

**PANDA** 熊猫



Nanjing Panda Electronics Company Limited

# **ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2023**

# About This Report

## Reporting Period

Nanjing Panda Electronics Company Limited (NPEC) has continually published CSR reports for 13 years since 2010. For a clearer display of our management policies, goals, measures and results in environmental, social and governance aspects, we release the *Environmental, Social and Governance Report* to stakeholders. The timeframe for the information and performance mentioned in the report is from January 1, to December 31, 2023. Additional information that pre-dates the stated reporting period or presents the policy and practice of NPEC in 2024 and some practices of Panda Electronics Group Co., Ltd. is also included.

## Reporting Boundary

NPEC and our main subsidiaries (see the details in the chapter “About Us— Main NPEC subsidiaries.)

## Reference

In this report, “NPEC”, “the Company”, or “We” refers to Nanjing Panda Electronics Company Limited, and

- Electronics Equipment Company refers to Nanjing Panda Electronics 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 Industry refers to Nanjing Panda XinXing Industry Co., Ltd.
- JingWah Electronics refers to Shenzhen JingWah Electronics Co., Ltd.
- Chengdu Electronic Technology refers to Chengdu Panda Electronic Technology Co., Ltd.

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

## Data Sources

All information and data in this report are 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, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the content of this report.

## 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., and *Guideline No. 1 for Self-Regulation of Listed Companies of the Shanghai Stock Exchange-Standardized Operation of Companies*. The report also refers to the *GRI Sustainability Reporting Standards*, *GB/T 36001-2015 Guidance on Social Responsibility Reporting* and *Electronic Industry Code of Conduct (EICC 5.1)*.

## 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](mailto:dms@panda.cn) or call us at (8625) 84801144.

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# Message from the Senior Management

The year 2023 kicked off our efforts to put the guiding principles of the 20th CPC National Congress into action and it was also a critical year for the transformation of NPEC during the 14th Five-Year Plan period. With the guidance of the Party Committee and Board of Directors, the support of our employees and the community, and the guiding principles of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era, we strengthened communication and collaboration with our stakeholders. In our pursuit of progress, we committed to the development of society through concrete actions, thereby earning commendation from the community for our high-quality services.

## We maintain steadfast dedication with a clear vision.

By aligning ourselves with the strategic framework of CEC, we strive to enhance and expand our three core businesses, intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing, and speed up the development of cutting-edge core technologies, as well as exceptional products and projects. With a focus on technological innovation and quality enhancement, we boast extensive research and development expertise, technical capabilities, and advanced production equipment and processing. Gradually, we have established a competitive edge in high-quality development. Upholding the quality principles of "technology leading, scientific management, quality upmost, customers first", we continue to enhance our customer service to deliver better technical support and after-sales service to ensure our clients receive reliable and top-notch assistance.

## We keep the big picture in mind and undertake the responsibilities of NPEC.

In response to China's 30-60 Decarbonization Goal, we actively engage in global governance to address climate change, gradually enhance climate response mechanisms, and coordinate the establishment of environmental targets and progress monitoring. To strengthen the development of our environmental management policy, we have developed the *Quality, Environment and Occupational Health & Safety Manual* tailored to our needs. We continue to promote green production practices and strive towards zero emissions, lower energy consumption, and resource conservation. All 7 of our subsidiaries successfully passed the annual environmental management system audit. We emphasize the implementation of green and low-carbon principles and mobilize young volunteers to participate in environmental protection activities. To promote a low-carbon and eco-friendly concept, we aim to facilitate our green and low-carbon transformation through practical actions.

## We prioritize employees' well-being and participate in public welfare.

We are dedicated to strengthening our talent team by implementing an employee selection and recruitment process that focuses on performance and responsibility. We seek to build a National Highly-skilled Talents Training Base and National Worker Educational Training Demonstration Site to develop a high-quality team with diverse skill sets. We have added 2 craftsmen of Jiangsu Province, 1 Chief Technician of Jiangsu Province, and 1 Extraordinary Technician of Jiangsu Province. We prioritize the physical and mental well-being of our employees and provide continuous support and care throughout their work processes to meet their diverse service needs. As part of our commitment to corporate social responsibility, we actively engage with social welfare. For 21 consecutive years, we have organized Caring Assistance Fund collection activities and actively participated in supporting consumption-driven poverty alleviation efforts.

With a fresh start, we are setting out on a new path. Working closely with all stakeholders, we will take on environmental, social, and governance responsibilities in every aspect of our operations. Furthermore, we will prioritize scientific environmental management, actively fulfill our responsibilities, and strengthen corporate governance to forge ahead with unwavering commitment.

Hu Huichun  
Executive Director and General Manager of  
NPEC



PANDA 熊猫

# 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 the first to issue A+H shares in domestic electronics information industry.

The Company has built a complete technological innovation system, with 7 national high-tech enterprises, 4 provincial "little giant" firms, 1 state-level enterprise R&D center, 9 provincial and municipal engineering (technology) research centers, covering major business areas and ranking top in terms of R&D capability in the industry. Certified by the ISO quality management system, environmental management system, occupational health and safety management system and information security management system, the Company has established a complete quality management system and an advanced corporate management information system. The Company has undertaken a number of national key engineering projects and won numerous awards such as the National Science and Technology Progress Award and the Science and Technology Award of the People's Government of Jiangsu Province. It was successfully awarded as the "Pioneering Enterprise in Scientific and Technological Innovation in Nanjing City".



●NPEC Headquarters Science Park in Zhongshan East Road

| Main Subsidiaries                        | Founding Year | Business  |
|--|---------------|---|
| <b>Electronics Equipment Company</b>     | 2009          | Promoting R&D of related technologies and achievement transformation with industrial robot and intelligent manufacturing as the development core; devoted to the cultivation and exploitation of intelligent manufacturing market, which have been applied in the fields of 3C electronics, flat panel display and logistics with its applicable technology                         |
| <b>Information Industry Company</b>      | 1998          | A world-famous provider of system solutions, equipment and core modules in intelligent transportation distribution, ticket vendor sales and checks, communications, etc.; a provider of smart communities and smart home programs and products; a leading domestic intelligent building system integrator   |
| <b>Electronics Manufacturing Company</b> | 2004          | Mainly processing consumer electronics, communications 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 internationally famous electronics information enterprises   |
| <b>Communications Technology Company</b> | 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 complete sets of engineering equipment for users, and services such as engineering installation and maintenance  |
| <b>Panda XinXing Industry</b>            | 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  |
| <b>JingWah Electronics</b>               | 1980          | Engaged in the R&D, manufacturing and sales of IT digital products including tablet computers, handheld digital TVs, voice recorders and electronic books, automotive electronic products such as navigator and car audio, as well as mobile communications products; other supporting businesses including precision molds, plastic-injection packaging, and electronic components |

● Main NPEC Subsidiaries

# Highlights

## Awards and Honors

**Third Prize of Science and Technology Award of Jiangsu Province (Information Industry Company)**  
Issuing Unit: Jiangsu Provincial Department of Science and Technology

**National Workers Vanguard (Electronics Manufacturing Company)**  
Issuing Unit: All-China Federation of Trade Unions

**“May Day” Labor Award Certificate of Jiangsu Province (Information Industry Company)**  
Issuing Unit: Jiangsu Provincial Federation of Trade Unions

**Workers Model Home in Jiangsu Province (Electronics Manufacturing Company)**  
Issuing Unit: Jiangsu Provincial Federation of Trade Unions

**Jiangsu Workers Vanguard (Network Energy Company)**  
Issuing Unit: Jiangsu Provincial Federation of Trade Unions

**Pioneering Enterprise in Scientific and Technological Innovation in Nanjing City**  
Issuing Unit: Nanjing Municipal People's Government

**Workers Model Home in Nanjing City**  
Issuing Unit: Nanjing Federation of Trade Unions

**Title of Exemplary Organization of “Police and Enterprises Joint Defense” in 2023 (Panda XinXing Industry)**  
Issuing Unit: Economic and Technological Development Zone Branch of Nanjing Municipal Public Security Bureau

**Exemplary Organization of Mass Sports in the Electronic Information Industry from 2020 to 2022**  
Issuing Unit: China Electronic Sports Association

**Outstanding Project Award for the 2023 “Ideals Discussions and Contributions Comparison” Activity**  
Issuing Unit: Nanjing Association for Science and Technology

**2023 Top 100 Shenzhen Industry Leaders, 2023 Top 500 Shenzhen Enterprises, and 2023 Top 10 Excellent Enterprise Newspapers of Excellent Internal Media Award (JingWah Electronics)**  
Issuing Unit: Shenzhen Enterprise Confederation, Shenzhen Entrepreneurs Association, Shenzhen Press Group, Shenzhen Media Group, and Times Entrepreneur Magazine

**Third Prize of CEC Science and Technology Progress Award in 2022 (Information Industry Company)**  
Issuing Unit: China Electronics Corporation

## Key Performance

**Total assets** **5.541**  
RMB/billion

**Operating revenue** **2.912**  
RMB/billion

**Total loss** **173.75**  
RMB/million

**Total tax** **159**  
RMB/million

**Technological investment** **211.19**  
RMB/million

**Members of the R & D team** **612**

**Patents applied** **102**  
**Invention patents applied** **53**

**Granted patents** **72**  
**Granted invention patents** **21**

**Customer service satisfaction** **97.63** %

**Energy consumption of per operating revenue** **0.014**  
TCE/RMB 10,000

**Carbon emissions of per operating revenue** **0.085**  
tons/RMB 10,000

**Investment in work safety** **5.3073**  
RMB/million

**Investment in environmental protection** **1.0092**  
RMB/million

**Total employees** **2,759**

**Proportion of female employees** **30.30** %

**Suppliers** **3,207**

**Training hours per employee** **17.26**  
hours

**Voluntary services** **1,200**  
personnel

**Total voluntary services** **4,200**  
hours

# Strategy and Governance

## Corporate Strategy

Fully implementing General Secretary Xi Jinping's important thoughts on cyber power and important discourse on development of digital economy, NPEC continues to carry out the new philosophy featuring innovative, coordinated, green, open and shared development. With focus on our core businesses of intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing, we make great strides in critical battles for industrial restructuring, fostering new areas of economic growth as well as achieving breakthroughs in core technologies in key fields. We highlight the depth of digital industrialization and digital transformation of industry, and continue to explore new models and paths for the development of digital intelligence equipment industry, empowering NPEC's transformation, upgrading and high-quality development.

### Strategic Goals

Seize the development opportunities brought about by digital economy and new-generation information technologies to promote the market-oriented and technology-driven development; rely on the platform of CEC and actively incorporate the Company's development into the ecological system of CEC; develop the three major businesses - "intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronics manufacturing", and effectively promote the R&D innovation and application of independently-owned technologies; become an important participant and user of China's electronics and information industries, develop into a top-notch digital transformation service provider and the main force of digital China with strong abilities in implementing national strategies, in value creation and technological innovation, and in professional manufacturing and major system engineering

### Strategic Plans

- Prioritize the development of business clusters in intelligent transportation and safe city, and focus on making breakthroughs in safe city communications, digital parks, urban emergency equipment and other businesses
- Improve information software for intelligent manufacturing, boost the performance of self-developed industrial robots, build the intelligent manufacturing information technology system, promote the integration of operation management system and manufacturing execution system, and provide high-quality industrial Internet and intelligent manufacturing system solutions for the manufacturing industry
- Build an advanced green electronics manufacturing service system and prioritize the development of electronics manufacturing services with capabilities to realize intelligent, flexible, and lean manufacturing

### Strategic Guarantees

|                  |  |                             |
|------------------|--|-----------------------------|
| S & T innovation | Human resources                        | Market development          |
| Brand promotion  | Investments and mergers & acquisitions | Fund raising                |
| Party building   | Law-based corporate governance         | Enterprise culture building |

●NPEC's strategic framework

### Talent development model innovation

We focus on the development of "five talent teams" to mitigate talent shortage and talent gap; we conduct person-job-fit management to ensure that the right person is in the right position; and a scientific, suitable and effective talent evaluation mechanism has been built, which expands flexible space, allows differentiation and prevents extreme equalitarianism in the workplace



### Sci-tech R&D innovation

We take the initiative to promote S&T innovation, increase scientific research investment in major sectors, and continuously improve the innovation system and mechanism. Moreover, we speed up the industry-university-research collaboration, develop key generic technologies including 5G, big data, cloud computing, and AI, etc., and strive to be a leader in the industrial chain of sub-sectors



### Four innovations

### Incentive model innovation

We improve the incentive and guarantee system and offer multi-track and multi-level incentives regardless of job position, job title and job rank. Meanwhile, we actively promote the application of position bonuses in more organizations



### Business model innovation

Leveraging the Company's technology and platform advantages, we make best use of internal and external ecosystem resources of China electronics modern digital cities, and participate in market competitions of general contracting projects in digital city sector

