

Nanjing Panda Electronics Company Limited

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2024



About This Report

Reporting Period

Nanjing Panda Electronics Company Limited (NPEC) has continually published CSR/ Environmental, Social, and Governance (ESG) Report for 14 consecutive years since 2010. The *Environmental, Social, and Governance (ESG) Report* released here is the second ESG report released by the Company, which focuses on disclosing our ESG policies, goal setting, measures, and achievements.

Reporting Scope

The time frame for the information and performance mentioned in the report is from January 1, 2024 to December 31, 2024. Additional information that pre-dates the stated reporting period or presents the policy and practice of NPEC in 2025 or previous years 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").

Data Sources

All information and data in this report are from our internal official documents, statistical reports, annual report and other publicly disclosed documents. The Board and all directors of the Company guarantee that the report is free of false representations, misleading statements, or material omissions, and is responsible for the truthfulness, accuracy and completeness of the content of this report.

Compilation Conformance

This report is compiled with reference to international and Chinese ESG, sustainability and social responsibility frameworks, including the *GRI Sustainability Reporting Standards* (GRI Standards), the *Guidance on Social Responsibility (ISO 26000:2010)* issued by International Organization for Standardization (ISO), the *Environmental, Social and Governance Reporting Guide* of The Stock Exchange of Hong Kong Ltd., the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, and the *Notice on Forwarding "Research on ESG Report Preparation of Listed Companies controlled by Central State-owned Enterprises"* issued by the General Office of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). It also bases on the industry background and highlights corporate characteristics.

Reporting Principles

Materiality: The Company identifies material topics associated with our operations that investors and other stakeholders are also concerned about, which are the focus of this report. For details on material topics, please refer to the "ESG Governance" section of this report. This report also gives a priority on topics that may have significant impacts on investors and other stakeholders in terms of environment, society, and governance.

Accuracy: For the same indicator in different reporting periods, this report maintains consistency in the statistical and disclosure methods. If there are any changes in this aspect, they will be fully explained in the report notes.

Completeness: This report contains data, case studies, and other information that serve as a supplement to the textual content, facilitating better understanding by stakeholders and providing timely information references for their decision-making.

Balance: The report reflects objective facts and fairly discloses both positive and negative information related to the Company.

Name Abbreviations

In this report, "NPEC", "the Company", or "We/our" 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.
- Huage Electronics & Automobile refers to Nanjing Huage Electronics & Automobile Plastic Industry Co., Ltd.

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

Report Access

This report is available in the electronic version and you can visit our official website ([http:// www.panda.cn](http://www.panda.cn)) to read this report.

Reader Response

To continuously improve our ESG management and the quality of ESG disclosure, and spur NPEC to deeply practice the ESG development philosophy. We are soliciting opinions from readers on this report (see Appendix "Reader Feedback" for details). We sincerely invite you to leave your valuable feedback via email to dms@panda.cn , or call (8625) 84801144 to contact us.

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Message from Senior Management

2024 was a crucial year for implementing China's 14th Five-Year Plan (2021-2025) and also an important year for us to accelerate transformation and upgrading. Bearing in mind our mission, responsibilities and priorities, we actively seize the development opportunities brought by digital economy and emerging industries of strategic importance. During the whole process of operation, we conscientiously fulfill our responsibilities for stakeholders, society and the environment, foster new growth drivers for the Company, and spare no effort to promote sustainable development.

We consolidate the foundation for sustainable development. Upholding Party leadership over state-owned enterprises (SOEs), we have established and improved the modern enterprise system, advocated the sustainability philosophy, and implemented the sustainable development strategy. While improving the ESG management framework, we have gradually built an operational management mechanism that helps better ESG conditions. Strictly abiding by laws & regulations, business ethics, public ethical standards and industry-specific rules, with transparency and integrity as the basis of our codes of conduct, we have comprehensively advanced the compliance management system, ensured fulfillment of rectification responsibilities, and paid great attention to compliance management and risk prevention & control, safeguarding the Company's high-quality development with concrete actions.

We enhance the capability to support economic and social development. While constantly optimizing our industrial presence and structure, we have considerably advanced the transformation and upgrading of traditional sectors, focusing on the three leading businesses including intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing. With existing technology products as the pull, in pursuit of new opportunities and new markets, we speed up the pace of high-end, intelligent, green, and integrated industrial development. Having obtained approval for officially joining the Trusted Industrial Data Spaces Eco-Chain, we join hands with several hundreds of Eco-Chain members to explore new modes and new mechanisms for trusted flow of industrial data elements. At the same time, with cutting-edge science & technology and emerging sectors as the focus, we make coordinated efforts to promote enter-

prise-university collaboration, which realizes resource sharing and complementary advantages. Through such collaboration, we have tackled some core problems in the industry and managed to transform research achievements into core technologies with independent intellectual property rights.

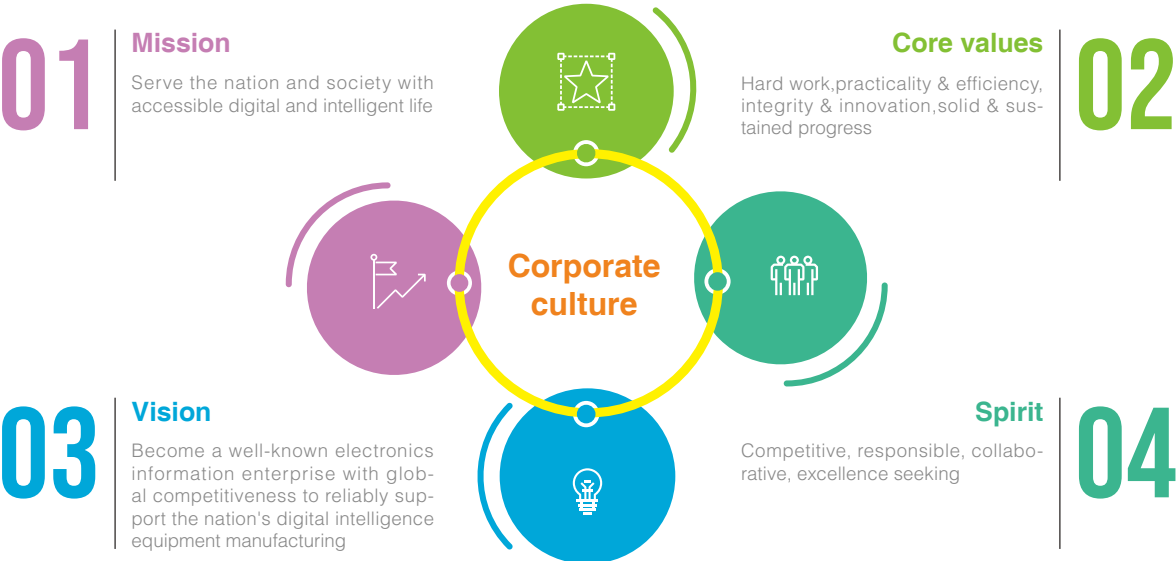
We improve the capability to serve people's needs for a better life. Putting the guiding principles of the *Outline on Boosting China's Strength in Quality* into practice, we have passed the certification of QES (Quality, Environment, Occupational Health & Safety) management systems and conducted the Quality Month campaign to further improve the Company's product quality and service capacities. We have accelerated green and low-carbon transition and development, ramped up efforts to conserve energy resources and use them efficiently, and rigorously implemented environmental risks prevention and control measures, thus enhancing the capability to better control or avert climate change risks. Furthermore, we have engaged ourselves in developing industry standards and advancing optimization & upgrading of industrial chains and supply chains. Upholding the training principles of "All Employees, Full Processes, All Dimensions and Multiple Channels", we have improved the professional position system and the skilled position system. In addition, we have actively participated in social welfare undertakings, striving to build harmonious relations with employees and society.

Looking into the future, we will make the most of our advantages to accelerate business development and enhance our presence in digital service domain with technological innovation as the driving force. We will advance market-based application of "market+service" product plans to secure and increase our market share. At the same time, we will actively fulfill corporate social responsibilities and therefore make a greater contribution to realizing sustainable development and mutual benefits with society.

Hu Huichun
Executive Director and General Manager of NPEC

About Us

Nanjing Panda Electronics Company Limited is a core company in China's electronics industry. In April 1992, it was founded solely by Panda Electronics Group Co., Ltd., the cradle of China's electronics industry. With its shares listed on The Stock Exchange of Hong Kong Ltd. and Shanghai Stock Exchange respectively in May and November 1996, the Company was the first to issue A+H shares in domestic electronics information industry. Taking intelligent transportation and safe city, industrial Internet and intelligent manufacturing, and green service-oriented electronic manufacturing as the three leading businesses, NPEC makes a great contribution to supporting digital transformation and intelligent manufacturing industry chain development. The Company boasts great strength in sci-tech research and development, with 8 high-tech enterprises, 4 provincial "little giant" firms, 1 state-level engineering research center, 6 provincial engineering (technology) research centers, 4 provincial enterprise technological centers, 1 municipal enterprise technological center, and 2 municipal engineering research center. The Company has built an intact technological innovation system covering main business domains. Certified by ISO quality management system, environmental management system, occupational health & safety management system, information security management system and IT service management system, as well as GB/T evaluation system for after-sales service of goods and intellectual property rights management system, the Company has established a fully-fledged quality management system and a state-of-the-art corporate management information system. The Company has undertaken a number of national key engineering projects, winning numerous science and technology progress awards at national, provincial and ministerial levels. In terms of standards development, the Company has led or participated in a few national standards and industrial standards. Receiving the honor of Excellent Enterprise in Jiangsu, the Company has been recognized by Jiangsu Province as an enterprise that values credit and performs brilliantly in contract fulfillment, legal compliance and operational integrity.



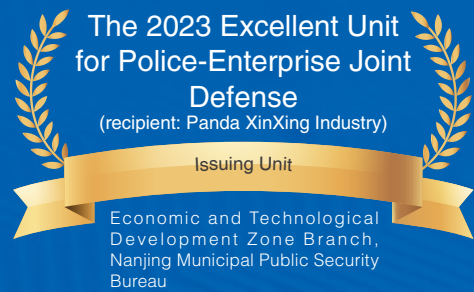
Company Name	Year of Establishment	Business Profile
Electronics Equipment Company	2009	The Electronics Equipment Company offers three leading services, i.e., robotic integration workstations, solutions for intelligent manufacturing industry, and intelligent logistics solutions, with industrial robots as the flagship product, intelligent logistics & warehousing as supportive products. Dedicated to developing intelligent manufacturing markets, the company delivers differentiated products tailored to market needs of key sectors and whole-process differentiated value-added services, which helps improve the company's overall strength in intelligent manufacturing.
Information Industry Company	1998	The Information Industry Company is a renowned system solutions supplier and industry technology leader in China, which provides solutions for the command center, ticket income distribution, ticketing and fare collection, and communications systems of intelligent transport network. It is also a leading domestic intelligent building system integrator and intelligent equipment & modules manufacturer.
Electronics Manufacturing Company	2004	The Electronics Manufacturing Company specializes in the manufacturing of consumer electronics, automotive electronics, white goods, and high-tech electronics, etc., with the annual output exceeding 15 million pieces/sets. Up to date, the company has established cooperation with a number of renowned enterprises in electronics information sector to offer a full range of customized premium services as an original design manufacturer (ODM).
Communications Technology Company	2005	The Communications Technology Company specializes in the R&D and manufacturing of product series of satellite communications terminals, ad hoc communication terminals, unmanned aerial vehicle data chains, clock synchronization systems, home-grown platform terminals, and integrated communications systems, etc. Relevant products and holistic solutions have been widely applied in the fields of national defense informatization, smart city, vessel navigation, emergency communications, as well as counter-terrorism and stability-keeping, etc.
Panda XinXing Industry	2009	Mainly engaged in modern service industry, Panda XinXing Industry provides premium production and living services for customers, with businesses covering property management, engineering projects management, catering operation, and early childhood education, etc.
JingWah Electronics	1980	JingWah Electronics is engaged in the R&D and improvement of product ecosystems covering smart devices, smart office, new energy, comprehensive health care, and green advanced manufacturing, etc., which delivers products including smart display screens, laptops, dashboard cameras, VR equipment, tablet computers, voice recorders, audio & video recorders, and plasma superoxide sterilizers, etc.

