



PANDA 熊猫

Nanjing Panda Electronics Company Limited
Social Responsibility Report 2017

南京熊猫电子股份有限公司2017年度社会责任报告

About This Report

Reporting Period

This report is the 8th CSR report released by Nanjing Panda Electronics Company Limited NPEC . The timeframe for the information and performance mentioned in the Report is 1 January to 31 December 2017, some information may be previous reporting period or present the policy and practice in 2018.

Reporting Boundary

Nanjing Panda Electronics Company Limited and our main subsidiaries (see the details in chapter of “About Us— Main NPEC subsidiaries.)

Reference

In this report, "NPEC", "the Company", or "We" refer to Nanjing Panda Electronics Company Limited, and

- Panda Equipment refers to Nanjing Panda Electronics Equipment Co., Ltd.
- Panda Information refers to Nanjing Panda Information Industry Co., Ltd.
- Panda Manufacturing refers to Nanjing Panda Electronics Manufacturing Co., Ltd.
- Panda Communications refers to Nanjing Panda Communications Technology Co., Ltd.
- Panda Xinxing Industrial refers to Nanjing Panda Xinxing Industrial Co., Ltd.
- Jinghua Electronics refers to Shenzhen Jinghua Electronics Co., Ltd.
- Panda Technology refers to Nanjing Panda Electronics Technology Development Company Limited

Data Sources

All information and data in this Report is from our internal official documents, statistical reports and annual report. The board and the directors of the Company guarantee that there are no misrepresentation, misleading statements contained in, or material omissions from this report. We undertake several and joint liability to warrant the truthfulness, accuracy and completeness of the content of this report.

Compilation Conformance

This report is prepared in accordance with Appendix27 “Environmental, Social and Governance Reporting Guide” of the Rules Governing the Listing of Securities on the Stock Exchange of the Hong Kong Limited, “Notice on Strengthening Listed Companies’ Undertaking of Social Responsibilities and Notice on Further Improvement of Information Disclosure of Poverty Alleviation by Listed Companies released by Shanghai Stock Exchange. The report also refers to the GRI Sustainability Reporting Standards (2016), GB/T36001-2015 Guidance on Social Responsibility Reporting and Electronic Industry Code of Conduct (EICC 5.0).

Report Format

This report is available in the electronic version and you can visit our official website (<http://www.panda.cn>) to read this report. For any question or suggestion about this report, please send us an email to dms@panda.cn or call us at (86 25) 84801144.

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Message from the Senior Management

In 2017, responding to the introduction of “smart society” concept, we further defined the three major industries of intelligent manufacturing, smart city and electronic manufacturing services as our future strategic direction. This is a new chance for us to leverage our industrial strength in the new era to contribute to sustainable society.

Making suitable choices for the needs of the times will benefit all the people. We, as always, have taken social progress as our responsibility and have delivered our answers to realizing the economic and social values. Driven by the innovation-driven strategy and the development strategy “Made in China 2025”, the new-generation information technologies such as mobile Internet, cloud computing, big data, next-generation communication technologies, and the Internet of Things, are accelerating the reshaping of the social development and human lifestyles. In 2017, responding to the introduction of “smart society” concept, we further defined the three major industries of intelligent manufacturing, smart city and electronic manufacturing services as our future strategic direction. This is a new chance for us to leverage our industrial strength in the new era to contribute to sustainable society.

“Innovation” is always one of our most important values and the foundation of our business. We continue to uphold the principle of “Independent Innovation, High-End Leadership, Transformation and Development” for our technological work, gather our superior resources, and actively promote technological innovation to support transformation and upgrading with innovation. In 2017, we invested RMB 205 million in R&D, and the proportion of technological investment reached 4.89%. We undertook 8 national, provincial, and ministerial-level research projects and formed a number of internationally advanced and domestic leading scientific research achievements. NPEC has been listed as an internationally renowned brand that will be prioritized for fostering and development in Jiangsu Province.

We actively respond to the call of “protecting the green mountains and building a beautiful China”. We use new technologies, and increase investment to develop new technologies and new products in the green economy and promote the green, low-cost and recyclable industrial structure. We attach great importance to the establishment and improvement of the environmental protection management system.

To respond to the call for energy saving and emission reduction and building a low-carbon home, we have transformed the management system and institution into concrete behavioral measures and integrated them into the employees' daily work and life. In 2017, the first PV power station project in the industrial park, co-constructed by NPEC, was completed, marking a new step of NPEC in constructing the Nanjing Panda Green Industrial Park.

The support of employees and community is indispensable for the Company's development. While protecting the rights and interests of employees and guaranteeing a stable income increase, we provide employees with diversified training programs and institutional mechanisms to encourage innovation so that they can fully display their talents. We also care for employees and have established “Loving Funds” and “Loving Maternal Room of Mother & Infant” to help employees achieve work-life balance. We provide Direct-Broadcast Satellite Television (DBSTV) service for remote areas by participating in “Household-to-Household DBSTV”, aiming to eliminate the digital divide and promote better and faster local economic and social development. Meanwhile, we have actively paid attention to social needs, supported public welfare undertakings, and actively carried out work such as targeted poverty alleviation, donation for student aid and help for disadvantaged groups.

Looking to the future, we will base ourselves on our main business, perceive the changes in social trends and the appeals of stakeholders, and continue to leverage our technological innovation to benefit the smart transformation of the industry and the intelligent life of the public. We will mobilize and unite more internal and external resources to facilitate the resolution of social issues and promote social progress and sustainable development.

Xia Dechuan
Executive Director and General Manager

About Us



Nanjing Panda Electronics Company Limited is a core company within China's electronics industry. It was founded in April 1992 solely by Panda Electronics Group Co., Ltd., the cradle of China's electronics industry. With its shares listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange in May and November 1996 respectively, the Company was first to issue A+H shares in domestic electronics information industry.

Focusing on intelligent manufacturing, smart city and electronic manufacturing services, we develop the system integration services of smart manufacturing for core equipment and smart factory and vigorously promote the four core businesses of smart city: Intelligent Transportation, Safe City, Intelligent Building and Information Network Equipment. We also engage in developing electronic manufacturing services with first-class supply chain management capabilities to realize intelligent, flexible, lean manufacturing. Being proactive in international cooperation, we have established several famous joint ventures with L.M. Ericsson Company from Sweden. We have also formed a comprehensive technical innovation system with one state-level R&D center and eight provincial & municipal-level R&D centers. We have passed the ISO-9001 certification and established a thorough quality management system and an advanced enterprise management information system.

We have undertaken several important domestic key projects and were awarded the National Science and Technology Progress Award and Jiangsu Provincial Science and Technology Prize for many times. As a high-tech company, we have been honored as a 'Contract Honoring and Promise-Keeping' enterprise and an outstanding in Jiangsu province by State Administration for Industry & Commerce. Our main subsidiaries all have been rated as high-tech enterprises or software enterprises.

As at the end of 2017, NPEC has 12 subsidiaries with 3,831 employees.

Panda Electronic Equipment Industrial Park



📍 Panda Electronic Manufacturing Industrial Park

Main Subsidiaries	Founding Year	Business
Electronic Equipment Company	2009	Promoting R&D of related technologies and achievement transformation with industrial robot and smart manufacturing as the development core; devoted to the cultivation and exploitation of smart manufacturing market, which have been applied in the fields of 3C electronics, flat panel display and logistics with its applicable technology.
Information Industry Company	1998	A world famous provider for intelligent transportation distribution, ticket vendor sales and checks, communications and other system solutions, equipment and core modules; a provider of smart communities, smart home programs and products; a leading domestic intelligent building system integrator.
Electronics manufacturing Company	2004	Mainly producing consumer electronics, communication equipment, medical treatment device, and new energy technologies with an annual production capacity of more than 10 million sets and mainly providing ODM services for international famous ICT enterprises
Communications Technology Company	2005	Engaged in research and development of products and systems for mobile communications, mobile internet communications, and military-civilian communications; providing customized high-tech products and engineering complete sets of equipment for users, and services such as engineering installation and maintenance.
Panda Xinxing Industrail	2009	Taking the integration of high-end service industry and advanced manufacturing as an important strategic choice for promoting the optimization and upgrading of industrial structure; providing all-round supporting and safeguarding operation services for all types of industries based on technological integration, and market demand .
Jinghua Electronics	1980	Engaged in the R&D, manufacturing and sales of tablet computers, handheld digital TVs, voice recorders, e-bookand other IT digital products, navigator, car audio and other automotive electronic products and mobile communications and LED lighting products; other supporting business including precision molds, plastic-injection packaging, electronic components.
Electronics Technology Development Company	2011	Engaged in the development, manufacturing, sales, after-sales service and technical services of communications equipment, industrial control equipment, computers and external equipment, instrumentation, culture, office machinery, electrical machinery and equipment, fans, weighing apparatus, packaging equipment and other general equipment, environmental protection equipment, equipment of social public safety and other equipment and molds; computer software development and system integration services.

📍 Main NPEC Subsidiaries

2017 Key Performance



Total assets: RMB **5.67** billion



Operating income: RMB **4.19** billion



Net profit : RMB **186** million



Technological Investment RMB **205** million



Patents applied: **106**
55 invention patents included



Licensed patents: **101**
33 licensed invention patents included



Customer service satisfaction: **98%**



Energy consumption of per operating income: **0.0075** tons of standard coal/10,000 yuan



arbon emissions of per operating revenue: **0.04** tons/10,000 yuan



Safety accidents: **0**



Employees: **3,831**



Proportion of female employees **37%**



Suppliers: **955**



Training hours per capita: **23**



Total voluntary services hours: **2,500**



Voluntary services: **500** person-times

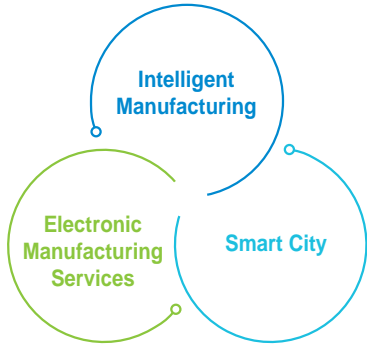
Strategy and Governance



Corporate Strategy

NPEC actively responds to China's "13th Five-Year Plan" and upholds the values of "Innovation and Entrepreneurship for Excellence" to continuously enhance the vitality of the Company. During the "13th Five-Year Plan" period, NPEC will focus on intelligent manufacturing, smart city and electronic manufacturing services to build the Company into a nationally leading electronic information enterprise that masters autonomous and controllable key technologies, increases its brand value and overall corporate value with increasing capacity of return on investment and continuously enhances and provides the industry-leading core products, equipment and system solutions of smart manufacturing and smart city.