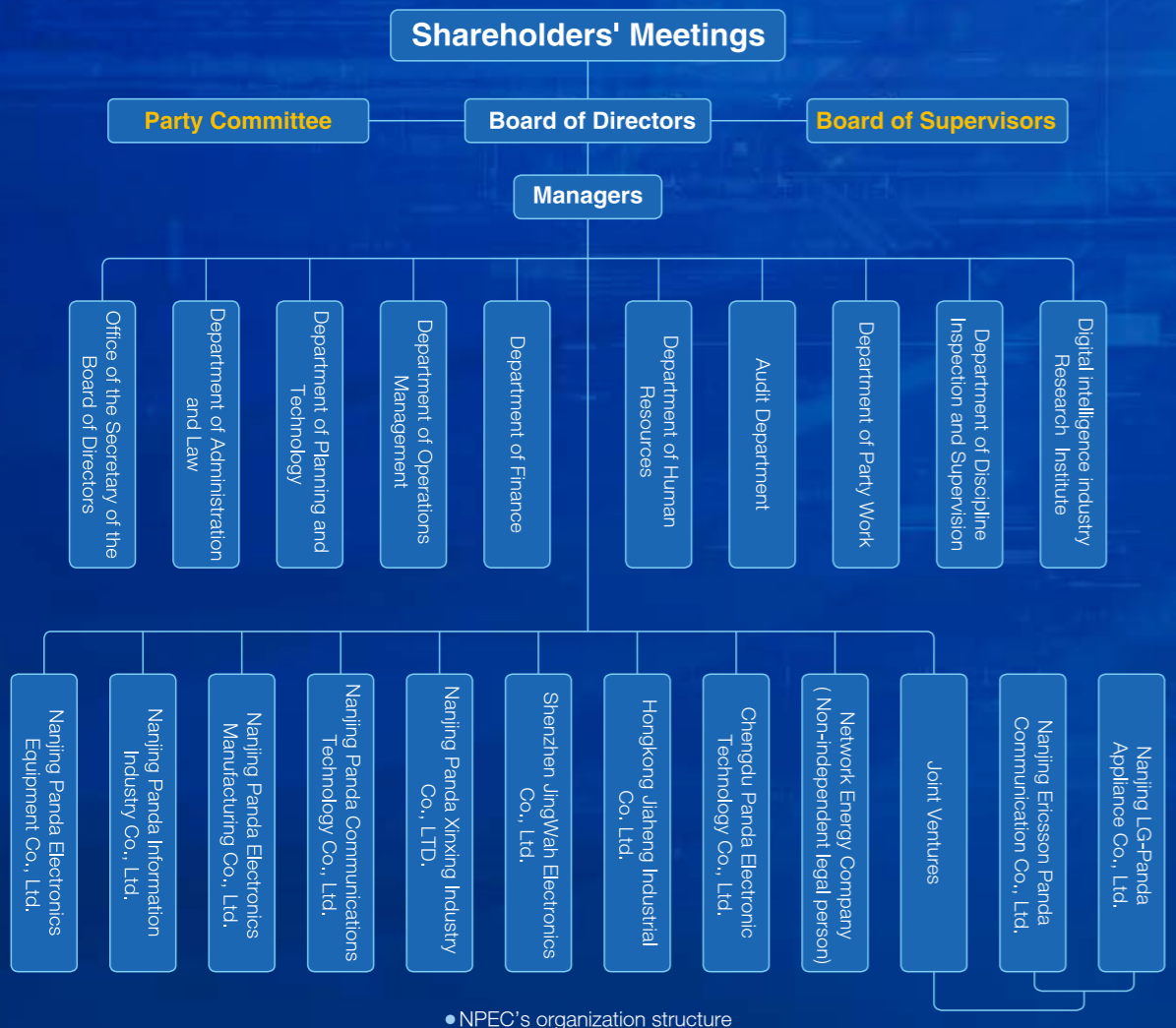


●NPEC's "Four innovations"

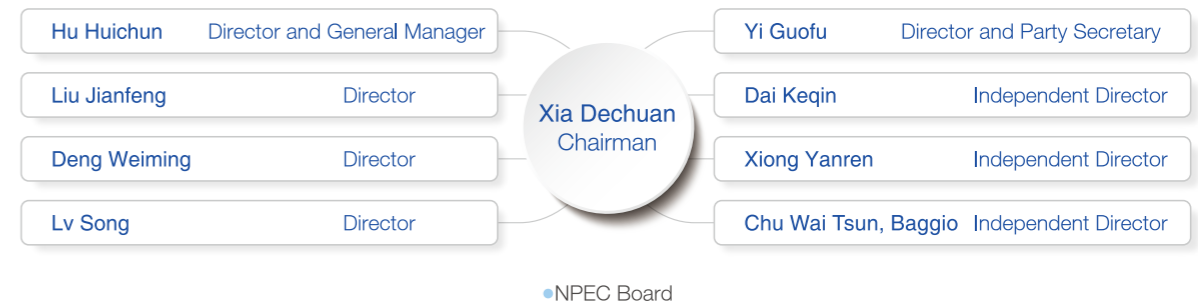
# Corporate Governance

In strict accordance with the listing rules, laws and regulations at home and abroad, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Code of Corporate Governance for Listed Companies*, NPEC revised detailed rules and regulations including the *Investor Relations Management Policy*, *Independent Director Policy* and *Information Disclosure Management Policy*. We further improve our governance structure consisting of the General Meeting of shareholders, Board of Directors and manager team, and build a corporate governance mechanism with statutory and transparent liabilities, coordinated operation and efficient checks and balances. Deeply integrating Party leadership strengthening and corporate governance perfection, we will improve the power and responsibility system of "1 articles, 3 lists and 4 regulations" to clearly define rights and responsibilities of each governance subject, comprehensively strengthen business operations in accordance with the law and continuously improve the standardized operation and scientific governance of NPEC.

In 2023, NPEC further advanced tasks such as incorporating Party building into Articles of Association, studying and discussing major business and management issues in advance by Party committees, promoting assessment on accountability system for Party building, and achieving tenure system and contractual management among managers. We also accomplished adjustments of daily affiliated transactions limits in 2023, and elected directors for the 10th session of the Board of Director and non-employee supervisors for the 10th session of the Board of Supervisors respectively to concretely safeguard legitimate rights and interests for all shareholders.



● NPEC's organization structure



## ● Board Statement

The Board of Directors ("the Board") is the decision-making body of NPEC. The power of the Board originates from the Shareholders Meeting and the Board is responsible for the Shareholders Meeting. In strict accordance with *Rules of Procedures for the Board of Directors*, the Board legitimately convenes Shareholders Meeting, implements resolutions of the Shareholders Meeting and manages information disclosure items. It is composed of the Audit Committee, Nomination Committee, Strategy Committee, Remuneration and Appraisal Committee, all of which assist the Board in major management affairs and provide decision-making suggestions, carry out system evaluation and implementation supervision. Under the principle of openness, fairness, justice and independence, we fully take the Board members' industrial experience, skills, education background and gender into consideration to ensure the independence of the Board and the diversity of Board members, contributing to scientific decision-making and potential risk prevention.

NPEC actively integrates the ESG concept into daily operation and explores ESG governance system. We highlight the participation of the Board in ESG issues, and the Board comprehensively guides and manages the Company's social responsibility practices as well as supervises progress and risks of ESG and CSR operations. The Board also dynamically assesses the performance of topics in business development, environment, rights and interests of employees and work safety, regularly listens to reports on related works, and focuses on proactivity, precision and compliance of information disclosure, so as to upgrade ESG rating and strengthen mutual-trust relations among stakeholders. The Board heard and approved the *2023 ESG Report*, and reviewed, discussed and confirmed the progress of environmental objectives and social responsibility for 2023.



## 2023 Key Performance

- **73** investor announcements released
- **2** performance briefings held
- **4** roadshows organized

## ● Investor Relation Management

NPEC highly values investor relation management. In strict accordance with laws and regulations such as *Work Guidelines for the Investor Relations Management of Listed Companies*, we make communications and exchanges with investors through various channels, legally disclose material information that may influence decision-making of shareholders and other stakeholders to protect investors' rights to know and participate in NPEC's major issues, build the Company a positive image in capitalist market and continue to improve the quality of the Company's compliance operation. In April 2023, we distributed RMB 0.14 (including tax) cash dividend for each 10 shares for all shareholders and the total amount of cash dividend distribution reached RMB 12.7937 million, concretely creating reasonable returns for investors.



● NPEC's main communication channels with shareholders and investors

## Risks Management and Compliance

With the goal of “strengthening internal control, preventing risks and promoting compliance”, NPEC has established a collaborative mechanism of internal control for departments to carry out overall risk management. We vigorously manage risk prevention and control for the rule of law, risks, compliance, internal control, audit, post evaluation, and accountability for violations, and strengthen supervision on compliance management. We also track the rectification of existing problems, deeply investigate major problems and hidden dangers in emerging, key and high-risk businesses as well as areas with frequent risk events, strengthen defect inspection and supervision, and form internal control self-assessment reports to promote the Company’s sustainable and stable operation.

**Strengthening risk management**

We strictly implement the requirements of relevant regulations such as the *Internal Control Management Manual*, the *Rules of Procedure of the Rule of Law and Risk Control Committee*, and the *Economic Responsibility Audit Measures*, prepare a work list of risk identification and prevention in project implementation, and comprehensively carry out annual risk self-inspections and quarterly tracking and investigations. We also strengthen risk assessment and control beforehand as well as post-operational tracking and monitoring, pay close attention to the “three lines of defense” of cautious argumentation and strict control of major projects, and develop targeted response measures. We newly developed the *Management Measures for Post Evaluation of Investment Projects (Trial)* to strengthen financial audit control over accounts receivable, etc.

**Conducting comprehensive internal control evaluation**

In compliance with the principle of “strengthening organizational leadership, implementing responsibilities at each level, strengthening supervision and assessment, and ensuring the effectiveness of evaluation”, we comprehensively conduct internal control evaluation, with the focus on ten businesses: organizational structure, human resources, procurement, sales, asset management, capital activities, contract management, comprehensive budget, R&D and social responsibility, and well implement defect rectifications at all aspects

**Raising compliance awareness**

We carry out the course *Suggestions on Risk Identification and Prevention in Corporate Operations*, analyze cases with the combination of corporate actual situations, and cooperate with CEC to conduct theoretical researches on “Shaping the professional spirit and professional ability of Internal audit under the new circumstances” to enhance the employees’ awareness and capability of risk prevention and control

**Important measures to control risks and compliance**

**2023 Key Performance**

- Legal review rate of contracts: **100%**
- Contract fulfillment rate: **100%**
- **10** symposiums on the law-based enterprises governance convened

## Anti-corruption

NPEC strictly complies with the *Oversight Law of the People’s Republic of China*, the *Regulation on the Implementation of the Oversight Law of the People’s Republic of China*, the *Administrative Discipline for Public Officials of the People’s Republic of China*, the *Certain Provisions on the Integrity of Leaders in State-owned Enterprises*, the *Guideline on Central State-owned Enterprises to Build Institutional Mechanisms of “Cannot Be Corrupt”* and other relevant laws and regulations. We have established and improved working mechanisms such as integrity risk prevention and control, integrity education and training, Party conduct and clean government and anti-corruption coordination group, and mistake tolerance and correction. We have also formulated the *Specific Measures for Promoting the Implementation of Supervision of “Leading Officials”*, and signed the *Letter of Responsibility for Full and Strict Governance of the Party and Work with Integrity* with each industrial subsidiary to strengthen the main responsibility for comprehensively and strictly governing the Party, making integrated efforts to ensure that officials do not have the audacity, opportunity, or desire to become corrupted.

**1 Integrity risk prevention and control**

We improve the workflow of integrity risk prevention and control, and strive to build an integrity risk prevention and control system of “risk finding, centralized evaluation, feedback confirmation, promotion and implementation, and effect assessment” to achieve dynamic and closed-loop management. We also improve rectification in key areas, conduct supervision in key fields such as business outsourcing, disposal of waste materials, bidding and procurement, establish more systems, standardize internal management and strengthen risk prevention.

**2 Publicity and education on integrity**

By widely launching “Discipline Publicity and Education Month” activities, we deeply analyze typical cases such as “using public resources for personal gain”, vigorously put publicity posters about integrity, push slogans on “disciplines” about holidays, sign integrity and self-discipline commitments, and carry out talks about integrity to strengthen integrity education and effectively build a strong ideological line of defense against corruption.

**3 Discipline inspection team construction**

We solidly educate and rectify discipline inspection leaders, and have organized them to carry out field study in Jiangsu Prison System Warning Education Base. We also organize discipline inspection leaders to participate in the higher level of the discipline inspection business training, select and send discipline inspection leaders to assist superior discipline inspection committees to verify the clues, train and cultivate them through cases, so as to help them accumulate experience and build strength.