Main subsidiaries of NPEC

Highlights



Awards and honors



Key Performance

	Total assets	5.321 RMB/billion		Energy consumption of per unit of revenue	0.018 TCE/RMB 10,000
	Revenue	2.646 RMB/billion		Carbon emissions of per unit of revenue	0.073 tons/RMB 10,000
	Total loss	124.62 RMB/million		Investment in work safety	3.40 RMB/million
	Total tax payment	114 RMB/billion		Investment in environmental protection	726,000 RMB
	Technological investment	259.17 RMB/million		Employees in total	2,614
	Members of the R&D team	653		Proportion of female employees	33.13 %
	Patents applications accepted by the state	92		Suppliers in total	2,608
	Invention patents	64		Training hours per employee	23.02 hours
	Granted patents	68		Registered volunteers	783
	Granted invention patents	36		Personnel engaging in voluntary services	1,583
	Customer service satisfaction	99.21 %		Voluntary services in total	1,171.5 hours

Governance: Strengthening Sustainability Governance

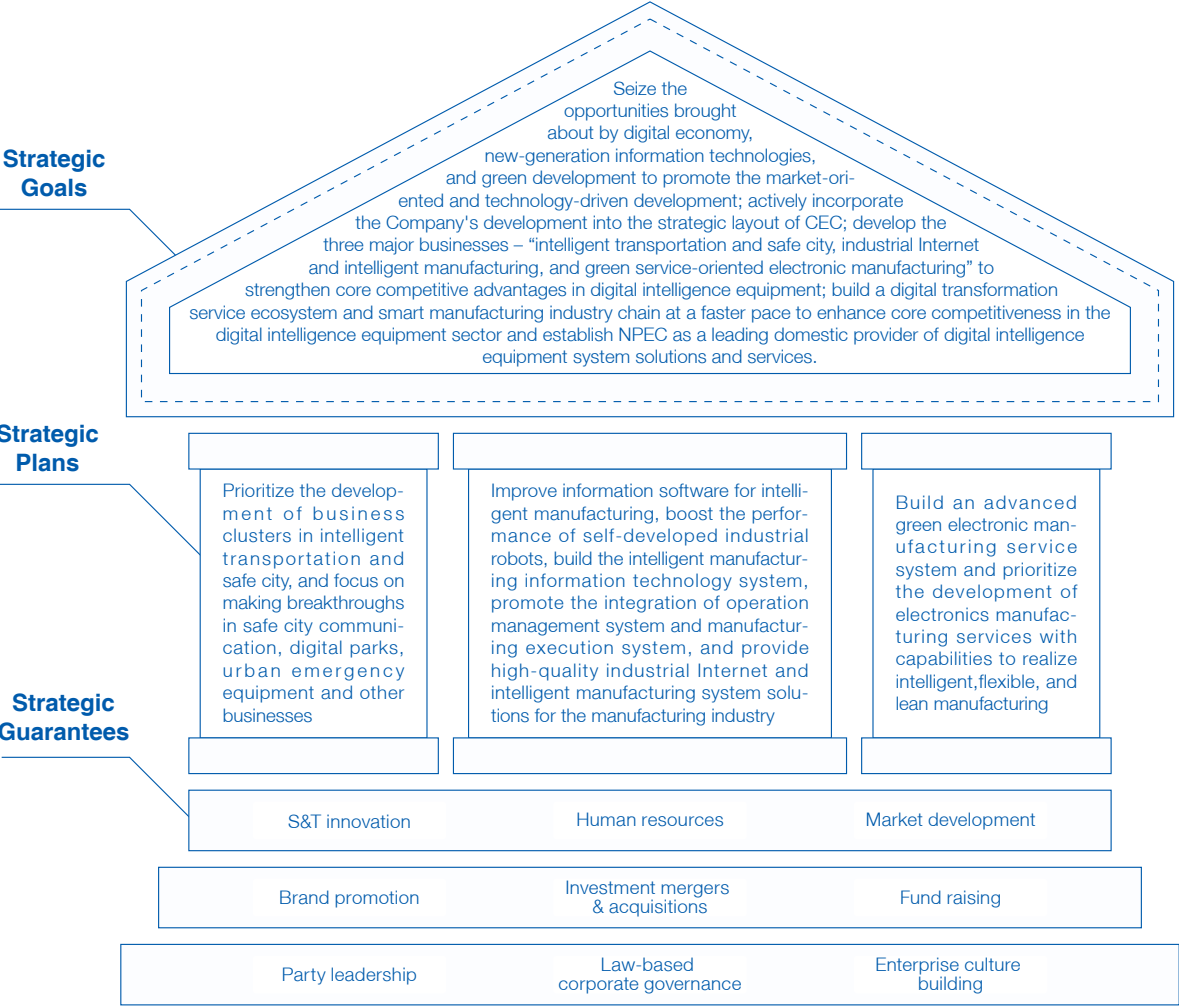
NPEC incorporates the sustainability philosophy into its corporate strategic management and goal system. Placing great emphasis on the standardized and efficient internal governance, we ensure the Company's operational stability and effectiveness through a robust "One Meeting & Two Boards" mechanism (including the Shareholders' Meeting, Board of Directors, the Board of Supervisors). This approach effectively safeguards the rights of shareholders and investors while continuously enhancing our ESG governance capabilities and management standards. We always adhere to the principle of business integrity, uphold the overall Party leadership, and maintain a high ethical baseline, striving to create an honest, compliant, and clean operating environment for a solid foundation of sustainable corporate development.

Corporate Governance

NPEC is dedicated to improving its modern governance. Besides our efforts on a sound governance framework, we further optimize internal controls, and promote full compliance and information security management. While strengthening risk prevention capabilities, we continue to enhance investor trust. All these initiatives underpin the Company's stable and efficient operations.

Corporate strategy

Implementing the directives from the Central Economic Work Conference and the work conference of Chinese Institute of Electronics, NPEC adheres to the principles of pursuing progress while ensuring stability, and promoting stability through progress. We focus on reshaping value system, restructuring industrial framework, and rebuilding management system to solidify our intrinsic value creation, and accelerate the digital industrialization and industrial digitalization. By coordinating efforts in transformation and upgrading, deepening reforms, management enhancement, team building, and risk prevention, we resolve the bottlenecks and pain points that hinder corporate development, paving the way for a new era of high-quality growth.



NPEC's strategic framework



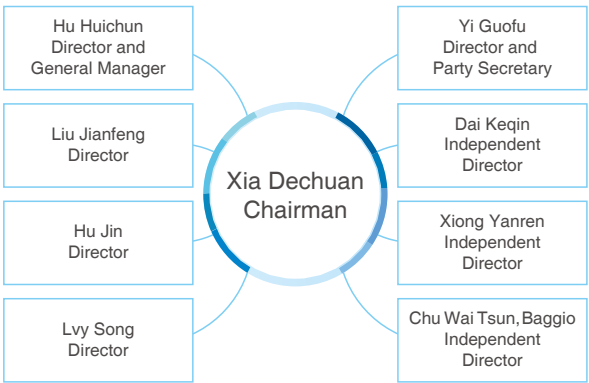
Eight key tasks for implementing NPEC's strategy in 2024

Governance structure

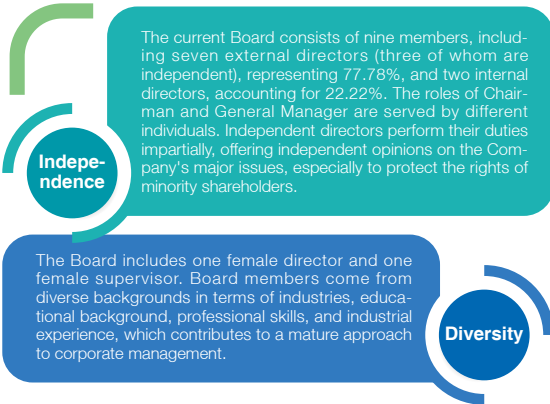
NPEC strictly complies with Chinese laws and regulations at home and abroad, such as the *Company Law*, the *Securities Law*, the listing rules of exchanges, including the *Code of Corporate Governance for Listed Companies*, and the *Articles of Association*. We keep improving our corporate governance structure consisting of the General Meeting of Shareholders, Board of Directors, the Board of Supervisors, and the manager team, alongside a mechanism with transparent rights and responsibilities, coordinated operation as well as efficient checks and balances. This fundamentals ensure the proper functioning of decision-making, execution, and supervision processes.



NPEC's organization structure



NPEC Board members



Ensuring Board independence and diversity

Investor relation management

NPEC strictly follows laws and regulations such as the *Work Guidelines for the Investor Relations Management of Listed Companies*, and has established the *Investor Relations Management System*. Emphasizing the long-term interests and returns of investors, we put in place a continuous, stable, and science-based return mechanism. Besides communications and exchanges with investors through various channels, we legally disclose material information that may influence decision-making of shareholders, creditors and other stakeholders, protecting investors' rights to participate, know and vote on NPEC's major matters. In this way, we help them fully understand the Company's strategies, operations and development dynamics, thus building a positive image in capital market.