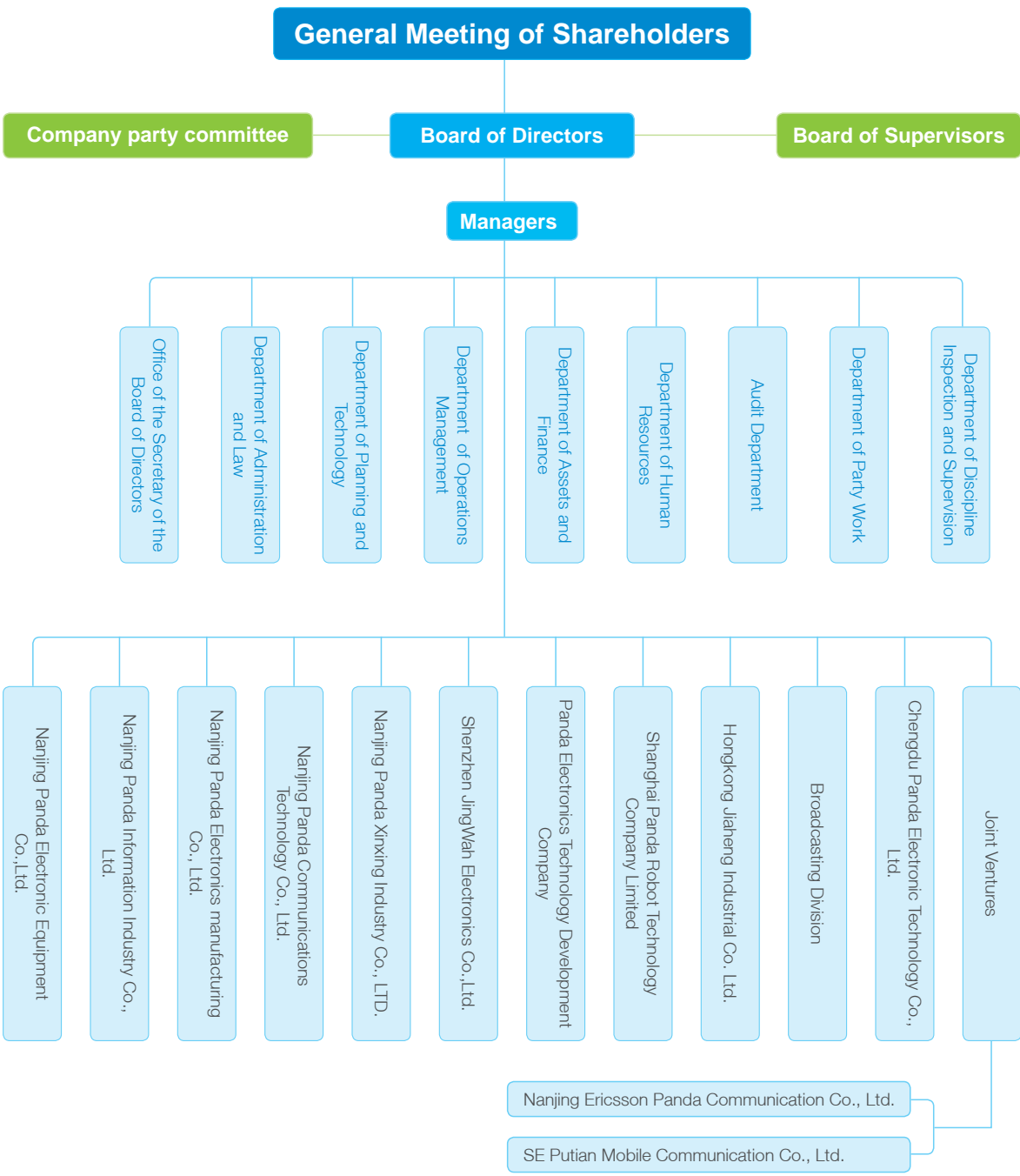
- Develop the system integration services of smart manufacturing for core equipment and smart factory
- Develop electronic manufacturing services with first-class supply chain management capabilities to realize intelligent, flexible, lean manufacturing
- Promote the four core businesses of smart city: Intelligent Transportation, Safe City, Intelligent Building and Information Network Equipment



NPEC's Three Core Industry Development Plan

Corporate Governance

NPEC continues to improve its corporate governance and organization structure, and has set up shareholders' meetings, Party Committee, and Board of Directors, etc. in accordance with the to relevant requirements, to manage all functional departments and subsidiaries. We strictly abide by relevant laws and regulations of corporate governance, and comply with regulatory guidelines and rules to maintain high standards of governance so as to safeguard the interests of all stakeholders.



NPEC's Organization Structure

Risks Management and Compliance

The Company strictly abides by national and local laws and regulations and attaches importance to anti-corruption work, to avoid compliance risks, and thus provides guarantee for the Company's sustainable, healthy and stable development. In 2017, there were no negative events in integrity.

We have built a risk management and internal supervision system with a multi-level management framework and corresponding management documents as its framework and continuously improve and optimize it according to the requirements of regulatory authorities and our operations. By regularly reviewing the effectiveness of risk management and internal control systems, we have formed complete workflows and procedures, and also constructed and updated the mechanisms to deal with major risks or internal control deficiencies. In order to continuous improve and optimize risk management and internal control systems, we have formulated the Internal Control Evaluation Method to effectively promote the internal control evaluation from the perspective of system.

- Signing Commitment to Incorruptible Practice with all the middle managers of NPEC
- Employees in key positions of the Company have signed an integrity letter with all industrial companies to promote the responsibility fulfillment.



- Issuing Measures for Supervising the Bidding of Major Projects to supervise and investigate the bidding of major projects to strengthen the risk prevention and control of tendering and bidding
- Establishing the information sharing and cooperation mechanism of local procuratorates and enterprise to actively carry out the anti-corruption work and prevent work-related crimes in the field of engineering construction.
- Providing campaigns on integrity for staff in key positions by talking and reminding, watching typical TV films and visiting anti-corruption education bases, etc.
- Organizing trainings on tendering and bidding and self-discipline on integrity to provide centralized training for relevant personnel involved in the bidding work of the company

NPEC's Key Anti-Corruption Initiatives

Intellectual Property

We respect the intellectual property rights, and resolutely eliminate any infringement. All computers of the Company are equipped with legitimate software. We also attach equal importance to the protection of our own intellectual property rights and trademarks by establishing a trademark protection system with special personnel responsible for combating counterfeit and defective products. For the malicious infringement of intellectual property rights and trademarks, we maintain our legal rights through judicial procedures.

Innovation and effectiveness is our basic principles of patent application and management. We have strengthened technology patent application, formulated the Patent and Copyright Management Measures to regulate the process management of patents and copyrights, rewards and penalties, and also incorporate patents and copyrights work into the technology management goals and work systems of our subsidiaries. Following the development strategy, we focus on the key technology fields of smart manufacturing and smart city industry and strive to comprehensively enhance our comprehensive intellectual property capabilities through original innovation, integrated innovation and re-innovation after integration, aiming to initially form a core technology patent pool of intelligent manufacturing and smart city.



nts applied in 2017, **52%** Invention patents , **82%** Patents in smart manufacturing and smart city industry



101 Patents licensed in 2017, **31%** Invention Patents



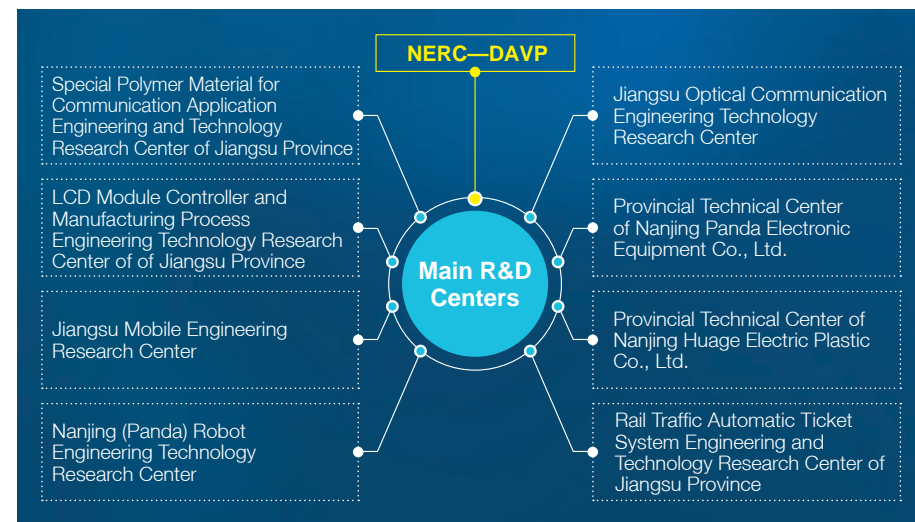
The invention patent for “the ticket collection mechanism for vending machines” won the **2017 Nanjing Excellent Patent Award** by the Nanjing Intellectual Property Administration



11 new trademarks applied, including the newly registered “Panda Manufacturing”

Innovation Management

Adhering to the principle of “Independent Innovation, High-End Leadership, Transformation and Development”, we foster and encourage innovative institutional mechanisms, strengthen planning, co-ordination and implementation of innovation in talent, capital, and key resource allocations, and integrate technological input into “comprehensive budget management” and annual assessment of the Subsidiaries, to guide our subsidiaries to increase their investment in technological investment and stimulate innovation. By the end of 2017, we had one state-level R&D center and eight provincial & municipal-level R&D centers, and set up a Sino-Japanese Joint R&D team in Tokyo, Japan to engage in the research of key controllers of industrial robots.



▲ NPEC's Main R&D Centers

R&D investment
RMB **205** million

Proportion of
technology
investment
4.89%

Total number of
personnel in R&D
teams By the end
of 2017 **669**

17% increase than
that of 2016

We adhere to the principle of introduction and cultivation to promote the building of the echelons of the chief expert and chief designer, and also have issued the Guiding Opinions on Developing Technical Posts System. A smoother technical personnel career development channel has enhanced our technological innovation and an innovative corporate culture with "reasonable suggestions" and "three improvements" as its carriers has been formed to create a work environment that encourages innovation.

Undertaking key national projects	From 2016 to 2017, we have applied a total of 22 national, provincial, and municipal research projects, completed the acceptance of 5 projects, and is currently undertaking 8 national and provincial projects.
Breakthrough in key technology areas	We achieved breakthroughs in key technologies such as manufacturing of the complete machine system of industrial robots, rail transit, smart detection, small cell station products, mobile video products, and digital homes
Patent application from quantity base to quality changes	Our patent application changed from quantity base to quality changes, and the numbers of patent application and authorized patents both exceed one hundred.
Promoting industrialization of technological achievement	We undertook the MIIT electronic information industry development and technical transformation projects, fund project of science and technology achievement transformation in Jiangsu province, Jiangsu special project of strategic emerging industries and other major industrialization projects.