• Important measures to anti-corruption

## 2023 Key Performance

- **184** anti-corruption training sessions held, covering **4,162** participants



• On-site warning education on Party conduct and clean government in Jiangsu Clean Governance Education Base



## Information Security

NPEC strictly abides by the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Company's Regulations on Business Secrets Protection* and the *Regulations on the Use and Maintenance of Informatization Systems*, as well as other laws, regulations, and continues to deepen the mechanisms of information security and network security protection. We normalize the operation and maintenance of our information system, implement hierarchical approval management of information system access permissions according to requirements, and standardize the management of tools, actions, and processes in the use of information carriers. Simultaneously, we offer diversified training on information system application as well as the establishment and publicity of IT-based management systems, with an aim to enhance employees' awareness and ability of confidentiality and build up a strong information security system.

### 2023 Key Performance

- No major information security system accidents occurred
- No network security incidents occurred
- No complaints due to infringement of customer privacy occurred

#### Optimizing information network architecture



We continuously optimize the Company's overall network architecture, improve network security equipment, and gradually build the Company's zero trust network. We have developed and standardized network access paths, and unified Internet export management and protection, to improve the Company's capability for overall network security protection.

#### Managing information security emergency



We have developed emergency plans for network information security systems and conducted regular drills on key backup nodes and network system permissions for local cross storage and remote data, to ensure controllable and secure user access to the network system. We also timely complete local backup of data and disaster recovery backup of offsite server rooms, and regularly conduct emergency drills to ensure the reliability and security of data.

#### Strengthening awareness of information security



We have signed a 2023 cybersecurity responsibility agreement with our subsidiaries to implement the cybersecurity responsibility system. We have developed a promotional manual and display boards for the 2023 Cybersecurity Week. We also regularly publish cybersecurity related information and warning messages on corporate internal promotional platform, carry out cybersecurity knowledge promotion, and enhance employees' awareness of cybersecurity to jointly maintain the Company's cybersecurity. Also, we utilize opportunities such as new employees' induction and service-oriented organization establishment to publicize informatization systems and train the use of information systems.

•Key tasks for the construction of information security management system

### Case: NPEC strengthens training to enhance officials' and employees' awareness of safety and confidentiality

NPEC invited the Administration of Secrets Protection of Municipal Committee to hold a special lecture on confidentiality knowledge for our officials and employees, with the focus on the current situation of confidentiality work, secrets protection of instant messaging tools, common confidentiality management issues and risk hazards in units and other aspects. We hope to enhance employees' awareness of confidentiality and work level by explaining prevention measures of cases in simple terms.

## Intellectual Property

With strict accordance to intellectual property related laws, regulations, and standards such as the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Trademark Law of the People's Republic of China*, NPEC has established and improved multiple internal management regulations such as the *Management Measures for Patent and Software Copyright* and the *Management Measures for Trademark Use*. These documents will deeply promote the creation, application, maintenance, protection, refinement, and service industry development management of intellectual property rights. On the basis of not infringing on the intellectual property rights of the Company and individuals, we strengthen protection for our own intellectual property, promote the legal copy of software for the Company and our subsidiaries, and strengthen daily risk control of informatization, so as to safeguard the legitimate rights and interests of all parties. In 2023, NPEC successfully implemented the national intellectual property management system.

### 2023 Key Performance

- **102** patents applied at the national level, including **53** invention patents
- **72** patents licensed by the State, including **21** invention patents
- **59** software copyrights, including **50** pieces registration completed
- No software infringement incidents occurred

## Technological Innovation

NPEC adheres to take technological innovation as the engine to actively carry out R&D for basic, forward-looking, and common technologies, productization and industrialized R&D for applied technologies, and establishment of support system for the development of digital and intelligent industries. We improve R&D guarantees from the dimensions of system, fund investment, talent introduction and cultivation, integrate internal and external R&D innovation resources, and promote the deep integration of "industry, academia, research and financial support". In collaboration with well-known domestic universities such as Southeast University, Xi'an Jiaotong University, and Nanjing University of Aeronautics and Astronautics, as well as partners such as China Electronics Platform and China Telecom, we continuously improve the level of scientific research talent teams, strengthen the R&D of "hit products" and the "stranglehold" core technology R&D, and effectively promote the Company's independent technology R&D innovation and application promotion, forming competitive advantages for high-quality development.

**Improving top-level design**

We have built a research and innovation system towards the core business hierarchically and step by step, and formed a planning and framework system of the key and core technology platform, a planning and framework system of the application platform for industry and research integration, and a framework of the technology market system for digital and intelligent industries, driving technological innovation and high-level industrial development through the integration of industry and research.

**Tackling core technologies**

We concentrate advantageous resources to overcome challenges of key technologies, continuously improve our technical strength and innovation capabilities, and focus on the practical and in-depth application of scientific and technological achievements. We broke through a total of 18 key core technologies in 2023, provide productivity for the Company's next-generation product R&D and new industrial application expansion, and greatly strengthen the support for industrial development.

**Building an innovation platform**

We take the Digital and Intelligent Industry Research Institute as the main carrier to conduct R&D innovation activities. With the concept of "openness, integration and collaborative innovation", we promote scientific research cooperation between universities and enterprises through various industry-university-research methods, constructing a joint scientific research ecosystem between universities and enterprises.

• Key measures to strengthen technological innovation capabilities

## 2023 Key Performance

- Total investment of about RMB **211.19** million and **612** employees in R&D • **7** national high-tech enterprises
- **1** state-level enterprise R&D center and **9** provincial and municipal engineering (technology) research centers
- NPEC was awarded the **"Pioneering Enterprise in Scientific and Technological Innovation in Nanjing City"**
- NPEC passed the national DCMM defined (**level 3**) certification and was successfully approved as the Jiangsu Engineering Research Center in 2023
- Our management innovation achievement, *Construction of Strategy Evaluation System of the "Four Horizontals and Three Verticals" Industry and Research Multi-chain Integration for High-end Equipment Manufacturing Enterprises*, won the **third prize** of the 19th National Defense Enterprise Association Management Innovation Achievement Award
- The project "Technology Innovation and Application of Intelligent Travel Ticketing System for Urban Rail Transits" won the **third prize** of Science and Technology Award of Jiangsu Province in 2022
- The project "Replacement and Upgrading of 989E Series Power Amplifier Unit Technology" was successfully declared and won the **Outstanding Project Award** of 2023 "Ideals Discussions and Contributions Comparison" Activity of Nanjing Association for Science and Technology
- *Research and Application of AFC Key Technology Based on the Integration of Multiple Payment Methods, and Research, Development and Application of Wireless Broadband Communication System for Urban Rail Transit Vehicle Ground* won the **third prize** of CEC Science and Technology Progress Award in 2022.

### Case: Innovation breakthroughs help solve the difficult problems of domestic water meters

Domestic water meter production projects are almost stuck in the manual assembly stage, and generally have bottlenecks such as low automation level, low labor efficiency, high defect rate, and high labor costs. Electronics Equipment Company seizes the opportunities of intelligent transformation, innovates and makes breakthrough in technology and application by adopting advanced technologies, and further enhances the technological content of its products. It thus has developed automated assembly production lines for water meters that meet user needs. The successful undertaking of the Water Meter Intelligent Production Line Project is a breakthrough for the Electronics Equipment Company in the field of intelligent instrument sub-industry.

## Party Building

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, NPEC studies and faithfully implements the guiding principles of the 20th CPC National Congress. We solidly carry out themed education, give full play to the Party Committee's role of "setting the direction, managing the situation, and promoting the implementation", and serve national strategies around the needs of the country. We also focus on the Company's work on reform, development and stability, and promote the implementation and effectiveness of various key work on Party building, in a bid to improve Party building quality, accelerate the development of reliably digital equipment with high-quality Party building, and lead and ensure high-quality corporate development.

In 2023, the Company revised the *Rules for Implementation of the Rules of Procedure of Party Committee*, improved the quality of front-end research, and continued to unify Party leadership with corporate governance. We organized comprehensive and in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the guiding principles of the 20th CPC National Congress, and General Secretary Xi Jinping's important proposals on the reform and development of State-owned enterprise and Party building, etc. Theoretical learning has been strengthened by themed education and reading classes, Party lectures at the primary level, and rotational training for Party members and outdoor visits for learning. We studied at primary levels through internal magazines, Weibo official account, TV, electronic screens and websites, and promote the integration of learning, development and new achievements to stimulate the consciousness and proactivity of Party members in theoretical learning, and bring wisdom and promote abilities by learning. Meanwhile, we laid emphasis on strengthening the "three bases" construction, created brands with characteristics of Party building, and actively carried out the joint development of Party branches to constantly expand the ways of thinking for Party building. In doing so, we promoted the integration and mutual promotion of Party building and business, and provided a strong political guarantee for high-quality corporate development.

### Case: NPEC organizes the first reading class of themed education

In 2023, NPEC held a reading class to learn and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. Combined with the actual development of the Company, 7 exchange seminar topics were determined, that is adhering to and strengthening the Party leadership, accelerating high-quality development, Internet power, scientific and technological self-reliance and self-improvement, industrial coordination and industry chain construction, compliant and law-based governance, as well as full and strict Party governance. The leadership combined the topic of the reading class on that day to consciously find the theoretical basis and solutions in Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and strengthen the learning targeted at relevant contents. They work to develop a good habit of practice under the guidance of Party's innovative theories, realize the unity of learning, thinking and application and achieve the unity of knowledge, belief and actions, effectively transforming the learning results into practical outcome of promoting the Company's high-quality development.

## 2023 Key Performance

- **2,088** hours spent on Party building activities
- **11,404** Party members participated in Party building activities



• NPEC goes to Jinggangshan Revolutionary Education Base to carry out the rotational training of "Remaining true to the Party's original aspiration, taking on the mission, and working together to promote development" for Party members.

## CSR Management

CSR management is an important part of NPEC to promote sustainable development. The Company focuses on integrating sustainable development into corporate management and development objectives, continuously improving the CSR concept and system, and actively exploring a suitable CSR management model for itself. What's more, the Company actively strengthens communication with various stakeholders such as employees, users, partners, and communities, and takes the preparation of annual ESG reports as a key method to continuously consolidate its foundation for sustainable development.

## Materiality Analysis

Taking into account the sustainable development trends, policies and regulations at home and abroad, NPEC identifies the Company's stakeholders and material topics for the current year by peer-to-peer benchmarking analyses and combination of interviews and questionnaires, etc. After the Board's discussion, the material topics are confirmed.



## Stakeholder Engagement

NPEC keeps improving the stakeholder participation mechanism and communication methods to understand the demands of stakeholders. Accordingly, we gradually clarify the material topics of the Company and identify the impacts of our business activities on the economy, society and environment. During the process, we timely improve the communication mechanism based on feedback from stakeholders, continuously enhance the effectiveness and timeliness of communication between the Company and stakeholders, and improve our management measures, so as to promote sustainable development together.

| Stakeholders                      | Expectations and Demands   | Communication Approaches   | Response and Measures   |
|-----------------------------------|--|--|---|
| <b>Shareholders and Investors</b> | Return on investment<br>Knowing the Company's operations   | Shareholders' meeting<br>Regular reports<br>SSE E-interactive<br>Visitor survey                        | Timely and accurate disclosure of operations and major issues<br>Following the basic principles of responsible management<br>Sustainable returns to shareholders and paying cash dividends                                |
| <b>The Government</b>             | Law-abiding operation<br>Paying taxes according to law<br>Promoting employment<br>Implementing government policies<br>Energy conservation<br>Resources saving<br>Ecological protection | Accepting supervision<br>Information reporting<br>Working meeting<br>Government-enterprise cooperation | Abiding by laws, regulations and policies<br>Paying taxes in full and in time<br>Providing jobs<br>Responding to the national strategies<br>Improving environmental management<br>Promoting rural revitalization          |
| <b>Customers</b>                  | Quality products and services<br>Knowing the product and service   | Customer satisfaction survey<br>Customer service call center   | Providing safe, convenient and quality products and services<br>Continuously improving customer satisfaction<br>Continuous R&D investment<br>Improving customer communication channels<br>Product and service description |
| <b>Employees</b>                  | Protecting employees' rights and interests<br>Good welfare and development opportunities<br>A healthy and safe working environment<br>Having the democratic right of participation     | Labor Union<br>Employee Representative Congress<br>Employee suggestion box                             | Signing a collective contract<br>Smooth employee promotion channel<br>Safety and health management<br>Regular Employee Representative Congress  |
| <b>Suppliers</b>                  | Win-win cooperation<br>Open and fair principle<br>Keeping commitments  | High-level meeting<br>Supplier Conference<br>Questionnaires  | Public procurement information, fair procurement<br>Honoring all contracts  |
| <b>Communities</b>                | Supporting social welfare<br>Creating jobs for the community   | Volunteer platform   | Carrying out public welfare and volunteer activities  |
| <b>The Industry</b>               | Fair competition<br>Promoting industry progress  | Peer cooperation<br>University-enterprise cooperation  | Participating in industrial activities<br>Improving R&D capability  |

• Stakeholder communication and response

## Keeping Up with the Trend: Supporting Social Development with Professional Advantages

NPEC focuses on the main line of digitalization, intelligence, and green development within the manufacturing sector. Drawing on the technological advantages of CEC's computing system, we strive to enhance our three leading businesses, including intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing. By leveraging our strategic capabilities, value creation, technological innovation, and expertise in manufacturing and large-scale engineering projects, we seek to accelerate the development of digital transformation services and the intelligent manufacturing industry chain, enhance core competitiveness in the digital and intelligent equipment sector, and position NPEC as the industry-leading provider of digital intelligent equipment system solutions and services in China, offering quality services to our customers.