Key performance in 2024

- 82 investor announcements released
- 2 performance briefings held
- 5 roadshows organized
- 150 responses on the SSE E-Interactive

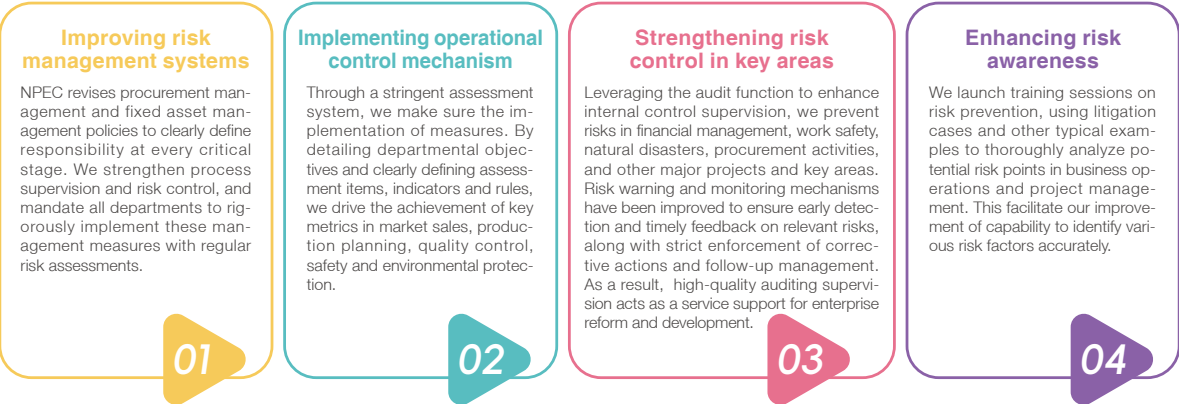
Risks management and compliance

With the control of internal risk hotspots as its core approach, NPEC rigorously implements risk prevention measures. Specifically, we integrate risk management into the entire lifecycle of business execution, and include the development and implementation of risk and compliance management systems into the internal control framework for supervision and evaluation.

In 2024, the Company revised the *Measures for Internal Control Evaluation* and formulated the *Implementation Plan on Audit Rectification*. We leveraged the unique supervising role of audit and internal control during major strategic implementations, major policy enforcement, significant project constructions, key risk areas, and management of special funds. This approach helped us identify significant issues and potential risks, maintain an audit log, and comprehensively execute corrective actions. With these efforts, we prevented non-compliant business practices and enhanced the precision, effectiveness, and standardization of risk prevention and control.

Key performance in 2024

- Legal review rate of contracts: **100%**
- Labor contract signing rate: **100%**
- 4** symposiums on the law-based enterprises governance convened
- No systemic or fundamental risk incidents reported in 2024



Comprehensive risk prevention framework

Information security

NPEC strictly abides by national standards and regulations on information security such as *the Data Security Law*, *and the Cybersecurity Law*, *the Company's Regulations on Business Secrets Protection*, *the Regulations on the Use and Maintenance of Informatization Systems*, and the legal requirements of its operating regions. We continue to deepen the mechanisms of information security and network security protection and normalize the operation and maintenance of our information system to prevent cyberattacks.

In 2024, the Company introduced the *Management Measures for IT System Operations Personnel* and revised the *Regulations on IT Platform Usage and Maintenance*. We also guided our subsidiaries in strengthening IT-based management. By enhancing data management systems, formulating information security strategies, and establishing an information security emergency plan with regular drills, we ensured rapid response to security incidents.

Key performance in 2024

- No major information security system accidents occurred
- No network security incidents occurred



Information Industry Company obtains Level 3 certification under the national Data Capability Maturity Model (DCMM)



Information security management

Strengthening cybersecurity defenses

In September 2024, during National Cybersecurity Publication Week, the Company hosted a themed event "Cybersecurity for the People, Cybersecurity by the People". At the event, we studied the *Interim Measures for the Management of Generative Artificial Intelligence Services*, and identified cybersecurity risks related to AI-driven fraud and misinformation to strengthen our risk governance. We also implemented classified and tiered supervision, and clarified the content security responsibilities of generative AI service providers. These efforts aim to enhance cybersecurity awareness and fortify the Company's cyber defense framework.



ESG Governance

NPEC places great emphasis on the expectations and concerns of stakeholders. By systematically identifying sustainability issues, and continuously improving relevant management mechanisms, we collaborate with all stakeholders to stride toward sustainable development. The Company prioritizes deep involvement of the Board in ESG governance, considering it an essential approach to mitigating operational risks and enhancing long-term competitiveness.

Board involvement in ESG governance

The Board attaches great importance to sustainability management, operating in strict accordance with the *Rules of Procedures for the Board of Directors*. The Board legitimately convenes the Shareholders' Meeting, implements resolutions of the Shareholders' Meeting and manages information disclosure items, assuming full responsibility for the Company's sustainability. It oversees the Company's ESG strategy and direction, and identifies, assesses, and manages significant ESG-related risks and activities associated with the Company's operations. Additionally, the Board regularly reviews reports from the Audit Committee, the Remuneration and Assessment Committee, and other relevant management teams, deliberating and approving the Company's ESG reports and related policies.

NPEC adheres to listing rules and all relevant national and local laws and regulations. We integrate key stakeholder concerns into our strategic planning to ensure that all departments thoroughly understand and implement ESG strategies. After setting key ESG targets covering greenhouse gas emissions, pollutant discharge, resource consumption, and labor management, we continuously review the progress of goal achievement, with an aim to enhance corporate performance and ESG management capabilities.

Identification of Material topics

NPEC identifies and determines the Company's stakeholders and material topics for the current year by analyzing macro policies and industry policies, benchmarking against leading international and domestic social responsibility standards, and reviewing outstanding ESG and sustainability reports in the industry. During the process, we also conduct interviews and questionnaire survey among investors, partners, employees, and community members. After the Board's discussion, the material topics are confirmed.



NPEC's material topics

Stakeholder engagement

The Company makes continuous efforts to refine its mechanisms for effective stakeholder interaction. Our regular communication channels and diverse communication methods enable us to gain in-depth insights into stakeholders' key concerns. 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 enhancing the effectiveness and timeliness of communication. Through proactive collaboration, we explore optimal solutions, improve our management approaches, and create long-term value for stakeholders.

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

Stakeholder communication and response

Business Conduct

NPEC is dedicated to fostering a corporate culture of fair competition, integrity, and ethical business practices. We eradicate unfair competition, monopolistic behavior, and any form of corruption or bribery, striving to maintain a favorable industry environment.

Anti-unfair competition

NPEC strictly complies with China's *Company Law*, *Law Against Unfair Competition*, the *Anti-Monopoly Law*, and all applicable anti-unfair competition and anti-monopoly laws and regulations in its business locations. The Company also follows anti-money laundering regulations and upholds the principles of integrity and fair competition. We firmly prohibit commercial bribery, false advertising, bundled sales, collusion in bidding, and infringement of trade secrets. With continuous enhancement in the compliance management capabilities, we are committed to establishing a fair, transparent, and healthy business environment, ensuring equal opportunities for market participants. In 2024, no legal cases related to monopoly or unfair competition occurred in the Company.

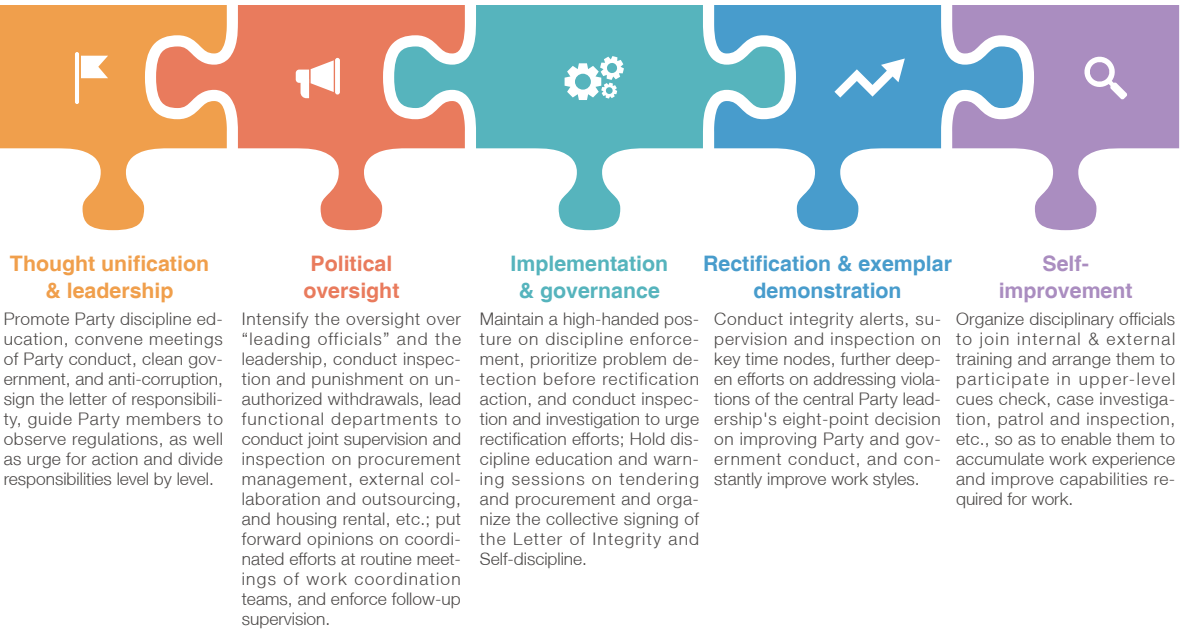
Anti-corruption and anti-bribery

NPEC rigorously observes relevant Chinese laws and regulations, such as the *Oversight Law*, the *Regulation on the Implementation of the Oversight Law*, the *Administrative Discipline for Public Officials*, and codes of business conduct, including the *Certain Provisions on the Integrity of Leaders in State-owned Enterprises*, and the *Guideline on Central State-owned Enterprises to Build Institutional Mechanisms of "Cannot Be Corrupt"*. We operate in full legal compliance, effectively preventing corruption, bribery, extortion, embezzlement, misappropriation of funds, duty encroachment and any behavior that harms the Company's interests. In addition, we conduct audits to monitor ethical business conduct, mitigating compliance risks and fostering the Company's sound and sustainable growth.

In 2024, we revised seven systems such as the *Work Rules on Disciplinary Commission*, the *Implementation Measures for Disciplinary Inspection Department on Oversight*, the *Annual Appraisal Measures for Secretary of Disciplinary Inspection of Industry Subsidiaries* and the *Appraisal Measures for the Work on Party Conduct, Clean Government, and Anti-corruption*. We also established a series of working mechanisms on discipline education and alert, oversight and inspection, integrity risks prevention and control, Party conduct and integrity improvement, and anti-corruption coordination teams. In addition, we issued the *Implementation Opinions on Further Enhancing Political Oversight* and improved the working mechanism for political oversight to intensify the oversight over "leading officials" and the leadership. By signing the *Letter of Responsibility for Party Conduct, Clean Government, and Anti-corruption* with all industry subsidiaries, we made coordinated efforts to ensure that officials do not dare to be, are not able to be, and do not want to be corrupt.

Key performance in 2024

- **296** anti-corruption training sessions held, covering **5,478** participants
- Party organizations at all levels held **286** discipline education sessions with **4,119** participants, which focused on learning the provisions of the Party Constitution and other Party regulations & disciplines.
- **195** integrity risk points identified
- No cases of corruption or bribery



Promoting anti-corruption through the “five-pronged approach”

The specialized integrity training in tendering and procurement

On November 14, 2024, NPEC held a specialized integrity training session in tendering and procurement, attended by 79 personnel from the Company and its industry subsidiaries (holding companies). During the session, external experts provided warnings on common integrity risks in the tendering and procurement process. Participants were organized to sign the *Commitment Letter of Integrity and Self-Discipline* for tendering and procurement. This initiative aimed to enhance the discipline and compliance awareness of key personnel and reinforce their ethical defenses against corruption.