▲ Innovation outcomes

Social Responsibility Management

We always strive to provide our customers with quality products and services, create a safe and decent working environment for our employees, and respond to the Stakeholders' expectations through communication with them. We have established the quality, environmental and occupational health and safety management system, and completed the on-site audit and the three systems and updated the certificate in 2017. At the same time, we comply with the requirements of the relevant regulatory authorities to regularly disclose social responsibility information every year to further improve the transparency of our operations. In order to fully integrate social responsibility requirements into our corporate management and better meet the needs of stakeholders, we plan to systematically implement social responsibility management in accordance with relevant social responsibility standards to promote the sustainable development of the Company and society.

Stakeholders	Expectations and Demands	Communication Approaches	Response and Measures
Shareholders and investors	<ul style="list-style-type: none">Returns on investmentKnowing the Company's operationsSatisfy with market value	<ul style="list-style-type: none">Shareholders' meetingRegular reports	<ul style="list-style-type: none">Timely and accurately disclosing operations and major issuesFollowing the basic principles of responsible managementSustainable returns for shareholders and paying cash dividends
government	<ul style="list-style-type: none">Law-abiding operationPaying taxes according to lawPromoting employmentImplementing government policiesEnergy conservationResources savingEcological protection	<ul style="list-style-type: none">Accepting supervisionInformation reportingWorking meetingGovernment-enterprise cooperation	<ul style="list-style-type: none">Abiding by laws, regulations and policiesPaying taxes on timeProviding jobsResponding to the national strategiesImproving environmental management
Customer	<ul style="list-style-type: none">Quality products and servicesKnowing the product and service content	<ul style="list-style-type: none">Customer satisfaction surveyCustomer service call center	<ul style="list-style-type: none">Providing safe, convenient and quality products and servicesContinuously improving customer satisfactionContinuous R&D investmentImproving customer communication channelsProduct and Service Description
Employees	<ul style="list-style-type: none">Protecting employees' rights and interestsProviding good welfare and development opportunitiesA healthy and safe working environmentEnjoying the democratic rights of participation	<ul style="list-style-type: none">Labor UnionWorkers' Representative CongressEmployee suggestion box	<ul style="list-style-type: none">Signing a collective contractSmooth employee promotion channelSafety and health managementEquity incentives and other incentivesRegular Workers' Representative Congress
Suppliers	<ul style="list-style-type: none">Win-win cooperationOpen and fair principleKeeping commitments	<ul style="list-style-type: none">High-level meetingSupplier ConferenceSurvey	<ul style="list-style-type: none">Public procurement information, fair procurement Honoring all contracts
Community	<ul style="list-style-type: none">Supporting social welfareCreating employment opportunities for the community	<ul style="list-style-type: none">Volunteer platform	<ul style="list-style-type: none">Carrying out public welfare and volunteer activities
Industry	<ul style="list-style-type: none">Fair competitionPromoting industry progress	<ul style="list-style-type: none">Peer cooperationUniversity-enterprise cooperation	<ul style="list-style-type: none">Participating in industrial activitiesImproving R&D capability

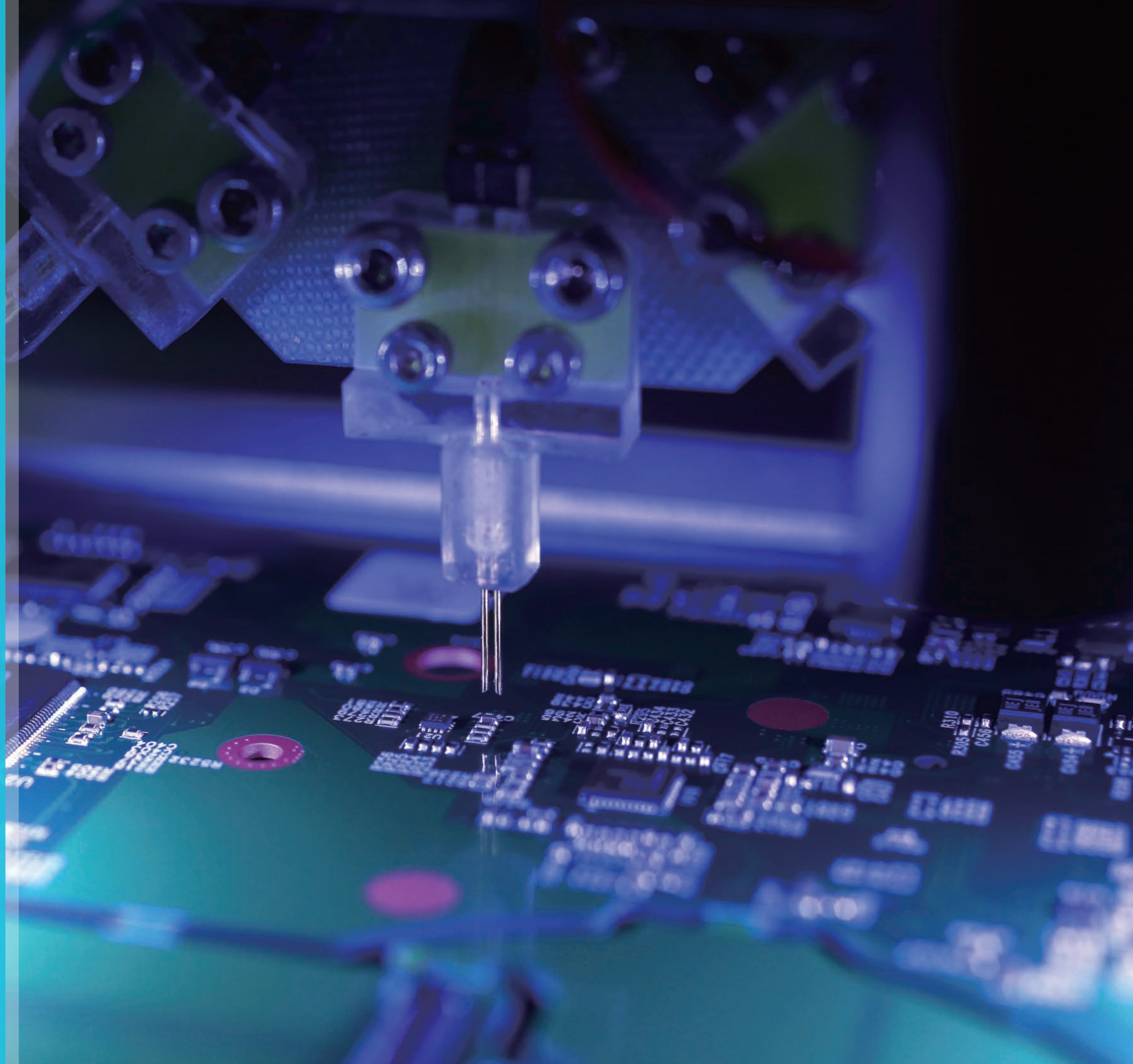
▲ Stakeholders' Communication and Response

*Keeping Up
With The Trend*

Serving Society with Professional Advantages

China's economy has entered into a new stage of high-quality development. With the growing demand for automation in the manufacturing industry, China enhances efforts in fostering new drivers of growth and technological innovation, and promotes the further integration of the Internet, big data, and Artificial Intelligence (AI) with the real economy. With professional advantages, we actively develop smart manufacturing, smart city, green and high-end electronics manufacturing service (EMS) to serve social development in response to national calls for meeting people's well-being needs and satisfying their increasing needs for a better life.

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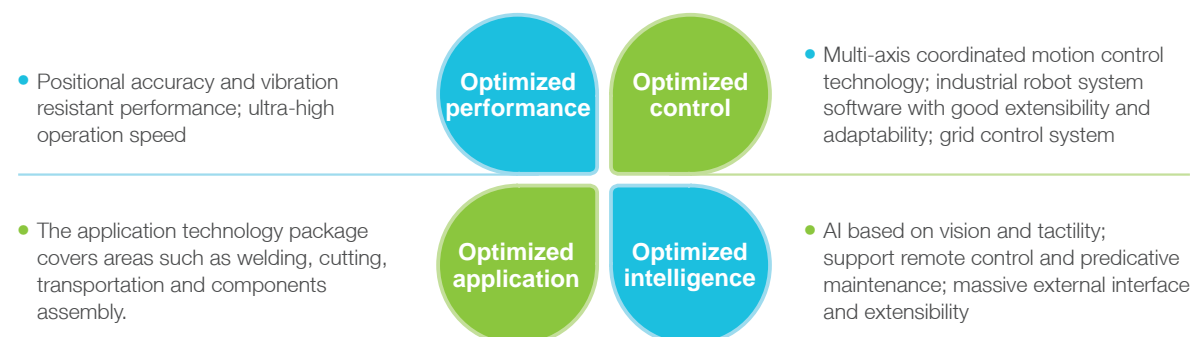


AI Transforms Manufacturing

AI is a key technology to lead the development of Chinese manufacturing industry; it is an important development direction of Chinese real economy and a pivotal area in the transformational development of manufacturing digitalization, networking and intelligence. During recent years, AI has experienced a strategic breakthrough with rapid development. The further integration of advanced manufacturing technology and the new generation of AI technology has formed the new-generation smart manufacturing. As a participant and promoter of Chinese smart manufacturing, NPEC has proactively implemented national strategies including the innovation-driven development strategy and the development strategy China Made in 2025, provided integrated solutions for smart manufacturing, and built the Industrial Robots Platform, the “iMANUF” Smart Manufacturing Platform, the Artificial Intelligence Platform and the Cloud Computing/Industrial Big Data Platform to facilitate customers to achieve their dream of “smart factory”.

Optimized Performance

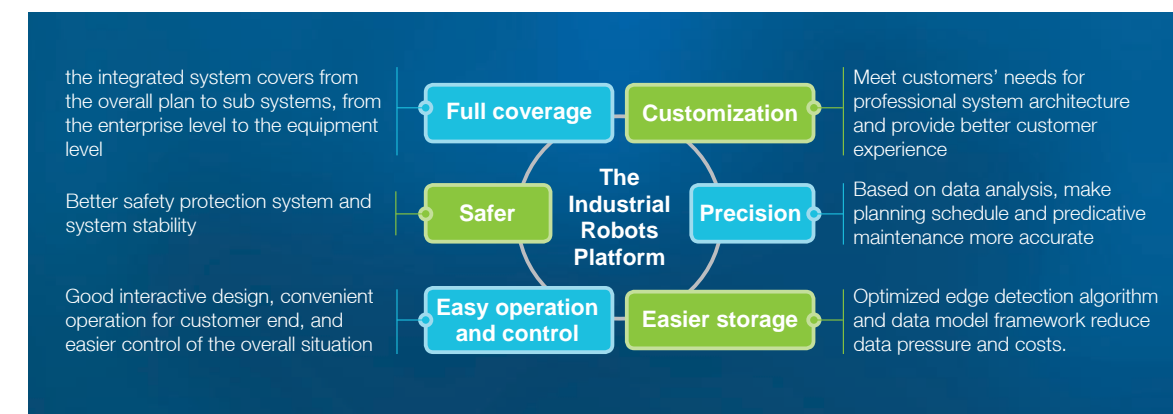
We provide our customers with the Industrial Robots Platform with optimized performance, control, intelligence and application to help them with highly efficient and high quality manufacturing.



