

# 2022 Annual Compliance Report

Guangdong OPPO Mobile Telecommunications Corp., Ltd. December 2022

#### Foreword



#### Yuanqing ZENG OPPO SVP, COO

In 2022, as the pandemic continued and geopolitical conflicts intensified, the global business environment was full of uncertainty. Faced with various challenges, OPPO has maintained stable operations and ensured investment in long-term capabilities.

OPPO maintains a long-standing commitment to compliance. Our "Benfen" values require that we maintain healthy, long-term operations by responding to ever-changing external environment with the highest standards of compliance. Focusing on compliance management and risk control measures, we hereby release this annual compliance report to present the full picture of OPPO's compliance efforts.

OPPO has set up the Compliance and Risk Management Committee to coordinate the company's compliance and risk control operations. Further, it has established a comprehensive compliance system for top compliance areas such as data privacy compliance, export and sanctions compliance, antitrust compliance, trade secret compliance, anti-bribery compliance and product regulatory compliance. OPPO insists on a Zero-Tolerance Principle to any major compliance violation as the bottom-line requirement for all business activities. Compliance requirements have been incorporated into the Key Performance Indicator of all business units, and the compliance department has the one-vote veto on the business. Process control ensures that a previous mistake shall not recur and all business units should take the major role in compliance control.

In 2022, we continue to promote the comprehensive implementation of compliance work, adhering to both the important urgent matters and the long-term fundamental matters.

With the improvement of the overall compliance awareness, the cooperation between the business units and the compliance department has become more efficient. The external compliance insights and forward-looking risk warnings could directly reach the management and related business units. In key regions and business units, we trained and certified seven outstanding compliance officers, further addressing their roles as the first responsible person in compliance. With the risk-oriented principle in mind, control measures targeted at priority risks in key compliance areas have been set up. We have also further urged compliance implementation through several projects such as Trade Secret Vertical Integration Compliance Project, Children's Accounts Data Protection Compliance Project and Export Control Classification Evaluation Compliance Project, to protect consumers' rights and interests.

With the gradually matured compliance control and operation, some compliance audits in high-risk business processes have been implemented. These audits are intended to test the effectiveness of control measures and continuously optimize their efficiency. To further protect the rights and interests of our consumers, and make OPPO's compliance more transparent, we launched a legal and compliance official webpage directly available to public and global regulatory authorities this year. The webpage also serves as a global reporting channel to receive social supervision and suggestions.

## Foreword

The Data Subject Rights Request Platform is also one of this year's most important initiatives. Through the platform, we can receive and process data rights requests from global consumers more efficiently. We are handling the requests 15-20 times more efficiently than in previous years.

We also focused on global risk management by developing compliance platforms in key regions which improved the efficiency of information transmission and decision-making. At the same time, through the labor and contract management compliance project, we are building a more solid defense line for our worldwide business.

Aiming to match the advanced compliance standards and guidelines, the OPPO's compliance system has included the fundamental elements, and is fully implemented and optimized in a closed loop based on business needs. However, we still strive for perfection to meet the expectations of consumers and the public at large. In the coming year, OPPO compliance will focus on the following aspects:

**First, providing proactive forward-looking compliance insights in a timely manner.** Provide feedback and quick response to external changes, reveal the underlying logic behind regulatory policies and compliance requirements of various countries, gradually acquire strategic, industrial and historical thinking, and timely convey the potential risk information to business units. Compliance requirements should be effectively implemented into business operations and provide more forward-looking protection for consumers.

**Second, improving efficiency and professional competence.** By leveraging the company's ongoing digital transformation project - the Phoenix Project - and applying industry's best practices as the benchmark, we should integrate compliance requirements into the IT system of the main business stream. By using the certainty of IT system, we could avoid the uncertainty of process obedience, which further escorts the entire business process and ensures business efficiency. In addition, we are updating our compliance approval process to improve our approval logic and filing efficiency. This update will help to solidify the experience, knowledge and improve the efficiency and professional competence.

Third, improving the execution capability and meet business and consumers' needs. We are comprehensively sorting out the responsibilities and rights, and further improving compliance review and decision-making mechanisms. Compliance is the base for excellent business operation. We need to understand our consumers' needs to ensure the implementation of strategies and support business development.

Compliance requires both the courage to Say No and the capability to Say How, so that value could be generated. Making a metaphor, compliance to our business is like timings to hit the brake: a racing driver could step on the brake at perfect timings during a race to pass sharp corners with beautiful drifts and reach the destination quickly. Compliance needs to play such an escort role well. It enables the business to be both foresighted and down-to-earth at the same time.

