

PANDA 熊猫

2020

Nanjing Panda Electronics Company Limited

SOCIAL RESPONSIBILITY REPORT



About This Report

Reporting Period

This report is the 11th CSR report released by Nanjing Panda Electronics Company Limited (NPEC). The timeframe for the information and performance mentioned in the Report is from January 1, to December 31, 2020. Additional information that pre-dates the stated reporting period or presents the policy and practice of Nanjing Panda Electronics Company Limited in 2021 and some practices of Panda Electronics Group Co., Ltd. is also included.

Reporting Boundary

Nanjing Panda Electronics Company Limited and our 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

- Electronic Equipment Company refers to Nanjing Panda Electronic Equipment Co.,Ltd.
- Information Industry Company refers to Nanjing Panda Information Industry Co., Ltd.
- Electronics Manufacturing Company refers to Nanjing Panda Electronics Manufacturing Co., Ltd.
- Communications Technology Company 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.
- Electronics Technology Development Company refers to Nanjing Panda Electronics Technology Development Company Limited

In addition, "CEC" refers to China Electronic Corporation and CEC Panda refers to Nanjing Electronics Information Industrial Corporation in the report.

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 false representations, misleading statements, or material omissions, warrant the truthfulness, accuracy and completeness of the content of this report, and jointly and severally accept responsibility.

Compilation Conformance

This report is prepared in accordance with Appendix 27 the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Ltd., *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/T 36001-2015 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

2020 marked the decisive year for building a moderately prosperous society in all aspects, the final year of China's 13th Five-Year Plan and the starting year of the 14th Five-Year Plan. Under the leadership of the Party committee and the Board of Directors of NPEC, together with the joint efforts of all employees and stakeholders, we have achieved remarkable results in terms of economic, environmental and social benefits over the past year.

We ensured excellent operation to achieve economic growth. In the field of intelligent manufacturing, we explored new markets such as shoe making, new energy, new and high-tech equipment, etc., becoming the first and the only manufacturer of the advanced-generation overflow substrate glass production line equipment in China. We completed the design and implementation of intelligent production solutions and key intelligent equipment for cold cement shoe manufacturing factory, and built an intelligent manufacturing information system. In the field of smart city, we worked hard on the application of 5G, cloud platform, face recognition, mobile payment in rail transit, and have made breakthroughs in big data business. In the field of electronics manufacturing, we focused on customer demand and accelerated the transformation to component assemblies, aiming to realize the expansion from brown goods to white goods and automotive electronics.

We prioritized ecological protection to safeguard our environment. To achieve energy saving, consumption reduction, as well as quality and efficiency improvement, we did our best to minimize pollution, and protect the environment, striving to build a green and low-carbon circular economic development. Having passed the environmental management system re-certification, we advocated green office to reduce greenhouse gas emissions, and strengthened waste management. We launched various community-level environmental activities, calling on the whole society to engage in ecological conservation. We also promoted responsible procurement. Our procurement contract requires raw materials to meet relevant environmental protection standards, and we give priority to raw material suppliers with low environmental impact, so as to drive more partners to care about

the environment and take actions. In 2020, our environmental protection input amounted to RMB 1.874 million, and no major environmental pollution accidents occurred.

We put people first to share a better life. Talents are the core resources of the Company. By leveraging the role of a large state-owned enterprise, we fully protected the legal rights and interests of employees while providing them with competitive salary and welfare, promising platforms for career development, and the healthy and safe workplace. We developed together with all stakeholders, carried out cooperation and exchanges with industry partners and research institutes to lead and promote the development of the industry. We gave back to the society by supporting targeted poverty alleviation, devoting into social welfare undertakings. During COVID-19, we made every effort in pandemic containment as well as offering support for the worst affected areas, with 10,000 masks donated to Jiangsu Province Hospital. In 2020, the average income of on-the-job employees increased by 5.5% year on year, and our employees provided a total of 72,000 hours of voluntary services.

It's time to forge ahead. In 2021, NPEC will continue to uphold the vision of high-quality, sustainable development and promote transformation and upgrading to build an innovative development pattern. Together with stakeholders, we will create a better life!

Xia Dechuan
Executive Director and General Manager of
NPEC

About Us

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

We have passed the ISO 9001 certification and established a thorough quality management system and an advanced enterprise management information system. We have also formed a comprehensive technical innovation system with eight municipal-level technology organizations, newly established Nanjing Research Center of Intelligent Engineering of Industrial Line and the Technology Center of Nanjing Panda Information Industry Co., Ltd., taking the lead in scientific research and development in China. 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. Our main subsidiaries have been rated as high-tech enterprises or software enterprises.

By the end of 2020, NPEC has 10 subsidiaries with 3,247 employees.



▲ NPEC Headquarters Science Park in Zhongshan East Road

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, new energy technologies and automotive electronics with an annual production capacity of more than 10 million sets and mainly providing ODM services for international famous electronics information 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 Industrial	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, electronic books and 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, and 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, packaging equipment and other general equipment, equipment of social public safety and other equipment and molds; computer software development and system integration services

▲ Main NPEC Subsidiaries

2020 Key Performance



Total assets:
RMB **6.002** billion



Investment in work safety:
RMB **6.4392** million



Operating revenue:
RMB **3.952** billion



Investment in environmental protection:
RMB **1.874** million



Net profit:
RMB **117.7812** million



Total employees:
3247



Technological investment:
RMB **248.8682** million



Proportion of female employees:
30.83%



Patents applied: **99**
Invention patents applied: **45**



Suppliers:
1,237



Licensed patents: **78**
Licensed authorized invention patents: **18**



Training hours per employee:
25.75



Customer service satisfaction:
98.85%



Voluntary services:
450 personnel



Energy consumption of per operating revenue:
0.12 TCE/RMB 10,000



Total voluntary services:
72,000 hours



Carbon emissions of per operating revenue:
0.072 tons/RMB 10,000

Strategy and Governance

Corporate Strategy

2020 was the final year of the 13th Five-Year Plan. NPEC continued to implement the development strategy formulated in its 13th Five-Year Plan: it strived to become the first-class leading company in China's electronics information industry that can provide core products and systems solutions of new smart cities, the industry leading core equipment and system solutions for green and advanced electronics manufacturing service, with independent key technologies, increasing brand value and the overall value, and higher return on investment.

Being future-oriented, we will formulate industrial development strategy during the 14th Five-Year Plan period with high standards. Based on the national strategy of "accelerating digital development to build a digital China", we will focus on the industries of digital cities, industrial Internet, and service-oriented manufacturing, promote industrial strategic transformation and management innovation, and strive to create new achievements at the new starting point.

Strategic goals

Become the first-class leading company in China's electronics information industry that can provide core products and systems solutions of new smart cities, the industry-leading core equipment and system solutions for intelligent manufacturing and green and advanced electronics manufacturing services, with key independent and controllable technologies, increasing brand value and the overall value, and higher return on investment

Strategic plans

Develop the system integration services and complete system equipment for smart factories

Promote the four core businesses of smart city: intelligent transportation, safe city, intelligent building and informative network equipment

Develop electronics manufacturing services with capabilities to realize intelligent, flexible, lean manufacturing

Strategic guarantees

Institutional mechanism

Technological innovation

Fund raising

Human resources

Improved management

Brand promotion

Entering overseas markets

Merger & acquisition

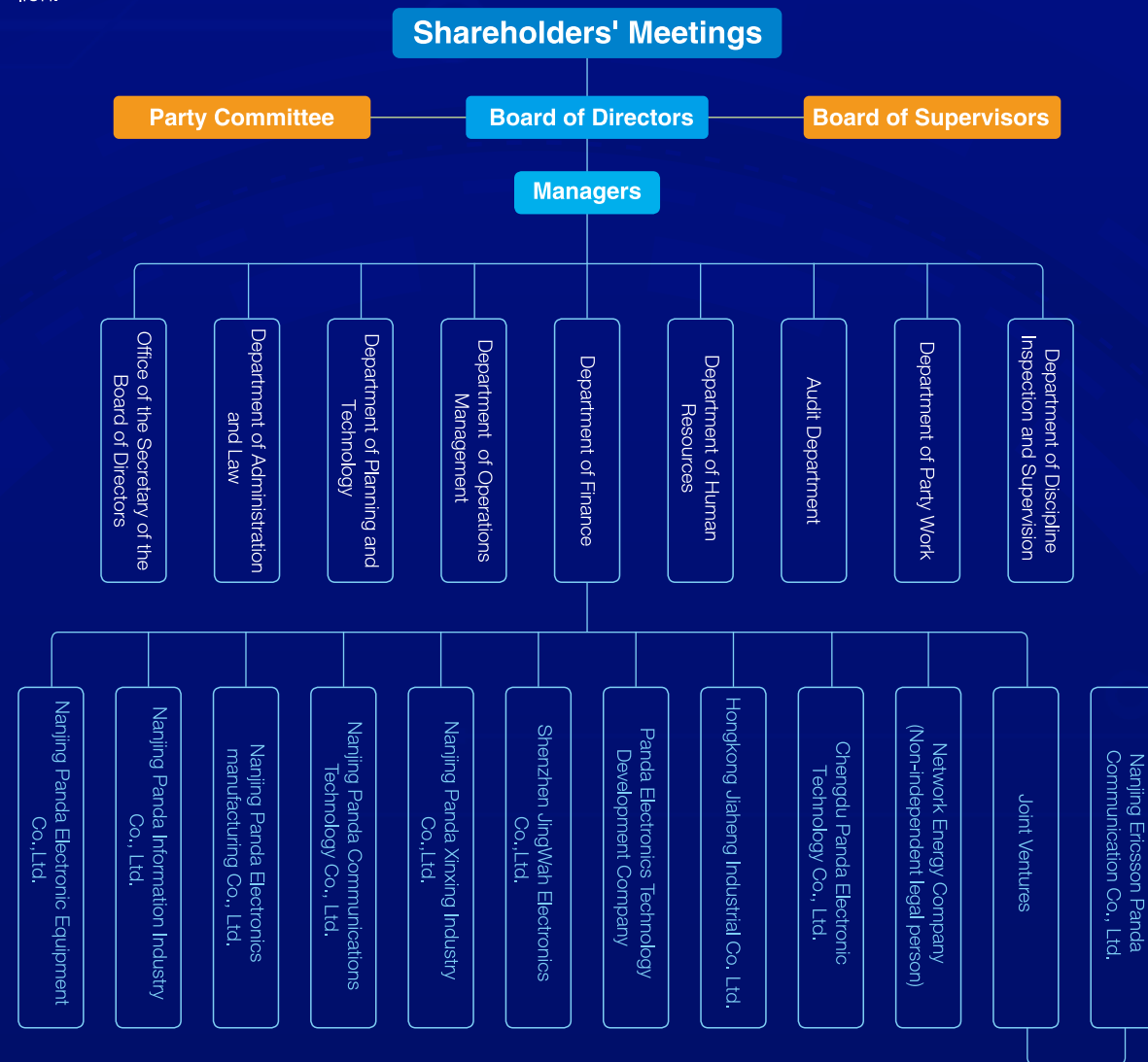
Strengthening market value management

▲ Strategic framework

Corporate Governance

NPEC is committed to improving the corporate governance structure. In accordance with laws and regulations such as the *Company Law* and the *Securities Law*, and the provisions of China Securities Regulatory Commission (CSRC) and Securities & Futures Commission of Hong Kong on corporate governance. The Company continuously improves risk management and internal supervision system as well as revises rules and regulations in light of our actual situation, striving to improve standardized management with high standard of governance.