The Optimized Industrial Robots Platform

Customized Service

Characterized by better performance, customization, flexibility and safety, etc the “iMANUF” Smart Manufacturing System Platform independently developed by NPEC provides integrated solutions for smart factories, covering the full manufacturing processes from the enterprise to the equipment. It can dig out the stage-related problems of an enterprise and better meet the individualized needs of domestic manufacturing customers, and realize visible, predicable and controllable factory management, which is a efficient weapon in building smart factories and smart transformation of enterprises.



The Needs-oriented Smart Manufacturing System Platform

Interactive intelligence

We actively promote the practical application of Panda AI in vision, tactility and business sectors such as predicative robot maintenance and smart production scheduling of manufacturing enterprises. Apart from the capabilities of vision and walking, Panda Service Robots are able to receive food orders and deliver food. After the customer completes the order on the WeChat platform, the robots can independently plan the route and deliver the food to the customer, which makes service more convenient and faster.

Information Sharing

Panda Industrial Cloud, another service of NPEC, is a private industrial cloud based on AliCloud service. It not only inherits advantages of AliCloud in stability, safety, flexibility and strong performance, but also provides smart manufacturing components services such as Smart Manufacturing Cloud MES System service, Cloud APS System service, Cloud WMS System service, Cloud EMS System service and Automatic Data Collection Module service, contributing to instant information sharing and maximizes the information value.

Facilitating the Upgrading of Smart Production Lines of Enterprises

In 2017, in order to expand production scale to meet market needs, one of our customer enterprises built ten large production lines. Panda Equipment negotiated the overall plan with this company in providing ten large smart production lines. The system equipment in the transmission line covers all kinds of transmission units, guided robots, AGV smart guided vehicles, etc.

The Panda Equipment organized senior technicians and experts to work on the design of the overall plan and the debugging of assembly machines in the production line, and help this company complete the trial operation of smart production lines and the overall upgrading of production lines, contributing to smart production management of the company.

Intelligence Enriches Life

Meeting social demands and people's increasing needs for a better life is our eternal pursuit. NPEC has always been concerned about social demands and helped solve social problems with innovative solutions. The Company focuses on smart transportation, safe cities, smart buildings and broadcasting & television information network and aims to provide system solutions and terminals for urban modernization. With information technologies such as the new-generation Internet of Things (IoT), cloud computing and big data, we have connected buildings, public transportation and homes in cities, making cities smarter and life better.



Social Demands	Our Responses	Application Cases
Transportation: Safety, convenience, high efficiency, green transportation	Smart transportation: Building an all-round real-time smart transportation system with high efficiency, accuracy and convenience <ul style="list-style-type: none">Digging out and analyzing urban transportation information to realize transportation forecasts and early warnings and more orderly transportationEstablishing the Automatic Clearing Collection (ACC) Management Center and the Automatic Fare Collection (AFC) System to realize precise returns distributionProviding various smart terminal equipment of inquiry, charging, ticket purchasing and check to facilitate passengers' transportationEnabling more convenient payment through the application of contactless smart cards and e-payment mobile platforms in transportation area	<ul style="list-style-type: none">The AFC System of Line 1, Line 2, Line 3, Line 4 of Nanjing MetroThe ACC Management System of Shijiazhuang Rail Transportation
Buildings: Safe & comfortable, quick & convenient, green & energy saving living and working environment	Smart buildings: Providing safe, highly efficient, comfortable and convenient construction environment <ul style="list-style-type: none">AAppling biological identification technology to security and safeguard design makes buildings safer and smartThe application of the integrated management system makes control more convenient and efficient and enhances performance in energy conservation.Office automation (OA) enables higher efficiency.	<ul style="list-style-type: none">Intelligent project of Nanjing Great Hall of the PeopleIntelligent system of Jiangsu Tobacco Corporation
Homes: Highly efficient, convenient, comfortable and safe life experience	Smart homes: Creating smart, highly efficient and comfortable living environment <ul style="list-style-type: none">Multiple ways of controlling household equipment or executing scenario operations makes life more convenientInteractive integration with the medical system and the security system makes life safer	
Communities: Comprehensive, convenient and inclusive community services	Smart communities: Creating a smarter community environment <ul style="list-style-type: none">Integrating the property management service system with quicker responseCreating a community information service system for easier community interactions	

⚡ NPEC Provides Smart City Solutions



Easier Transportation - Swiping the Mobile Phone to Take Metro

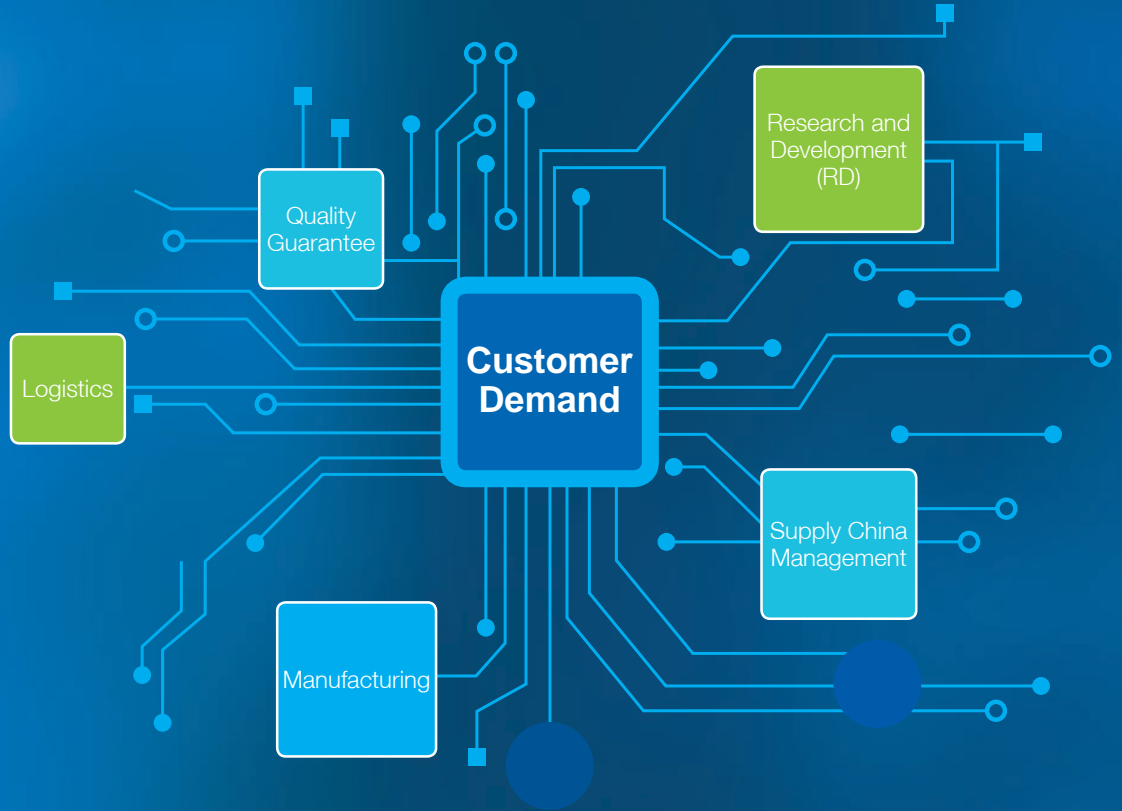
Wuxi Metro adopts the Union Pay QR-code payment to enable passengers to enter the station without paying and complete the payment at the exit. The Information Industry Company provides technical support for such kind of mobile payment, which is the first application case in metro transformation in China. The system can do the complicated calculations and generate a QR code for passengers without any expense when they entering the station; after passengers finish their metro trip, the terminal calculates the total payment and sends it to the APP for fare collection, helping citizens with easier transportation.



⚡ AFC Checker of Smart City Rail Transportation

Innovation Improves Service

As the era of smart manufacturing comes, implementing structural reform and transformational upgrading of manufacturing industry, and accelerating the development of smart, green, service-oriented and high end manufacturing industry have become an inevitable trend, and also are top priorities for enhancing corporate core competitiveness and national competitiveness. We actively develop green and high-end electronics manufacturing service to cover the whole process including research and development, procurement, materials management, production/manufacturing, testing and assembly, quality guarantee and warehouse exit. With the complete electronics manufacturing industry chain, we help our customers shorten the product development period, reduce manufacturing costs and enhance product and brand influence.



⚡ The Electronics Manufacturing Service (EMS) System

On the basis, we give full play to our own technical advantages to meet customers' needs, and give priority to joint development and innovation in electronics manufacturing service with customers by timely adjusting scientific projects according to the market changes. Our research team communicates with the customer in advance in the preliminary planning stage of product development and undertakes the development work of certain modules or specific industrialized products. In 2017, we coordinated our customers to transform multiple research results to targeted products with a larger industrial scale, facilitating their business development.

Making Joint Efforts

Cooperating With Stakeholders For More Values

On the path towards sustainable development, NPEC has established good relationships with stakeholders for co-existence and mutual prosperity. We make continuous efforts to enhance communication and cooperation with stakeholders and are committed to promoting value sharing and solving social problems, jointly building a new era for a better life with stakeholders.

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Improving Customers' Experience

Customers' satisfaction is our ultimate goal and drive, which motivates us to promote product upgrading and development. Putting customers first, we have continuously enhanced product quality management, customer service management and brand management, and provided innovative products and considerate service to meet customers' diversified needs.

Quality Management

Based on the quality principles of "technology leading, scientific management, quality upmost, customers first", NPEC has carried out systemic quality management, built the ISO 9001 Quality Management System and implemented the system in all our subsidiaries. Moreover, the Panda Manufacturing was certified by the TS 10949 Automotive Quality System. In 2017, according to the requirements of the quality management system, our subsidiaries conducted various "Quality Month" activities and held a series of trainings and lectures such as "Quality Experts' Lecturing Tour in Enterprises", the study and application of Guidelines on Quality Management Team Activity, the study and seminar on Principles of Developing Quality Assurance Work Team, and the interpretation of standards of the new version of ISO 9001 Quality Management System.

Information Security

In order to protect the security of our core information, we have successively issued regulations and rules such as the Regulations on Utilization and Maintenance of the Information System, Regulations on Confidential Documents Management, the Regulations on Confidentiality and the Regulations on Business Secrets Protection, regulating the tools, actions and process management of information media usage. Moreover, based on different businesses and service attributes, the Panda Information implements and operates the Information Technology (IT) Service Management System according to ISO 27001 and ISO 20000-1:2011, and has compiled and published regulatory documents such as the Information Security/Information Technology (IT) Management Manual and the Program Document of Information Security/Information Technology (IT) Management System.