## Intelligent Transportation and Safe City

NPEC remains committed to innovation and growth, with the development of modern digital cities as leading direction. We actively expand our range of services, including intelligent urban rail, safe city communication, digital park, urban emergency equipment to apply intelligent manufacturing solutions across various urban services to benefit both the city and its residents. As a comprehensive system integrator and communication solution provider, NPEC offers a complete industrial chain encompassing subway AFC terminal equipment manufacturing, AFC system, ACC system, and Internet ticketing system.

### Intelligent transportation

NPEC has constantly consolidated its technological and market advantages in automatic fare collection, ticket income distribution, cloud payment, communications, monitoring and line network command center system of urban rail transit to promote the development of the urban rail transit industry. We have leveraged technologies such as the Internet of Things, big data, and intelligent sensing to develop "integrated digital park solutions" in various areas, including smart cities and smart parks, aiming to support the smart development of more cities. In 2023, we focused on the emerging trends in the digital economy and adopted a mode of "utilizing multiple runways simultaneously" to advance our digital transformation. We released the *Standard Specification for Third-Party Application Access of Digital Park Operating System (DPOS)* and the *Standard Specification for Third-Party Application Access of NPEC e-Life APP*.

#### Case: Information Industry Company facilitates the opening of two Nanjing subway lines

Information Industry Company was responsible for the construction of the communication system and automatic ticketing system for the northern section of Nanjing Metro Line 7 and the northern extension to Line 1. This project marked the debut of the Company's self-developed broadband trunking wireless radio and wireless IPH products, which successfully underwent functional validation across various scenarios of automated driving and third-party safety assessments, meeting the technical criteria for achieving GOA4 level. This milestone represents a significant advancement in the Company's automatic driving technology in rail transportation. Additionally, the Information Industry Company introduced popular intelligent customer service equipment for the northern section of Nanjing Metro Line 7. This equipment allows passengers to engage in self-service operations, enabling man-machine dialogue, ticket analysis, inquiries, online payment, online refunds, and transaction information. Furthermore, passengers can access line network maps, train schedules, fare tables, station navigation, transfer information, metro services, and surrounding metro details. These enhancements serve to elevate the overall commuting experience for residents as well as efficiency in their travel experiences.

#### Case: Digital Industry Research Institute successfully releases intelligent transportation results

Digital Industry Research Institute successfully released the *Blue Book of Innovative Development in Intelligent Transportation Industry in the Digital Era* and the Group Standard of *Digital technology - Data - Specifications of traffic data element*. The first one delves into the innovation and growth trajectory of the intelligent transportation industry, forecasting future industry trends. It assists CEC in establishing a comprehensive support system for a robust transportation industry chain including areas from land, sea, air to space. The second one underwent review and approval by the Group Standard Committee of the China Information Industry Trade Association. It signifies a significant achievement in the Company's achievements related to data governance and intelligent transportation, playing a crucial role in guiding the establishment of a structured transportation data system.

## Safe city

In line with the development needs of the "14th Five-Year Plan", we continue to explore the application of cutting-edge emerging technologies, deepen and expand businesses related to digital parks, emergency broadcasting, emergency power supply, specialized power supply for high-tech equipment, and off-grid energy storage. Through optimizing production and operations, upgrading products and services, and innovating business models, we seek to implement a data-centric management model and achieve comprehensive transformation and improvements in areas such as operations and control, decision-making and planning, product research and development, and business models. These efforts aim to provide information management and equipment applications that contribute to establishing a safe city.

#### Case: Information Industry Company undertakes intelligent projects to help decentralize high-quality medical resources

In 2023, the Karamay People's Hospital of the People's Hospital of the Xinjiang Uygur Autonomous Region, a regional treatment center established by the Information Industry Company, was officially opened. This project is a significant people's livelihood project spearheaded by the State Council of the CPC Central Committee in the medical and health field during the "14th Five-Year Plan" period. It is one of the first four provincial medical center projects designated by the autonomous region, decentralizing high-quality medical resources from the regional People's Hospital and achieving the extension of medical resources and balanced regional layout, and meeting the people's needs for high-level medical services nearby.

#### Case: A comprehensive business management system is officially put into use at CEC Panda Park

NPEC's Comprehensive Business Management System is a smart park management solution built with "security and intelligence". Aligned with the security management goal of "digitalization, informatization, and convenience", the system integrates a range of technologies to offer functionalities such as equipment management, personnel management, authority issuance, and data analysis, and has multiple methods of cloud deployment and local deployment. It is a new attempt to improve the security management level of the park and develop a comprehensive management system for smart parks management system. Since the system was put into use in the CEC Panda Headquarters park, it has realized the networking of user information and the public security big data center, contributing to the access control management of the park.



## Industrial Internet and Intelligent Manufacturing

NPEC continues to expand “technology empowerment” initiatives, delving deeper into areas such as electronic glass substrates, new materials, intelligent instrumentation, and robot applications. We deliver intelligent manufacturing core equipment and smart factory overall solutions based on industrial Internet to the manufacturing industry, and provide comprehensive planning for enterprises to achieve digital transformation. Through increased research and development investments, we enhance our levels of informatization, automation, and operational efficiency, thereby bolstering our core competitiveness.

In 2023, Electronics Equipment Company reinforced its leading position in the liquid crystal glass sector by successfully securing the G8.5+ LCD substrate glass production line project. This achievement challenges the long-standing monopoly held by foreign companies in the high-generation glass industry, contributing to the development of related domestic industries with “Made in China”.

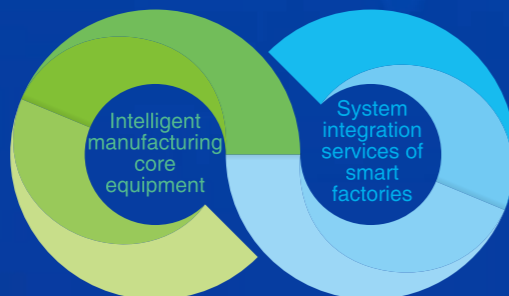
### Case: Electronics Equipment Company puts into production the 5th G8.5 LCD substrate glass production line

Electronics Equipment Company successfully initiated the G8.5-5 LCD substrate glass production line pool furnace project of IRICO (Hefei) LCD Glass Co., Ltd, marking the smooth start-up of the fifth 8.5-generation LCD substrate glass production line by this company. The successful ignition of the pool furnace in the production line signifies significant progress in the large-scale construction of the domestically-developed high-generation substrate glass industry. This achievement holds great importance in challenging the market monopoly of foreign entities in the high-generation glass substrate market, accelerating the establishment of a new structure in the domestic substrate glass market and realizing high-quality development.

### Case: Electronics Equipment Company achieves new breakthroughs in the field of photovoltaic energy of new energy industry

Dedicated to technological innovation, Electronics Equipment Company continues to advance digital transformation services and integrate intelligent manufacturing into the industry chain, supply chain, and value chain within the digital equipment sector. By successfully securing the bid for a key project in the advanced manufacturing industry of photovoltaic glass, this company achieved “zero breakthrough” in new business area. This project exemplifies the Company’s strategy to get a foot in the photovoltaic industry and leverages automation, intelligence, and information technologies. Equipment applications for this project include online paper-laying machines, gluing roller production lines, and robotic palletizing stations. Moving forward, Electronics Equipment Company will deepen its efforts in industrial directions such as intelligent warehousing and logistics, industrial robotics and applications, and smart factory solutions, and focus on advancing the application of intelligent manufacturing technologies in sectors such as intelligent meters, new energy materials, electronic glass, and intelligent environmental protection.

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



• NPEC’s key businesses in intelligent manufacturing

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”

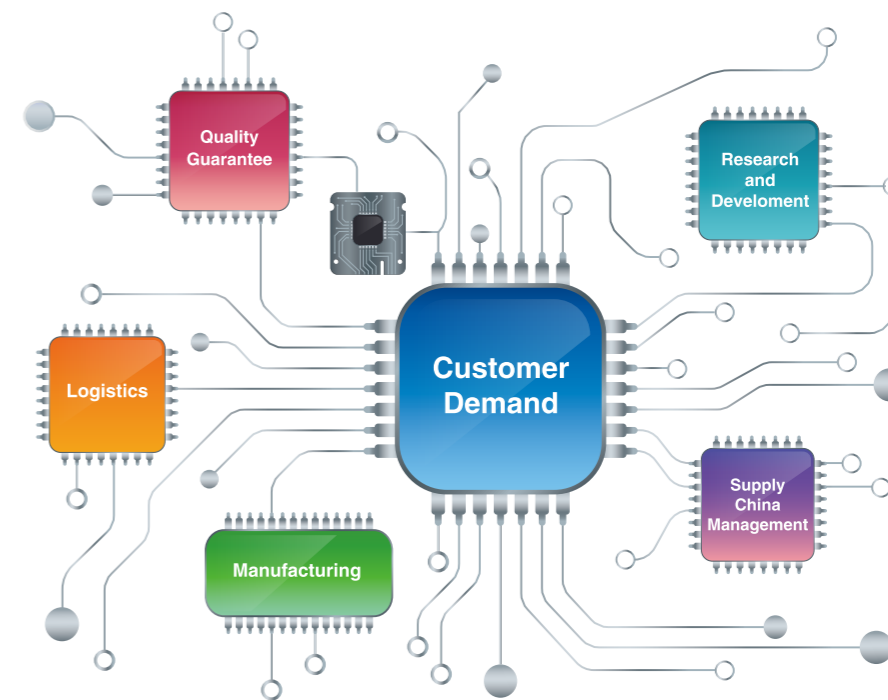
## Green Service-oriented Electronic Manufacturing

We actively strengthen our first-class supply chain management capabilities and our green electronics manufacturing services which enable intelligent, adaptable, and efficient manufacturing processes. We offer complete manufacturing services to both domestic and international brand manufacturers, encompassing research and development, process design, procurement management, manufacturing, warehousing, and logistics for a range of electronic products including consumer electronics, new display modules, white goods formation, automotive electronics, and communication equipment. We are dedicated to promoting green manufacturing by increasing the use of eco-friendly materials in production operations and reducing hardware and material waste, thereby contributing to China’s 30-60 Decarbonization Goal.

In 2023, we expanded our business structure from traditional consumer electronics to automotive electronics and white goods appliances and sought out new partnerships and projects. We upgraded our original substrate line bodies to meet the needs of our customers and developed a universal automated substrate production line for automotive electronics and white goods appliances, successfully completing 18 innovative improvements across 8 different types of equipment.

### Case: Network Energy Company builds a new engine of innovation and development

Drawing on its technological strengths, Network Energy Company is committed to advancing the digitalization of power supply products to enhance its core competitiveness and seek out new drivers of economic growth. Based on bi-directional inverter technology, Li Lunquan’s studio developed a series of products for battery formation field, specifically being applied to the AC/DC bi-directional power supply component. These products were mass-produced and delivered to customers, receiving high praise for their reliability, performance, and cost-effectiveness. In November 2023, Li Lunquan’s studio received accolade as “Nanjing Enterprise Expert Studio”.



• NPEC’s electronics manufacturing service system

## Making Joint Efforts: Cooperating with Stakeholders for More Values

Adhering to the concept of harmonious coexistence with customers, employees, environment, industry, society and other stakeholders, NPEC focuses on the sustainable development of the enterprise and the society, utilizes its professional advantages, and actively fulfills its social responsibility, commitment to create the greatest value for the stakeholders, thus achieving a high-quality and sustainable life.



## Improving customer experience

Dedicated to the pursuit of excellence, we focus on enhancing the customer service experience to meet the diverse needs of customers. We continue to enhance product quality management, customer service management, and brand development, delivering high-quality products and services to customers and improving customer satisfaction levels.