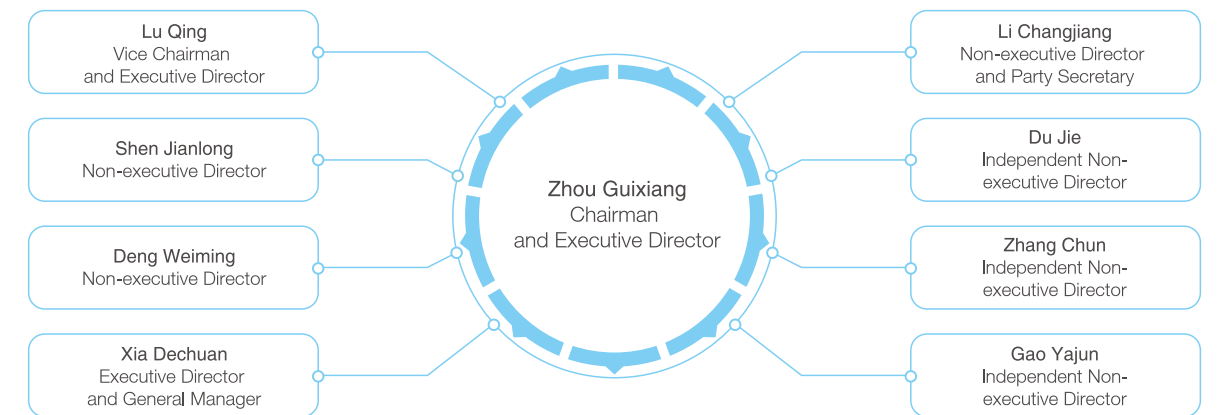
In 2020, the Company continued the lean management to help improve quality and efficiency for high-quality development. We revised and released the *2020 NPEC Assessment Rules of Comprehensive Lean Management (Reducing Cost and Improving Efficiency)*, forming a new comprehensive lean NPEC culture covering all employees. We facilitated the construction of SAP-ERP system project phase II. The internal review was completed, thus realizing the truthful and accurate sharing of business data. In addition, we finished the initial audit of information system construction and service capability assessment and the second audit of ITSS, effectively improving our production and operation efficiency as well as management and control ability. In our Three Improvements Action, 222 projects were set up throughout the year, generating a benefit of nearly RMB 20 million.



▲ Organization structure

○ Directors, supervisors, senior managers

The Board of Directors of NPEC is composed of nine directors, including three executive directors, three non-executive directors and three independent non-executive directors. Independent non-executive directors account for one third of the Board.



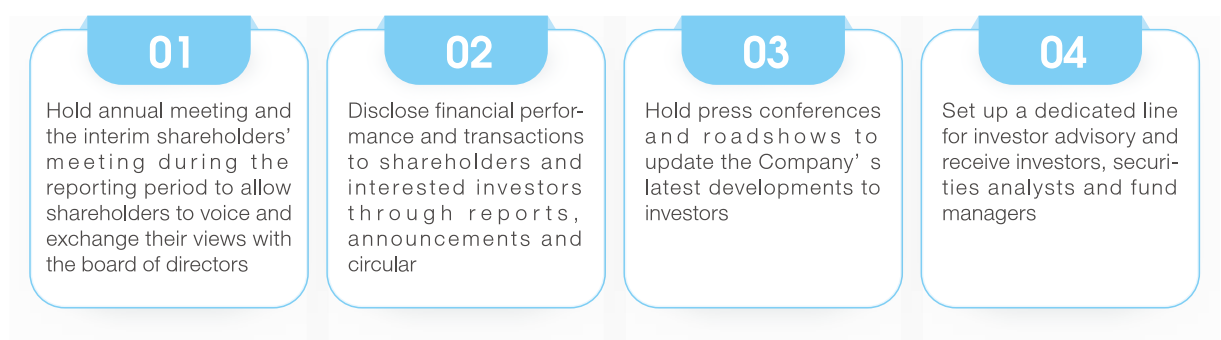
▲ NPEC Board

○ Board of Directors

The Board of Directors is the executive arm of the Shareholders' Meetings, from which its power originates. It is responsible for convening the Shareholders' Meetings and reporting to and implementing the resolutions of the Shareholders' Meetings, and deciding the production and operation plan as well as the investment plan of the Company. The Board of Directors is composed of Audit Committee, Nomination Committee, Strategy Committee, Remuneration Evaluation Committee, all of whom assist the Board of Directors in major management affairs, and provide decision-making suggestions, system evaluation and implementation supervision. In 2020, the Company held 4 shareholders' meeting, 11 board meetings and 5 meetings of Board of Supervisors.

○ Shareholder-investor relationship

NPEC attaches great importance to investor relationship management. In accordance with the regulatory requirements of exchanges, it discloses true, accurate and complete information, and maintains good interaction with shareholders and investors. To deliver important information of NPEC to shareholders and investors timely, we keep communication with shareholders and investors via reports, telephone, Internet, fax, SSE E-interactive and other channels so as to enhance the transparency of operation and strengthen investors' understanding and recognition of the Company. In 2020, 54 announcements were issued, 3 roadshows and 5 shareholder/investor communication meetings were held.



▲ Main communication channels for shareholders and investors

Risks Management and Compliance

NPEC pays special attention to the improvement of Party conduct, integrity building and anti-corruption work. We strictly abide by laws and regulations including *Rules of Integrity and Self-discipline of the Communist Party of China*, the *Supervision Law*, and *Rules on Integrity of Executives of State-Owned Enterprises*. We also hold the annual Conference on Party Conduct, integrity building and Anti-Corruption, and strengthen daily supervision to provide guarantee for the sustainable, healthy and stable development of the Company. Since 2018, a total of 128 talks with middle-level officials prior to appointment had been held, and 15 responses have made on Party conduct and integrity building. In 2020, the Company carried out 43 anti-corruption trainings, covering 2,485 participants.

Improving working mechanisms

The Company established an accountability system, signed the letter to comprehensively strengthen Party discipline and the integrity letter with Party organizations at all levels. All middle-level managers signed the Commitment to Incorruptible Practice. We formulated the *Key Points for Fostering Clean Governance and Anti-Corruption Work in 2020*, decomposed the annual work tasks, formed a table of monthly key work breakdown in light of the Company's actual situation. We checked and evaluated the implementation of the Party conduct and integrity building responsibility system of all units. A coordination group on Party conduct, integrity building and anti-corruption work was established to hold regular meetings and promote the implementation of all works.

Strengthening anti-corruption education

The Company carried out Discipline Publicity Month on Integrity campaign. By sending supervision reminders, reporting typical cases, and holding Party Day activities with the theme of anti-corruption warning and education, we effectively strengthened the integrity awareness of officials and personnel in key positions to build the ideological basis of "do not want to commit corruption". We gathered the Company's middle-level officials or higher to watch the anti-corruption warning and education film *The Transformation of Soul* to educate the officials to hold discipline in awe and respect and do not cross the line. Before major festivals, Party members are reminded of the importance of being honest and clean so as to strengthen the anti-corruption awareness.

Enhancing problem rectification

Based on the self-inspection routine, we organized personnel twice to check the materials according to the problem list made by previous inspections, so as to ensure that effective measures are taken, and to strengthen the long-term mechanism of the inspection and rectification. The Company organized personnel to supervise and inspect the implementation of the system of performance and business expenses and the compliance of expense reimbursement of middle-level officials, and required quick correction of problems found in the inspection.

Conducting special inspections

By examining the warehouse and the ledger, and talking with the relevant persons in charge, the Company carried out special inspection on the use of valuable specialty resources for personal gain, the purchase of local specialty products or gifts with public funds in the name of canteen procurement for gift giving. After the festival, we launched supervision and inspection on the use of official cars, business entertainment expenses reimbursement as well as reception and dining in the internal canteen to curb any violations. We strictly prevent and control the risk of integrity. In 2020, a total of 40 integrity risk points were updated, and 128 prevention and control measures were developed.

▲ Key measures for anti-corruption and integrity in 2020

We continue to strengthen the comprehensive risk management system and regularly assess the effectiveness of risk management and internal control systems, thus developing a complete procedure and a mechanism to deal with major risks or internal control deficiencies. The Company's Board of Directors is fully responsible for setting up risk management objectives and policies, and assumes ultimate responsibility for those objectives and policies. The Company has set up the risk management and internal control committee to review the risk of major events, and jointly arrange, promote and assess the work including rule of law, risk control, compliance, internal control and accountability.

In 2020, the Company strengthened comprehensive risk management. We analyzed the causes and consequences of 32 risk issues, and formulated risk management countermeasures. We compiled the *Risk Management Report* and the *List of Major and Important Risks* to make clear the units and personnel that are responsible for risk management, and followed up on a regular basis. The legal review rate of major and important contracts reached 100%. There were nearly 3,000 participants in various types of law publicity campaigns.

Information Security

NPEC values the confidentiality of customer information, strictly abides by relevant national laws and regulations on the protection of privacy of customers as well as the Company's *Regulations on Trade Secrets Protection*. In accordance with the requirement of the *Use and Maintenance of Information Systems*, we implement the level-by-level approval management of information system access permissions to standardize the management of tools, actions and processes of information carriers. In 2020, we did not receive complaints about violations of customer privacy.

In 2020, the Company promoted informatization construction in accordance with the *2019-2021 NPEC Information Development Plan*. We added the *ERP System Operation and Maintenance Management*, revised the *Informatization Management* and the *Regulations on the Use and Maintenance of Information Systems* to standardize informatization management and guide the work of information security. The Company strictly limited the access rights of information system users, and strengthened the network security awareness and network protection ability to guarantee information security and create a good atmosphere of compliance management. In 2020, the Company launched the cyber security attack and defense drill phase II, and no network security incidents occurred throughout the year.

Intellectual Property

To protect intellectual property is to protect innovation, and that is an essential step to build a modern socialist country in an all-round way. NPEC values the protection and application of intellectual property rights, seeing innovation and effectiveness as the basic principle of patent application and management. The Company formulates the *Management Measures for Patent and Copyright*, and incorporates the patent and copyright work into the technological management objectives and work systems of each subsidiary. The Company compiles the *Three-Year Action Plan of Patent Work*, a three-year working plan of the Company's intellectual property rights. In 2020, the Company held a symposium on patent work, and formulated the *Patent Work Plan* to improve the quality of intellectual property declaration. The Company's system and business processes involving patent and trademark was also revised, thus strengthening patent maintenance, and increasing the proportion of basic patents and core patents. In addition, we set up a review team to check the application of invention patents. In 2020, the Company was not involved in any intellectual property infringement.

The Information Industry Company implements the GB/T 29490-2013 *Enterprise Intellectual Property Management* to standardize our management. It also achieved informatization management of intellectual property work and the full life-cycle management of intellectual property under the guidance of a professional third-party organization.

Key Performance:



99 patents applied and **78** patents licensed in 2020



45 invention patents applied and **18** patents licensed in 2020



11 panda trademarks applied for protection and **2** fake cases cracked down throughout the year

Technological Innovation

Innovation is the first driving force to lead the development. NPEC promotes innovation, adheres to independent innovation, and constantly improves our technological innovation system. In 2020, the Company established the Smart City R & D Center and the Artificial Intelligence R & D Center. Two scientific research and technology centers at the municipal level or higher were newly established, namely the Nanjing Research Center of Intelligent Engineering of Industrial Line approved by the Nanjing Development and Reform Commission and established by Electronic Equipment Company, and the Technology Center of Nanjing Panda Information Industry Co., Ltd. approved by the Nanjing Bureau of Industry and Information Technology. 13 projects passed the technical appraisal above company level, which further enhanced the Company's core competitiveness and injected strong momentum into the Company's high-quality development.

We improved the technological innovation reward mechanism to stimulate the enthusiasm and initiative of scientific and technological personnel.



We increased investment in technological innovation, improved R&D and innovation capabilities, and created a good environment for technological personnel to innovate.

We strengthened the introduction of technological talents and team building, and provided smooth channels for talent growth and promotion.

