Tencent 腾讯

Enhancing Responsibility for Mutual Value

2020

Corporate Social Responsibility Report

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

Introduction

2020 has been a challenging and extraordinary year.

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

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

Messages from the Management Team

Promoting Sustainable Innovation for Social Value

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

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

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

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

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

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

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

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

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

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

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

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

Tencent and the United Nations Sustainable Development Goals SDGs

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

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

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

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

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

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

AFFORDABLE AND CLEAN ENERGY – Leveraging technological innovations, Tencent has built a new smart energy industrial ecosystem that connects users and businesses. Our data centers can improve energy efficiency by adopting energy-saving technologies and using renewable energy sources. Our headquarters has adopted intelligent energy-management systems to implement green operations.

DECENT WORK AND ECONOMIC GROWTH – Tencent has grown steadily with sound operations and good financial performance. We offer competitive salary packages, holistic training programs, and solid career development channels for our employees. Our solutions improve employment more broadly by encouraging digital entrepreneurship.

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

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

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

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

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

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

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

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

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

Enhancing Responsibility: Key Events

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

Fighting the Global Pandemic with Technology

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

Activating Anti-pandemic Efforts Through the Cloud

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

Elevate Responsibility and Embrace Long-term Value

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

January – May

Established an Anti-Pandemic Fund:

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

Innovating in Digital Health:

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

Internal Recognition for Anti-pandemic Efforts:

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

Participated in Global Anti-Pandemic Efforts:

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

Rebooting After the Hubei Outbreak:

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

May – November

Enhancing Digital Infrastructure:

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

Safeguarding Small Businesses:

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

Using the Cloud to Help SMEs:

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

Helping Others Digitally Transform:

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

Supporting Charity Initiatives:

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

November till End of 2020

Supporting Scientific Research:

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

Responsible Product Design:

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

A New Social Responsibility Strategy:

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

Accelerating Research and Development:

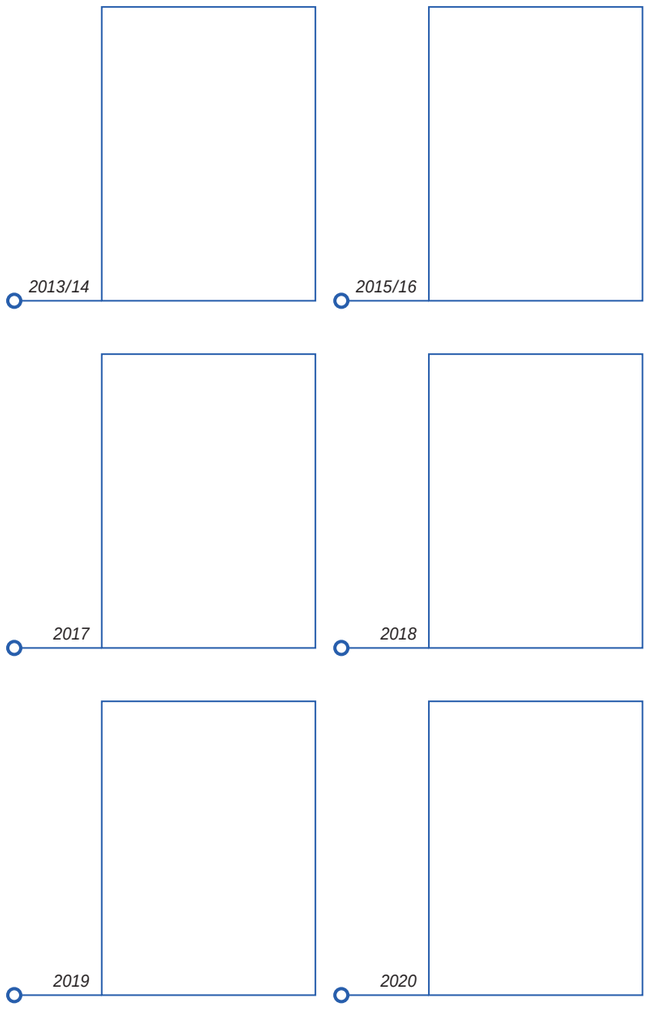
Tencent has continuously increased foundational research funds, having generated more than 45,000 patent applications.

Reducing Carbon:

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

Ongoing Communication About Our CSR Mission

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



Case Studies: Responsible Product Design

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

Weixin

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

Tencent Charity

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

Weixin Pay

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

4.3 Building an Ecosystem for Doing Good

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

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

Integrity

Uphold our principles, ethics, openness, and fairness.

Proactivity

Pursue positive contributions, volunteer, and push for breakthroughs.

Collaboration

Be inclusive and collaborative, strive to progress and evolve.

Creativity

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

4.4 Protecting Tencent's Greatest Asset by Helping Employees Grow

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

Sharing Success with Employees

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

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

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

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

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

Helping Employees Develop Their Talents

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

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

Appendix

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

Time Range

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

Scope of the Report

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

Preparation Basis

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

Data Sources

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

Reliability Guarantee

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

The Title Description

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

Report Acquisition

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

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