The training for personnel in key positions to strengthen ethical conduct

On August 20, 2024, Panda XinXing Industry conducted its annual integrity training for key position employees, with over 30 participants. The training covered topics such as financial management, procurement management, contract management, fixed asset management, and corporate culture. It also provided detailed explanations and reminders about workflow processes, approval authorities, and easily neglected risks in daily operations. An online questionnaire was used to assess the learning outcomes of participants, fostering an efficient, pragmatic, and ethical work environment.



In July 2024, the Company organized a group of Party members to visit the Jiangsu prison system’s Party conduct and discipline education base for a dedicated warning education session.

Party Leadership

Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, NPEC strengthens its theoretical education and consolidates the achievements of the 20th CPC National Congress and the guiding principles of 20 sessions of the Third Plenary Session of the CPC Central Committee. In 2024, the Company signed the *Letter of Responsibility for Party Building* with its subsidiaries, reinforcing accountability and giving full play to the Party Committee’s role of “setting the direction, managing the situation, and promoting the implementation”. Seizing development opportunities, we deeply integrate Party building with production, market development, research and development, and talent cultivation. We have established long-term mechanisms for Party member excellence and introduced assessment methods of primary-level Party organization to ensure the effective implementation of primary-level Party building quality improvement projects. Leveraging the Party’s role as a stronghold in corporate governance, we have taken proactive measures to address bottlenecks and challenges in corporate development. We actively advance special rectification efforts for contract fulfillment and quality improvement projects while rigorously implementing corrective measures based on inspection feedback. By accelerating the cultivation of new quality productive forces, we continuously pioneer a new landscape where high-quality Party building drives high-quality corporate development.

Key performance in 2024

- 1,984 hours spent on Party building activities
- 10,746 Party members participated in Party building activities

Strengthening development through joint Party branch building

The Fifth Party Branch of NPEC and the System Integration Party Branch of the Information Industry Company jointly launched a technological results transformation exchange event under the theme “Promoting Deep Integration of Industry and Research, Driving Innovation, Accelerating Enterprise Transformation and Upgrading, and Speeding up High-Quality Development”. The two branches signed a Joint Party Building Agreement and a Technology Transformation Cooperation Agreement. Through cooperation in four key areas, including joint Party building, learning exchanges, collaborative activities, and shared resources, this initiative aimed to deepen exploration and cooperation in the digital intelligence industry and smart park, facilitating the integration of Party building efforts with transformation of technological achievements.

Industry Development: Empowering New Quality Development through Innovation

With the focus on digital intelligence equipment sector, NPEC prioritizes the enhancement of core functions. Based on management practices to accelerate industrial transformation and technological innovation, we make relentless efforts to tackle tough problems affecting technology development and production, and coordinate efforts to promote the construction of traditional and new infrastructure. While speeding up digital development and building new advantages of digital economy, we also align efforts to facilitate digital industrialization & industrial digitalization, and build a digital society at a faster pace, creating a favorable digital ecosystem.

Strengthening Core Businesses

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. In particular, we focus on achieving breakthroughs in application technologies for strategic emerging sectors such as new information technology and cutting-edge equipment. Meanwhile, we accelerate building a new system and new mode that is geared to new quality productive forces at a faster speed, and fostering high-end, intelligent and green development of advanced manufacturing. Those efforts will help bolster our core competencies.

Intelligent transportation and safe city

With the development of modern digital cities as leading direction, we leverage a mix of new information technologies including big data, cloud computing, artificial intelligence (AI) and 5G, etc. to keep enlarging our core competitive edge. Specifically, we actively advance the business cluster of intelligent transportation and safe city, expand our range of services such as intelligent urban rail, emergency communications, digital parks, and satellite terminals, and develop scenario-based AI solutions.

NPEC has constantly improved intelligent rail transit and adhered to innovation-driven product R&D and application. We are gradually becoming a supplier that delivers solutions, software services and core equipment for the integrated command system, automatic fare collection (AFC) system, ticket income distribution system and communications system of urban rail transit. With upgrades in intelligent manufacturing for joyful mobility, we support urban rail's transition toward a new stage of digital, intelligent and green development.

In 2024, NPEC focused on the development of eco-friendly urban rail transit, contributing to the launch of multiple subway lines in Suzhou, Xuzhou, Nantong, Nanjing and Zhengzhou. Moreover, to develop our overseas business, the Company signed the agreement of the AFC project of Egypt's 10th of Ramadan Light Rail Train (LRT) Phase III – New Administrative Capital, making its contribution to the Belt and Road development.

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Intelligent fare collection

The company delivers a complete range of highly efficient automatic fare collection equipment with high performance stability. Drawing on emerging technologies, it keeps improving intelligent and digital capacities of such equipment and delivers customized services for various scenarios in rail transit.

Digital intelligence services

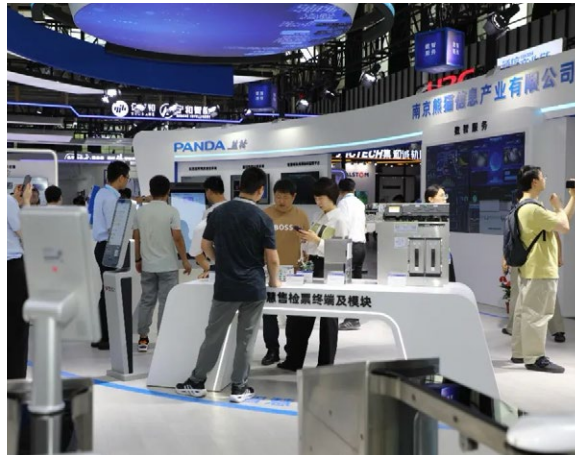
The company has developed NPEC-HOREB hyper-converged software & hardware and Moral reports software to support digital intelligence services including online payment platforms, integrated passenger flow monitoring, digital twin for intelligent railway stations, urban rail lifeline, and Nanjing Metro ticketing system for Nanjing Metropolitan Circle, etc. It also provides enterprises with holistic solutions for intelligent transportation services in future.

3

Intelligent communications

The company delivers products and services such as "Intelligent Urban Rail Line Network Dispatching & Command Platform", "Smart Communications Operation & Maintenance System", "Communications System for Rail Transit Emergency and Communications System for Wireless Clusters", as well as solutions designed for smart communications in urban rail sector.

The intelligent transportation businesses of the Information Industry Company



The Information Industry Company displayed its intelligent transportation products on the 2024 International Metro Transit Exhibition (Beijing-Nanjing), gaining widespread attention from experts and cooperation partners in the industry.

The Information Industry Company receives professional recognition again for its home-grown information system integration and services

In September 2024, the Information Industry Company successfully passed expert panel onsite review of Guangzhou Ceprei Certification Center (CEPREI Certification Body) and received the highest certification for home-grown information system integration and service capacity - LS4 certification, which was another authoritative certification following the Information System Construction and Service Capability Certification (CS) Level 4 and the Information Technology Service Standard (ITSS) Level 2 review & re-certification. Passing the LS4 certification manifests the strength of the company in information technology, software development and system integration, laying a solid foundation for future business development in IT application innovation sector.



NPEC online fare collection platform

With innovative technology systems and design concepts, the Information Industry Company has constantly improved the NPEC online fare collection platform. It has formed a brand new fare collection system which leverages the Internet to go virtual and digital based on brand new mediums (e.g. QR code, quick pass, digital RMB/yuan, NFC virtual card, bio signature). The platform delivers Internet payment solutions specially designed to meet users' different needs. It has run stably in Nanjing, Wuxi, Nantong and several other cities.

NPEC's intelligent manufacturing supports intelligent urban rail construction in Nanjing

The Information Industry Company undertook the AFC project of Nanjing Metro Line 5. By delivering fully fledged integrated solutions, it tackled key and hard problems during project construction and supported the launch of the southern part of Nanjing Metro Line 5 (Jiyin Avenue Station - Wenjing Road Station). In particular, the company customized transfer schemes for Nanjing Metro to solve temporary transfer challenges, and renovated cloud node rooms to enable the application of cloud technology in rail transit by the Zone-Line Center (ZLC) of Nanjing Metro Line 5 AFC system. The company also deployed smart customer service equipment and automatic fare collection terminals, realizing digital, smart ticketing management.



The cloud node room and smart customer service terminal of Nanjing Metro Line 5

Technology empowers safety

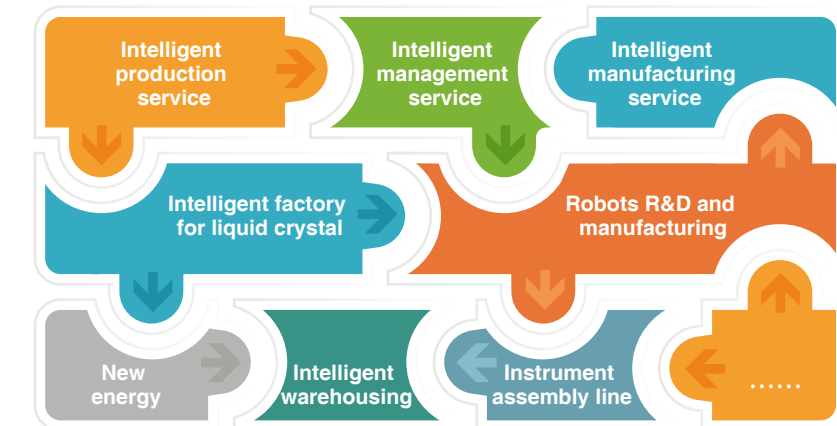
In April 2024, at the 2024 Nanjing Smart City Public Safety Exhibition and 2024 (22nd) Nanjing Safety Expo, the Information Industry Company presented its modules of smart access control turnstiles and by-products (face recognition all-in-one PC, smart door lock, access controller). It also showcased smart security products & solutions in intelligent rail transit, intelligent parks, intelligent schools, and intelligent cultural tourism, receiving customers' attention and media coverage. This has laid the foundations for the company to advance the business module of safe city.



Industrial internet and intelligent manufacturing

In the field of industrial Internet and intelligent manufacturing, NPEC has been dedicated to fostering deep integration of new-generation information technologies and advanced manufacturing technologies. The Company, based on smart industrial automation equipment, smart robots, smart logistics equipment, and other new specialized and general-purpose equipment for intelligent manufacturing, has built an industrial software platforms characterized with integrated application and independent development. It specializes in automatic, informatization, digital and intelligent renovation and upgrading services for manufacturing enterprises, and solutions with independent intellectual property rights for intelligent factory systems.