This report outlines OPPO's work and achievements since the establishment of the OPPO's compliance operation system. Please allow me to invite all OPPO consumers, business partners, regulators and other relevant government authorities to review this report, so as to enhance your understanding of OPPO's compliance work, and jointly explore the best practices of compliance management.

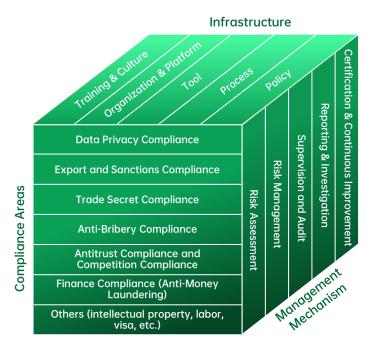
## Introduction to OPPO's Compliance Management

#### **OPPO's Compliance System**

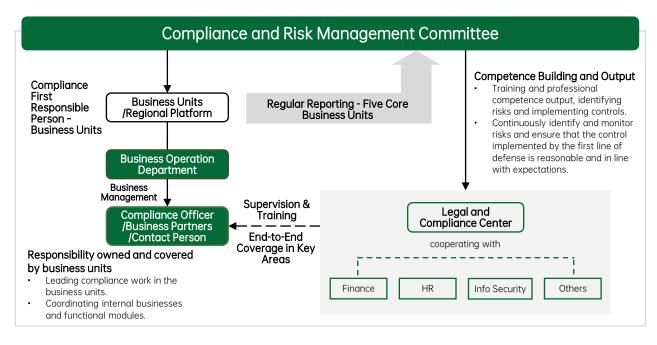


Building a compliance system that accords with business characteristics and consumers' needs.

In line with the compliance standards and best practices in the industry, OPPO builds a compliance system that accords with its business characteristics and consumers' needs. OPPO focuses on key compliance areas and gradually realizes the professional compliance operation, promoting comprehensive and effective implementation of compliance.

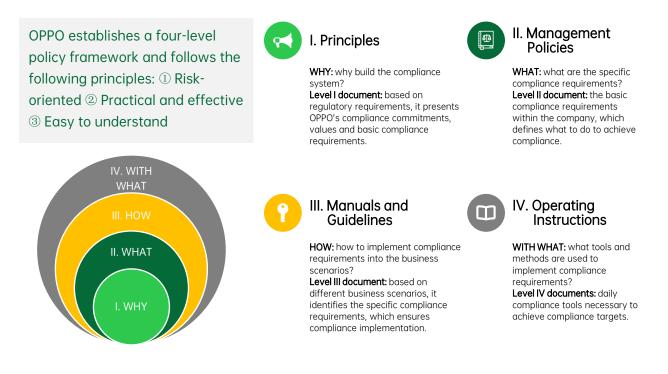


#### **OPPO's Compliance Organization and Platform**

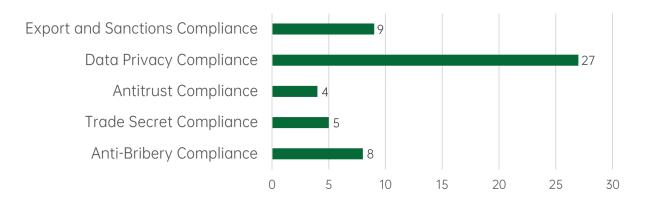


## Introduction to OPPO's Compliance Management

#### **Compliance Management Policy Framework**



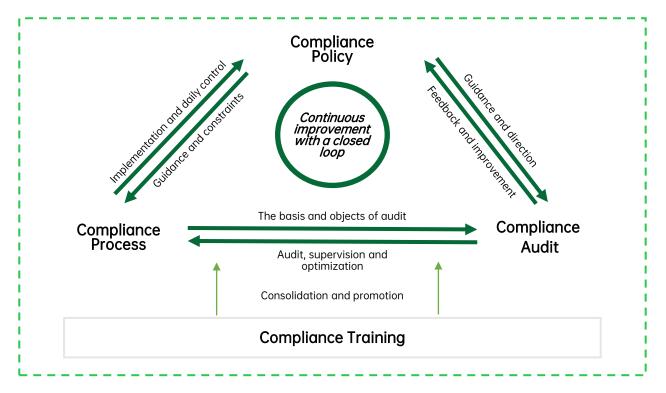
By 2022, OPPO has issued 53 relevant management policies and business guidelines in various compliance areas, so as to implement business compliance control measures and provide business rules and guidelines.