Focusing on our main product and technology lines, we cooperated with external scientific research institutes, universities and enterprises to carry out technological innovation.

▲ Key measures to inspire NPEC's technological innovation

Key Performance:

- RMB **248.8682** million invested in R&D, a total of **839** members in the R&D team
- **8** science and technology awards from the provincial and municipal governments, industry associations and CEC
- "Key Technologies and Applications of Cognitive Display with Ultra-High Spatial and Temporal Resolution" project won **the first prize** of Jiangsu Province Science and Technology Award
- Key Technologies and Applications Of 5G Heterogeneous Wireless Access Network and Integrated Networks" project won **the second prize** of Jiangsu Province Science and Technology Award
- "Panel Display Intelligent Manufacturing System and Maintenance Innovation" project won **the third prize** of Jiangsu Province Science and Technology Award
- "AFC Key Technology Research Program Based on Mobile Payment Gate Passing" project won **the second prize** of Jiangsu Province Scientific and Technological Innovation Award
- "LTEIPH Passenger Emergency Communication Equipment for Urban Rail Transit" and "NPEC Provincial Emergency Broadcasting Platform" projects won **the third prize** of 2020 CEC Science and Technology Progress Award
- "Ticket and Card Localization of AFC Ticketing System of Rail Transit" project won **the bronze award** of the first Compatible System Innovation and Application Competition of China Information Industry Association
- "Special Vehicle Intelligent Management Platform Based on BDS + 5G" project won **the outstanding award** of CEC's "i +" Modern Digital City Innovation and Entrepreneurship Competition

Party Building

NPEC always adheres to the principle of strict governance over the Party. We incorporate Party building into the Company's Articles of Association and implement various key tasks of Party building. By integrating Party building into our production and management, we guarantee for the Company's reform, development and stability. We have completed and signed the *Party Building Responsibility Letter*, organized activities, such as the education campaign on the theme of "Staying true to the Party's founding mission", "Eight ones" education activity, and Party lectures, and advanced the "Contribution to Lean Management" pioneering action for Party members. We also enhance the self-study of Party members' political theory knowledge in various forms such as Xuexi.cn, Lanxin and CEC's media. The Xuexi Knowledge Challenge and the Knowledge Contest on the Guiding Principles of the Fourth Plenary Session of the 19th CPC Central Committee are held. We also innovate in the Party building to develop Party building topics and practice projects and strengthen party members' learning. In 2020, the Company's Party committee organized 10 intensive learning. The annual intensive learning of each primary Party branch was no less than 56 hours, and the annual intensive learning of Party members was no less than 32 hours. 49 Party Building research and practice projects were approved, and the annual Party building activities reached 1,847 hours, with 10,266 participants involved.



▲ Xuexi Knowledge Challenge



▲ Party lecture on "inheriting the red gene and strengthening the Party belief"



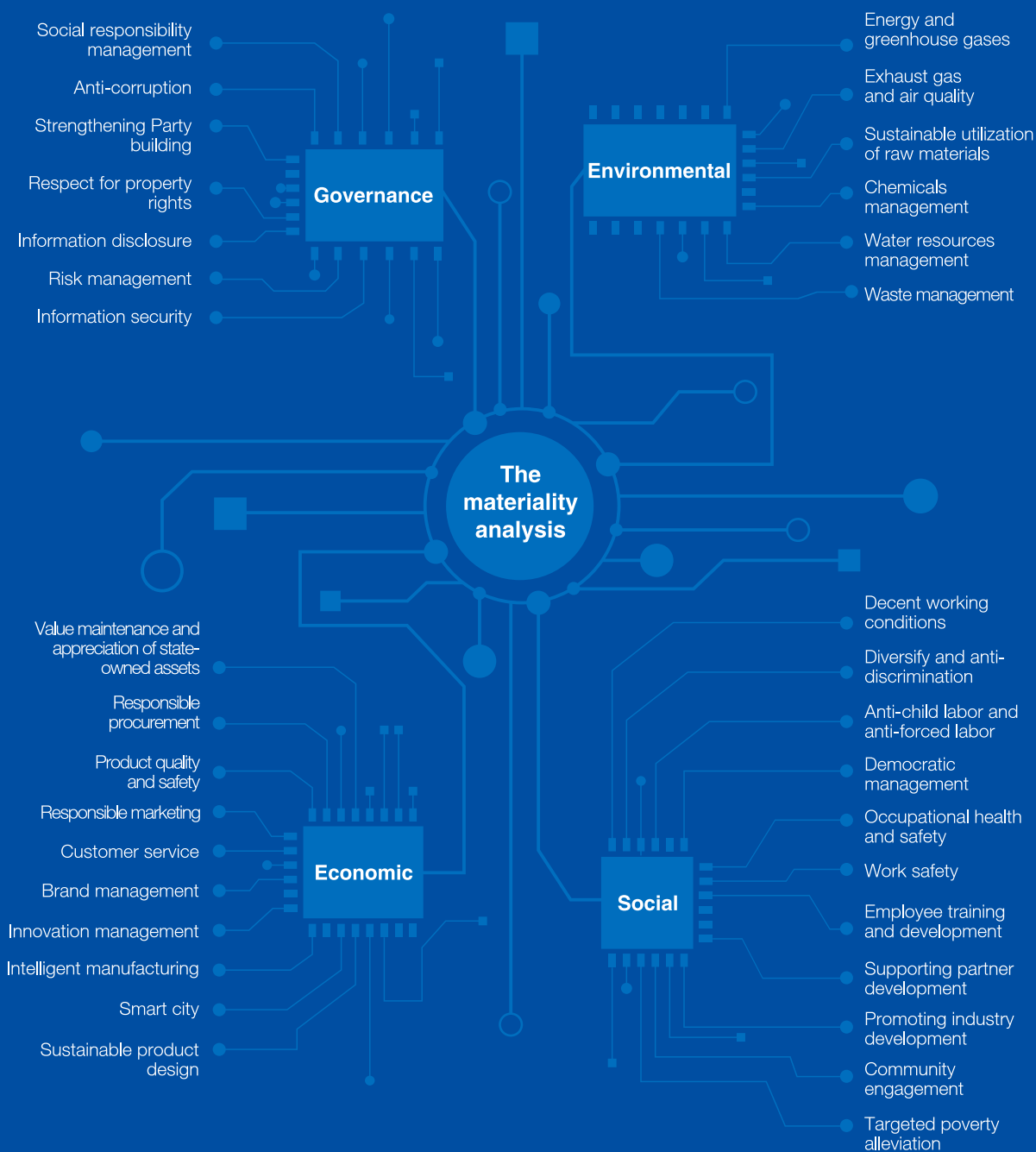
▲ Reviewing the Party oath

Social Responsibility Management

We work hard to provide customers with high-quality products and services, and create a safe and decent workplace for employees. Strictly following the requirements of relevant regulatory authorities, we regularly disclose social responsibility information every year to improve the transparency of operations. Via communication with stakeholders, we can understand and respond to their expectations and demands and work together for value creation. Targeting key social responsibility topics, we make clear the management direction and action objectives, and constantly integrate the CSR concept and requirements into the Company's operation and daily management, so as to promote sustainable development.

Materiality Analysis

Materiality analysis is the core and foundation of social responsibility management and disclosure. In 2020, based on the hot topics, national policies and industry trends and other background information, the Company comprehensively analyzed and sorted out the material topics library by means of interviews and questionnaires, and confirmed material topics of the Company after discussion of the Board of Directors.



Stakeholder Engagement

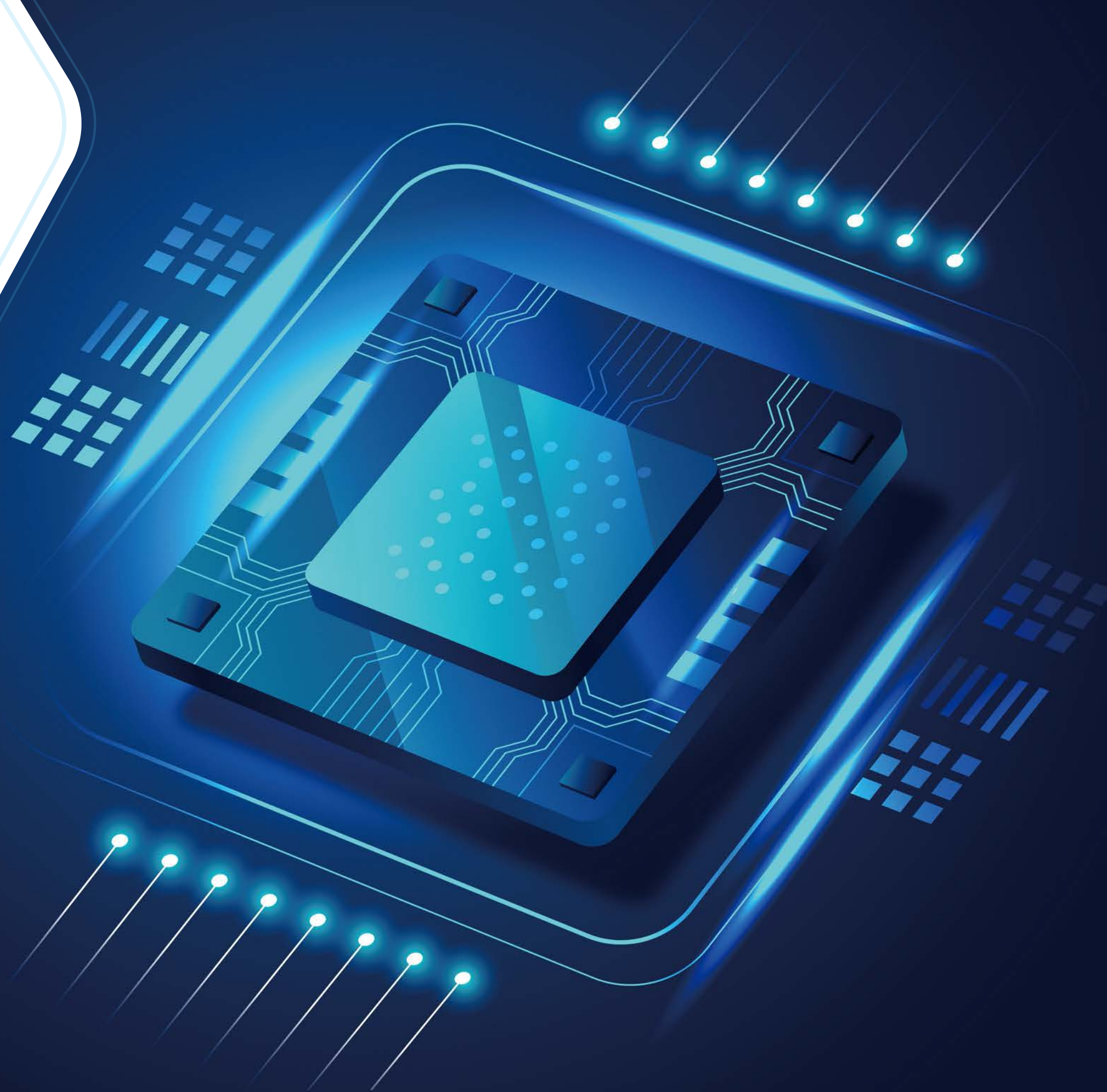
The identification and engagement of stakeholders are vital to the Company for its social responsibility management and practices. Stakeholder communication facilitates our better understanding of the economic, environmental and social impact of the Company's production and operation, and makes the information open and transparent. Meanwhile, the process helps to enhance the cooperation with stakeholders, thus contributing to the sustainable development.