Drawing on the integrated, advanced robot technology and automation control system, the Electronics Equipment Company has built multiple intelligent production lines that cover intelligent instruments, new energy materials, electronic glass, logistics warehousing and flat panel display, etc. Together, they facilitate the automatic, digital and intelligent transformation & upgrading of traditional manufacturing industry, and enable the company to build an intelligent manufacturing system that is autonomous and controllable. In 2024, the company reinforced its leading position in liquid crystal glass sector by successfully securing the G8.5+ semi-finished product equipment design, production and installation project.



NPEC actively advances the businesses of intelligent manufacturing equipment and intelligent industrial software.



The futuristic robot plant empowers intelligent manufacturing of water meters.

Sanchuan's efforts for digital intelligence

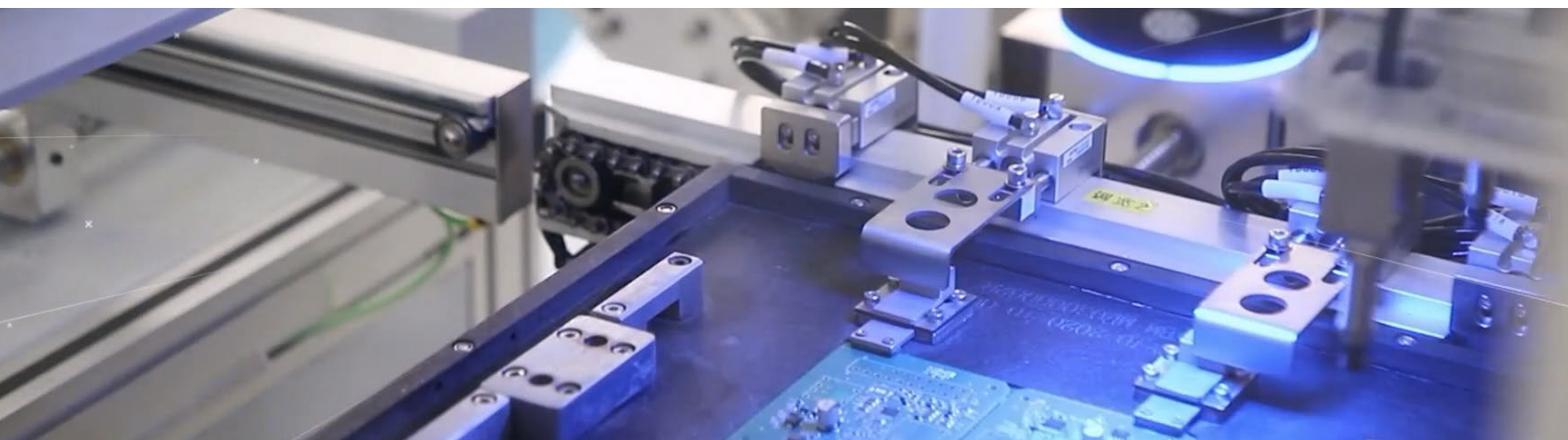
To address challenges facing traditional water meter manufacturers such as low level of automation, labor intensive and low productivity, the Electronics Equipment Company has conducted a profound analysis of the water meter production process. Accordingly, it integrated industrial robots and intelligent manufacturing technologies into links of the production process, and built the advanced "Sanchuan smart factory of intelligent water meters" in China. The smart factory covers digital warehousing, intelligent logistics, automatic robot assembly line, information system and 5G+industrial Internet platform, etc. for IoT intelligent water meters, empowering the transformation and upgrading of intelligent manufacturing industry with technology.



Green service-oriented electronic manufacturing

In the field of green service-oriented electronic manufacturing, NPEC has stepped up efforts to accelerate aligning with the nation's policy for carbon reduction. Based on intelligent, flexible and lean management, the Company offers a complete range of manufacturing services to both domestic and international brand manufacturers. Our services encompass research and development, process design, procurement management, manufacturing, warehousing, and logistics for electronic products, including 3C (computer, communications and consumer electronic) products, new display module components, white goods formation, automotive electronics, and communications equipment.

NPEC boasts the core competitive edge in electronics manufacturing in terms of development scale, production capacity, and technological response, etc. The Company has built several factories for electronics manufacturing in Nanjing, Chengdu and Shenzhen, with SMT (Surface Mounted Technology) capacity reaching one billion pieces per month, annual production capacity exceeding ten million sets, and annual assembly capacity exceeding ten billion pieces. Built on the deep integration between MES and SAP-ERP systems, we adopt production management and process control subject to automatically tracking and closed-loop management for the whole flow, which meets various needs of high-tech electronic businesses such as aeronautics, astronautics and communications.



Speeding up the development of high-tech electronic industry chain

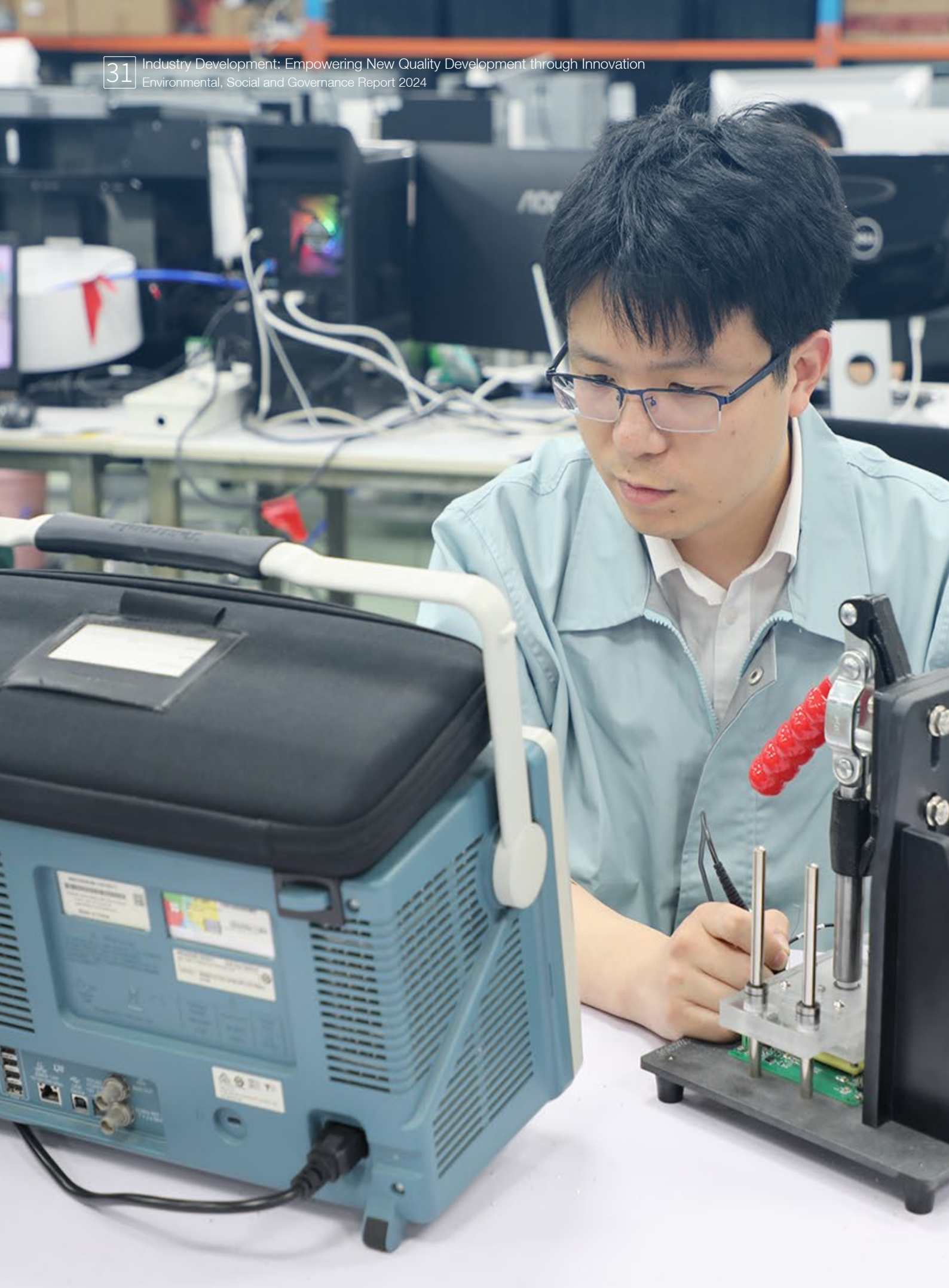
NPEC keeps improving its capabilities of R&D and design, supply chain synergy, and professional manufacturing in high-tech electronics sector. The Company actively reaches out to high-tech electronics companies, and optimizes full-cycle management of product projects. To meet high reliability requirements of high-tech electronics, we engage ourselves in advance, make thorough communication, and complete the delivery and acceptance of products after preliminary design and development, joint test verification, data processing and production tracking, striving to provide better services for high-tech electronics companies. With larger R&D investment, we assign research personnel to support R&D onsite, sort out and optimize coordination processes, and improve full-cycle product services. This approach constantly expands the width and depth of industry chain synergy and steadily advances high-tech electronics business. In 2024, NPEC completed the manufacturing task of PCBA (printed circuit board assembly) of over 200 high-tech electronics, and facilitated the verification of 9 PCB (printed circuit board) design products and 2 antenna products, bolstering high-tech electronics business at a steady pace.

Launching new types and modes of automotive electronics

NPEC enhances cooperation with existing clients. Due to the increase in demand for new energy vehicles (NEVs), the Company enlarges production scale and hardware investment, and transforms NEVs' air conditioning compressor controller from purely single-sided PCB mount to back-end of line (BEOL) assembly and PCBA. At the same time, leveraging internal resources and advantages of suppliers in its resource pool, the Company purchases part of components, which increases processing expense while enlarging sales revenue. In terms of product category, NPEC expands its focus from non-safety-critical components to safety-critical ones. In terms of OEM (Original Equipment Manufacturer) service, NPEC expands from domestic brands to joint venture brands, and from traditional brands to new force brands.

Enhancing automation in electronic manufacturing

The Electronics Manufacturing Company adopts automation assembly lines in newly built production workshops for automotive electronics and white goods, ranging from automatic loading, automatic insertion, automatic board cutting, automatic coating, to automatic dispensing, which further enhances digital and intelligent capabilities of electronic manufacturing. Even with a lower number of personnel, renovation and upgrading improves production capacity by 60 percent and decreases product defect rate by 50 percent, further enhancing product competitiveness.



Advancing Innovation-driven Development

NPEC strives to promote scientific & technological (sci-tech) self-reliance and self-strengthening at higher levels. To thrive in core businesses, we work to build a comprehensive technology innovation system, constantly enhance R&D investment, and protect intellectual property rights (IPRs), steadfastly staying on the path of independent innovation. These efforts help nurture new quality productive forces at a faster pace and upgrade traditional manufacturing sector to an “intelligent” one.