#### Number of compliance policies established in various compliance areas

## Introduction to OPPO's Compliance Management

#### Closed loop Optimization of the Compliance System



In accordance with applicable laws and regulations and in combination with business scenarios, OPPO provides guidance through policies and guidelines, formulates compliance control measures and implements them into business activities and processes, so as to realize compliance management and supervision of various business cycles. At the same time, the effectiveness of the compliance system is verified through compliance audits to form closed loop management and continuous improvement and optimization.

In 2022, focusing on high-risk areas, or compliance audits were carried out for key business cycles/regions, and the business processes were improved.

Established an open channel for 100% Advice and Reports compliance advice and reports. reviewed and To process your request, the information you submitted may be transmitted to our China Since the channel was made public headquarters for further processing. The information you provide will be handled by our handled by online in October 2022, a total of 84 bliance team and will be kept strictly confidential compliance compliance inquiries or complaints have been handled and closed. department. Contact us >

## Introduction to OPPO's Compliance Management

#### **Compliance Culture and Awareness Enhancement**



#### OPPO Business Ethics and Compliance (Our Advocacy and Prohibition)

OPPO attaches great importance to and continuously improves employees' compliance awareness. We have formulated the OPPO's Code of Conduct and Compliance Red Line to ensure the obedience of compliance. We maintain active communications and cooperation with partners, regulators and other stakeholders to enhance mutual understanding and trust.

#### Code of Business Conduct

OPPO has issued the Code of Business Conduct, which stipulates the code of conduct and ethical standards that all employees of the company must abide by when conducting business, covering the basic principles and requirements of internal interactions as well as interactions with external partners and the public. It is the company's commitment to comply with laws, regulations and business ethics.



100% of key employees have completed the assessment and have signed the letter of commitment.



Communicated to more than 100 domestic and foreign distributors as well as other business partners.



#### **Compliance Red Line**

OPPO has issued the Compliance Red Line, which defines the bottom line that employees should adhere to when conducting business globally. It aims to guide OPPO, its subsidiaries and branches directly or indirectly controlled and all employees to understand and abide by laws and regulations in our global operations.



100% of key employees have completed the training of Compliance Red Line.



OPPO has zero tolerance to Compliance Red Line violation, and the responsible executives will be held accountable and punished if the Red Line is violated.

	Universal Compliance Red Line	C
1	Offering of property (cash or cash equivalents) or any other means to brite any person of the public sector or private enterprise, in order to seek a business apportunity or competitive advantage is prohibited.	1. It i ni 2. It i
2	Obtaining technical, operational, financial and other confidential information from competitors or portners by improper means such as theft, exevelatopping, fraud or bribery is prohibited; carrying, storing or using confidential information of former employers is prohibited; and over-authorized shoring of confidential information obtained from partners.	1.72
5	is prohibited. Reaching agreements or concerted actions with competitors on pricing strategies of	Co
	commodities, production or sales volumes of commodities, segmentation of sales/raw material procurement markets, restrictions on purchaseldevelopment of new technology/new equipment, baycott of transactions, etc. through industry associations, industry aliances or other means is prohibited.	2. R fri 01. 3. R
4	The sale, export, re-export, transfer or other transfer of Company's hardware, software and technology for the design, development, production, use or storage of nuclear, biological, chemical weapons, missibles or other military items is prohibited, nor shall Company's hardware, software or technology be used in any activities or facilities related	in og 'Th Te
5	to such weapons. OPPO 'Ten Dants' for Data and Privacy Protection shall be strictly adhered to in the Company's business activities such as research and development, production and marketing.	t is a
6	It is prohibited to forge seals or signatures or sign false contracts, or evade laws and regulations by fabricating or concealing facts, forging materials or engage in other froudulent practices.	or sp attai

Compliance Red Lines in Production and Procurement Activities It is problem to produce or nucl-tans productive materials that foil to meet the related standards or quality requirements. It is problem to discharge, during or dispose of redactive waters, waters containing pathogens of inclusion, denses, tour, or or other bacadous substances.