Stakeholders	Expectations and Demands	Communication Approaches	Response and Measures
Shareholders and Investors	<ul style="list-style-type: none"> Return on investment Knowing the Company's operations 	<ul style="list-style-type: none"> Shareholders'meeting Regular reports SSE E-interactive Visitor survey 	<ul style="list-style-type: none"> Timely and accurate disclosure of operations and major issues Following the basic principles of responsible management Sustainable returns to shareholders and paying cash dividends
The Government	<ul style="list-style-type: none"> Law-abiding operation Paying taxes according to law Promoting employment Implementing governmentpolicies Energy conservation Resources saving Ecological protection 	<ul style="list-style-type: none"> Accepting supervision Information reporting Working meeting Government-enterprise cooperation 	<ul style="list-style-type: none"> Abiding by laws, regulations and policies Paying taxes Providing jobs Responding to the national strategies Improving environmental management Targeted poverty alleviation
Customers	<ul style="list-style-type: none"> Quality products and services Knowing the product and service 	<ul style="list-style-type: none"> Customer satisfac-tion survey Customer service call center 	<ul style="list-style-type: none"> Providing safe, convenient and quality products and services Continuously improving customer satisfaction Continuous R&D investment Improving customer communication channels Product and service description
Employees	<ul style="list-style-type: none"> Protecting employees' rights and interests Good welfare and development opportunities A healthy and safe working environment Having the democratic right of participation 	<ul style="list-style-type: none"> Labor Union Employee Represen-tative Congress Employee sugges-tion box 	<ul style="list-style-type: none"> Signing a collective contract Smooth employee promotion channel Safety and health management Regular Employee Representative Congress
Suppliers	<ul style="list-style-type: none"> Win-win cooperation Open and fair principle Keeping commitments 	<ul style="list-style-type: none"> High-level meeting Supplier Conference Questionnaires 	<ul style="list-style-type: none"> Public procurement information, fair procurement Honoring all contracts
Communities	<ul style="list-style-type: none"> Supporting social welfare Creating jobs for the community 	<ul style="list-style-type: none"> Volunteer platform 	<ul style="list-style-type: none"> Carrying out public welfare and volunteer activities
The Industry	<ul style="list-style-type: none"> Fair competition Promoting industry progress 	<ul style="list-style-type: none"> Peer cooperation University-enterprise cooperation 	<ul style="list-style-type: none"> Participating in industrial activities Improving R&D capability

▲ Stakeholder communication and response

Keeping Up with the Trend: Serving Society with Professional Advantages

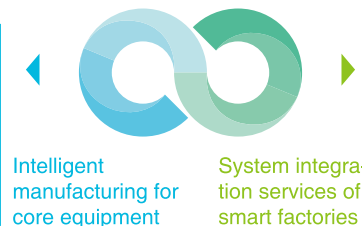
Leveraging out professional advantages to respond to social needs, we concentrate our superior resources to the three core industries of industrial Internet and intelligent manufacturing, new smart city, and service-oriented electronics manufacturing. We deepen technological innovation, and fulfill our social responsibility by enhancing our core business capabilities and providing product service solutions while improving our economic and social benefits. This process advances the high quality and sustainable development of the Company as well as the society.



Industrial Internet Intelligent Manufacturing

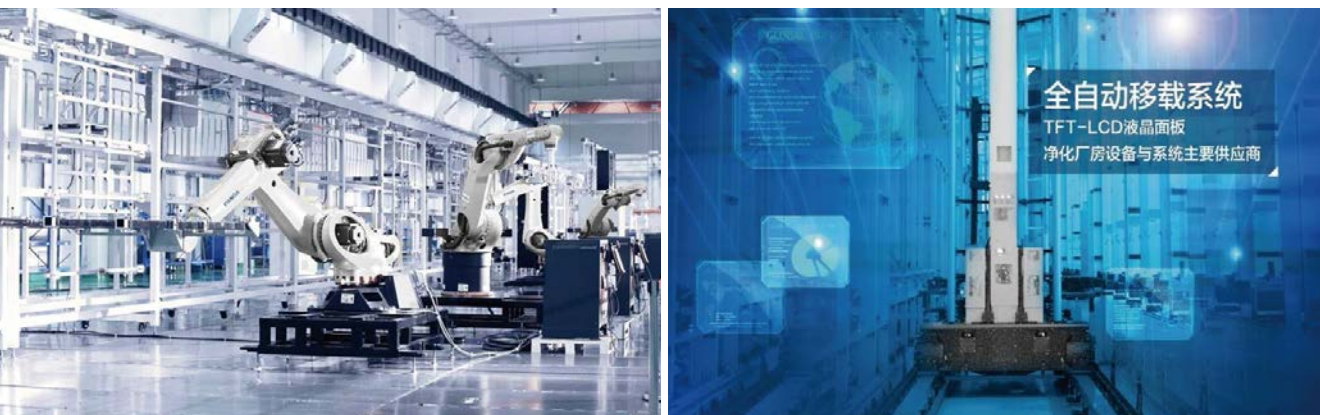
As the core of a new round of scientific and industrial revolution, intelligent manufacturing is constantly delivering new technologies, new formats and new models. In the field of industrial Internet, NPEC deepens the application of 5G and edge computing technology, improves intelligent manufacturing information software and the performance of self-developed industrial robot products so as to build an intelligent manufacturing information technology system and provide high-quality industrial Internet and intelligent manufacturing system solutions for manufacturing. We participate in the development of industrial Internet application platform, provide the government and industrial parks with one-stop industrial Internet network building services, and collaborate with enterprises related to CEC Industrial Internet. In 2020, the industrialization project of the Electronic Equipment Company's Rainbow overflow G8.5 + Substrate glass production line project passed the appraisal, becoming the first and the only manufacturer of the advanced-generation overflow substrate glass production line equipment in China. We also completed the design and implementation of intelligent production solutions and key intelligent equipment for cold cement shoe manufacturing factory, and won the bid of North Huian intelligent transformation project.

Driven by technological innovation and the new generation of information technology, we broke the technological monopoly of high-generation LCD panel and glass production line transmission system in the field of intelligent manufacturing, and have mastered the ability to develop new display production line equipment systems.



Through independent and cooperative R&D, we built the industrial Robots Platform, the "iMANUF" Intelligent Manufacturing Platform, the Artificial Intelligence Platform and the Cloud Computing / Industrial Big Data Platform to facilitate customers to achieve their dream of "smart factory".

▲ Key businesses in the intelligent manufacturing sector



▲ NPEC has become the company with the largest business volume and the most comprehensive technology in Chinese mainland

The first fully automatic power battery ternary material intelligent production factory in China

In order to solve the problems of low automation, low production efficiency, low product yield and low efficiency of information interconnection faced by lithium-ion battery cathode material manufacturers, NPEC established an intelligent factory for power battery cathode materials. By using industrial robots, the factory realizes the automatic control of key processes of production line and facilitates the transparent sharing of the whole process of manufacturing and management information. It is the first unmanned factory for battery material in China.

New Smart City

Smart city is a new development trend of urban informatization. As an important force of new local infrastructure construction, NPEC, guided by the construction of new smart cities, uses new-generation information technologies such as artificial intelligence, Internet of Things, cloud computing and big data to develop the business clusters with smart transportation as the core, including safe city and smart Park. The businesses, like electro-mechanical general contracting of urban rails, public security of safe cities and urban management, are main breakthroughs to make the city more intelligent and life more wonderful.

In 2020, the Information Industry Company officially established the Smart City R & D Center, completed the application and research of 5G, cloud platform, face recognition, mobile payment integration in the field of rail transit. It also finished the design and development of AFC system's key technology and application based on multiple integrated payments, and started from scratch the big data center business. The Communications Technology Company made progress in mobile video gateway products, UAV line of sight measurement and control system, and DS satellite terminal products etc. In 2020, we won 6 new bids for rail transit AFC and communication projects, and 30 smart building projects.



▲ NPEC signs the 5G industrial chain partners contract with China Mobile Nanjing Branch and Nanjing Metro to give full play to their business innovation advantages in 5G field and jointly cultivate and accelerate 5G industrial chain, building Nanjing Metro into a model of "5G smart Metro" in China



▲ The CCTV expansion project of Nanjing Metro Line 1, constructed by NPEC, has been put into operation, marking Nanjing Metro Line 1's "high definition era" and boosting the development of Nanjing Metro

Technological innovation meets the needs of citizens for convenient travel

In November 2020, the Wuxi Metro's fare clearing system and payment platform project undertaken by the Information Industry Company was officially launched. Taking "openness, inclusiveness, innovation, and win-win results" as the design concept, the company created the representative Wuxi Metro Mobile Payment Cloud Platform 2.0 based on the characteristics of Wuxi Metro and the first Metro Mobile Payment Platform 1.0 launched in 2016 in China. The Wuxi Metro mobile payment cloud platform supports APPs such as Alipay, Mashangxing, and Wuxi Citizen Card to pass the turnstiles. In the future, it will be connected to third-party APPs such as UnionPay and Lingxi to create smart transportation and facilitate citizens' travel.

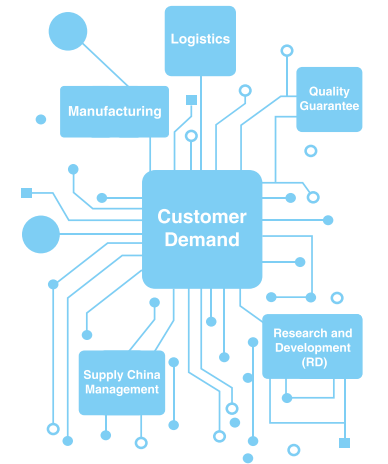
In version 2.0, the design team adopted new concepts to further enhance the extensibility and user experience of the original payment platform. It uses the "private cloud" architecture and has "internal and external" extensibility. It not only meets the demands of Wuxi Metro's expanding network with access to Line 3 and Line 4, but also meets the expanding demand of the current payment methods by supporting the access of Alipay and UnionPay. Compatible with the original APP Mashangxing, the platform 2.0 enables its millions of users to pass the turnstiles without switching APP. It becomes the first metro cloud payment platform with independent innovation technology in China, achieving the overall one-click switching when all lines in the city are in normal operation.



▲ The research result "development and application of smart city rail network collaborative command platform" completed by NPEC wins the second prize of China Urban Rail Transit Science and Technology Progress Award, and it has been successfully applied to Nanjing Metro Network Command Center (NCC) project, thus further enhancing the Company's comprehensive strength and core competitiveness in Urban Rail Transit Network Command Center

Service-oriented Electronics Manufacturing

NEPC strives to build an advanced service-oriented electronics manufacturing system. The Company focuses on the development of green electronics manufacturing services that can realize intelligent, flexible and lean production, and also provides complete ODM services such as technology R&D, process design, procurement management, production and manufacturing, warehousing and logistics to fields like new display, automotive electronics, communications, new materials, and new energy. With these efforts, we strive to form a complete industry chain, promote industrial transformation and upgrading, and make breakthrough in the general assembly capacity of special communication machine and intelligent communication terminal machine, so as to grow into a first-class manufacturer of electronic products serving brands both home and abroad.



▲ The Electronics Manufacturing Service (EMS) System

In 2020, the Electronics Manufacturing Company completed the development of the automation and intelligent line of the assembly workshops, which helped to reduce the personnel by 60%, improve the production efficiency by 6%. The company also realized the mass production of automotive electronics and white goods.



▲ NPEC has the world-class injection molding machines of all kinds, with exquisite injection molding technology, mature production technology and stable production capacity to meet the needs of different customers



▲ NPEC gives full play to the R & D and innovation ability of SMT business to combine the advantages of SMT and injection molding business for deeper industrial collaboration and extended business model, which will promote the transformation of product structure from components to modularization, and further improve its market competitiveness

Making Joint Efforts: Cooperating with Stakeholders for More Values

On the path towards sustainable development, NPEC always maintains harmonious relationships with customers, employees, the environment and industry, communities and other stakeholders to enhance equal dialogue and cooperation. We create a better life in the new era by actively fulfilling corporate social responsibility.

