.0	99.5
Including: Average training hours completed per non-management employee	Hour	72.6	78.0	100.5
Average training hours completed per management member	Hour	11.6	13.0	33.6
Average training hours completed per female employee	Hour	69.9	66.0	87.7
Average training hours completed per male employee	Hour	74.3	82.0	104.0
Percentage of employees trained	%	100	100	100
Including: The percentage of non-management employees trained	%	100	100	100
Percentage of management member trained	%	100	100	100
Percentage of female employees trained	%	100	100	100
Percentage of male employees trained	%	100	100	100



2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Product Responsibility and Customer Service

Performance Indicators	Unit	2017	2018	2019
Product Responsibility				
Product return rate	%	0.3	0.104	0.05
Percentage of products sold subject to recalls for safety and health reasons.	%	0	0	0
Customer Service				
Customer complaint event	Case	10	8	3
Percentage of customer complaints resolved	%	100	100	100

Supply Chain Management

Performance Indicators	Unit	2017	2018	2019
Supply Chain Management				
Total number of suppliers	Supplier	508	520	532
Number of local suppliers	Supplier	385	393	399
Number of foreign suppliers	Supplier	123	127	133
Number of suppliers assessed ¹	Supplier	115	112	110
Number of suppliers subject to rectification	Supplier	0	0	0
Percentage of raw and auxiliary material suppliers signing the Environmental Protection Undertaking	%	100	100	100
Percentage of raw materials purchased from local suppliers ²	%	23	26	28

Note:

- 1 The number of suppliers which were assessed by the Company in terms of labor, health and safety, environment, and business ethics.
- 2 Raw materials purchased include silicon slice, quartz, target material, gas, chemicals, and other raw materials for production

2019 CORPORATE SOCIAL RESPONSIBILITY REPORT

Anti-corruption

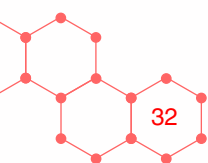
Performance Indicators	Unit	2017	2018	2019
Anti-corruption				
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Case	0	0	0

Community Investment

Performance Indicators	Unit	2017	2018	2019
Community Investment				
Number of employees participating in volunteer services	Person	178	176	245
Total hours of volunteer activities	Hour	356	352	659

Compliance

Fields	Names of Major Laws and Regulations
EHS	Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, Urban and Rural Planning Law of the People's Republic of China, Production Safety Law of the People's Republic of China, Marine Environment Protection Law of the People's Republic of China, Energy Conservation Law of the People's Republic of China, Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Law of the People's Republic of China on Employment Contracts, Law of the People's Republic of China on Protection of Women's Rights and Interests, Registration, Evaluation, Authorization, and Restriction of Chemicals ("REACH"), Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances ("RoHS") etc.
Information Security	Patent Law of the People's Republic of China, Copyright Law of the People's Republic of China, Trademark Law of the People's Republic of China, Cyber Security Law of the People's Republic of China, Cryptography Law of the People's Republic of China, Accounting Law of the People's Republic of China, and Regulation on the Administration of Commercial Cipher Codes, etc.
Quality	Company Law of the People's Republic of China, Constitution of the PRC, Law of the People's Republic of China on Product Quality, Customs Law of the PRC, Metrology Law of the People's Republic of China, and Foreign Trade Law of the PRC, etc.
RBA	Anti-unfair Competition Law of the People's Republic of China, Employment Promotion Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Criminal Law of the People's Republic of China, Measures for the Administration of Health Insurance, Measures for Application for and Payment of Unemployment Insurance Money, etc.



9 Preparation

Report Overview

The 2019 CSR Report of Hua Hong Semiconductor Limited (hereinafter referred to as the “Report”) discloses its principles in fulfilling CSR and the work carried out in 2019. It mainly addresses our Stakeholders about sustainable development regarding the relevant economic, environmental, and social issues.

Basis of Preparation

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide published by The Stock Exchange of Hong Kong Limited, and by reference to the Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI).

Scope of the Report

Organizational Scope: The Report covers Hua Hong Semiconductor Limited and its subsidiaries (collectively the “Company” or “we”), and is in consistent with the scope of the annual consolidated financial statements of the Company.

Reporting Period: From 1 January 2019 to 31 December 2019

Report Cycle: This is an annual report

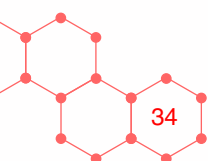
Notes on the Data

Data and cases in the Report originate from original records and financial reports of the Company generated in actual operations. In case of any inconsistency, data in the financial reports shall prevail.

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