Technological innovation

Adhering to the innovation-driven development strategy, we follow a development path that involves breakthroughs in critical technologies, R&D of core products, solutions promotion, and industrial ecosystem building. As a result, we have built a sci-tech innovation system predominantly supported by Digital intelligence Industry Research Institute and a coordination mode that engages Digital intelligence Industry Research Institute combined with R&D centers of our industry subsidiaries. This enable us to improve the Company's capabilities in various aspects, e.g. digital decision-making empowered by the scientific research system, digital R&D resources support, operation and management of research deliverables application, management of scientific research projects, and synergy empowerment in digital intelligence sector.

Improving the innovation system and mechanism

Constantly optimize top-level design; and develop a platform scheme & framework system for core technologies in key fields, a platform scheme & framework system for industry application & research integration, and a framework system for technology markets in digital intelligence sector.

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Achieving breakthroughs in core technologies in key fields

Achieve breakthroughs in a number of critical technologies, including digital middle platforms, wireless clusters, multi-modal fusion, line-of-sight communications, high-precision measurement & control, machine vision, multi-modal perception, digital twins, and omni-perception, etc.; conduct R&D on various speciality products such as the AFC system, satellite communications terminals, home-grown industrial robots, and IoT-based sensor terminals.

Facilitating transformation and application of sci-tech achievements

Pay attention to the deep application of sci-tech achievements in real life and work on product series development & technical parameter improvement for digital parks, intelligent equipment, low-altitude application and other business scenarios. In 2024, we participated in China's appraisal and certification of electronics sci-tech achievements, and six of our applications got verified and certified.

03

Key measures of NPEC to enhance technological innovation

Holding capability enhancement training course for technical talents

In October 2024, NPEC held a six-day training course for technical talents on capability enhancement under the theme of “Innovation guides and empowers the future”. Renowned industry experts, exceptional entrepreneurs, prestigious professors from higher education institutions, and the President of NPEC Digital intelligence Industry Research Institute were invited to lecture on a range of topics such as “Developing new quality productive forces driven by sci-tech innovation in accordance with local conditions”, “Systemic engineering and systematic thinking”, “Building up and managing high-performing work teams”, and “Embracing digital transformation and digital economy in the era of big data”. At NPEC, a total of 50 employees (R&D management personnel at intermediate level, technical experts and early-career technicians) participated in the training, enriching their technical mindset and enhancing their professionalism & innovation capability.



Key performance in 2024

- Total investment of about RMB **259.17** million in R&D • **653** employees in the R&D team
- **8** high-tech enterprises and **4** provincial socialized and sophisticated firms
- **1** state-level engineering research center, **6** provincial engineering (technology) research centers, **4** provincial enterprise technological centers, **1** municipal enterprise technological center, and **2** municipal engineering research centers
- The MME(Man-Machine-Environment)-based Situational Awareness Platform for Rail Transit Operation Safety was awarded the **second prize** of the Digital Intelligence Competition by National Railway Administration of the People's Republic of China.
- The achievement of Building an Evaluation System for the “4+3” Multi-Chain Integration of High-end Equipment Manufacturing Industry and Research won the **third prize** of the 19th Military-Industrial Manufacturers Innovation Achievements Award.
- The achievement of Key Technologies and Application of the Integration and Dispatching of Soft and Hard Resources in Cloud Manufacturing was awarded the **third prize** of the Science and Technology Award by the Chinese Institute of Electronics in 2024.
- The achievement of Innovative Application and Practices of 5G WAN (Wide Area Network) and LAN (Local Area Network) Technologies in Urban Rail Sector was awarded the **first prize** of the Science and Technology Award by Jiangsu Comprehensive Transportation Society in 2024.
- The achievement of Key Technologies and Application of Full-Field HDR (High-Dynamic Range) Optical Modulation Display Driver was awarded the **first prize** of the Science and Technology Award by Jiangsu Light Industry Association in 2024.
- The achievement of R&D and Industrialization of the MME-based Safety Situational Awareness and Risk Identification & Alert Platform was awarded the **second prize** of the Sci-tech Achievements Award by Jiangsu Association of Artificial Intelligence in 2024.
- The research achievement of Technological Innovation and Application of Urban Rail Transit Ticketing & Fare Collection System for Smart Travel won the **third prize** of the Science and Technology Award of Jiangsu Province.
- The New-generation Business Intelligence (BI) System Software was awarded the 2022-2023 **Best Case** of Digital Economy Enterprises in the Yangtze River Economic Belt.

IRP protection

NPEC has gradually established and improved the IPRs management system, forming a four-pronged management system covering “norms, technological R&D, legal compliance, and industrial collaboration”. Furthermore, the Company has passed the national standard certification of Enterprise Intellectual Property Compliance Management System (GB/T29490-2023). While making ongoing investment in intelligent manufacturing, industrial Internet and other fields, we have applied for patents to protect our innovation achievements and prevent IPRs violation.



NPEC passed the national IPRs management system certification

Key performance in 2024

- **92** patents applications accepted by the state, including **64** invention patents
- **68** patents licensed by the State, including **36** invention patents
- **60** computer software copyrights registration completed
- No software infringement incidents occurred

Value Creation: Joining Hands with Stakeholders for Win-Win Cooperation

While pursuing economic benefits, NPEC has actively promoted sustainable development, benefiting stakeholders, society and the environment with a highly responsible attitude. Fully utilizing our professional advantages, we have taken the initiative to fulfill social responsibilities, committed to providing premium services for customers, career development platforms for employees, and long-term values for the environment and societal communities. All these efforts contribute to the harmonious development between economic, societal and environmental benefits.



Improving Customer Experience

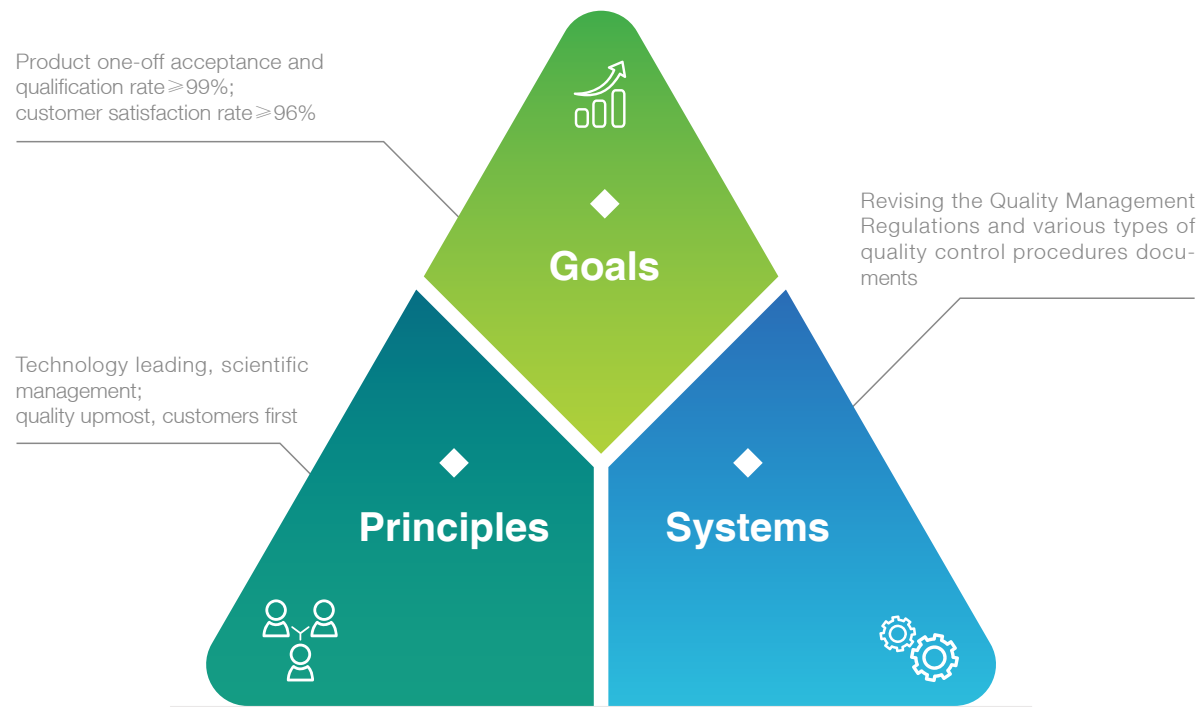
To meet diverse customer needs, NPEC delivers premium products and services to customers, improves customer experience by enhancing product quality management and customer service management, and strengthens brand building to foster a quality enterprise with increasingly better reputation.

Quality management

We pay great attention to product responsibility. Abiding by China's *Product Quality Law* and other quality standards, we have constantly improved the Company's quality management system and enhanced whole-flow product quality management in accordance with the Company's organizational form, business characteristics, and quality principles of "technology leading, scientific management, quality upmost, customers first". In addition, we have organized industry subsidiaries to conduct QC (quality control) team campaigns, quality innovation, and quality test skills competitions, so as to meet customer needs with premium products and accelerate building a world-class enterprise.

▲ Quality management system

The Company has constantly improved the quality management system and supported state-level and provincial quality supervision spot checks. We regularly review the completion status of yearly quality targets, take effective measures for improvement, and encourage QC teams and other quality improvement activities in an effort to keep improving the Company's quality management capability. In 2024, we passed QES (Quality, Environment, Occupational Health & Safety) management systems supervision and review, with one QC achievement and one quality management paper respectively awarded the third prize of Project Deliverables Competition by the Central SOEs Quality Control Team and the second prize of Quality Management Papers Award of Nanjing.



NPEC's product quality management system

Key performance in 2024

- Qualification rate of rail transit fare collection, rail transit communications and intelligent system of buildings: **100%**
- Qualification rate of chips in electronics manufacturing service: **99.88%**
- The QC achievement of *Improving Speed and Quality of R&D of New-Generation Station Control System Equipment Communications Software* was awarded the **third prize** of Project Deliverables Competition by the Central SOEs Quality Control Team in 2024.
- The paper *Quality Improvement and Research on Software Automatic Programming (AP) Technology based on Structured Protocol* was awarded the **second prize** of Quality Management Papers Award of Nanjing in 2024.

▲ Product recalling mechanism

NPEC controls product quality in strict accordance with China's *Law on the Protection of Consumer Rights and Interests* and the *Civil Code*. To protect customers' rights and interests, we implement product warranty services of repair, replacement and refund, clarify approaches and processes for handling product quality defects, and improve the product recalling mechanism.



▲ Quality culture building

Taking the Quality Month campaign as an opportunity, we actively conduct quality management training that covers the quality award application standard - *Performance Excellence Appraisal Code*, management, appraisal & execution of the quality management system, and quality work declaration requirements, etc. As a result, the quality management awareness of management personnel and employees at all levels are increased.