## Strengthening quality management

The Company adheres to the quality principles of “technology leading, scientific management, quality upmost, customers first”. Abiding by the *Product Quality Law of the People's Republic of China*, the *Standardization Law of the People's Republic of China*, the *Trial Measures for Product Quality Supervision*, and other relevant regulations, we revised our *Quality Management Measures*, quality manuals, operating procedures, process documents, and other documents. By adhering to principles of systematization, standardization, proceduralization, and normalization in quality management, we comprehensively covered all aspects of our operations and management. We effectively identified, assessed, and controlled the health and safety impacts throughout the product lifecycle. Additionally, we regularly reviewed and updated the responsibilities of quality management personnel at all levels, continuously enhancing our performance assessment to elevate the overall quality management standards of NPEC.

In 2023, we launched the Quality Month campaign. We organized a series of activities aimed at raising awareness and improving skills in quality management, conducting self-assessments of our quality management system, and promoting quality innovation to enhance efficiency. We hosted various activities such as empowering quality management personnel, sharing training QC team cases, hosting a painting contest, skill competition of “design specification and standardization”, internal and external quality exchange meetings, and monthly meeting. Through these activities, we strive to boost the competence and awareness of quality control to enhance the efficiency of our quality services. In 2023, Information Industry Company was recognized with 1 National Quality Engineering Award, 5 provincial quality engineering awards, and 3 municipal quality engineering awards.



● NPEC's product quality management system

### 2023 Key Performance

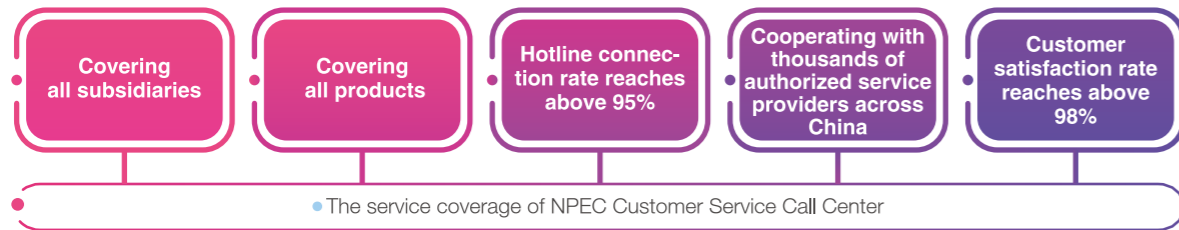
- 0 product recall incident
- 1,319 participants of quality trainings.
- 100% qualification rate of rail transit fare collection, rail transit communication and intelligent system of buildings
- 98.83% qualification rate of robotics products
- 99.90% qualification rate of chips in electronics manufacturing service
- 100% qualification rate of engineering products
- 99.96% batch qualification rate of chips in electronics manufacturing service
- 96.75% qualification rate of consumer products in one delivery
- Awarded the honorary title of **2023 Advanced Organization with Excellent Performance** by China Association for Quality

## Enhancing customer satisfaction

We continue to enhance our customer service system and optimize our service response process. We established a customer service committee as the top decision-making body for customer service. The committee provides round-the-clock after-sales service hotlines and accepts service complaints and inquiries through our website, email, online platforms, and the media. It also conducts telephone follow-up calls to promptly gather feedback from customers, conducts customer satisfaction surveys and analyses, and addresses customer needs to continuously improve the quality of our products and services, and strengthen our market competitiveness. In 2023, our Product Service Center set up a project team to conduct multiple rounds of systematic surveys and research on the after-sales services of various industrial companies. Following the principle of “comprehensive planning with gradual advancement”, we standardized service data metrics and the collection and retention for each company. Since the inception of the customer service call center, we have not received any complaints relating to the violation of customer privacy.



In November 2023, NPEC launched the first phase of its intelligent customer service software system for trial operation, achieving the standardization, transparency, normalization, traceability, and accessibility of internal customer service processes



NPEC, strictly abiding by relevant Chinese laws and regulations such as *Law on the Protection of Consumer Rights and Interests* and the *Data Security Law of the People's Republic of China*, implements product warranty services of repair, replacement and refund, and enhances communication with customers. We improve the responsiveness to customers' claims and have relevant departments analyze complaints. We offer advice on how to address issues and provide prompt feedback to ensure customer satisfaction. Moreover, we develop the *Regulations on Business Secrets Protection* to protect customer privacy, ensure their autonomy, and protect their right to fair trade.

### Prohibit personal electronic equipment

All customer service staffs are prohibited from bringing electronic devices such as mobile phones into the workplace and should hand in them to special management personnel prior to work to prevent customer information from being photographed or transcribed.



### Whole-process audio recordings

The service provided by the Customer Service Call Center staff has whole-process audio recordings and the recordings can only be assessed by the supervisor designated by the center after submitting applications to the leader of the center.



### Set different customer service permissions

All customer requirements and service processes of the Customer Service Call Center are handled in the service system with strict permissions. Different customer objects only allow targeted customer service personnel to give feedback. General customer service representatives only have the permission to accept, record and dispatch.

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



Diversified service communication channels to solve customer needs

## Strengthening brand promotion

To establish a top-tier brand known for its strong competitiveness, stellar reputation, distinct identity, and significant influence, NPEC has participated in events like the Hong Kong International Science and Technology Innovation Exhibition, China International Battery Fair (CIBF), and China International Energy Storage Conference. We also promote our brand through coverage in prominent media outlets such as *Nanjing Daily* and *Xinhua Daily* to showcase our “Panda” brand image to the public. We continue to develop our internal network, produce internal publications, and utilize various publicity platforms to carry out impactful cultural branding. This approach aims to foster a positive branding atmosphere of seeking, creating, managing, and strengthening brands, and elevate the industry's advancement.

### Case: Network Energy Company showcases products at the 15th CIBF

In May 2023, Network Energy Company showcased its bi-directional inverter, high-power UPS, portable energy storage power supply, and other products at the 15th China International Battery Fair (CIBF) organized by the China Industrial Association of Power Sources (CIAPS). The exhibition spotlighted energy storage products, with the unveiling of a new portable energy storage power supply featuring a lithium phosphate battery as the primary energy source. This product stands out for its compact size, high capacity, lightweight design, powerful performance, and ease of portability, offering users optimal energy storage solutions. The launch of this product attracted significant attention from industry professionals and garnered widespread acclaim, further enhancing the NPEC's brand image.



## Empowering Employee Growth

NPEC stays committed to making itself a talent-strong company. Paying attention to all employees, we continuously improve our employees' welfare system, build development platforms for them and increase their sense of happiness and belonging, achieving common growth with our employees.



## Employee rights, interests and welfare

At NPEC, protecting employees' legitimate rights and interests is regarded as our obligation. In strict compliance with the laws and regulations, such as the *Labor Law of the People's Republic of China* and *Labor Contract Law of the People's Republic of China*, we stipulate and fulfill the requirements of the *Management Measures for Labor Relations* and *Management Measures for Employee Performance-based Appraisal*. In line with the principles of equality, free will, and consensus through consultation and negotiation, we sign labor contracts with our employees, and take the initiative to listen to and address employees' demands through democratic management forms such as corporate affairs disclosure, employee representative congress, and representative employee inspection activities.

We are committed to creating a diversified, inclusive, harmonious and equal working environment. In strict compliance with the related Chinese laws and regulations such as the *Law on Protection of Disabled Persons*, *Social Insurance Law*, and *Special Provisions on Labor Protection of Female Workers in Jiangsu Province*, we treat all employees on an equal footing despite their nationality, ethnicity, race, religious belief and cultural background, etc. Child labor is strictly prohibited, so we tightly scrutinize the identity of every recruited personnel. In case of any violation, the application will be rejected. We also say no to any form of forced or compulsory labor.

**Employee structure by gender, age group, geographical region and employment type (Unit: headcount)**

| Constitute          |                        | 2021  | 2022  | 2023  |
|---------------------|------------------------|-------|-------|-------|
| Gender              | Female                 | 1,052 | 1,061 | 836   |
|                     | Male                   | 1,962 | 2,082 | 1,923 |
| Age                 | 35 years old and below | 1,430 | 1,540 | 1,245 |
|                     | 36-40 years old        | 415   | 476   | 400   |
|                     | 41-50 years old        | 652   | 660   | 602   |
|                     | 51 years old and above | 517   | 467   | 512   |
| Geographical region | Nanjing                | 2,320 | 2,469 | 2,135 |
|                     | Shenzhen               | 694   | 674   | 624   |
| Employee type       | Regular employees      | 3,014 | 3,143 | 2,759 |
|                     | Outsourcing workers    | 298   | 303   | 270   |

**Employee turnover rate by gender, age group and geographical region (Unit: %)**

| Employee turnover rate |                        | 2021   | 2022   | 2023   |
|------------------------|------------------------|--------|--------|--------|
| Gender                 | Female                 | 0.0600 | 0.0800 | 0.0700 |
|                        | Male                   | 0.1000 | 0.1100 | 0.1200 |
| Age                    | 35 years old and below | 0.1300 | 0.1100 | 0.1300 |
|                        | 36-40 years old        | 0.0180 | 0.0320 | 0.0100 |
|                        | 41-50 years old        | 0.0113 | 0.0020 | 0.0013 |
|                        | 51 years old and above | 0.0012 | 0.0010 | 0.0012 |
| Geographical region    | Nanjing                | 0.0740 | 0.0630 | 0.0650 |
|                        | Shenzhen               | 0.5800 | 0.4320 | 0.3300 |

• Better employee welfare guarantee

The Company strictly obeys the laws and regulations such as *Social Insurance Law*, *Trade Union Law of the People's Republic of China*, *Provisions on Minimum Wages*, and *Regulations of Jiangsu Province on Wage Payment*. We stipulate and implement the *Management Measures for Wages* and *Management Measures for Employee Performance Appraisal* based on national laws and regulations, and superior organization documents, paying employees in full and on time while building a fair and rational wage system. We have revised the *2023-2024 Collective Agreements on Wages* to achieve sustained increase in employee income through a wage negotiation mechanism, providing them competitive wages.

The Company pays social insurances (endowment, medical, unemployment, worker injury, and maternity insurances) and housing provident fund for employees according to laws. We actively put in place welfare policies according to laws and regulations including *Provisions of the State Council on Working Hours of Employees and Staffs*, *Measures on National Annual Leaves and Memorial Days*, *Provisions on Medical Treatment Period for Employees with Illness and Non-work-related Injuries*, *Implementation Measures for Paid Annual Leave for Employees*, etc. Special welfare is also offered to enhance their sense of identity and achievement.



• The multi-level compensation & benefits guarantee system of NPEC

We pay attention to our working environment. By building canteens, clinics, activity rooms, supermarkets, baby care rooms, reading rooms, gymnasiums, and other facilities in the industrial park, we guarantee our staff's comfort and health both in life and work. In 2023, the Company built and upgraded two gymnasiums in the industrial park, and carried out satisfaction surveys of the canteens to continuously improve employees' living and working environment.

NPEC cares about employees in special positions. We pay visits or provide other related services to retired employees, and carry out caring activities such as fundraising and the use of the Caring Assistance Fund, monthly visits, and subsidies for those in difficulties. In 2023, we kept on implementing the employee care project and actively carried out activities including support for employees in difficulties, holiday visits, special subsidies and caring assistance. We also distributed RMB 681,000 in subsidies and RMB 821,600 in assistance funds.

2023 Key Performance

- Labor contract signing coverage: **100%**

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- Social insurance coverage: **100%**

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- RMB **681,000** of subsidies offered to employees in difficulties

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- RMB **821,600** of assistance funds provided



### • Democratic communication

NPEC endeavors to improve democratic management by formulating systems such as the *Democratic Management Regulations* and *Management Measures for Employee Representative Proposals*. We regularly convene the Employee Representative Congress to deliberate collective agreements and management documents of the Company. To welcome more employees to participate democratically, we carry out activities including democratic appraisal of the Company's leaders and employee representative inspection. At the same time, by using employee forums, opinion boxes, WeChat groups and other media, we expand communication channels to fully protect employees' rights to be informed, to participate, to be heard, and to oversee.

In 2023, NPEC held the Conference on Collective Agreements Negotiation to review and inspect *Collective Agreements* in 2022, and to increase the average salary of on-duty employees as planned.



• NPEC Employee Representative Congress votes for the revised and added clauses of the *Collective Agreements*, and employee representatives democratically appraise leading officials

### Employee training and development

NPEC pays high attention to cultivating a contingent of talents. Upholding the training principles of "All Employees, Full Processes, All Dimensions and Multiple Channels", the Company strives to build a National Highly-skilled Talents Training Base and National Worker Educational Training Demonstration Site to enrich the knowledge, enhance skills and stimulate innovation of talents. By doing so, we can cultivate a group of interdisciplinary talents with knowledge, skills and innovation ability that supports the development of the industry.