▲ Panda Customer Service Call Center

Service Improvement

In order to improve customer satisfaction and brand loyalty, NPEC has established the Customer Relationship Management System (CRM System) and set up the Customer Relationship Committee as the top decision-making organization for customer service; the Vice General Manager in charge of quality serves as the Director of the Committee and the heads of subsidiaries and departments in charge of customer relationship serve as members of the Committee.

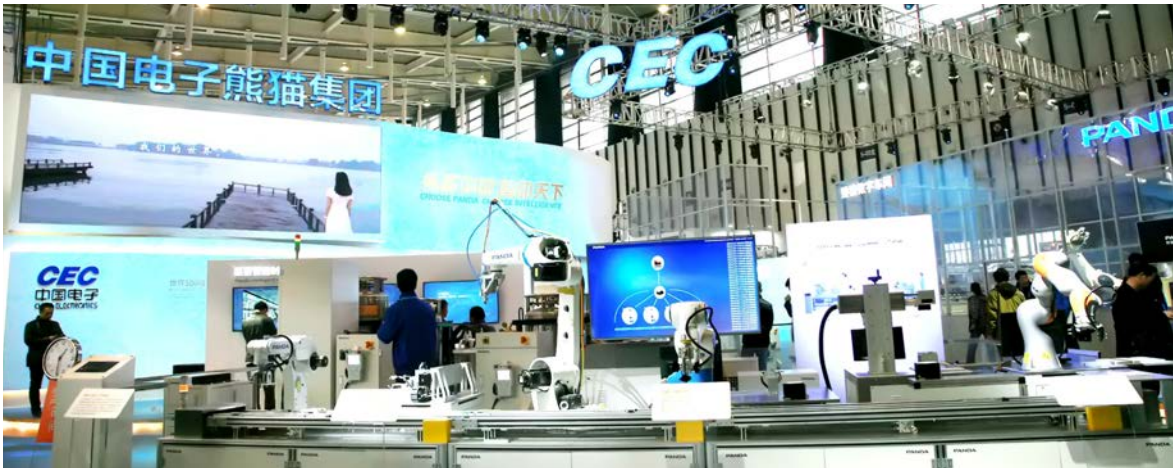
The Customer Service Call Center provides 24-hour hotline service and also handles service complaints and application from the Company's website, e-mail, other websites and the media. In 2017, the Customer Service Call Center was restructured to further improve appraisal and spot inspection systems, considerably improving the customer services.



▲ The Service Coverage of Customer Service Call Center



▲ Response to Customer Appeals



▲ NPEC Attends World Intelligent Manufacturing Summit (in Nanjing, China)

Protecting customers' rights and interests is an important corporate responsibility. Strictly abiding by relevant laws and regulations such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, NPEC implements product warranty services of repair, replacement and refund to quickly respond to various needs of customers. In order to ensure that our products and services maximally satisfy customers, we carry out customer satisfaction surveys and analyses every year to make improvement according to customers' suggestions.

Besides, we annually cooperate with several mainstream newspapers, magazines and websites and attend exhibitions of various industries to actively present our new look in product reform & development and transformation & upgrading. In 2017, we attended over ten domestic or international exhibitions and economic trading activities. Our products were successively displayed on major renowned exhibitions such as the Consumer Electronics Show (CES) in the U.S.A., the Havana International Fair (FIHAV) in Cuba, Canton Fair (Spring and Autumn Editions), China Hi-tech Fair in Shenzhen (CHTF), HKTDC Hong Kong Electronics Fair (Autumn Edition), China Content Broadcasting Network Exhibition (CCBN), PT/EXPO China, Nanjing Information Service Fair, Shanghai International industry fair, World Intelligent Manufacturing Summit (in Nanjing, China) and Essen Welding & Cutting Exhibition, receiving attention and good reputation across the world.

Facilitating Employees' Growth

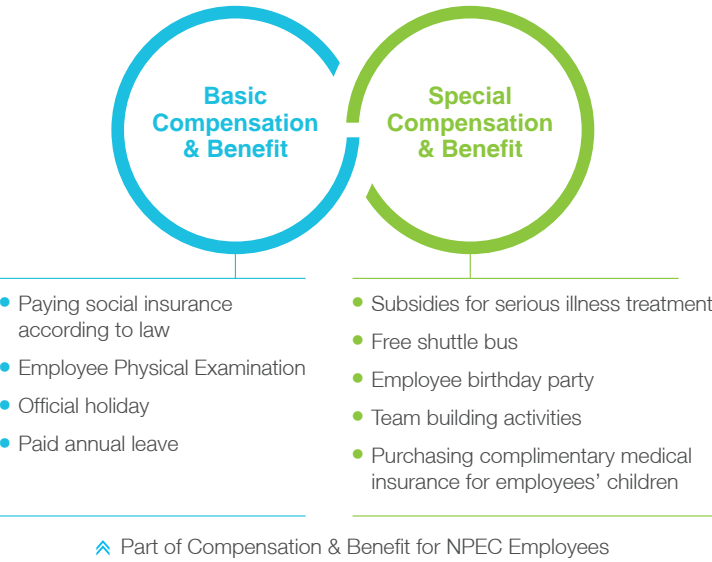
Talent is an important strategic resource for an enterprise's development and one of our most important stakeholders. We respect the expectations and appeals of employees and build a platform for them to display their talents, maximizing the dynamism, motivation and creativity of talents for common growth and development.



Rights, Interests and Wellbeing

In strict accordance with various laws and regulations in China, such as Labor Law of the People's Republic of China and Labor Contract Law of the People's Republic of China, NPEC respects and protects employees' legal rights and interests. We uphold fairness, transparency and openness in employment, and have formulated strict recruitment procedures and signed labor contracts with our employees according to the principle of equality, voluntariness and unanimity through consultation. We endeavors to create a diversified, fair and just working environment and treat employees equal in spite of various factors such as religion, gender, age and disability. In 2017, there was no violation in child labor or forced labor in our work sites.

NPEC implements a competitive remuneration and performance system and provides employees with basic compensation & benefit according to law and special compensation & benefit of the Company. we set up dining halls, infirmaries, recreation rooms, supermarkets and bookstores, etc. in all industrial parks of the Company.





NPEC has established the Labor Union and the system of worker representative congress, and regularly holds the worker representative congress. Persons in charge from NPEC and our subsidiaries will report the annual work summary and work focuses in the upcoming year while the worker representatives will make democratic appraisals and feedback accordingly during the congress.

To further enhance employees' democratic engagement and protect employees' rights & interests, NPEC signs the Collective Contract with employees and also signs a special collective contract with worker representatives on key issues such as salary and labor protection. Every year, NPEC holds the open inspection and the consultation meeting of the Collective Contract and NPEC leaders and worker representatives jointly examine the fulfillment of relevant provisions of the Collective Contract, and sign a new edition of the Collective Contract according to new demands and requirements proposed by worker representatives.

Training and Development

NPEC values talent cultivation. Upholding the training concepts of all employees, full processes, all dimensions and multiple channels, NPEC has proactively cultivated a group of knowledge-based, skill-based, innovation-based and interdisciplinary talents in "National Highly Skilled Talents Training Base" and "National Worker Educational Training Demonstration Site" to further improve employees' skills and occupational quality and serve the development of the industry.

Enhancing Training Management

NPEC has established an inclusive education and training platform integrating teaching room, drill base, network platform and innovation workshop to encourage frontline employees to make innovation and profits on their posts and enhance cultivation of talents with diversified ways.

Leaders in product sector	Establishing the chief designer system to promote young R&D talents to grow fast
Highly skilled talent models	Providing cultivation and appraisal of highly skilled talents, and holding skill competitions and research project innovation seminars
Technicians	Holding skill competitions

⚡ Diversified Employee Cultivation Ways



☉ Cultivating Young Talents

Young talents are critical to sustaining the work in key positions and ensuring a sustainable hierarchical talent team. NPEC has formulated the Regulations on Young Talents Cultivation to select, cultivate and employ middle-aged and young elites from the personnel of operation management, scientific research and development, marketing and highly skilled personnel. We have also designed the Occupational Career Development Plan, and drafted the three-year and the annual cultivation plans for selected employees.



⚡ Young Talents Cultivation Mode

☉ Cultivating Versatile Employees

Confronted with newly emerging knowledge and technology in the era of smart manufacturing, there is an urging need to update and develop employees' professional skills and comprehensive quality. To build our employees into versatile talents with capabilities to adapt to new changes in the era, NPEC annually carries out or participates in various drills, skill trainings and competitions to avoid work absence and vacancy under new circumstances, and enhance our overall competitiveness.



⚡ Labor Skill Competition



⚡ Skill Competition of NPEC

☉ Encouraging Employees' Innovation

The innovative development of an enterprise lies in employees' innovation capability. NPEC advocates the cultivation of a group of knowledge-based, skill-based, innovation-based and interdisciplinary talents and promotes the spirits of model workers and craftsmanship to create a cultural atmosphere of "scientific innovation for the prosperity" in the enterprise.

We encourage employees to establish innovation concepts and thus have set up innovation application & reporting channels, such as the Labor Union and the Science and Technology Association, to regularly collect innovative ideas of employees from different departments. Meanwhile, we have also continuously improved the technological innovation rewarding mechanism to promote the transformation of scientific research results. We provide material rewards and moral encouragement to S&T innovation projects with great achievements, scientific research teams with key technological breakthrough, and meritorious scientific researchers.



Over RMB **600** million invested in improving employees' teaching environment

One State-level
Technical Expert Workshop

One Province-level
Technical Expert Workshop in Jiangsu

4 City-level
Technical Expert Workshops in Nanjing

Won the honor of Cradle of
Highly Skilled Talents
by the provincial government of Jiangsu

Won the honor of

Demonstrative Worker Model and Craftsman Innovation Workshop

by the National Committee of China National Defense and Post & Telecommunication Trade Union



1 for "craftsman of Made in Jiangsu and **2** for "Jiangsu Craftmen"

Occupational Health and Safety

NPEC pays much importance to employees' occupational health and safety. With the overall principles of work safety, risk control and health & safety safeguard, we have established the OHSAS 18001 Occupational Health and Safety Management System with a full coverage of the subsidiaries. In 2017, no work safety accidents happened.