Improving Customer Experience

Customer-centered, we continue to strengthen product quality management, improve customer service management and enhance brand management. To improve customer satisfaction, we work indefatigably to offer innovative, high-quality products and considerate services to meet the diverse needs of customers.

Strengthening Quality Management

Quality is very crucial for an enterprise. Based on the quality principles of “technology leading, scientific management, quality upmost, customers first”, NPEC has formulated the *Quality Management Regulations* and established the ISO 9001 Quality Management System covering all subsidiaries. The Company strictly follows up the product qualification rate and customer satisfaction, and comprehensively improves its quality management. In 2020, the Company improved the digital quality data collection system, and carried out activities such as QC group, quality innovation, and quality month. Appropriate quality management personnel were assigned to strengthen quality supervision.



Key Performance:

- **98.85%** qualification rate of robot products
- **100%** qualification rate of automation equipment products
- **96.64%** qualification rate of rail transit products
- **100%** qualification rate of engineered products delivered
- **100%** batch qualification rate of chips in electronics manufacturing service

The Information Industry Company passes the five management system certifications

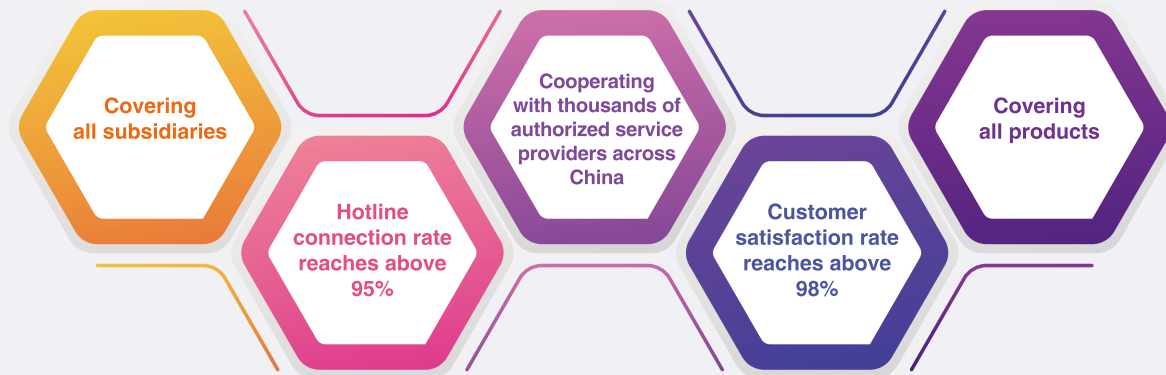
In 2020, the Information Industry Company successfully passed the certifications of five management systems including quality, environment, occupational health and safety, information security and information technology service.

In this certification review, the three systems of quality, environment, occupational health and safety are recertification. The management systems of occupational health and safety and information technology service are audited by updated standard, among which the quality management system has been audited for 7 consecutive years without any non-compliance. After the review, the company's management system is considered to be effective, and meets the requirements of the application standards for certification.

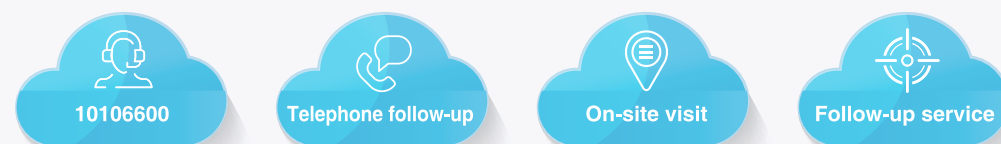
In recent years, in order to meet the market demand, the company has focused on the improvement of information technology construction capacity for long-term development. It rearranges and improves the original process from personnel, resources, technology, process and environment to realize standardized management. Based on that, it continuously improves the service capacity and service level of information system to provide customers with standardized information system development and service. The certification of the five management systems demonstrates the capability of the company to offer high-standard, high-quality and reliable information system development and service.

Improving Customer Satisfaction

NPEC has continuously enhanced its service awareness, 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 Company provides 24-hour hotline service, and meanwhile accepts service complaints and applications from the Company's website, e-mail, other websites and media. We conduct customer satisfaction survey and analysis through follow-up phone call, make improvements based on customer opinions, and provide door-to-door service according to the needs of customers.

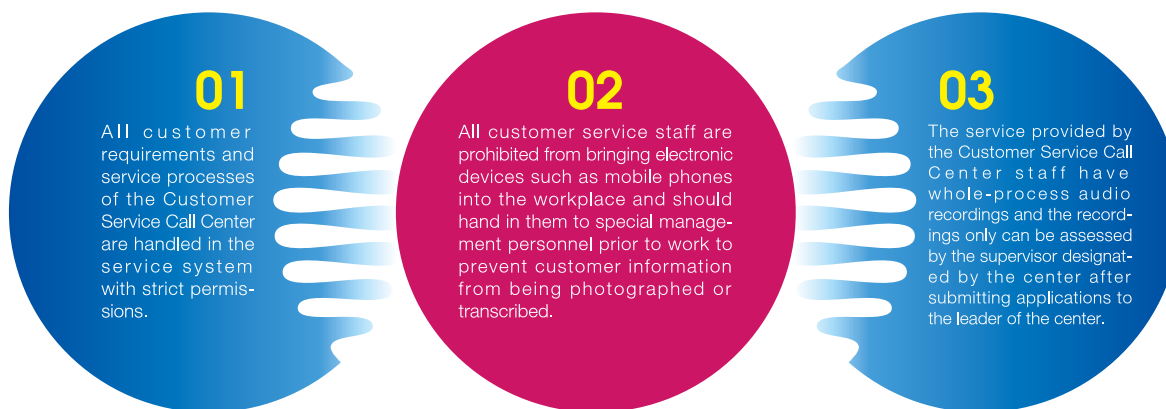


▲ The Service Coverage Of Customer Service Call Center



▲ Forms of customer service

To protect customers' rights and interests is an important corporate responsibility. NPEC, 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*, implements product warranty services of repair, replacement and refund and gives quickly response to various needs of customers. In addition, the Company has developed the *Regulations on Business Secrets Protection* to provide strict protection of customer privacy.



▲ Strict measures formulated by the Customer Service Call Center to ensure customers' data security

Strengthening Brand Promotion

Branding is an important channel to strengthen communication with external stakeholders. Through traditional media such as *China Electronic News*, *Nanjing Daily*, *Oriental Vanguard* and *xdkb.net*, and internal media the *Electronic "Worker's News"*, NPEC has continuously increased its internal and external promotion; the Company also carries out in-depth cooperation with *Nanjing Today*, Baidu, Sina, Sohu, Netease and other online media, as well as e-commerce platforms such as JD. com, Tmall, and Pinduoduo. In addition, the Company actively participates in industry exhibitions, pays attention to safeguarding its rights and interests, and comprehensively improves the competitiveness of products so as to establish a good brand image. In 2020, 17 reports about NPEC were published by traditional and new media such as JSTV, *Nanjing Daily*, *Jiangsu "Workers' Daily"*, the website of the State-owned Assets Supervision and Administration Commission of the State Council, *zijin-shan.org* and *yangtse.com*.



▲ NPEC booth on Yangtze River Delta High-tech Visual& Audio Expo 2020



Facilitating Employee Growth

Talents are valuable resources for the development of enterprises. Being people-oriented, NPEC respects employees, takes good care of their physical and mental health, ensures their work welfare, and provides vocational trainings and diversified cultural and sports activities while creating a safe and harmonious working environment. We strive to achieve the goal of common development of employees and the Company.



Employee Rights and Wellbeing

The Company protects the legitimate rights and interests of employees. In strict accordance with laws and regulations in China, such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, we pursue a fair, just, transparent and non-discriminatory employment policy, and have formulated the *NPEC Management Document* and *Management Measures for Labor Relations*. We sign labor contracts with our employees based on equality, voluntariness and unanimity through consultation and ensure compliance through democratic management forms such as disclosing factory affairs, Employee Representative Congress and wage collective negotiation system.

We are committed to creating a diversified, fair and just working environment. In strict accordance with the laws and regulations in China, such as the *Law of the People's Republic of China on the Protection of Disabled Persons*, the *Labor Law of the People's Republic of China*, *Special Provisions on Labor Protection of Female Workers in Jiangsu Province*, and *Regulations on Population and Family Planning of Jiangsu Province*, we bear no tolerance to any discrimination in employment directly or indirectly caused by race, gender, ethnicity, social status, color, age, religious belief, language, culture and disability. We also prohibit child labor, and say no to any form of forced labor, harassment or abuse.

Constitute		2018	2019	2020
Gender	Female	1,183	1,087	1,130
	Male	2,324	2,369	2,117
Employment types	Senior Management	8	10	9
	Middle Management	139	139	136
	Primary-level Employees	3,360	3,307	3,102
Age	30 years old and below	999	1,112	893
	31-40 years old	1,063	913	902
	41-50 years old	1,038	797	802
	51 years old and above	407	634	650

▲ Gender distribution of employees、 Employment types and Age distribution (Unit: person)

Employee turnover rate		2018	2019	2020
Gender	Female	1.96	8.74	1.95
	Male	9.4	6.67	6.34
Employment types	Senior Management	0	0	10
	Middle Management	0	0.72	3.6
	Primary-level Employees	10.36	7.62	8.06
Age	30 years old and below	7.83	18.01	4.91
	31-40 years old	2.45	4.01	2.14
	41-50 years old	0.078	3.24	0.53
	51 years old and above	0	3.39	0.71

▲ Employee turnover rate-Gender distribution of employees、 Employment types and Age distribution(Unit: %)

○ Improving the welfare guarantee

In compliance with the relevant documents such as the *Collective Wage Contract*, *Regulations of Jiangsu Province on Wage Payment*, and the *NPEC Management Document*, the Company pays employees in full and on time, improves the employee compensation system, and implements the salary increase mechanism through negotiation. We provide employees with competitive compensation and benefits, and accept the supervision of the government's labor supervision department. We pay endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and housing provident fund for employees in strict accordance with national policies and regulations to ensure that employees fully enjoy social security benefits. Complying with laws and regulations such as the *Measures on National Annual Leaves and Memorial Days*, the *Implementation Measures for Paid Annual Leave for Employees*, and the *Management on Working and Rest Hours*, we protect employees' right to rest, and provide benefits with company features to employees based on actual conditions.



▲ Multi-level Compensation & Benefits Guarantee System of NPEC



▲ NPEC holds the 2020 collective contract inspection and 2021-2022 collective contract negotiation meeting to effectively safeguard the legitimate rights and interests of employees

NPEC improves the quality of life of employees. The Company has established canteens, clinics, activity rooms, supermarkets, baby care rooms, reading rooms, gymnasiums and other service venues in all industrial parks, continuously improves employee satisfaction, and makes employees feel the cares from the NPEC family.



▲ NPEC Staff Library

For employees in special positions, the Company fulfills its social responsibilities, fully considers expectations and demands of these employees, and provides festival visits, special subsidies, and assistance allowance. NPEC Labor Union visits retired employees, on-duty employees during the Spring Festival, annual advanced employees and non-local employees, and front-line production employees during high-temperature days annually on a regular basis. In 2020, the Company distributed 933 heatstroke prevention supplies and purchased 100 copies of the *New Work Safety Law* and 100 copies of the *Heatstroke Prevention Handbook for Staff* for employees.