### • Better talent recruitment system

The Company has steadily diversified talent recruitment channels. We actively organized and took part in the job fairs of renowned universities, and carried out 145 job fairs through online recruitment platforms in 2023. We also organized and received universities to visit our company for more positions, including Harbin Institute of Technology, Nanjing University of Aeronautics and Astronautics, and Nanjing University of Information Science and Technology. Meanwhile, we cooperated with Nanjing Vocational College of Information Technology.

### 2023 Key Performance

- **291** training courses of different themes held with **6,000+** trainees
- **38** level-one training (for headquarters) of different themes for **994** class hours held with **869** trainees
- **253** level-two training (for subsidiaries) of different themes for **1,476.5** class hours held with **5,220** trainees
- **121** talents introduced in total, including **27** with master's degree and **71** with bachelor's degree
- **37** talents directly engaging in scientific development introduced, including **28** graduated from "double first-class" colleges and universities, or majors, accounting for **76%**, an increase of **9%** compared with that in 2022
- **8** employees with senior titles, **41** with middle-level titles and **2** provincial-level science and technology talents positions newly added
- **1** Chief Technician of Jiangsu Province, **5** senior technicians, **14** technicians, **1** senior engineer, **1** Extraordinary Technician of Jiangsu Province and **2** craftsmen of Jiangsu Province newly recruited



• Talent team development

Highly emphasizing the talent team, the Company fully utilizes current resources to build up a multi-tiered talent training system and trains a contingent of young, competent and professional officials. NPEC focuses on training young backbones of middle management by revising and improving the *Training Methods of Young Backbone Talents*, and detailing evaluation measures. In 2023, our employee training coverage rate was 100% and middle-management employees born in the 1980s increased by 9.6% compared to that in 2022, and 20 technical experts from our company and industrial subsidiaries were newly added, vigorously reserving skilled personnel and empowering high-quality development.

NPEC's talent training system with high starting point, multiple levels and broad channels



Average employee training hours in 2023

| Constitute    | Type                    | Average Training Hours |
|---------------|-------------------------|------------------------|
| All employees |                         | 17.26                  |
| Gender        | Female                  | 12.14                  |
|               | Male                    | 19.87                  |
| Employee type | Senior Management       | 120                    |
|               | Middle Management       | 90                     |
|               | Primary-level Employees | 12.36                  |

• Training of skilled personnel

To train highly skilled personnel, the Company formulates the *Guiding Opinions on the Building of Skilled Positions System (Trial)* and *Plans on the Evaluation of Skilled Personnel* to unblock their career paths. We also organize employees to take part in state-level, province-level and city-level skill competitions. For awardees, we give them extra rewards and annual commendations, and offer them position allowances and training subsidies to promote the building of a skilled position system.

2023 Key Performance

- Having **2** State-level Technical Expert Workshops, **2** Province-level Technical Expert Workshops, and **1** City-level Technical Expert Workshop
- **60** technical competitions held with **1,527** participants

01 Building technical talent training system

By enhancing the related management system for the recruitment, training, and selection of skilled talents, we have established clear pathways for career advancement for skilled talents, defined the objectives for cultivating highly skilled talents, striving to create a conducive environment for the development of skilled talents

02 Focusing on on-the-job training

We closely align with the actual job requirements, sparking enthusiasm for learning technology, mastering professional skills, and strengthening capabilities. The human resources department, labor union, and other departments collaborate closely, widely carrying out employee skill training and competitions, and actively cultivating and selecting highly skilled talents

03 Building on the foundation of expert workshops

We encourage project leaders to take the lead in promoting and optimizing operational techniques, striving to facilitate the practical application of outstanding research results. We aim to build a team of knowledgeable, innovative, and skilled talents

•NPEC's training system of skilled personnel

Carry out regular (senior workers, technicians, senior technical staff, etc.) skills identification (level recognition) to improve the skills of front-line workers



Provide medical examinations and recuperation for highly-skilled personnel and organize overseas visits for outstanding employees and excellent skilled personnel for exchange and communication



Conduct trainings for female employees to improve their skills and performance



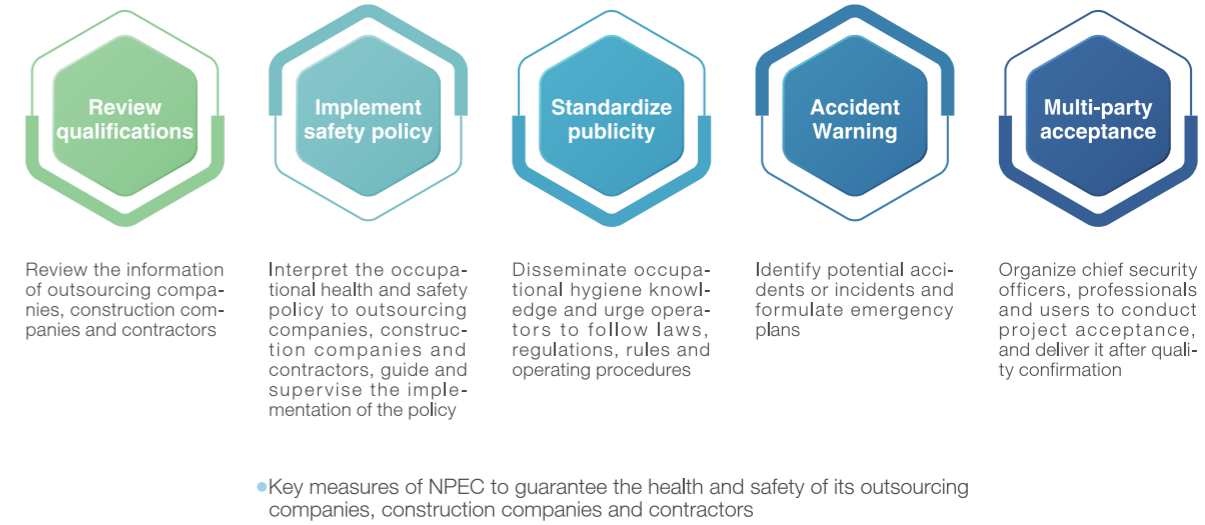
Apply for highly-skilled talent projects (state-level, provincial-level and municipal-level expert workshops, Jiangsu craftsmen, chief technicians of provincial-level enterprises, senior technicians (technicians) with outstanding contributions, etc.)



•Main measures of NPEC for improving employees' knowledge and skills to fulfill job responsibilities

## Occupational health and safety

To safeguard employee's occupational health and safety, the Company adopts the Occupational Health and Safety Management System (OHSMS) to further advance the standardization and systematic operation of its occupational health and safety management and passes the verification of the certification of the QES management system. At the same time, firmly upholding the concept of safety management, we improve and revise the *Compilation of Rules and Regulations on Work Safety* and sign the *2023 Work Safety Responsibility Letter*, steadfastly fulfilling our main obligation of work safety. Through journal publicity, expert lectures and safety knowledge contests, we intensify our efforts to safety training, and improve safety management in terms of personnel, facilities and technologies, thus safeguarding the health and safety of employees and relevant parties.



### Case: Launching the "Safety Promotion and Consultation Day" activity

In 2023, NPEC held the safety promotion activity on the Safety Promotion and Consultation Day. By setting consulting service counter, delivering leaflets of work safety knowledge and other forms, we publicized safety knowledge among our employees including fire safety during operations, safety precautions in working areas, office safety awareness, emergency response to common accidents, on-site first aid skills, and electrical welding safety, so as to raise their awareness of "Safety for All" and enhance the capability of "Emergency Response to All".

### Number of work-related fatalities and number of days lost

| Index  | 2021 | 2022 | 2023 |
|--|------|------|------|
| Number of work-related fatalities (person)     | 0    | 0    | 0    |
| Number of days lost due to work injuries (day) | 63   | 0    | 0    |

### 2023 Key Performance

- RMB **5.3073** million invested in work safety
- **4,641** participants in safety training
- **0** work accidents occurred
- **100%** health examination coverage

## Harmonious working environment creation

Upholding the new philosophy of “Healthy Life· Happy Work”, the Company strives to build itself into a role model of harmonious enterprise, creates a warm “NPEC home”, and organizes diversified cultural and sports activities. We also care about female employees’ growth needs and promote their career development.

### • Growth of female employees

In strict compliance with the *Special Provisions on Labor Protection of Female Workers in Jiangsu Province*, the Company protects the legitimate interests and rights of female employees, meets their special needs, and cares about their growth and career development. Special activities for female employees are launched to encourage them to confidently manifest the strength and charm of women in the new era.

|  |   |   |
|--|---|---|
|  <p><b>Career development needs</b></p> <p>Every year, we select and commend the “Women Model Post” and “Women Model”</p> |  <p><b>Special needs of lactating employees</b></p> <p>We extend the breastfeeding leave within an appropriate range based on the national statutory leave, and establish the Baby Care Room</p> |  <p><b>Special activities for female employees</b></p> <p>We hold the Beauty Salon every year on Women’s Day</p> |
|--|---|---|

### • Main measures of NPEC for caring for female employees



• Ceremony Honoring Model Female Employees at the International Women’s Day



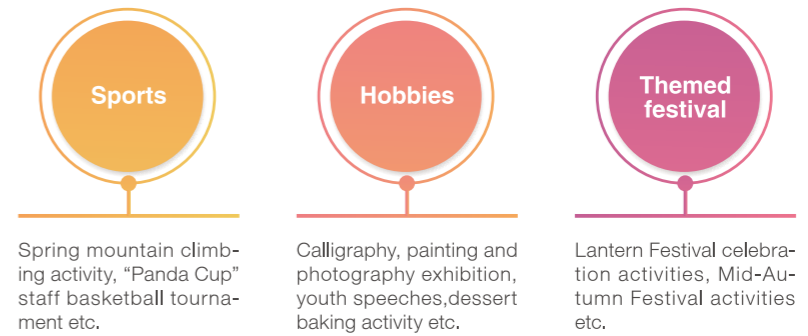
• Activity to praise female employees around you



• Model Post of Female Employee to demonstrate female charm in the new era

### • Employees’ spare-time life

The Company attaches great importance to employees’ mental and cultural needs. We encourage them to take part in diversified cultural and sports activities, promote their physical and mental health, and enhance friendship with each other, demonstrating their positive and upward spirit.



### • Diversified employee activities



• “NPEC Cup” basketball contest in 2023



• “Keeping Fit, Loving Nanjing” mountain climbing activity in spring



## Addressing Climate Change

NPEC always attaches importance to environmental protection. While developing its own business, the Company also keeps an eye on the impact of its production and operation on the environment. With a focus on strengthening environmental management, we integrate the concept of green development into daily operations to actively address climate change and strive to become an environmentally friendly, sustainable enterprise.

### Enhancing environment management

The Company strictly adheres to the national and local standards and related policies and requirements governing environmental protection, and actively accepts the supervision of regulatory authorities. By further improving the environmental management system and setting annual environmental goals, we strive to improve the quality of environmental management.

### • Environment management system

The Company follows the principles of energy conservation, emission and pollution reduction, and protection of the earth environment, and strictly abides by national and local laws related to environmental management, including *Environmental Protection Law* and *Environmental Protection Tax Law*. In addition, we have established environmental goals based on the guidance of standards such as the *Environment Management System Requirements and Guidance for Use* to effectively manage the greenhouse gas emissions, waste discharge, and resource utilization.

Meanwhile, we formulate the *Quality, Environment and Occupational Health & Safety Manual* and undergo annual inspections by expert groups from certification centers, completing the renewal audit of the quality, environment, and occupational health management system certification. In addition, the Company constantly revises the *Identification and Evaluation Procedures of Environmental Factors*, *Identification and Evaluation Procedures of Hazardous Sources* and other environmental management regulations to refine management requirements and strengthen the Company's capacity building of environmental management, thereby contributing to the Company's environmentally friendly and sustainable development. In 2023, the Company and its 7 subsidiaries passed the annual audit of Environment Management System.

### 2023 Key Performance

- **24** environmental self-inspections held
- **0** major environmental pollution incidents occurred
- **RMB 1.0092** million invested in environmental protection

### • Environmental goals management

Taking into full consideration the state-level and industry-level environmental requirements for the ICT industry, we have formulated long-term environmental goals.

by 2025:

The Chemical Oxygen Demand (COD) per unit of added value decreases by about 8% compared with 2020;

The volatile organic compounds (VOCs) emission per unit of added value decreases by about 8% compared with 2020;

The amount of general waste generated per unit of added value decreases by about 10% compared with 2020;

The energy consumption per unit of added value decreases by about 10% compared with 2020;

The water consumption per unit of added value decreases by about 10% compared with 2020.

The Board of the Company makes overall plans to formulate long-term goals for environment management and reviews the annual action plan for environment protection. It also urges each department to divide responsibilities and make arrangements and supervise the progress of environment management work, so as to make sure that policies on environment management have been enforced accurately and consistently.