Establishing and improving the safety management system	Promoting work safety liability	Special safety activities	Safety education and training
<ul style="list-style-type: none"> Establishing the Work Safety And Fire Safety Committee to guide work on production safety Assigning the Department of Investment Operation to supervise work safety management According to the requirements of relevant regulations, the Information Industry Company set up the work safety management organization and appointed special personnel 	<ul style="list-style-type: none"> Signing letters of annual work safety responsibility with subsidiaries, and implementing the requirements of "shared responsibility for Party and government, double responsibilities for one post" specified in the Letter of Responsibility 	<ul style="list-style-type: none"> Safety overhaul: Inspecting hidden hazards in fire control, violations and safety; Contingency drills: Firefighting drills, evacuation drills, and firefighting equipment utilization instruction, etc. Safety theme activities: Safety knowledge competitions and safety, safety blackboard newspaper competition, etc 	<ul style="list-style-type: none"> Safety management personnel training: Training persons in charge of work safety management and relevant personnel to pass through certification renewal and certification access before work Three-tiered safety training: The three-tiered safety training has a full coverage of safety work to enhance all employees' work safety awareness

Measures of Work Safety Management in NPEC

NPEC organizes employees to attend annual occupational health examinations and special physical examinations for occupational diseases caused by toxic and hazardous substance, and hires professional companies to test hazardous substance and noise within the work area. In order to safeguard employees' health, we have gradually replaced manual work with mechanical operations to protect employees from direct contact of hazardous substance. In 2017, NPEC renovated industrial parks and added heat-source sensing equipment to prevent circuit aging and protect electricity supply within the industrial parks.



Work Safety Knowledge Competition



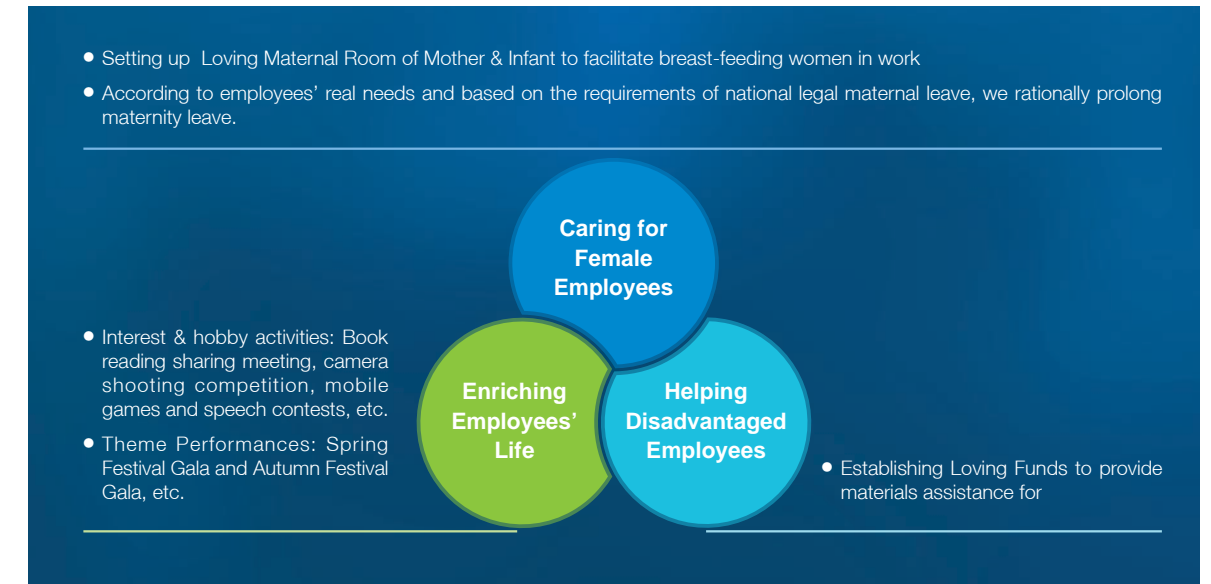
Employees' Firefighting Drills



Self-saving Drills against Spontaneous Combustion of Passenger Car

Caring for Employees

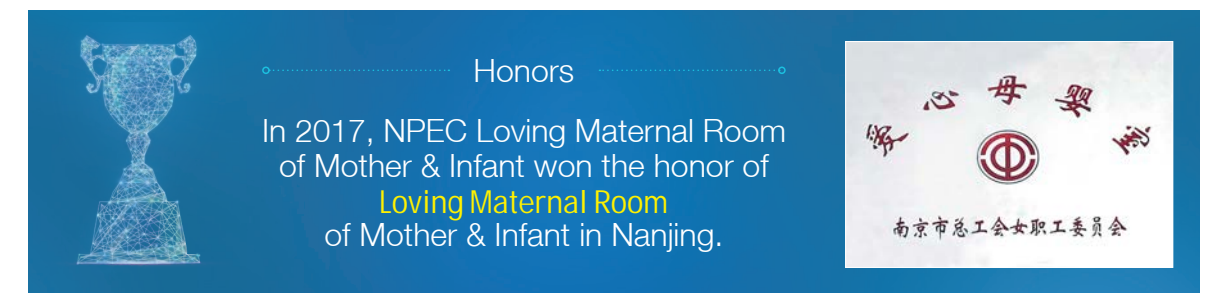
While creating commercial values, we also build a harmonious second home for our employees, creating harmonious, pleasant and joyful working atmosphere and premium living experience for them.



Measures of Caring for Employees in NPEC



Spring Hiking





⚡ Attending the Sports Meeting Organized by the Upper-level Company



⚡ The New Year Gala



The Autumn Festival
Reunion Activity



Women's Day
Themed Activity



Helping Non-Local Employees Integrate Into the Life in Nanjing

To help non-local employees better integrate into the Company and life in Nanjing, the Panda Manufacturing organize the activity of walking out of Nanjing Xingang National High-tech Industrial Park to feel Nanjing every two months, and organizes non-local employees visit scenic spots in and around Nanjing during weekends. Due to job demands, some employees have to stay on their posts during the Spring Festival so NPEC leaders would celebrate the Spring Festival with all colleagues on duty on the New Year's Eve.



⚡ Panda Manufactory organizes Non-Local Employees to Attend the Activity of Walking out of Nanjing Xingang National High-Tech Industrial Park to Feel Nanjing

Protecting Natural Environment

Promoting ecological progress is elevating sustainable development to green development, which is an important development strategy of China in the new era. NPEC implements the development concept of co-existence between humans and nature, actively responds to national calls for promoting green development and nature protection, and building a beautiful China. Focusing on green products, green parks and green industry, NPEC strives to promote the development of the green, low-carbon and circular industrial system.

Environment Management System

NPEC strictly complies with national laws and regulations on environmental protection, implements the principles of energy conservation, emission and pollution reduction, and protection of the earth environment, and has formulated the Quality, Environment and Occupational Health & Safety Manual based on the guidance of standards such as the ISO 14001 Environment Management System Requirements and Application Guide in order to promote the operation of the environment management system within the Company.

We identify environmental impacts exerted by operational activities of production, R&D, products, service, and office work, and formulate targeted management measures to implement effective management and control. During the reporting period, no environmental violation or incident with negative impacts occurred.



100% projects of NPEC completed the environmental impact appraisal and acceptance work



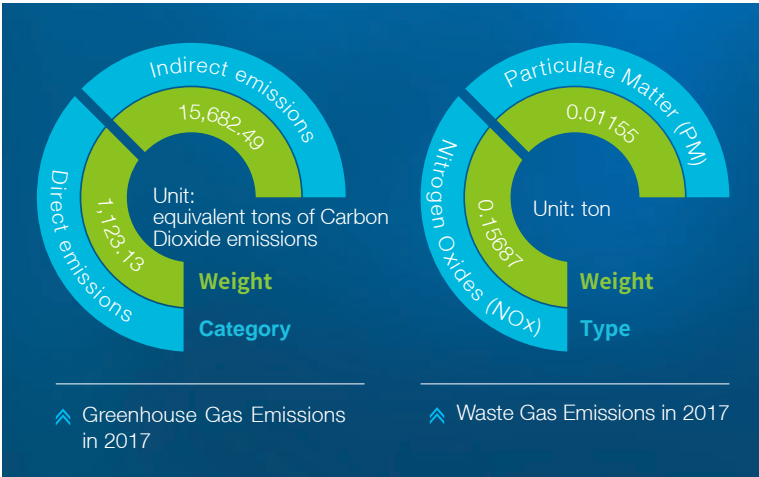
about RMB 2 million invested in upgrading waste water treatment equipment; another RMB 2 million of budget is under planning.

Low Carbon Emission Reduction

Emission Reduction

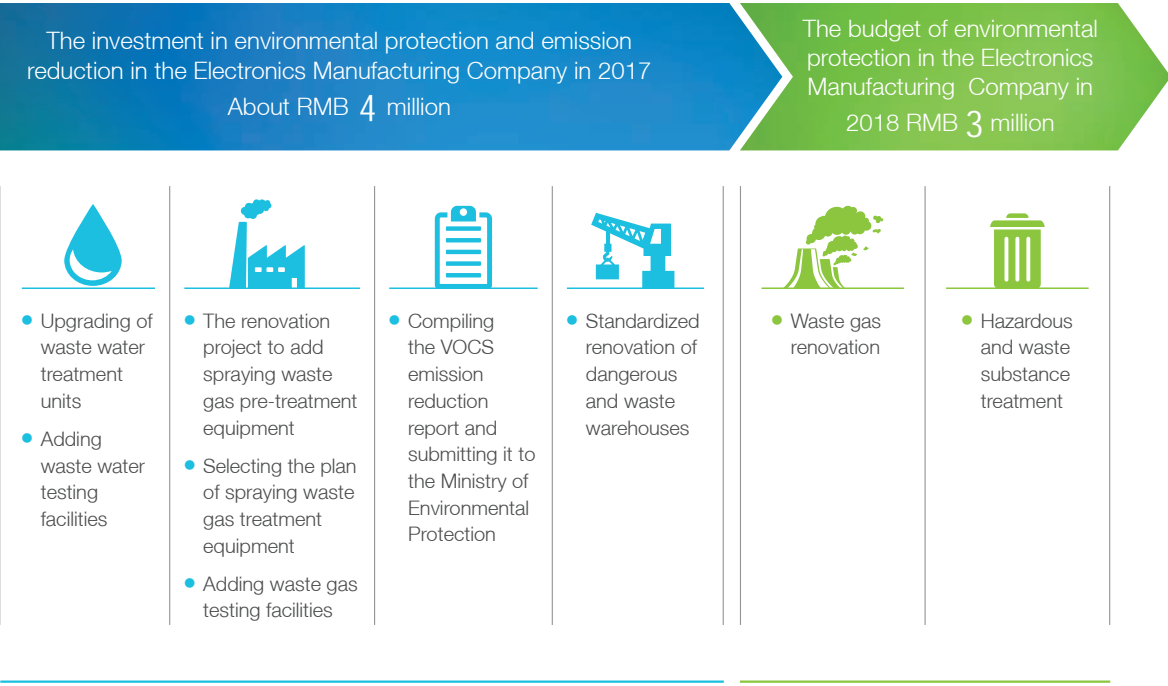
Global climate change has brought about a series of problems on the earth, including sea level rises, temperature increases and extreme weathers, etc. Massive greenhouse gas emissions intensify global climate changes and undermine biological diversity. NPEC divides greenhouse gas emissions into two categories for the sake of calculation. Category I refers to direct emissions of greenhouse gases generated by NPEC-owned or NPEC-controlled businesses, including emissions from natural gas, heavy oil, diesel and gasoline, etc.; Category II refers to indirect emissions of greenhouse gases caused by externally purchased electricity.