Compliance Red Lines in Solice and Marketing Activities the disc in video tax large. In expect states where the mass of dispersion of improving however, shows and tax however, provide the dispersion of the dispersion of the dispersion of provideo tax to provide to state in the overhead to a dispersion of the improvideo tax to tak to tak to tax to tax to tax to tax to tax to provide to state. The overhead to tax to tax to tax to tax to provide to state in the overhead to a dispersion of the improvideo tax to tak to tak to tak to tax to tax to tax to tax to provide to state. The overhead to tak to tak to tak to tak to tax to t

#### Compliance Center Compliance Red Lines in R&D Activitie

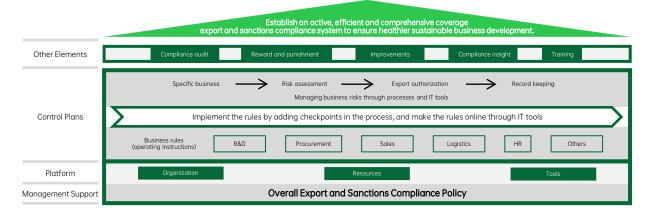
t is prohibited to implant any malicious code, malicious software, backdoor, manufactur or spread virus in the development, delivery or service of the product, it is prohibited to tack, damage or use the communication network of the Operator or the netreprise IT network to engage in any activities that endanger national security, public interests or he lowful interests of others.

## **OPPO's Compliance Management and Top Compliance Areas**

#### **Export and Sanctions Compliance**

OPPO strictly abides by laws and regulations of export control and economic sanctions applicable to the countries or regions where it conducts business. The company firmly believes that strict compliance with applicable export control and economic sanctions laws and regulations reflects the company's competitiveness, which will ensure healthier sustainable business development. This is the embodiment of the company's "Benfen" culture and the responsibility to our consumers and business partners.

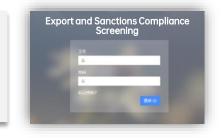
#### **Control Framework**



#### Achievements

Through IT tools and in combination with specific business characteristics and risk adaptation control measures, OPPO has effectively prevented and controlled risks:

- > Product or technology jurisdiction and export classification evaluation
- > Collection of export control information of purchased products
- > Business partner due diligence
- > End-user / End-use compliance commitment



Export and Sanctions compliance control measures are embedded in all aspects of business sections, including customer management, contracts, finance, etc. Over 300,000 compliance reviews were conducted manually or automatically throughout the year.

#### Audit and Supervision

300,000+



10

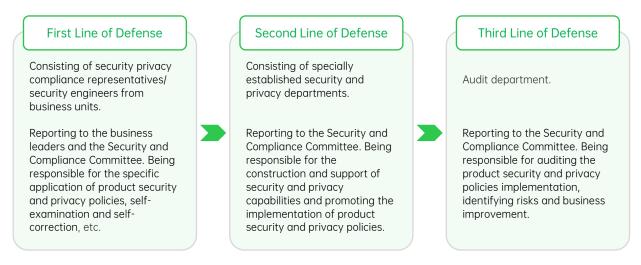
## **OPPO's Compliance Management and Top Compliance Areas**

#### Data Privacy Compliance

OPPO attaches great importance to the protection of consumers' personal data and privacy, and strictly complies with global applicable privacy protection laws and regulations. Guided by the concept of "Complying from the perspective of consumers, rather than being forced to execute because of legal restraint", OPPO integrates this concept into product design and embeds privacy protection requirements in each step of personal data processing life cycle, to ensure safe and reliable products and services.

#### Framework

- OPPO has established Security and Compliance Committee as the highest management organization of product and service security, with several sub-committees such as Data and Privacy Compliance Sub-Committee, Internet Service Security Sub-Committee and Privacy Protection Sub-Committee. OPPO ensures the effective implementation of data security and privacy protection requirements through efficient operation of the "three lines of defense" coordination mechanism.
- Among them, the **Data and Privacy Compliance Committee** is responsible for setting up and improving the cybersecurity and privacy compliance management system. It defines the compliance roadmap, drafts and interprets compliance standards, supervising and auditing the implementation of standards.



#### Achievements

# 1. Obtained multiple security and privacy certifications, including: TrustArc ePrivacy ISO/IEC 27001:2013, ISO/IEC 27701:2019, ISO/IEC 27018:2014, ISO/IEC 29151:2017 PCI-DSS TLC Information Security Certification (Level V) CSA Star Certification