### • Climate risks management

The Company is acutely aware that climate change poses both risks and opportunities that can significantly affect our business growth and has consistently prioritized the development of a green, service-oriented electronic manufacturing industry as one of our important strategies. In light of the carbon peak and carbon neutrality goals, as well as the global efforts to combat climate change, we assess the potential environmental impact brought about by climate change, enhance our organizational coordination and make risk predictions for major environmental pollution accidents and extreme weather events to explore new development models that can effectively address climate change.

## Emission reduction and low carbon development

The Company highly values energy saving and consumption reduction, striving to reduce energy consumption during operations and enhance the output value per unit of energy consumed. We properly manage and dispose of waste generated in the operation process to strictly control pollution discharge and prevent environmental pollution.



### • Emission reduction

The Company's greenhouse gas emissions mainly come from indirect emissions from natural gas, gasoline and diesel as well as purchased electricity used in workplace and operation sites. In the process of operation, the Company has taken continuous actions to reduce greenhouse gas emissions. The exhaust gas emitted from coating is treated with regenerative catalytic and oxidation combustion, and the waste gas from injection molding and extrusion is treated with activated carbon adsorption. There are 8 sets of waste gas treatment facilities equipped in coating, molding and extrusion, to realize the organized and up-to-standard emissions of waste gas.

#### Greenhouse gas emissions

| Greenhouse gas emissions             | Unit                                  | 2021      | 2022      | 2023      |
|--------------------------------------|---------------------------------------|-----------|-----------|-----------|
| Direct emissions (Scope I)           | tCO <sub>2</sub> e                    | 1,348.01  | 1,689.05  | 1,580.90  |
| Direct emission density (Scope I)    | ton / RMB billion (operating revenue) | 297.4     | 406.6     | 542.9     |
| Indirect emissions (Scope II)        | tCO <sub>2</sub> e                    | 26,892.98 | 27,334.18 | 23,089.81 |
| Indirect emission density (Scope II) | ton / RMB million (operating revenue) | 5.9340    | 6.5802    | 7.9292    |

\*The calculation method of greenhouse gas emissions is based on Appendix II: Guidelines for Reporting Environmental Key Performance Indicators issued by the Stock Exchange of Hong Kong Limited.

#### Exhaust emissions

| Type                               | Unit | 2021    | 2022    | 2023    |
|------------------------------------|------|---------|---------|---------|
| Nitrogen Oxides (NO <sub>x</sub> ) | ton  | 0.30188 | 0.65266 | 0.46017 |
| Sulfur Oxides (SO <sub>x</sub> )   | ton  | /       | 0.00588 | 0.00550 |
| Particulate Matters (PM)           | ton  | 0.03110 | 0.06372 | 0.04506 |

\*The calculation method of air pollutant emissions is based on the Appendix II: Guidelines for Reporting Environmental Key Performance Indicators issued by the Stock Exchange of Hong Kong Limited.

### • Waste management

Committed to designing and developing environmentally friendly, recyclable products, the Company implements waste sorting policy to reduce waste generation and lower the difficulty of waste disposal. In addition, we hire environmental protection companies to professionally manage solid waste, thus avoiding the occurrence of secondary pollution.



#### 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 suppliers |
| 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 |

#### Amount of hazardous waste

| Type  | Unit  | 2021   | 2022   | 2023   |
|---|-------|--------|--------|--------|
| Oil resistant gloves                          | ton   | 0.0120 | 0.05   | 0.094  |
| Waste chemical materials and their packaging* | ton   | 94.96  | 118.68 | 137.15 |
| Waste toner cartridge (including waste toner) | piece | 461    | 262    | 167    |
| Waste selenium drum                           | piece | 895    | 567    | 748    |
| Electric waste such as waste battery          | kg    | 24.22  | 17     | 14.34  |
| Waste fluorescent lamp                        | kg    | 22.60  | 183.20 | 205.1  |

\*We attach great importance to the concerns of stakeholders, and in order to further improve the effectiveness of environmental performance disclosure, we have recalculated and adjusted the statistical scope of waste chemical materials and their packaging.

#### Amount of non-hazardous waste

| Type            | Unit | 2021   | 2022   | 2023   |
|-----------------|------|--------|--------|--------|
| Paper           | ton  | 33.22  | 56.26  | 46.94  |
| Kitchen waste   | ton  | 320    | 305    | 256    |
| Plastics        | ton  | 13.025 | 8.08   | 15.02  |
| Metal           | ton  | 113.50 | 140.90 | 196.53 |
| Wooden Products | ton  | 4      | 1.50   | 0.50   |

#### Packaging material usage

| Type     | Unit | 2021    | 2022 | 2023 |
|----------|------|---------|------|------|
| Paper    | ton  | 12.3845 | 5.82 | 8.41 |
| Plastics | ton  | 10.8967 | 3.65 | 5.23 |
| Metal    | ton  | 23.6977 | 0.36 | 0.35 |

## Sustainable resource utilization

Following the environmental concept of “conservation, reuse, recycling,” we have established a scientific energy management system to vigorously promote circular economy and sustainable development.

### • Energy management

By formulating and implementing the *Regulations on Energy Conservation Management*, the Company works to establish a scientific and detailed energy management system. We conduct refined management of energy-consuming equipment. For example, we regularly overhaul the energy equipment, regulate the use of central air-conditioning, and use electric water boilers with timer devices. Besides, the intelligent digital control lighting system and energy-saving lighting fixtures are installed to reduce energy consumption levels via lean management.

**Energy consumption**

| Type                                  |                         | Unit                                  | 2021     | 2022     | 2023       |
|---------------------------------------|-------------------------|---------------------------------------|----------|----------|------------|
| Direct energy                         | Gasoline                | tce                                   | 83.26    | 93.66    | 99.77      |
|                                       | Natural Gas             | tce                                   | 441.309  | 531.44   | 496.37     |
|                                       | Diesel oil              | tce                                   | /        | 45.75    | 30.41      |
| Total direct energy consumption       |                         | tce                                   | 530.619  | 670.85   | 626.55     |
| Direct energy consumption intensity   |                         | tce / RMB million (operating revenue) | 0.1171   | 0.1615   | 0.2152     |
| Indirect energy consumption           | Electricity consumption | MWh                                   | 33,951.5 | 34,508.5 | 29,150.123 |
| Total indirect energy consumption     |                         | tce                                   | 4,172.64 | 4,241.09 | 3,582.55   |
| Indirect energy consumption intensity |                         | tce / RMB billion (operating revenue) | 920.7    | 1,021    | 1,230.3    |

\*Various energy conversion coefficients are quoted from GB/T 2589-2020 *General Principles for Calculation of Comprehensive Energy Consumption*

### • Water resource management

To continuously explore sustainable water management, NPEC uses sensor faucets to eliminate waste of water resources caused by improper water usage habits and sets up an independent water meter in every washing room for staged measurement and calculation. Meanwhile, the Company has built the sewage treatment station within the industrial park to conduct sewage testing and treatment, so as to strictly control the discharge of wastewater up to standard.

**Water resource utilization**

| Type                                   | Unit                                  | 2021       | 2022       | 2023       |
|--|---------------------------------------|------------|------------|------------|
| Water Consumption                      | ton                                   | 227,251.7  | 234,325.4  | 187,189.21 |
| Water Consumption Intensity            | ton / RMB billion (operating revenue) | 50,143.8   | 56,409.6   | 62,482.0   |
| Discharge Amount of Wastewater         | ton                                   | 204,526.53 | 210,892.82 | 168,470.29 |
| Wastewater Discharge Intensity         | ton / RMB billion (operating revenue) | 45,129.4   | 50,768.6   | 57,853.8   |
| Chemical Oxygen Demand (COD)           | ton                                   | 51.13      | 50.64      | 49.17      |
| Chemical Oxygen Demand (COD) Intensity | ton / RMB million (operating revenue) | 0.0113     | 0.0122     | 0.0169     |

## Raising environmental awareness

The Company actively promotes environmental protection concepts through environmental training activities, encourages green office to effectively raise the related awareness of employees, guiding them to adopt green and low-carbon production and lifestyle habits.

### • Advocating green office

Adhering to the concept of “green office”, the Company actively promotes paper saving and paperless office and advocates double-sided printing. We encourage employees to use electronic software to realize online working, thus cutting down on consumption of office supplies. Moreover, slogans about energy conservation are also put up to remind employees to timely turn off energy-consumed facilities such as air conditioners, computers, and drinking fountains in the office area. We also adopt green lighting models to reduce energy consumption and waste in workplaces.

### • Community-based environmental activities

The Company regularly organizes employees to provide community-based voluntary services on environmental protection to raise the awareness and enhance the resolution of employees and community residents to protect environment and sanitation in public areas. Through environmental protection publicity, we enrich the work and life of employees and further enhance the working philosophy of environmental protection for all employees.

#### Case: Volunteer campaign on environmental protection publicity

To promote environmental consciousness among the public and beautify environmental sanitation in public areas, NPEC organized volunteers to carry out a volunteer campaign on environmental protection along Purple Mountain and Xuanwu Lake. The volunteers publicized the importance of environmental protection through concrete actions, such as promoting waste sorting to the people along the way and collecting litter. These efforts not only increased public awareness about waste sorting but also fostered a deeper understanding of “low-carbon and eco-friendly” values among the community. Additionally, the initiative heightened the environmental and health awareness of employees.



# Promoting Win-win Cooperation with Stakeholders

NPEC regards building accountable supply chains as an important guarantee for win-win cooperation between enterprises. By taking advantages of industrial synergy and developing cooperation, strengthen strategic cooperation and communication with partners, we continue to strengthen the resilience of sustainable development for supply chains.

## Responsible Procurement

In strict compliance with laws and regulations such as the Law of the People's Republic of China on Tenders and Bids and the Implementing Regulations on the Tendering and Bidding Law of the People's Republic of China, NPEC formulates internal management system including the Administrative Measures for Bidding Measures within the Scope of Capital Expenditure and the Administrative Measures for Non-bidding Measures within the Scope of Capital Expenditure, and conducts procurement in principles of fairness, justice, openness and transparency. We continue to optimize the supplier management system by conducting whole-process visual management and control for each project through information system. Based on suppliers' comprehensive performance on labor, health and safety, environment, business ethnics, and management system etc., we establish a full life-cycle management system to organize the access, evaluation and development of suppliers and encourage suppliers to obtain certifications on product quality, environment, and occupational health, with an aim to boost our partners' management capacity on quality and sustainability and build a more concrete partnership.

### Supplier Access

1

Revised the *Qualified Supplier Evaluation Measures*, strictly enforced the supplier access system, and improved the level of suppliers' credit management in accordance with the requirements of the *Management Regulation on Business Partner Credit regulations*. Explicitly demanded all suppliers to provide raw materials that meet the environmental protection requirements in procurement contracts, and prioritized the selection of green and sustainable raw material suppliers. In 2023, the number of the Company's suppliers screened by environmental and social standards was 1,087, accounting for one-third of the total

### Supplier Evaluation

2

Strictly complied with the *Supplier Management Procedures*, regularly carried out multi-dimensional evaluation of existing and new suppliers, effectively identified environmental and social risks in the supply chain; via up-to-date management and comprehensive evaluation, updated the catalogue of qualified suppliers; the supplier valuation team conducted on-site assessments of suppliers in critical and special material categories to reduce the risk of accidents and enhance the competitiveness of supplier services

### Supplier Exit

3

Formulated the *Supplier Negative Behavior Management Measures*, jointly discussed solutions to problems arising in the process of services and acceptance inspections of suppliers, and eliminated suppliers with annual evaluation scores under 80 points and blacklisted those suppliers that have violated the rules during the supply process

### Empowering Supplier Growth

4

Organized regular and irregular training for suppliers to enhance suppliers' awareness of responsibilities and related capabilities

• Measures to strengthen supplier management



\*The graphics on this page are derived from map file GS (2019) 1833

## Leading industry development

We always promote industry development with openness and inclusiveness, and join hands with our partners to step towards future of sustainability by participating in standards formulation, organizing consortium and innovating and promoting industrial technologies.



### • Participating in the preparation of various standards

In 2023, the Company participated in the preparation of the two national standards including GB/T 38659.3-2022 *Electromagnetic Compatibility - Risk Assessment - Part 3: Risk Analysis Method For Device* and GB/T 31269-2023 *Honeycomb Fiberboard Boxes*, led the preparation of *Blue Paper of Innovative Development in Intelligent Transportation* and the Group Standard of *Digital technology - Data - Specifications of traffic data element*, which were successfully released. The Company also participated in the preparation of Jiangsu provincial local standard *Urban Public Transport Data Interface Specification* and the revision of national recommended standard GB/T 20907-2007 *Technical Requirements for Automatic Fare Collection System of Urban Rail Transportation*, so as to promote industry innovation and creation and common development.