For pollutant gas emissions, we build gas burning equipment to implement further treatment.



Waste Management

NPEC advocates green engineering, fully consider possible environmental impacts during product design and R&D stages, prioritize the selection of green and ecological materials to reduce maximal waste discharge, and actively conducts waste recycling to improve resource utilization efficiency.



Measures of Waste Discharge/Emission Reduction in NPEC

Waste Type	Treatment Method
Hazardous waste with no recovery value	Treated by qualified third-party companies
Hazardous waste with recovery value (e.g. solder splash)	Refined after recovery by the raw materials supplier
Non-hazardous waste (e.g. kitchen waste)	Recovered by qualified third-party companies
Solid waste with recovery value (e.g. packages, cardboards, paper boxes, plastic stools)	Recovered by the manufacturer or third-party companies

Waste Treatment Methods

Type	Unit	2015	2016	2017
Oil resistant gloves	Ton	0.5	0.7	0.6
Waste Chemical Paint	Ton	18	18	18
Waste toner cartridge (including waste toner)	Piece	196	275	399
Waste selenium drum	Piece	526	808	1,006
Electric waste such as waste battery	Kg	19	27	21
Waste fluorescent lamp	Kg	262	295	310

Total Hazardous Waste

Type	2015	2016	2017
Paper	2.03	2.02	2.25
Kitchen Waste	30	36	36
Plastics	0.0083	0.0079	0.0039
Metal	0.015	0.017	0.012
Wooden Products	45	40	53

Total Non-hazardous Waste (Unit: ton)

Type	2015	2016	2017
Paper	30.0	48.2	60.0
Plastics	98.0	135.2	183.0
Metal	12.8	10.5	11.0

Total Non-hazardous Waste (Unit: ton)

Sustainable Resource Utilization

Energy Management

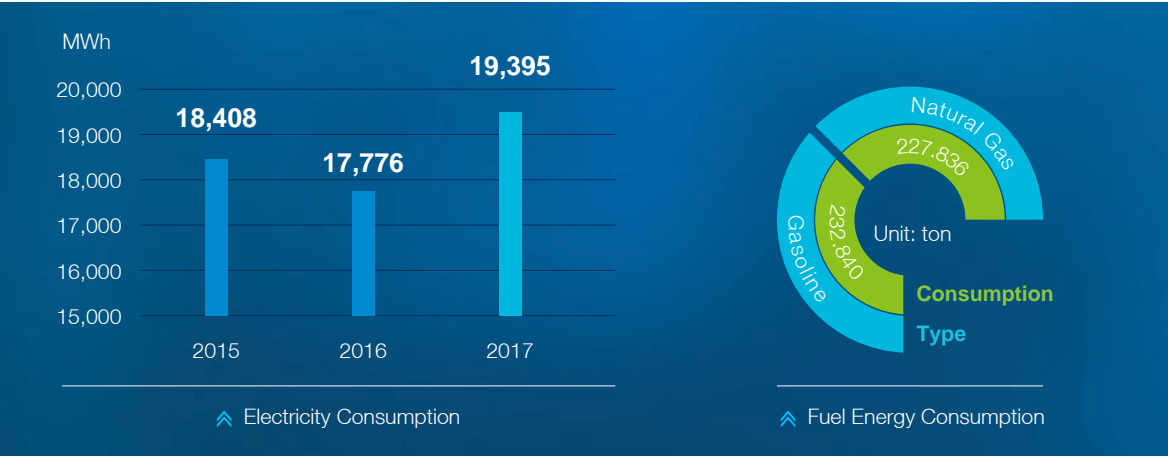
NPEC advocates energy conservation and emission reduction and increases the utilization rate of raw and supplementary materials to save energy resources. NPEC formulates the Regulations on Energy Conservation Management to calculate water and electricity metering in every internal department, and implements smart, centralized control of lighting and air conditioning. We also use electric water boilers with the timer device, energy saving lighting in public areas such as the washing rooms and passageway in office buildings.

Clean Energy Utilization

NPEC pays much attention to clean energy utilization. The first PV power station project in the industrial park, jointly constructed by NPEC and a new energy company, was completed in 2017. Moreover, NPEC realized the grid connection with the municipal power supply system, with the expected average annual generating capacity of 2.61 GWh.



PV Power Station on the Roofs of Panda Electronic Equipment Industrial Park



Water Resource Management

NPEC promotes water conservation. NPEC sets up one independent water meter in each washing room within the work areas, and use sensor faucets taps to avoid forgetting turning off the faucet. Meanwhile, we have also built sewage treatment stations within the industrial park to do sewage testing and treatment. In 2017, NPEC invested over RMB two million in the dining hall sewage treatment project and the spraying waste water treatment project to further enhance sewage treatment.

Type	In 2015	In 2016	In 2017
Water Consumption	196,523	181,190	181,054
Waste Water Discharge	176,871	163,071	162,949
Chemical Oxygen Demand (COD) *	42,760	40,380	39,550

* The data exclude those from Shenzhen Jinghua.

Water Resource Utilization (Unit: ton)

Arousing the Awareness of Environmental Protection

Environmental protection is not only the responsibility of single department, but that of every employee in NPEC. We arouse employees' environmental protection awareness and promote them to practice environmental protection in daily work and life.

Advocating Green Office

We encourage employees to launch voluntary services of community environmental protection, such as collecting water from plastic products , weeding the lawn and promoting low carbon environmental protection in residential communities of Nanjing and on Mount Zijin. NPEC volunteers have participated in the voluntary planting activity themed "I Plant Bamboos for Pandas" in Hongshan Animal Zoo for eight consecutive years, calling for the public to protect the environment and wild animals.

Environmental Protection Campaigns in Community

We encourage employees to launch voluntary services of community environmental protection, such as collecting white trash, weeding the lawn and promoting low carbon environmental protection in residential communities of Nanjing and on Mount Zijin. NPEC volunteers have participated in the voluntary planting activity themed "I Plant Bamboos for Pandas" in Hongshan Animal Zoo for eight consecutive years, calling for the public to protect the environment and wild animals.



NPEC Volunteers Participate in the Activity of "I Plant Bamboos for Pandas"

Supporting Industry Development

As a manufacturing enterprise with diversified development, NPEC has many cooperation partners in upstream and downstream industry chains. We believe that the sustainable development of an enterprise depends on the long-term responsibility fulfillment, cooperation and mutual benefits of these supply chain partners. To this end, we further strengthen social responsibility management of suppliers, enhance communication and cooperation with industrial partners, and promote sustainable development of the industry with stakeholders.

Responsible Procurement

Upholding the principle of open, just and transparent procurement, NPEC improves the supplier appraisal and access mechanism and gradually implements responsible procurement. To promote suppliers to enhance responsibility awareness and fulfillment and help them detect and rectify problems, the Departments of Procurement of our subsidiaries regularly carry out multi-dimensional appraisals of existing and new suppliers every year. The supplier appraisal and access mechanism aims to realize real-time management and comprehensive assessments of suppliers in terms of quality, price, delivery timing, supply conditions, credit, operational situation, etc. of materials or labor provided by them. According to the assessment results, a list of qualified suppliers is formed. For key suppliers or suppliers of special materials, a supplier assessment team is established by relevant functional departments such as the Department of Procurement, Department of Production, Department of Quality, and Department of Research and Development to make on-site assessments of suppliers. When risks occur in suppliers' products or services, we discuss the improvement plan with suppliers.

NPEC encourages all suppliers to be certified by quality and environment management systems. We propose detailed requirements of social responsibility management for suppliers of key products or services. Moreover, we specify in the procurement contract that suppliers' raw materials should meet relevant environmental requirements and that priority would be given to those with fewer environmental impacts.



Regional Distribution of NPEC Suppliers in 2017

Promoting Industry Development

We also take the initiative to establish close cooperation with stakeholders such as industrial partners and scientific research institutes, attend industrial communication activities such as seminars, and participate in the compilation of Technical Standards of Rail Transportation Automatic Clearing Collection System organized by the Ministry of Housing and Urban-Rural Development, making contributions to the development of Chinese electronics information industry.



In November 2017, the 2017 Experience Exchange Meeting of Smart Manufacturing in Electronics Information Industry, organized by the Department of Electronics Information of the Ministry of Industry and Information Technology and co-organized by NPEC, was held in Panda Electronic Equipment Industrial Park.

NPEC subsidiaries also conduct the industry-university-research collaboration. They have established cooperation relationships with dozens of national scientific academies, solved multiple technical problems and cultivated a group of R&D personnel in smart manufacturing industry.