## **OPPO's Compliance Management and Top Compliance Areas**

#### Data Privacy Compliance

#### Achievements

## 2. Carried out compliance projects and supervised implementation, including but not limited to:

- Carrying out multiple compliance rectification projects. We identified the difference between product practices and regulations from product and operation aspects and ensured product and business compliance. Over 50 products/services have been upgraded in accordance with the latest compliance requirements.
- Carrying out the "Children's Accounts Data Compliance Project". We actively responded to the requirements of "Personal Information Protection Law of the People's Republic of China" and started to design compliance process for children's accounts. We implemented the requirements of child protection in terms of parental consent, parental management, and age-appropriate design. Over 30 products/services have been connected to children's accounts or upgraded for children.
- Carrying out process optimization projects. We optimized the Privacy Impact Assessment (PIA) process and Data Protection Impact Assessment (DPIA) process and improved the application process of "information sharing/outgoing authorization".
- Carrying out the project "Overseas Privacy Compliance Localization". We established data privacy policy system and actively ensured the localization of data privacy compliance of overseas companies/factories.
- Carrying out six compliance audits. For key businesses and regions, we carried out six compliance audits and ensured closed loop optimization.

#### 3. Safeguarded consumers' rights and interests, built and maintained DSR Platform:

- OPPO set up a DSR (Data Subject Rights) Request Platform (https://www.oppo.com/en/privacy-feedback/), receiving requests from global consumers and responding in time through SOP (Standard Operating Procedure) within the statutory deadlines.
- In the year 2022, we carried out the efficiency improvement project of DSR, which significantly improved the response efficiency by about 15-20 times.
- Up to end of 2022, we have actively processed over 200,000 requests exercised by global consumers on the DSR platform.

Data Subject Rights Platform

If you have any summaries or coverse whole Jush Yeak or persuited deta precessing you can criterate use de protection offer through this papets service you and this private yeaks. The the criterican and the major the service precision of the ser

## 4. Conducted legal research, provided insights of legislation trends, and met compliance requirements:

We have completed legal researches such as researches on cybersecurity laws in key countries and obligations of internet platforms, interpretation of the Measures for Data Export Security Assessment, etc. We also upgraded our compliance requirements accordingly.

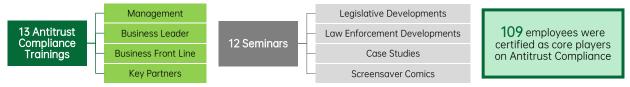
## 5. Participated in the draft of external standards and contributed our thoughts to the industry:

We actively participated in the drafts of privacy protection standards, shared the experience and achievements of personal information protection, and collaboratively improved the competence in the industry. Our standard research team and compliance team have worked together in drafting more than 40 national standards, industrial standards and group standards in 2022.

## **OPPO's Compliance Management and Top Compliance Areas**

#### Antitrust Compliance

Antitrust risks could threaten our healthy and long-term development, which is contrary to OPPO's values. When conducting business activities, we are responsible for operating business in accordance with high ethical standards and legal requirements. We are obliged to maintain a healthy competitive environment.



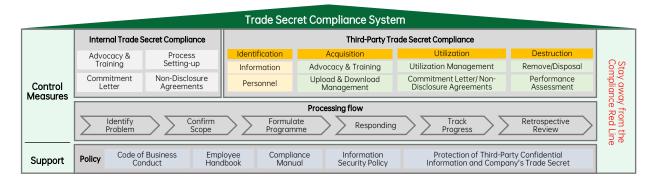
We carried out internal compliance optimization in key business areas and regions every year to ensure compliance of business operation.

In terms of pushing the compliance operation of key partners, we provided templates to assist them to conduct unscheduled self-audit, and provided toolkits for antitrust compliance risk prevention, to jointly realize the healthy brand development.



#### Trade Secret Compliance

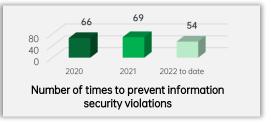
We attach importance to the protection of our own trade secrets, and we also respected the trade secrets from third parties. We generate high-value trade secrets in R&D, marketing and other activities. We also attach importance to trade secret compliance in the process of recruiting external candidates, conducting research on competing products, and R&D cooperation.





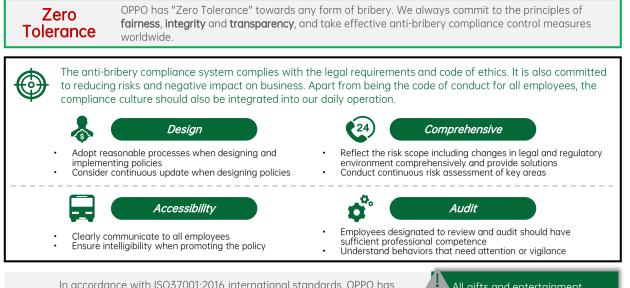
2022 to date, we have successfully prevented 54 information security violations.