▲ NPEC pays visits to employees

Key Performance:

- Labor contract signing coverage **100%**
- Social insurance coverage **100%**
- Health examination coverage **100%**
- Total wages of NPEC increased by **0.75%** year on year
- 2020, NPEC visited **391** employees in need
- 2020, RMB **797,500** of relief fund issued to employees with urgent needs

○ Democratic communication

The Company pays attention to the role of employees in democratic management, participation and supervision. NPEC has formulated systems such as the *Democratic Management Regulations* and the *Management Measures for Employee Representative Proposals* and established the NPEC Labor Union and the system of employee representative congress. In order to promote democratic management, the Company has expanded democratic communication channels and established a working mechanism for employee representative inspections, thus protecting employees' rights to know, participate, express and oversee. Through the staff suggestion box and WeChat group, we listen to the staff's opinions. We also hold the consultation meeting, dialogues with the general manager and the meeting of the main persons in charge of the Party affairs, politics and labor unions to encourage employees to give suggestions for NPEC's development. In 2020, we received all employees' feedback on the proposals.



▲ NPEC Staff Symposium

Key Performance:

- In 2020, the average income of on-the-job employees increased by **5.5%** year on year, achieving the goals stipulated in the *Collective Wage Contract*

Training and Development

It is hard for an enterprise to achieve leapfrog development without efforts in personnel training. NPEC values employee 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 industrial development.

○ Improving talents recruitment system

With the rapid development of NPEC in advanced industries such as intelligent manufacturing, we have seen stronger demand for talents. In order to pool more industry elites amid the COVID-19 pandemic, the Company has proactively explored a new model of platform recruitment. In 2020, we revised the *Management Measures for Talents Recruitment*, released recruitment information via multiple channels including Zhaopin.com, Liepin, Iguopin.com, and other mainstream recruitment platforms, and timely forwarded the information about virtual job fairs of 198 colleges and universities across the country. And we organized platform agreement renewal, resource integration, and trainings. In addition, we further improved our talent pool and had a dialogue with Nanjing University of Aeronautics and Astronautics to develop a joint training program for management personnel.

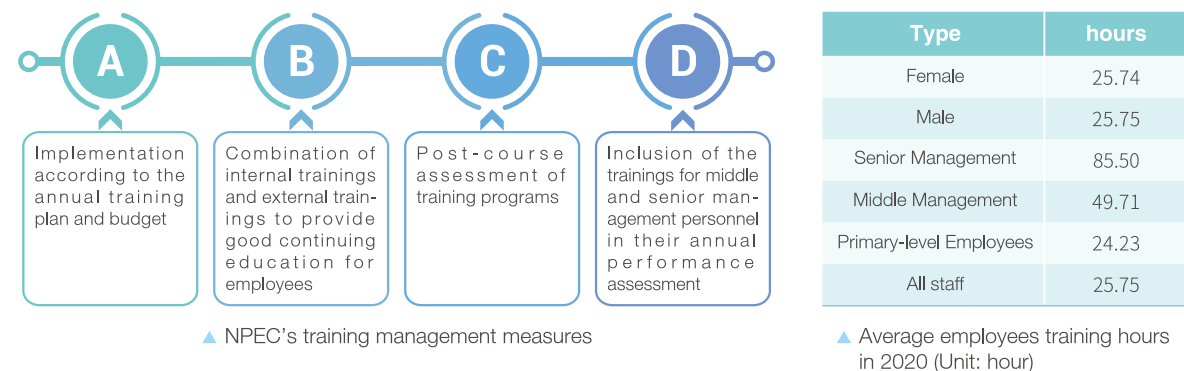


Key Performance:

- In 2020, we organized **11** campus job fairs and recruited **164** new employees. Among them, **100** hold a bachelor's degree or higher, **17** hold a master's degree, and **39%** of new graduates are from "double first-class" colleges and universities or studied "double first-class" majors

○ Developing talented personnel

In 2020, the Company continued to build talent teams in line with talent development planning and industrial planning. We formulated and improved the *Management Measures for Employee Training* and the *2019-2021 Talent Development Plan*. In preparing job descriptions, we clarified the qualifications for each position. We focused on safety training, the capability building of R&D personnel, management personnel and highly skilled personnel, and the development of young officials, promoting corporate development while advancing talent development.



Mentor-mentee pair promotes common development

The Communications Technology Company held a mentor-mentee pair ceremony to give full play to the mentoring role of key employees, improve technical skills and career development of young employees, and build a team of employees with good faith, qualifications and discipline. At the ceremony, 18 mentor-mentee pairs were formed.

After signing the mentoring agreement, the representatives of the mentor-mentee pairs delivered a speech. The representative of mentors reviewed his work during the previous years, and expressed that he will disseminate all of his work experience and skills to his mentee. The representative of mentees expressed gratitude to the Communications Technology Company and his mentor, and promised that he will learn from his mentor and improve skills to promote high-quality development of the Company.



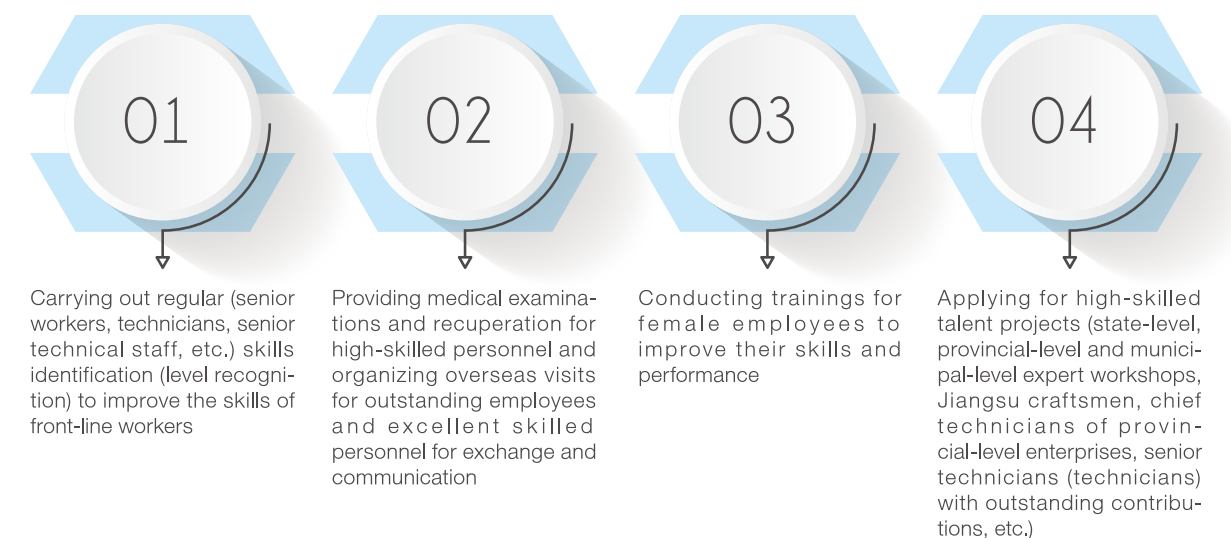
▲ Holding the mentor-mentee pair activity

Key Performance:

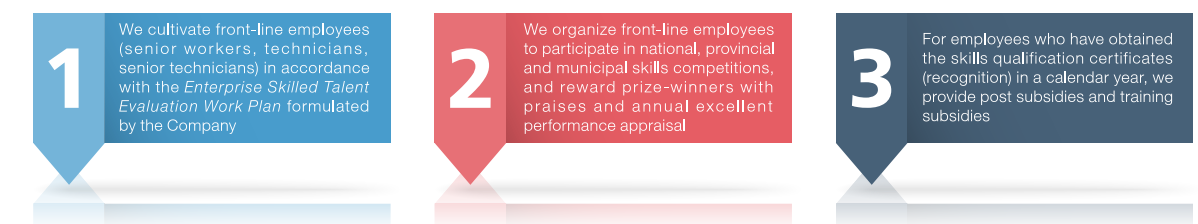
- We held **456** training sessions of various kinds, with more than **10,856** participants
- We conferred the professional titles for **16** employees, middle-rank professional titles for **31** employees, and junior professional title for **66** employees. We had **12** new senior workers, **3** technicians, and **4** senior technicians
- The coverage rate of employee training in 2020 was **100%**

○ Strengthening the training of skilled personnel

NPEC attaches great importance to building a skilled talent team, carries forward the spirit of model workers and craftsmanship, and strives to cultivate a group of knowledge-based, skill-based, and innovation-based talents. We encourage employees to establish innovation concepts and thus have set up innovation application & reporting channels, such as the NPEC Labor Union and the Science and Technology Association. Meanwhile, we promote the transformation of scientific research results and continuously improve the technological innovation rewarding mechanism. In addition, we launch or participate in various drills, skill trainings and competitions annually, endeavoring to develop interdisciplinary talents and improve the overall competitiveness of the Company. In 2020, 20 employees received awards in city-level competitions or higher and 2 employees were awarded Nanjing's Craftsman and Jiangsu's Craftsman.



▲ NPEC's policies on improving employees' knowledge and skills to fulfill job responsibilities



▲ NPEC's employee skill improvement program and transition assistance program



▲ “Model Workers’ Talk with Young Employees” live streaming



▲ “Quality and Inspection” skills competition



▲ Employee skills competition

Key Performance:

- We have **2** State-level Technical Expert Workshop, **3** Province-level Technical Expert Workshops, **5** City-level Technical Expert Workshops
- We carried out various staff skill training and skill competition for **4** sessions with over **175** participants
- We completed the review of **7** senior technical experts from D5 companies or higher and the review and approval of **18** D6 technical experts
- A total of **10** skilled talents participated in various skill competitions and won awards
- We have **1** new state-level expert workshop leader, **5** national technical experts, **1** central SOE technical expert, and recommended **1** employee to receive the title of Jiangsu's Craftsman

Occupational Health and Safety

NPEC pays much importance to employees' occupational health and safety. The headquarters and 6 subsidiaries have passed the on-site external audits of quality, environment, and occupational health and safety management, upgrading the three major management systems successfully. By strengthening the personnel, facilities, technology, and institution defenses, we have safeguarded employees' lives and property security. In 2020, we prepared the *Three-year Action Plan of NPEC for Work Safety Inspection and Improvement*, and signed the *Work Safety Responsibility Letter* with responsible persons of our specialized companies, so as to ensure work safety responsibility is implemented effectively at all levels. We organized 59 work safety inspections and 16 safety emergency drills, and launched work safety and training activities such as Safety Month, Work Safety Month and “11.9” Firefighting Day. Additionally, we continued the Ankang Cup competition. Totally, 4,220 participants from 178 teams attended these activities. No major safety incidents happened throughout the year.



▲ NPEC holds the mobilization meeting for the work safety inspection and improvement campaign and Work Safety Month



▲ NPEC conducts safety inspections



▲ Fire drill and evacuation



▲ Interpreting employee health examination results and first-aid training

Key Performance:

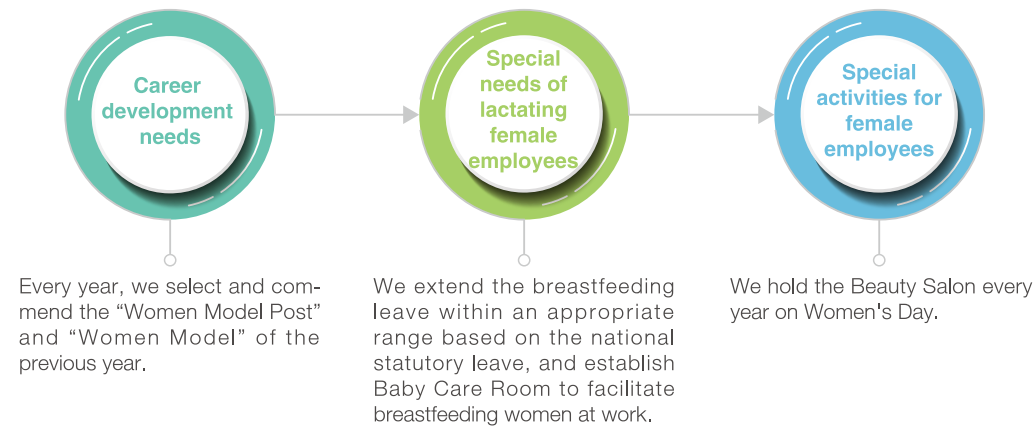
- In 2020, we invested RMB **6.4392** million in work safety. The safety trainings covered **2,208** participants
- NPEC was recognized as “**Nanjing Safe Enterprise**” and “**Youth Work Safety Demonstration Enterprise in Jiangsu**”

Creating a Harmonious Working Environment

We actively create a harmonious “NPEC home” for our employees and continue to promote the growth of female employees. Diverse activities are provided to build a delightful working environment.