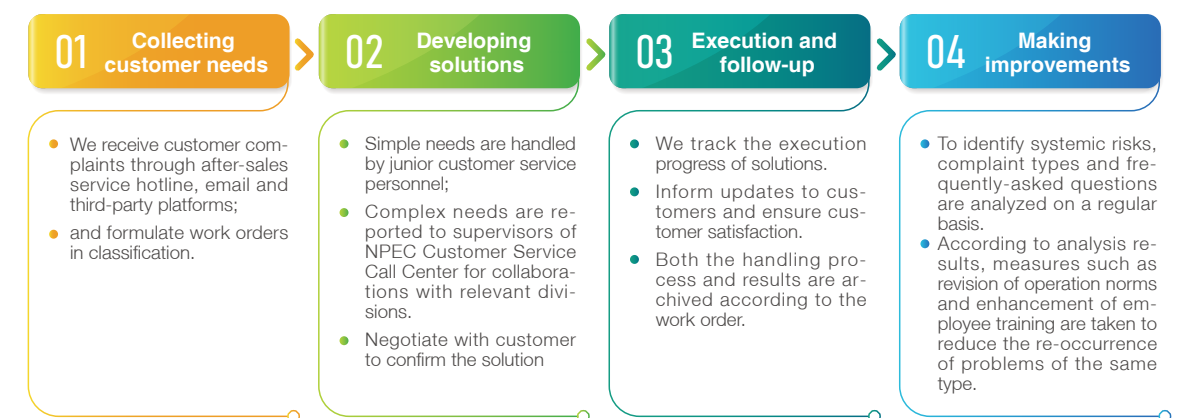
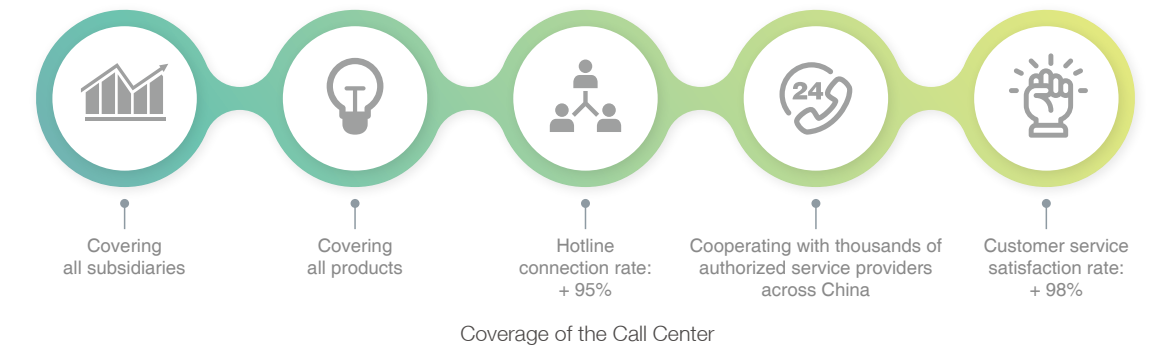


Key performance in 2024

- **1,332** participants of quality training

Better customer experience

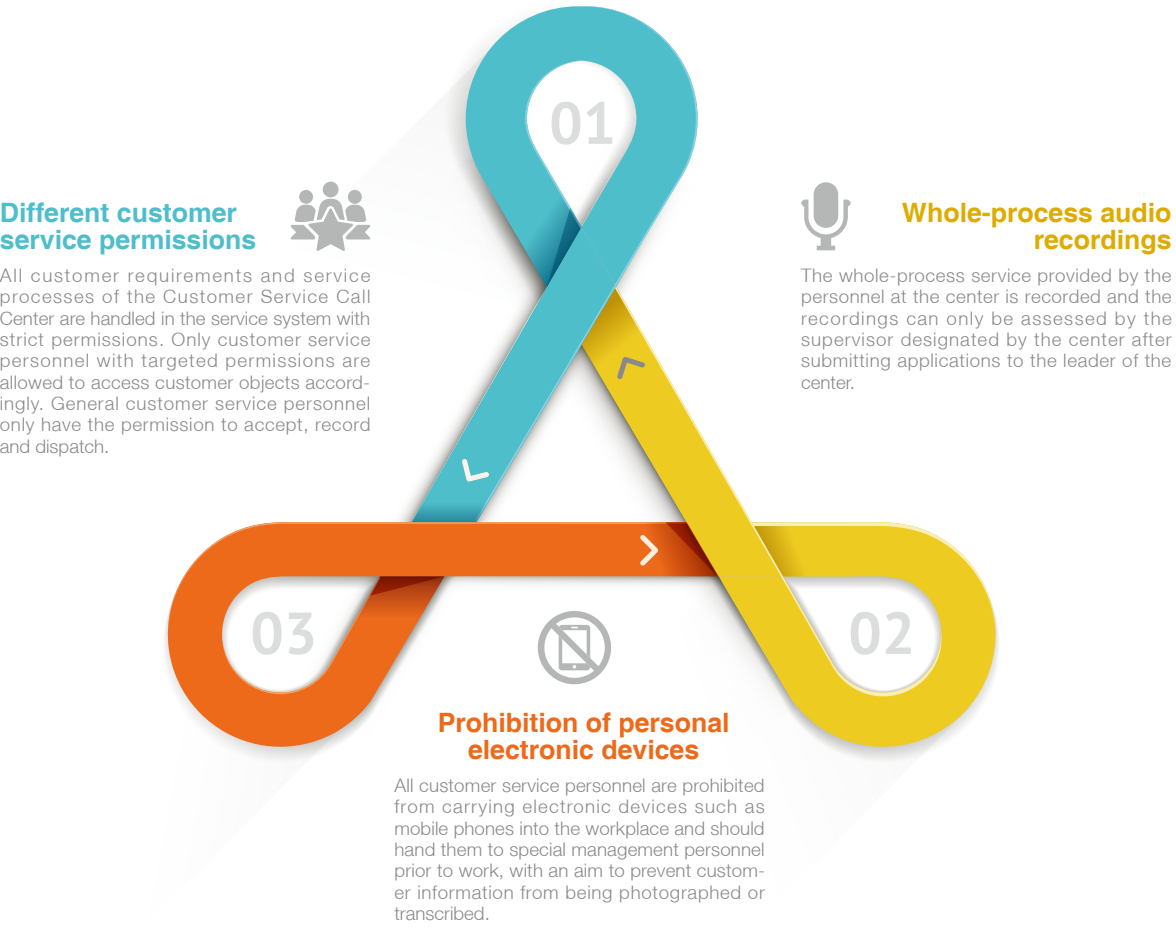
Following the customers-oriented service principle, NPEC has optimized the customer service system based on customer needs and established a customer service committee as the top decision-making body for customer service management, ensuring effective delivery of premium services for customers. The Company provides round-the-clock after-sales service hotline, accepts service complaints and inquiries through the official corporate website, corporate email and third-party platforms, and provides professional response to customer opinions. A special team has been set up to analyze customer complaints and timely offer solutions. If requested, the team will provide door-to-door service. Moreover, the team conducts customer satisfaction surveys and collects customer feedback via regular telephone follow-up call, aiming to improve product quality and service. Another priority is customer privacy protection. In doing so, we manage to keep improving customer experience. In 2024, the Company completed the review of the five-star after-sales service certification system.



Key performance in 2024

- Customer satisfaction rate (among all users requesting door-to-door service): **99.21%**
- Customer service response time in urban areas: within **24** hours
Customer service response time in the suburbs: within **48** hours

NPEC respects and protects customer privacy in strict accordance with relevant Chinese laws and regulations such as the *Law on the Protection of Consumer Rights and Interests*, *Personal Information Protection Law*, and *Data Security Law*. We improve the after-sales service supervision mechanism and regulate personal information handling to fully protect personal information rights and foster rational use of personal information.



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

Key performance in 2024

- 0 complaints due to infringement of customer privacy occurred

Brand promotion

NPEC strives to establish a top-tier brand. We have leveraged industry exhibitions, media publicity, brand promotion and paradigm projects to elevate the Company's brand influence and product fame. At the same time, we have set up internal publications, official WeChat account, and other promotion platforms to enhance media communication, project a good corporate image and enlarge brand reach.

In 2024, we successively participated in the China International Energy Storage Conference & Smart Energy Storage Technology and Application Exhibition, the 16th China (Chongqing) International Battery Fair/Exhibition, the International Metro Transit Exhibition (Beijing-Nanjing), the 24th China International Industry Fair, and China (Nanjing) Software Industry Expo. A total of 27 articles were published on main columns of external media outlets including *Nanjing Daily*, *Jiangsu Workers' Daily*, *Jinling Evening Paper*, and *Zijinshan Video*, etc.



NPEC participated in the 2024 International Metro Transit Exhibition (Beijing-Nanjing), displaying cutting-edge technology products and research innovation achievements in rail transit sector.



NPEC presented premium products of digital intelligence at the 136th China Import and Export Fair.

Caring for Employee Growth

NPEC stays committed to making itself a talent-enabled company. Paying great attention to the growth of each and every employee, we provide broad career development space and personal growth opportunities, and continuously improve the staff welfare system. We also keep raising employees' sense of happiness and belonging, striving to achieve common growth with our employees.

Employee rights and benefits

In strict compliance with the Chinese laws and regulations, such as the *Labor Law* and *Labor Contract Law*, we stipulate and fulfill the requirements of the *Management Measures for Labor Relations* and *Management Measures for Employee Performance-based Appraisal*. We offer a competitive compensation and benefits package and execute democratic corporate management through staff consultation & deliberation, Workers' Congress, and employee representative inspection activities, etc.

▲ Employee employment

Committed to creating a diversified, inclusive, harmonious and equal workplace, we ensure that all employees have access to equal job opportunities and fair working conditions under fair recruitment and evaluation mechanisms, regardless of nationality, ethnicity, race, religious belief and cultural background, etc. At NPEC, child labor and all forms of forced or compulsory labor are strictly prohibited. In line with the principles of equality, free will, and consensus through consultation and negotiation, we sign labor contracts with our employees. Based on compliant employment management, equal work conditions and necessary benefits, we ensure that contractors enjoy the same rights as regular employees such as equal pay for equal work, education and training. Every year we convert select contractors in certain proportions to regular employees. In 2024, no incidents of child labor or compulsory labor occurred at the Company.

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

Constitute		2022	2023	2024
Gender	Female	1,061	836	866
	Male	2,082	1,923	1,748
Age group	35 years old and below	1,540	1,245	1,095
	36-40 years old	476	400	475
	41-50 years old	660	602	598
	51 years old and above	467	512	446
Geographical region	Nanjing	2,469	2,135	2,045
	Shenzhen	674	624	569
Employee type	Regular employees	3,143	2,759	2,614
	Contractors	303	270	259

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

Employee turnover rate		2022	2023	2024
Gender	Female	0.0800	0.0700	0.5222
	Male	0.1100	0.1200	0.8541
Age group	35 years old and below	0.1100	0.1300	0.8215
	36-40 years old	0.0320	0.0100	0.1174
	41-50 years old	0.0020	0.0013	0.1724
	51 years old and above	0.0010	0.0012	0.2750
Geographical region	Nanjing	0.0630	0.0650	0.9168
	Shenzhen	0.4320	0.3300	3.1797

*Employee turnover rates in 2022 and in 2023 were lower than that in 2024. In 2024, the Company underwent inappropriate match between new position requirements and old ones and inadequate employee adaptability due to business re-structuring, technological upgrading and other challenges in industrial transformation, which intensified employee mobility.