Compliance with the laws and principles of business ethics has always been a part of OPPO's "Benfen" values and the bedrock of our commercial operations. We have been actively strengthening and improving our own trade secret compliance construction.



## **OPPO's Compliance Management and Top Compliance Areas**

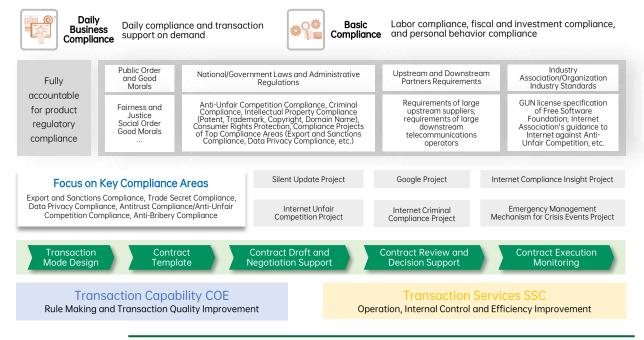
#### Anti-Bribery Compliance



6

In accordance with ISO37001:2016 international standards, OPPO has established an anti-bribery management system, and has set up control processes for key risk scenarios, including compliance control processes for gifts and entertainment, procurement and finance. All gifts and entertainment exceeding RMB 600 per capita shall get pre-approval from the compliance department.

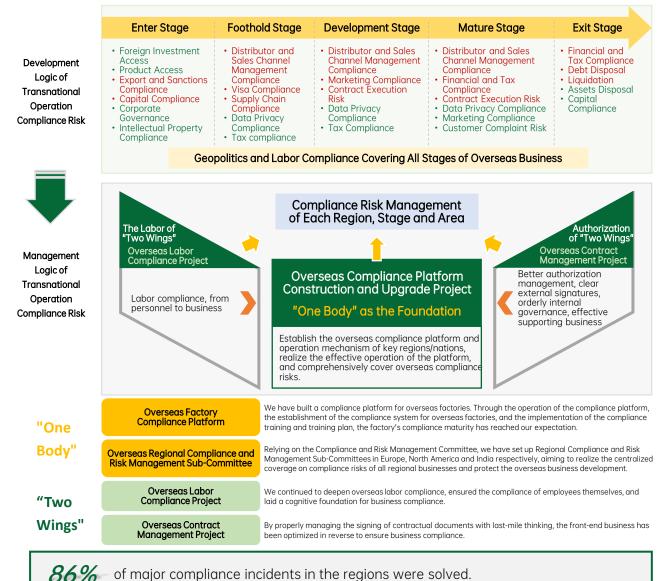
# Comprehensively Support Business Compliance and Fundamental Construction



## **OPPO's Compliance Management and Top Compliance Areas**

#### Overseas Compliance Construction in the Process of OPPO Internationalization

Through three overseas projects named "One Body and Two Wings", we levered the comprehensive coverage for overseas compliance risks.



The compliance platforms have been operating efficiently. In 2022, the overseas factory compliance platforms and the regional compliance sub-committees held 80+ regular meetings.

Note: Statistics up to December 31, 2022.

### **Contact Us**

OPPO encourages every employee and business partner to report violations and welcomes suggestions on our compliance work. You can contact us in the following way:

 Providing feedback through the Page "Advice and Reports" of our official website: <u>https://www.oppo.com/en/legal/form/</u>

You can file compliance complaints, report compliance misconducts and provide compliance related suggestions through the above page. Inquiries that are not related to compliance may not be responded to. If you need after-sales service, please contact our customer service team or make a request through our official website. For other inquiries or suggestions, please contact us by carrier. The mailing address is NO.18 HaiBin Road, Wusha Village, Chang'an Town, DongGuan City, Guangdong Province, P.R. China. Please note that this page is only for compliance reporting/complaints, and we will not be able to serve any legal document to the company on your behalf.

The information you provide will be handled by our compliance team and will be kept strictly confidential. We will process your request in accordance with the applicable data protection laws and regulations. OPPO strictly prohibits direct or indirect retaliation against employees' reporting. In addition, our human resources department and audit department have set up reporting channels respectively, together with compliance department, formed a collaborative division of labor and communication mechanism, so as to ensure that the reports and compliants of employees and business partners can be efficiently handled by professional and appropriate teams.

Guangdong OPPO Mobile Telecommunications Corp., Ltd. NO.18 HaiBin Road, Wusha Village, Chang'an Town, DongGuan City, Guangdong Province, P.R. China +(86) 769-86076999 www.oppo.com/en/