○ Caring for female employees

In accordance with the *Special Provision on Labor Protection of Female Workers in Jiangsu Province*, NPEC ensures equal employment opportunities for female employees and safeguards their legal rights and interests. We organize exclusive activities for female employees in an effort to improve their sense of happiness at NPEC.



▲ NPEC's measures to care for female employees



▲ Model Female Employees Selection activity



▲ Women's Day celebrations

○ Enriching employee spare-time life

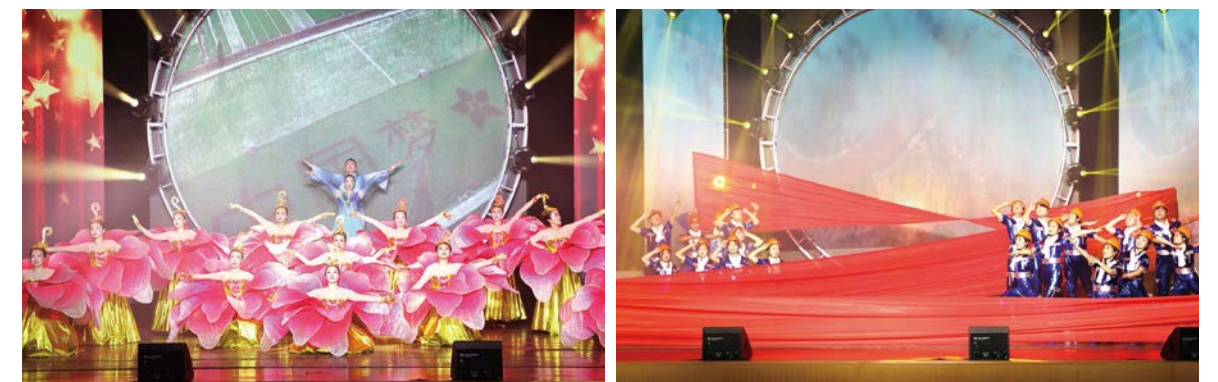
NPEC attaches great importance to meeting the cultural needs of employees in the new situation. To achieve this goal, we organize a host of cultural and entertainment activities and encourage employees to join in and demonstrate their positive energy and high morale.



▲ Fun sports meeting organized by NPEC for employees



▲ Reading salons



▲ Lunar New Year performance show

Protecting Natural Environment

NPEC actively practices the philosophy that lucid waters and lush mountains are invaluable assets, integrates its development into the green development pattern in the new era, and fulfills the responsibility of environmental protection. We have renewed our accreditation of the environmental management system, continuously promoted low-carbon practices, emission reduction and the sustainable use of resources, and cultivated environmental awareness to realize the harmonious coexistence between the Company and the environment.

Key Performance:

- NPEC conducted **9** environmental self-inspections and no environmental incidents happened throughout the year
- RMB **1.874** million was invested in environmental protection

Environment Management System

NPEC strictly abides by national and local laws related to environmental management, including the *Environmental Protection Law*, *Environmental Protection Tax Law*, *Regulations on Air Pollution Prevention and Control in Jiangsu Province*, and follows the principles of energy conservation, emission and pollution reduction, and protection of the earth environment. The Company 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 Guidance for Use* to promote better environmental management system, thus laying a solid foundation for green development. In 2020, NPEC successfully completed the online monitoring of Xingang sewage discharge, and transferred the administration from the municipal platform to the Pollution Source Online Monitoring Platform of Nanjing Economic Development Zone.

NPEC makes active efforts to adapt to the market. Starting with capacity planning, we consider our management basis and existing technical characteristics, identify the environmental factors related to production, R&D, service, office work and other activities involved in production and operation processes, and formulate targeted management plans to implement effective management. In addition, we have developed the *Identification and Evaluation Procedures of Environmental Factors* and *Identification and Evaluation Procedures of Hazard Sources* to identify and document important environmental factors and medium or higher sources of hazards during business operation. Then we will inform departments and functions at all levels timely and accurately. In line with the requirements of the newly revised national standards for the quality and environmental management system, eight companies of NPEC have updated their manuals, procedures and operating regulations for the quality and environmental management system, prepared new versions of all relevant documents, and passed internal and external audits.



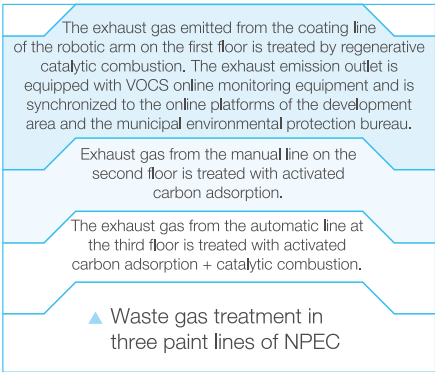
▲ NPEC organizes the training of hazard identification

Low Carbon Emission Reduction

NPEC develops green products, improves energy efficiency, and strengthens waste management to minimize its carbon footprints in production and operation processes. With these efforts, we strive to reduce our negative impact on the environment and make contributions to addressing global climate change.

○ Emission reduction

Reducing greenhouse gas emissions can effectively mitigate climate change. NPEC has been committed to the development of standards on climate change response and greenhouse gas emission standards, dividing greenhouse gas emissions into two categories for the sake of calculation. The Scope I emissions are direct emissions from company-owned and controlled resources, including emissions from natural gas, diesel and gasoline, etc.; the Scope II emissions are indirect emissions associated with the purchase of electricity. For some polluting exhaust gases, we dispose of them by establishing gas incineration devices.



Greenhouse gas emissions	2018	2019	2020
Scope I: Direct emissions	439.00	1,629.03	1,148.07
Scope II: Indirect emissions	12,880.76	32,830.06	31,243.50

Greenhouse gas emissions (Unit: tons of carbon dioxide equivalent)

Type	2018	2019	2020
Nitrogen Oxides (NOx)	0.09672	0.54584	0.05142
Particulate Matter (PM)	0.00784	0.04118	0.00379

Exhaust emissions (Unit: tons)

○ Waste management

NPEC advocates the development and use of green products. During product design and R&D stages, we fully consider the eco-friendly and recyclable performance of products to reduce energy consumption and waste discharge. Also, we recycle generated waste to save cost and improve resource utilization efficiency.

Type	2018	2019	2020
Paper	1.713	4.3	54.65
Kitchen Waste	34.6	1,307	492
Plastics	0.52	0.8	16.25
Metal	28.3	26.7	115.35
Wooden Products	2.7	1.35	2.4

Total non-hazardous waste (Unit: ton)

Type	2018	2019	2020
Paper	59.2	0.343448	350.404
Plastics	168	211.31	19.72
Metal	11.1	1.620	0.05

Total usage of packaging materials (Unit: ton)

Waste disposal methods

Waste type	Treatment methods
Hazardous waste with no recovery value	Disposed 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)	Recycled by qualified third-party companies
Solid waste with recovery value (e.g. packages, cardboards, paper boxes, plastic stools)	Recycled by the manufacturer or third-party companies

Total hazardous waste

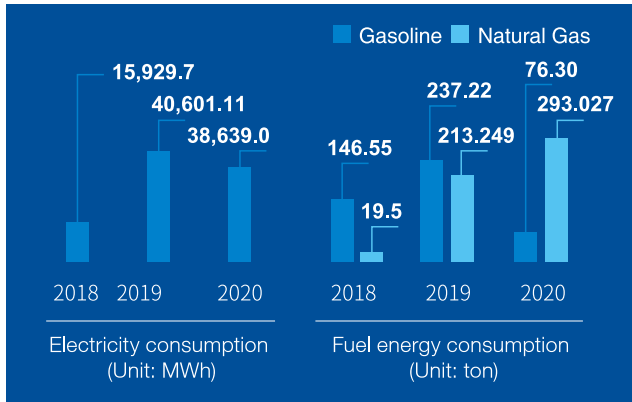
Type	Unit	2018	2019	2020
Oil resistant gloves	Ton	0.66	0.027	0.2555
Waste Chemical Paint	Ton	16.8	2	2.3
Waste toner cartridge (including waste toner)	Piece	357	169	188
Waste selenium drum	Piece	873	307	526
Electric waste such as waste battery	Kg	212.4	0.033	16
Waste fluorescent lamp	Kg	26.2	0.271	255

Sustainable Resource Utilization

We promote resource saving, efficient and sustainable use during operation, improve the utilization rate of clean energy and also develop circular and green economy among our subsidiaries. In doing so, we are committed to building a future with green, smart and sustainable resources for all.

○ Energy management

Scientific energy management helps improve energy efficiency of an enterprise. NPEC increases the utilization rate of raw and supplementary materials to save energy resources and to achieve efficient use of energy. To improve energy management system, NPEC has formulated the *Regulations on Energy Conservation Management* to conduct centralized control of lighting and air conditioning. To reduce energy use, the Company also uses electric water boilers with the timer device, and installs energy saving lighting in public areas, such as washing rooms and passageways in office buildings.



○ Water resource management

To practice sustainable water management, NPEC sets up one independent water meter in each washing room within the work areas for staged measurement and calculation, and uses sensor faucets naps to avoid water waste when forgetting turning off the faucet. Meanwhile, the Company strengthened water management. We have built sewage treatment stations within the industrial park to do sewage testing and treatment to improve water use efficiency.

Type	2018	2019	2020
Water Consumption	217,240	278,259	215,597
Waste Water Discharge	195,500	241,872	252,950
Chemical Oxygen Demand (COD)	46.52	49.53	55.64

Water resource utilization (Unit: ton)

Raising Environmental Awareness

As an advocate of low-carbon and green life, we organize special trainings on environmental management, and launch environmental protection publicity and education activities, as well as the energy-saving and low carbon initiative, so as to arouse employees' awareness of rational energy use and environmental protection and guide their actions in daily work and life.

○ Advocating green office

To reduce office resources consumption, we actively promote environmentally friendly office measures such as paper saving, paperless office, electricity saving, and water saving. We advocate double-sided printing, improve the OA office system, and employ electronic communication methods such as email to further realize online working and file transmission, thus cutting down on paper use. Besides, slogans are put up to remind employees to timely turn off equipment such as air conditioners, computers, and drinking fountains in the office area. Green lighting is practiced by turning off extra lighting.

○ Environmental protection campaigns in communities

For several consecutive years, we have organized employees to provide voluntary services for community-based environmental protection. This move has improved community environment and carried forward the vision of environmental protection, raising the awareness of our employees and community residents to protect environmental sanitation in public areas.

Supporting Industry Development

As a manufacturing enterprise that pursues diversified development, we have many upstream and downstream partners. Thus, we have further strengthened the social responsibility management of suppliers, enhanced exchange and cooperation with peers, and promote the sustainable development of the industry with all stakeholders, in hope of achieving common development and mutual benefits with partners.

Responsible Procurement

NPEC upholds the principle of transparent, open and just procurement. The Company constantly improves the supplier appraisal and access mechanism and incorporates social responsibility fulfillment into the whole process from preparations, implementation, decision making, contract signing and fulfillment, totally practicing responsible procurement.

1

The Departments of Procurement of our subsidiaries regularly carry out multi-dimensional appraisals of existing and new suppliers every year to realize the real-time management and comprehensive assessments of suppliers in terms of quality of materials or labor provided by them, company credit, operational situation, etc. According to the assessment results, a list of qualified suppliers is formed.