### 2023 Key Performance

- 8 group standards edited and released
- 2 corporate standards hosted and released

### Case: Successfully participating in developing national standards for new eco-friendly package products

In 2023, the national standard GB/T 31269-2023 *Honeycomb Fiberboard Boxes*, of which NPEC participated in formulation, was formally released and put into effect. The honeycomb fiberboard box series products are new eco-friendly packaging products that has gained international recognition and promotion. They can be used in packaging, stone, household appliance, furniture, electronic communications, electromechanical machinery and garments industries, and are considered as the trend of development for application of international packaging materials in the future. As the first revision based on national standard GB/T 31269-2014, the national standard GB/T 31269-2023 *Honeycomb Fiberboard Boxes* further regulates requirements for the design, production and inspection of honeycomb fiberboard box, providing producers and consumers with clear instructions and being of great importance for the industry.

### • Carrying out industry-university-research cooperation

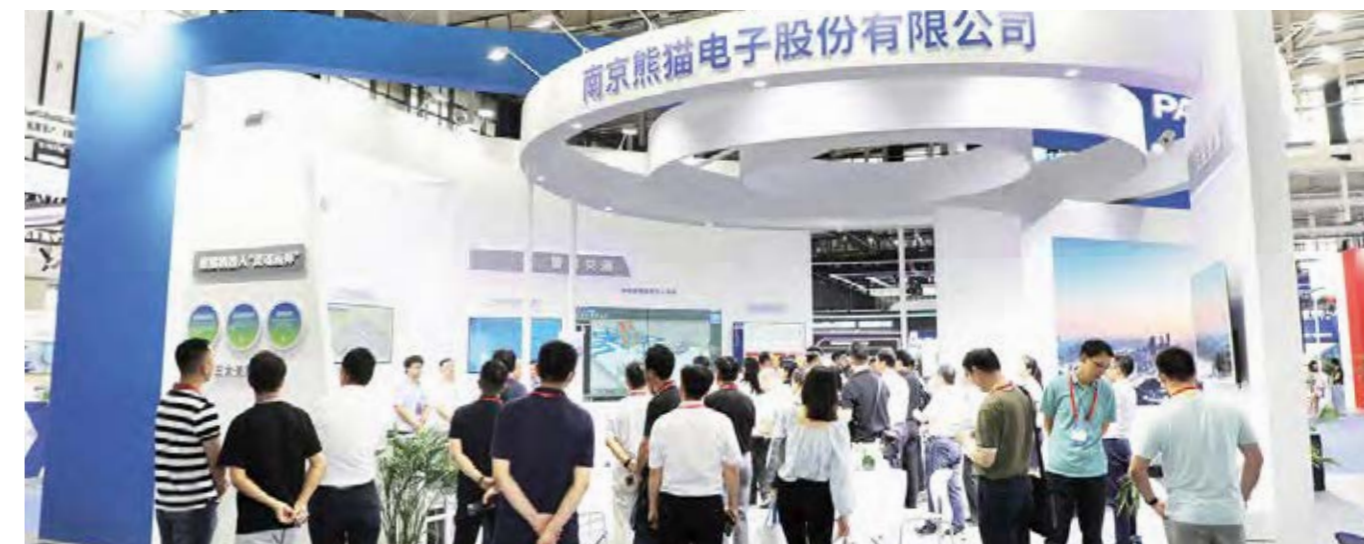
NPEC builds a close cooperative relations with employers and universities by integration between industry and education. Based on the instructional models of “Laboratory + Experimental Base” and “Professional teaching + project cooperation”, we strive to promote deep exchanges in personnel training, scientific research innovation and transformation of scientific and technological achievements among all parties. Making full use of unique advantages of enterprises, universities and regions, we jointly build an industry-university-research system with digital industry expansion as the mainstay, segmented industrial fields and professions as main characteristics, and new information technology as the basis. In 2023, NPEC, in partnership with Southeast University and domestic semiconductor companies, jointly built a new technological innovation platform for industry-university-research cooperation and created “The Industrial Chain Alliance for LEO Satellite Internet Terminal” to fully integrate effective resources, foster new industries, forms and models and improve industrial competitiveness.

### Case: Deepening strategic cooperation and creating new paradigms for industry-university-research integration

In 2023, the graduate student workstation jointly built by NPEC and Nanjing University of Aeronautics and Astronautics (NUAA) was awarded as “Outstanding Postgraduate Student Workstation”, which was a further implementation of the *Comprehensive Cooperation Agreement* signed by two sides. This workstation is an important platform for both NPEC and NUAA to deepen strategic cooperation, promote integration between industry and education, and advance systematic connections among the chain of talented personnel, the chain of industry and the chain of innovation. It has also cultivated a number of core technical talents in the fields of common key technologies for digital intelligence equipment industry, such as digital twin, trusted data and artificial intelligence, effectively promoting hand-in-hand development for the enterprise and university.

### • Strengthening communications and cooperation within industry

With an attitude of openness, inclusiveness and progressiveness, we take an active part in industrial activities such as industry conferences and international exhibitions to seek diverse partners, improve product competitiveness and extend influences of industry. In 2023, NPEC participated in 49 industrial activities in total.



• Attending 2023 China (Nanjing) International Software Product and Information Service Trade Fair, and exhibiting industrial control terminal products and a series of solutions to intelligent transportation, digital park and industrial software



## Engaging in Community-based Public Welfare Undertakings

NPEC values undertaking public welfare through communities and voluntarily shares development achievements with community. Devoted to public welfare undertakings, we encourage employees to participate in voluntary service activities and fulfill social responsibilities, and continuously contribute our part to community.

### Social welfare

We commit to serving the community and return to the society. We support and actively participate in social welfare undertakings and fulfill social responsibilities through action, contributing our part to a harmonious society. 2023 marks the 21st anniversary of NPEC's Assistance Fund, and the donations per capita hit a record high with total donations reaching RMB785,000. In 2023, we participated in the second session of a week-long SOE's consumption campaign to boost agricultural prosperity launched by SASAC, and bought agricultural products worth RMB 128,544 made in Langzhong, Sichuan province.

#### Case: Donations for Charity Bookstore with the Panda Kindergarten

In order to carry forward Chinese traditional virtues of goodness and generosity, NPEC, in cooperation with the Red Cross Society of Qixia district in Nanjing, held "Charity Bookstore" donation ceremony at its subordinate kindergarten. We donated 1,031 books in total for kindergartens in poverty-stricken areas and encouraged kids and parents to donate books that left unused. All the donated books were posted to the Qimeng kindergarten in Muhuguan county in Shaanxi province to help children in poor mountainous areas with access to more books and bring warm and care to them.

### 2023 Key Performance

- Nearly RMB **790,000** raised for NPEC's Assistance Fund. • RMB **128,500** invested for rural revitalization
- RMB **5,000** donated for "One Charity Donation Day" activity in Meiyuan sub-district, Xuanwu district, Nanjing.

## Volunteer services

Carrying forward the volunteering spirit of "dedication, friendship, mutual assistance and progress", NPEC encourages employees to participate in volunteer services and register volunteer service organizations. We organize and participate in volunteer services such as community-based activities, civilization guidance, voluntary labor, trees planting and care services for the elderly promoting the building of a harmonious society.



• Volunteer service of free medical treatment



• Volunteers enter special education schools and care for students with disabilities



• Employee volunteers serve communities and neighborhoods

### 2023 Key Performance

- 330** employees registered as volunteers • **1,200** employees participated in voluntary services
- 4,200** hours of volunteer services provided

# Appendices

## Content Index of ESG Reporting Guide

| Environmental                                    |                    |   |                                    |
|--|--------------------|---|------------------------------------|
| Aspect   | No.                | Description   | Corresponding report content       |
| Aspect A1: Emissions                             | General Disclosure | Information on:<br>(a) the policies; and<br>(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. | ● P47-48                           |
|  | A1.1               | The types of emissions and respective emissions data.   | ● P47-48                           |
|  | A1.2               | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).  | ● P47                              |
|  | A1.3               | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).   | ● P48                              |
|  | A1.4               | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).   | ● P48                              |
|  | A1.5               | Description of emission target(s) set and steps taken to achieve them.  | ● P46                              |
|  | 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.  | ● P48                              |
| Aspect A2: Use of Resources                      | General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials.  | ● P49                              |
|  | 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).  | ● P49                              |
|  | A2.2               | Water consumption in total and intensity (e.g., per unit of production volume, per facility).   | ● P49                              |
|  | 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 |
|  | A2.5               | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.  | ● P48                              |
| Aspect A3: The Environment and Natural Resources | General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources.  | ● P46                              |
|  | A3.1               | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.   | ● P46-50                           |
| Aspect A4: Climate Change                        | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted and may impact the issuer.  | ● P46                              |
|  | A4.1               | Description of the significant climate-related issues which have impacted and may impact the issuer, and the actions taken to manage them.  | ● P46                              |

| Social                              |                    |   |   |
|-------------------------------------|--------------------|---|---|
| Aspect                              | No.                | Description   | Corresponding report content  |
| Aspect B1: Employment               | General Disclosure | Information on:<br>(a) the policies; and<br>(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. | ● P33-35  |
|                                     | B1.1               | Total workforce by gender, employment type, age group and geographical region.  | ● P34   |
|                                     | B1.2               | Employee turnover rate by gender, age group and geographical region.  | ● P34   |
| Aspect B2: Health and Safety        | General Disclosure | Information on:<br>(a) the policies; and<br>(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.   | ● P41-42  |
|                                     | B2.1               | Number and rate of work-related fatalities.   | ● P42   |
|                                     | B2.2               | Lost days due to work injury.   | ● P42   |
|                                     | B2.3               | Description of occupational health and safety measures adopted, how they are implemented and monitored.   | ● P41-42  |
| Aspect B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.   | ● P37-40  |
|                                     | B3.1               | The percentage of employees trained by gender and employee category (e.g., senior management, middle management).   | ● P39   |
|                                     | B3.2               | The average training hours completed per employee by gender and employee category.  | ● P39   |
| Aspect B4: Labor Standards          | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  | ● P34   |
|                                     | B4.1               | Description of measures to review employment practices to avoid child and forced labor.   | ● P34   |
|                                     | B4.2               | Description of steps taken to eliminate such practices when discovered.   | ● No violation happened during the reporting period, including child labor or forced labor. — |

|                                       |                    |   |   |        |
|---------------------------------------|--------------------|---|---|--------|
| Aspect B5:<br>Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain.  | ● | P51-52 |
|                                       | B5.1               | Number of suppliers by geographical region.   | ● | P52    |
|                                       | B5.2               | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.   | ● | P51    |
|                                       | B5.3               | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.  | ● | P51    |
|                                       | B5.4               | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.   | ● | P51    |
| Aspect B6:<br>Product Responsibility  | General Disclosure | Information on:<br>(a) the policies; and<br>(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. | ● | P29-31 |
|                                       | B6.1               | Percentage of total products sold or shipped subject to recalls for safety and health reasons.  | ● | P30    |
|                                       | B6.2               | Number of products and service related complaints received and how they are dealt with.   | ● | P31    |
|                                       | B6.3               | Description of practices relating to observing and protecting intellectual property rights.   | ● | P14    |
|                                       | B6.4               | Description of quality assurance process and recall procedures.   | ● | P30    |
|                                       | B6.5               | Description of consumer data protection and privacy policies, how they are implemented and monitored.   | ● | P31    |
| Aspect B7:<br>Anti-corruption         | General Disclosure | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.  | ● | P11-12 |
|                                       | 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.  | ● | —      |
|                                       | B7.2               | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | ● | P12    |
|                                       | B7.3               | Description of anti-corruption training provided to directors and staff.  | ● | P12    |
| Aspect B8:<br>Community Investment    | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.   | ● | P55-56 |
|                                       | B8.1               | Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport)  | ● | P55-56 |
|                                       | B8.2               | Resources contributed (e.g., money or time) to the focus area.  | ● | P55-56 |

Note: ● means the indicators of “comply or explain”

## Reader's Feedback

Thank you for reading our *ESG Report 2023*. We value your feedback on our CSR and ESG work and this ESG report. Your opinions and suggestions are highly appreciated, as an important reference for us to improve CSR and ESG information disclosure, CSR and ESG management, and effective CSR and ESG 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       Poor       Very poor

### 2. How is the structure of this report?

Very good       Good       Average       Poor       Very poor

### 3. How about the readability of this report?

Very good       Good       Average       Poor       Very 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?

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### 6. Is here any suggestion on our ESG performance or this report?

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#### Contact information:

Tel: (86 25) 84801144

Fax: (86 25) 84820729

Email: dms@panda.cn

Address: No. 7 Jingtian Road, Nanjing, Jiangsu Province, the PRC





**PANDA** 熊猫

**Nanjing Panda Electronics Company Limited**

[www.panda.cn](http://www.panda.cn)