Facilitating the Development of Smart Manufacturing Industry

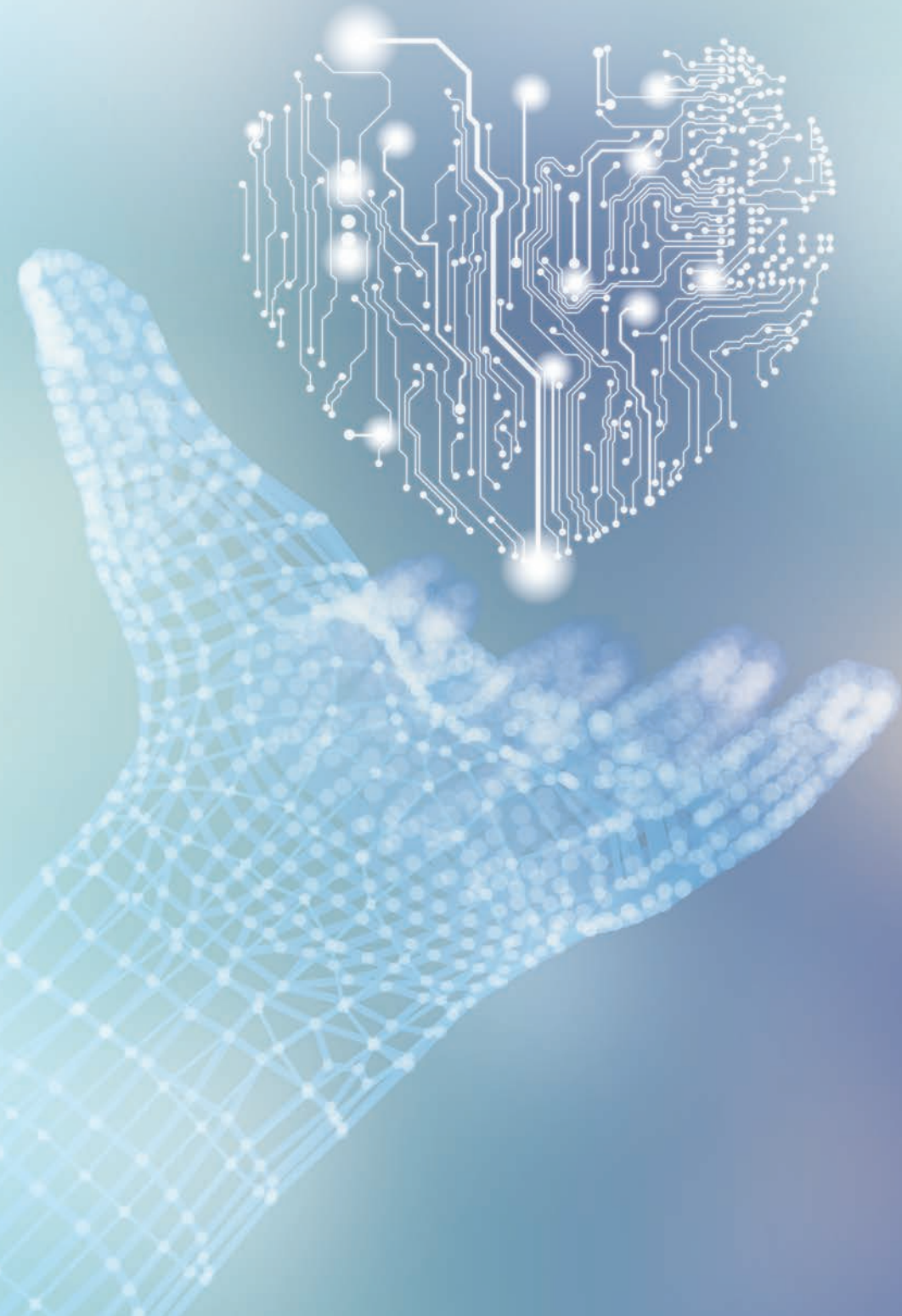
In September 2017, the First Occupational Skills Competition in Nanjing Development Zone and the NPEC Cup Industrial Robots Application Competition, co-organized by NPEC, was held in Panda Electronic Equipment Industrial Park. The competition not only provides business opportunities for high-end intelligent equipment enterprises in Nanjing Development Zone, but serves as a beneficial attempt of new practice models of government-enterprise strategic cooperation, promoting construction of robot localization bases and cultivation of localized robot technicians.



▲ The Opening Ceremony of the First Occupational Skills Competition in Nanjing Development Zone and the NPEC Cup Industrial Robots Application Competition

Engaging in Community

Communities are the soil to nurture the development of NPEC; the understanding and support of the public creates essential conditions and favorable environment for corporate development. Based on the advantage in our main businesses, we identify communities' concerns and appeals and motivate employee volunteers to promote corporate development in order to serve communities' development.



Targeted Poverty Alleviation

NPEC actively responds to national calls for targeted poverty alleviation and takes the initiative to conduct targeted poverty alleviation based on the current operation. According to the requirement of targeted poverty alleviation, NPEC implements assistance policy with a Village in Gaochun District, Nanjing, an economically disadvantaged village. In 2017, NPEC donated RMB 60,000 to provide financial assistance to 60 poor families in the village. Moreover, NPEC gave away RMB 10,000 of subsidies and donated stationery such as school bags and books to ten students from the primary school, junior high school and senior high school through the financial aid programs.

In 2018, NPEC will continue to work on poverty alleviation in the Village, and implements various tasks as required by the central, provincial and municipal governments in promoting economic development, rural income increase and poverty elimination with weak agricultural economy and according to the action goals of poverty alleviation and common prosperity during the 13th Five-Year Plan of Nanjing City.



▲ NPEC Financial Aid Program for Students in Maocheng Village

Eliminating Digital Divide

The Direct-Broadcast Satellite Television (DBSTV) enables communities and individuals to know the world and keep up with the world, thus promoting the development and progress of communities and individuals. In some remote areas, however, due to the unstable power supply and natural environment, the DBSTV is accessible for local residents, forming a digital divide and making the region lag behind further.

NPEC actively takes part in the Household-to-Household DBSTV service project, cooperates with local government, and makes full use of its professional advantages to promote the project. By the end of 2017, NPEC has implemented the Household-to-Household DBSTV service project in 12 areas in Ningxia, Gansu, Xinjiang and Anhui, etc., accumulatively benefiting about 6.7 million people. The contracted construction projects of NPEC were successfully accepted and won recognition from communities and local residents.



▲ On-site Work of the Household-to-Household DBSTV Project in Gansu Broadcast Television

Through NPEC's existing home appliance sales outlets and after-sales service outlets in villages and towns, we establish House-to-Household franchise shops, formulate stringent delivery plans and contingency measures, and ensure timely and safe delivery of equipment to the destination village or town.



We establish the installation service team and organize trainings on construction requirements, information registration and installation skills for them; the installation service team commutes between villages to provide villagers with real-time installation service, answer questions and solve problems for them.

▲ Promotion Measures of the Household-to-Household Project

During the construction of the Household-to-Household DBSTV Project in Gansu, NPEC has fulfilled its social responsibilities to actively benefit farmers through supporting the Project, making positive contributions to the earlier completion of the project.

—The People's Government of Gansu Province



Public Welfare in Community

NPEC pays close attention to the rights and interests of communities, cares for and supports public welfare, and organizes organized and planned community public welfare activities based on its professional advantages.

🕒 NPEC Subway Volunteering Service

NPEC has established a volunteer group consisting of 500 employees and set up platforms and channels to organize volunteering activities. NPEC subway volunteering service is our special activity. Every Saturday afternoon, we organize volunteers to provide subway service in Xi'anmen Station. Each League (Communist Youth League) branches of NPEC take shifts to be responsible for the activity and participate in the activity in different batches. The voluntary activity provides services such as maintaining orders, ticket purchasing guide, helping the elderly and the disabled, and directing the way, etc.



over **1,600** people
helped by NPEC
volunteering groups in
subway service since
2010 **6,400** hours
in total



Voluntary Subway Service

As a new employee representative, I participated in the voluntary subway service. My task was mainly to stand by the ticket selling machine to help those citizens who don't know how to use the automatic ticket selling machine, and help them choose the right subway path, the quickest subway line, and transfer issue. Although the task appears very easy, we volunteers value our contributions; because we just want to help more people in needs. This is also a manifestation of the Spirit of Leifeng, starting helping people with little things.

—Wang Fang, a new employee volunteer of NPEC

Promoting the Employment of Vocational College Students

NPEC actively cooperates with vocational colleges and helps graduates of certain majors find jobs. NPEC has conducted long-term college-enterprise cooperation with an information technology college in Guizhou. For three consecutive years, NPEC has provided internship and employment opportunities for the students of this colleges. A total of 127 students got internship in NPEC and 11 of them signed labor contracts with NPEC. In 2017, NPEC initiated cooperation with a vocational secondary school in Shandong Province to provide internship posts, practice sites and professional skills courses for its students; accumulatively over 400 students were offered internship and 28 of them signed labor contracts with NPEC throughout the year.

Caring for Disadvantaged Groups

NPEC is concerned for disadvantaged groups. While achieving self-development, NPEC helps disadvantaged groups with practical actions. NPEC encourages employees to care for community public welfare, help disadvantaged groups and repay the society through various ways such as visiting the nursing home, helping needy people, donating materials and money to disaster-stricken areas, and organizing activities with public welfare institutions. In 2017, NPEC volunteers participated in the AMITY Foundation Volunteer Carnival for the fourth time and raised money on charity bazaar to help students in Jiangsu and Anhui to receive education.



AMITY
Volunteers and
Recipients



The 10th AMITY Foundation Volunteer Carnival



The Activity of Voluntary Community Visit

Appendixes

HK-ESG Index

Environmental				
Aspect		Description	Response	
Aspect A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	●	P38
	A1.1	Greenhouse gas emissions in total (in tons) and, where appropriate, intensity(e.g. per unit of production volume, per facility).	●	P39
	A1.2	Total hazardous waste produced (in tons) and,	●	P39
	A1.3	where appropriate, intensity(e.g. per unit of production volume, per facility).	●	P40
	A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	P40
	A1.5	Description of measures to mitigate emissions and results achieved.	●	P39
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	●	P40
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	●	P41
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	●	P41
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	●	P42
	A2.3	Description of energy use efficiency initiatives and results achieved.	●	P41
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	●	P42
	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	●	P40
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	●	P38
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	●	P39

Social				
Aspect		Description	Response	
Aspect B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	●	P28
	B1.1	Total workforce by gender, employment type, age group and geographical region.	○	P29
	B1.2	Employee turnover rate by gender, age group and geographical region.	○	P29
Aspect B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	●	P33
	B2.1	Number and rate of work-related fatalities.	○ No death caused by job-related accidents	—
	B2.2	Lost days due to work injury.	○ No data	—
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	○	P33
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	P30 —31
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	●	P30
	B3.2	The average training hours completed per employee by gender and employee category.	○	P30
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have	●	P28
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	○ No violation happened during the reporting period, including child labor or forced labor.	—
	B4.2	Description of steps taken to eliminate such practices when discovered.	○	
Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	●	P43
	B5.1	Number of suppliers by geographical region.	○	P44
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	○ No data	

Aspect B6: Product	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	●	P24
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	○ No data	
	B6.2	Number of products and service related complaints received and how they are dealt with.	○ No data	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.		P10
	B6.4	Description of quality assurance process and recall procedures.	○ No data	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	○ No data	
Aspect B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	●	P9
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	○ No data	
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	○	P9
Aspect B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	●	P46
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	○	P47-49
	B8.2	Resources contributed (e.g.money or time) to the focus area.	○	P47-49

Note: ● means the indicators of “comply or explain” and ○ means the indicators of “suggest to disclose”.

Reader Feedback

Thank you for reading our Social Responsibility Report 2017. We value and look forward to meeting your feedback on our social responsibility performance and this report. Your suggestions and comments will help us continue to improve our corporate social responsibility management and practices. Please complete the form below and send it to us via mail or e-mail.

What is your overall impression of this report?

☐ Very good ☐ Good ☐ Average ☐ Very poor ☐ Poor

How is the structure of this report?

☐ Very good ☐ Good ☐ Average ☐ Very poor ☐ Poor

How about the readability of this report?

☐ Very good ☐ Good ☐ Average ☐ Very poor ☐ Poor

How is the disclosure of topics to your concern?

☐ Very comprehensive ☐ Comprehensive ☐ Partial related ☐ Few information
☐ No related information

What kind of additional information do you expect to see in the Report?

Is there any suggestion on our CSR performance or this report?

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