2

For key suppliers or suppliers of special materials, our relevant functional departments, such as the Department of Procurement, Department of Production, Department of Quality, and Department of Research and Development, have established the supplier assessment team to make on-site assessments of suppliers.

3

When risks occur in suppliers' products or services, we discuss the improvement plan with suppliers to help solve the problems.

▲ Establishing an assessment mechanism to help suppliers detect and rectify problems

In addition to self-assessment and evaluation, we encourage all suppliers to pass the authoritative management certifications, including quality and environment management system certifications. We propose more detailed requirements of social responsibility management for suppliers who provide key products or services. Moreover, we ask our suppliers to provide materials that clarify their social and environmental practices, and track their contract fulfillment progress. We specify in the procurement contract that the raw materials provided by suppliers should meet relevant environmental requirements, and prioritize those with fewer environmental impacts.

In 2020, we selected **1,237** suppliers by using environmental and social standards.



Leading Industry Development

The Company actively participates in industry forums and exhibitions to enhance its influence in the industry. While keeping cooperation with scientific research institutes for new development opportunities, the Company establishes the close industry partnership to enhance cooperation and exchange. We also participate in the development of industry standards, contributing to the regulated operation and development of the electronics industry.

○ Participation in preparing standards

We have actively participated in or led the preparation of national and industrial standards, thus promoting the development of mobile communications and intelligent manufacturing, improving product quality, and advancing technological upgrade of enterprises.

○ Participation in industry forums and exhibitions

Adhering to the concept of innovation, openness and sharing, we participated in the Hunan (Changsha) Cyber Security & Intelligent Manufacturing Conference, the Yangtze River Delta High-tech Audiovisual Expo, the 1st Ecological Cooperation Conference and Trusted Blockchain Summit of Jiangsu Internet Association, and other industry events in 2020. These efforts have considerably improved the influence of the NPEC brand, laying a solid foundation for the Company to further expand market share and sales.



▲ Booth of NPEC at the Hunan (Changsha) Cyber Security & Intelligent Manufacturing Conference

○ Engagement in Industry-University-Research Cooperation

NPEC and our subsidiaries promote the industry-university-research collaboration with industrial partners and scientific academies. By fully leveraging the Company's advantages in technology, resource and market, we have gained new technological achievements and developed a large group of R&D talents. In 2020, we established cooperation with eight junior colleges, technical secondary schools, and research institutes, and enhanced technological exchange with Southeast University, Nanjing University of Science and Technology, Nanjing University of Aeronautics and Astronautics, Nanjing Medical University, Beijing Jiaotong University, and other universities. We organized the Information Industry Company to sign strategic cooperation agreements with Chongqing Jiaotong University, Southeast University and other institutions on intelligent transportation research projects. The research project "Key technologies and applications of cognitive display with ultra-high spatial and temporal resolution" in cooperation with Southeast University won the first prize of Jiangsu Province Science and Technology Award. And the research project "Key technologies and applications of 5G heterogeneous wireless access network and integrated networks" in cooperation with Nanjing University of Post and Telecommunications won the second prize of Jiangsu Province Science and Technology Award. We also completed the 2020 high-tech enterprise certification, and continued the industry-university-research cooperation with Nanjing Tech University. Besides, we obtained the approval to set up a Graduate Workstation of Jiangsu Province, and ramped up efforts to develop new products, technologies and core talents.



▲ NPEC and Nanjing Institute of Technology sign a cooperation agreement



▲ Nanjing Metro Group visits NPEC Staff Innovation Studio

○ Establishing partnership with industry peers

Upholding the guiding principles of complementarity, mutual benefits and common development, we have established a regular communication mechanism with industry partners to consolidate strategic cooperation achievements, develop new markets and seek new development. In 2020, we cooperated with companies at home and abroad, and participated in 22 industry exchange activities. We embarked on new cooperation with Jiangsu Tower, China Mobile Nanjing Branch, Nanjing Metro and other partners to jointly improve industry service and management. We joined the Modern Digital City Industry Alliance established by CEC, and leveraged the resources and channels of the central SOEs to expand domestic market and facilitate the modernization of regional government governance and industrial digital transformation.



▲ The delegation of Shanghai SASAC visits Panda Electronic Equipment Industrial Park



▲ Nanchang Rail Transit Co., Ltd visits NPEC

Engaging in Community

Valuing the management of our relationship with communities, we strive to create a good living environment for the Company by better fulfilling our social responsibility. Based on the advantages of our main businesses, we have carried out targeted poverty alleviation, engaged in community welfare, enhanced pandemic prevention and control, and encouraged employees to actively participate in community volunteer activities.

○ Targeted Poverty Alleviation

We have actively responded to the national call for targeted poverty alleviation, earnestly implemented the requirements of the *Action Plan of Nanjing to Get Rid of Poverty and Build a Well-off Society During the Thirteenth Five-Year Plan Period* and the guiding principles of the *Notice on the Implementation of the "10,000 Party Member officials Help Ten Thousand Households" and "100 Enterprises Help 100 Villages" Paired Assistance Activities to Promote Targeted Poverty Alleviation*. We implement targeted measures to support the battle against poverty. We have vigorously studied and formulated practical assistance plans for paired villages and effectively implemented the paired assistance by the "Autumn Semester Student Aid" scholarship programs and donations to poor households. In 2020, we organized the scholarship program in a poor village to donate RMB 10,000 to 10 primary and middle school students, and provided financial support of RMB 70,000 for 60 needy families.

01

We included targeted poverty alleviation expenditure in the Company's annual budget plan to ensure that funds for targeted poverty alleviation are in place.

02

We designated people to be responsible for targeted poverty alleviation to ensure that targeted poverty alleviation plans are implemented in an orderly manner.

03

We actively communicated with paired villages to learn about the actual situation and implement targeted policies, to ensure the practical results of our targeted poverty alleviation efforts.

▲ Major measures to secure the realization of poverty alleviation goals

○ Public Welfare in Communities

NPEC is actively involved in community-based public welfare undertakings. In response to community needs, we have given full play to our advantages, and encouraged employees to participate in community development. We have organized a series of voluntary services in community landscaping, caring for vulnerable groups, and serving community development, etc. to help communities promote civilized urban development, as a way to fulfill corporate social responsibility. Since the COVID-19 outbreak, we have rapidly responded by formulating and implementing scientific measures of pandemic prevention and control, and organized Party members to provide support. In 2020, several teams of NPEC received honors and recognition including Excellent Youth Volunteer Team in Nanjing's Anti-COVID-19 Fight, Excellent Employee Volunteer Team in Nanjing, and Best Anti-COVID-19 Youth Team of CEC Panda, etc.

Volunteering activities by NPEC employees in 2020:

- We held an **"offline charity sale event"** - Public Welfare Fair in Huashu Village, Qixia District, winning recognition from the League Committee of Qixia District
- We collaborated with Qingxi Road Community in Meiyuan New Village Street to jointly hold health lectures under the theme of **"2020 World Stroke Day and Science Popularization Day"**
- We launched donations amid the pandemic, including **"Charitable Donation Fund"**, donations for needy employees, donations for fighting against COVID-19, and special care actions for Hope Project in the fight against COVID-19, etc

NPEC's volunteers care for the elderly

On August 1, 2020, medical workers from the NPEC Hospital visited the veterans, Party members and other senior people at Zhongshan Yincheng Nursing Home. Considering the pandemic and high temperature in summer, the volunteers carefully prepared lectures on prevention and first aid of heat stroke, and simulated the scenes of first aid. They also provided health guidance on scientific diet, medication and lifestyle for the elderly, especially those with chronic diseases such as diabetes and hypertension.

In this activity, the volunteers leveraged their expertise to provide the elderly with help and solicitude. They believed that it is necessary to keep the activity, a move to carry forward the traditional virtues of the Chinese nation in respecting, caring for and helping the elderly, and also a practice to implement the volunteer spirit of dedication, fraternity, mutual-aid and progress.



▲ Providing conference support for Chinese Young Volunteers Association (CYVA)



▲ NPEC's volunteer team participates in public welfare activities to help the disabled

Key Performance:

- 2020, **290** employees provided **72,000** hours of volunteer services
- Involving **450** participants

In 2020, amid the COVID-19 pandemic, NPEC earnestly implemented the decisions and deployment of the CPC Central Committee, the State Council, and China Electronics on pandemic prevention and control, and resumption of work and production. We successively conducted 27 inspections among our primary-level organizations, provided anti-pandemic supplies, and guaranteed telecom services, actively assuming our social responsibilities.

NPEC helps win the battle against COVID-19 in severely affected areas

During the pandemic, the Company donated 10,000 medical masks to Jiangsu Province Hospital to support the front line and alleviate the shortage of medical protection materials. 1,226 Party members of NPEC donated more than RMB 210,000 to support the pandemic prevention and control in Hubei and other key areas of China, contributing to the fight against the COVID-19 pandemic. The top management of the Company took the lead to participate in the cash donation. The Party members as well as the retired executives and officials of NPEC also made donations actively to support pandemic response. Additionally, a few of our employees donated money through social donation platforms. In spite of challenges and difficulties, all levels of Party organizations and Party members at NPEC braved the anti-COVID-19 frontline. Nanjing Ericsson Panda Communication Co., Ltd delivered communication devices for the designated hospitals for COVID-19 treatment, mobile cabin hospitals, fever clinics, emergency centers and other medical institutions and quarantine locations, mitigating communication problems caused by network spikes.



▲ Delivering communication devices to Wuhan



▲ Donating masks to support medical staff

Appendixes

Content Index of ESG Reporting Guide

Environmental				
Aspect		Description	Corresponding report content	
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 relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	●	P45-46
	A1.1	The types of emissions and respective emissions data.	The data here is more standard-ized, and the ● indicator results are different from those of previ-ous years	P45-46
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).		P45
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity(e.g. per unit of production volume, per facility).	●	P45
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	P45
	A1.5	Description of emission target(s) set and steps taken to achieve them.	●	P45
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	●	P45
Aspect A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	●	P46
	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).	●	P46
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	●	P46
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	●	P46
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	● No issue found in sourcing water	P46
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	●	P45
Aspect A3: The Environment and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	●	P43-44
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	●	P44

Social				
Aspect		Description	Corresponding report content	
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 relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	●	P32-35
	B1.1	Total workforce by gender, employment type, age group and geographical region.	○	P32
	B1.2	Employee turnover rate by gender, age group and geographical region.	○	P32
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 relating to providing a safe working environment and protecting employees from occupational hazards.	●	P40
	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.	○	P40
Aspect B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	●	P38-39
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	○ 100% coverage rate of employee training	—
	B3.2	The average training hours completed per employee by gender and employee category.	○	P37
Aspect B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	●	P32
	B4.1	Description of measures to review employment practices to avoid child and forced labor.	○ No violation hap-pened during the reporting period, including child labor or forced labor.	P32
	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.	●	P47-48
	B5.1	Number of suppliers by geographical region.	○	P48
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	○	P47
Aspect B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	●	P27-30
	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.	○	P12
	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.	○	P29
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 relating to bribery, extortion, fraud and money laundering.	●	P11
	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.	○	P10-11
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.	●	P52-54
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	○	P52-54
	B8.2	Resources contributed (e.g.money or time) to the focus area.	○	P52-54

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 2020. We value your feedback on our CSR work and this CSR report. Your opinions and suggestions are highly appreciated, as an important reference for us to improve CSR information disclosure, CSR management, and effective CSR practices. Please complete the form below and send it to us via mail or e-mail. We sincerely thank you for your valuable comments.

NPEC

1. What is your overall impression of this report?

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

2. How is the structure of this report?

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

3. How about the readability of this report?

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

4. How is the disclosure of topics to your concern?

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

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

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

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