▲ Compensation and benefits

The Company pays social insurances (endowment, medical, worker injury, maternity, unemployment insurances) and housing provident fund for employees according to laws. Efforts are also made on the management of social insurances, housing provident fund, newcomer housing allowance, individual income tax (IIT) declaration, annuity and other employee benefits. We actively put in place welfare policies and help employees and our subsidiaries address their concerns to enhance their sense of belonging. While improving the compensation system, we stipulate and implement the *Management Measures for Wages and Management Measures for Employee Performance Appraisal*. Accordingly, we offer a competitive compensation and benefits package, constantly optimize incentives, and develop an incentive system for sci-tech innovation. We strive to tap into employees' potentials in innovation and enable every employee to enjoy fair recognition and compensation.

In 2024, NPEC issued the *Guiding Opinions on Giving Special Allowances to Professionals and Technicians* to encourage talents to improve skills. Moreover, the Company organized employees to participate in state-level, province-level and city-level skills competitions, and rewarded competition winners with bonuses and annual commendations, including position allowances and training & certification allowances.



NPEC's employee welfare system

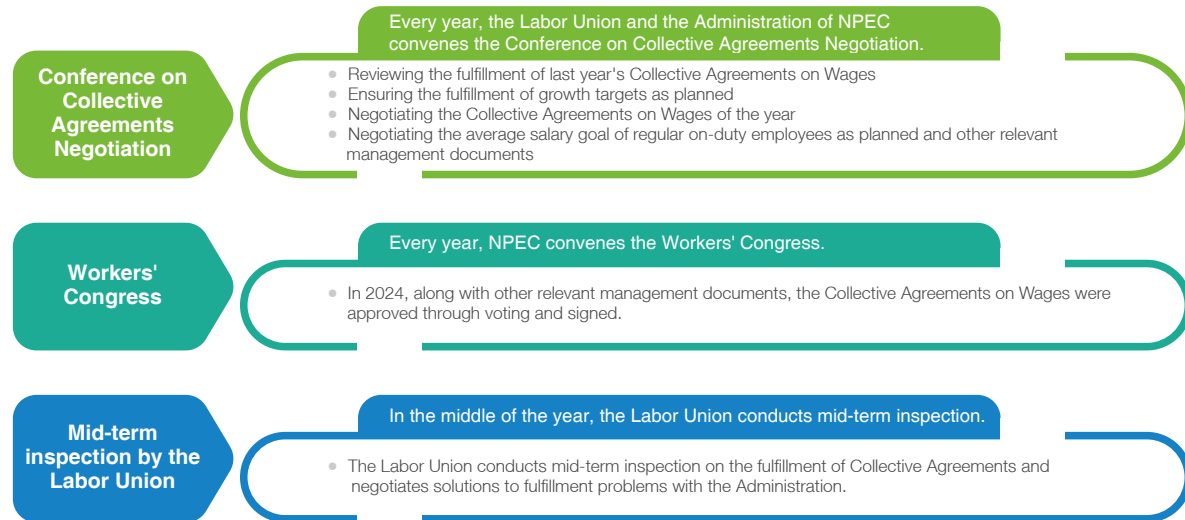
Key performance in 2024

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

▲ Democratic communication

NPEC endeavors to improve democratic management. We regularly convene the Workers' Congress to deliberate collective agreements and management documents. Furthermore, we carry out activities including democratic appraisal of the Company's leaders and employee representative inspection, and leverage employee forums, opinion boxes, WeChat groups and other media to enhance employees' democratic engagement. These measures enable a transparent and science-based decision-making, laying a solid foundation for healthy corporate development.

In 2024, NPEC convened the Workers' Congress to negotiate the renewal of next year's collective agreements and review the fulfillment of last year's collective agreements. The meeting of team leaders of NPEC's employee representative deputation was also held to vote on the *Implementation Plan of Adjusting Housing Allowance Giving Measures* and the *Guiding Opinions on Giving Special Allowances to Professional Technicians*, which were approved through voting. These practices manifest the Company's commitment to share common growth and interests with employees.



NPEC's measures to guarantee economic benefits of employees' labor

Employee representative inspection

NPEC commenced the 2024 employee representative inspection. During the said inspection, employee representatives got to know the production & operation developments and business range of NPEC, as well as the overall renovation progress of the Company's charging stations for electronic vehicles (EVs). Moreover, they listened to the reporting on work safety and execution progress of employee representative proposals in 2024. Every year, NPEC conducts employee representative inspection based on employees' main concerns such as major investment projects, key operational units, vital tasks and employee representative proposals, protecting employees' rights to be informed, to participate, to be heard, and to oversee.

Employee training and development

NPEC pays high attention to employees' career development. To boost internal driver of corporate development, we have formulated a fully-fledged talent cultivation & promotion incentive system and introduced high-caliber innovation talents. Upholding the training principles of "All Employees, Full Processes, All Dimensions and Multiple Channels", we have conducted employee training, established fair promotion channels, and constantly optimized incentives. These initiatives help inspire employee vitality and expand career development space for employees, gearing toward the common development between the Company and employees.

▲ Employee training system

NPEC has established a systematic training management system. Mobilizing accessible training resources, we develop the annual training plan and regulate employee training work, realizing 100% in employee training coverage at all levels. Furthermore, we step up efforts to build a curriculum system covering expertise, quality management and management skills. Based on real-time tracking of training plan completion status, we evaluate training outcomes to guarantee effective and all-dimensional improvement of employees' personal capabilities.

Average employee training hours in 2024

Constitute	Type	Average Training Hours
All employees		23.02
Gender	Female	17.28
	Male	25.52
Employee type	Senior management	130
	Middle management	100
	Primary-level employees	18.42

NPEC's training system of skilled personnel

Training system			
Formulating training management documents			
Developing the annual training plan	executing the training plan and organizing various training activities		
Tracking training plan completion status	work safety training	R&D technicians training	
	skills enhancement for highly skilled personnel	orientation training	
Evaluating training outcomes	management personnel training	core young talents training	
.....			



NPEC holds the capability enhancement workshop for core technical talents.



The orientation training of NPEC

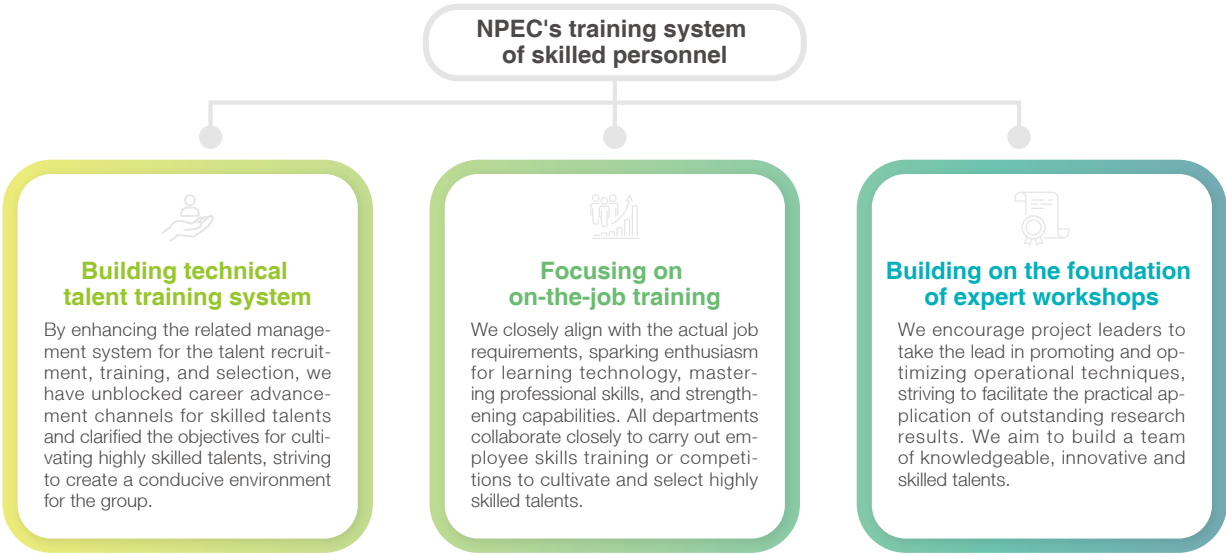
Key performance in 2024

- 289 training programs of different themes held with 3,033.6 class hours and 7,446 trainees
- 81 fresh graduates recruited in total, including 2 with a PhD degree and 61 with master's degree
- 49 R&D talents recruited in total, including 46 (accounting for 94%) graduated from Double First-Class universities and disciplines

Employee growth and promotion

To meet the development needs of different talents, NPEC works to unblock career development channels to tap into employees' full potentials, and build promotion channels for professionals and technicians. We have actively promoted the work of CEC Panda to build the "330 Talent Team", i.e. building a pool of sci-tech leading talents, a pool of sci-tech core talents, a pool of excellent young sci-tech talents, a pool of excellent young cadres and a pool of core cadres, planning career development paths for these talents. Moreover, we have established the employee innovation platform, organized position-based competitions, and improved the industrial worker skills system to better the Company's skilled position system.

In 2024, the Company fully implemented the Guiding Opinions on the Building of Professional Positions System, and piloted the Guiding Opinions on the Building of Skilled Positions System (Trial), which expanded employee promotion channels, and improved career advancement mechanisms, offering a well-fledged career development platform for talents.

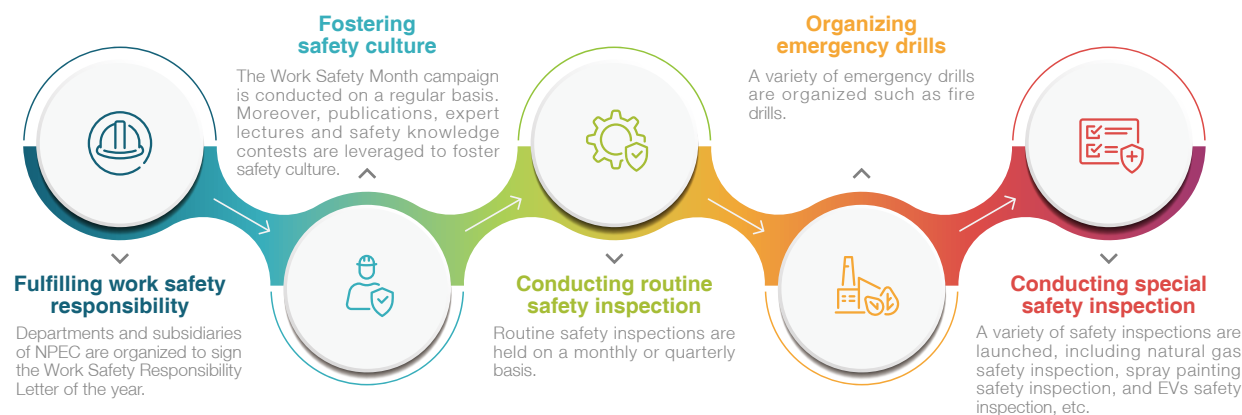


Key performance in 2024

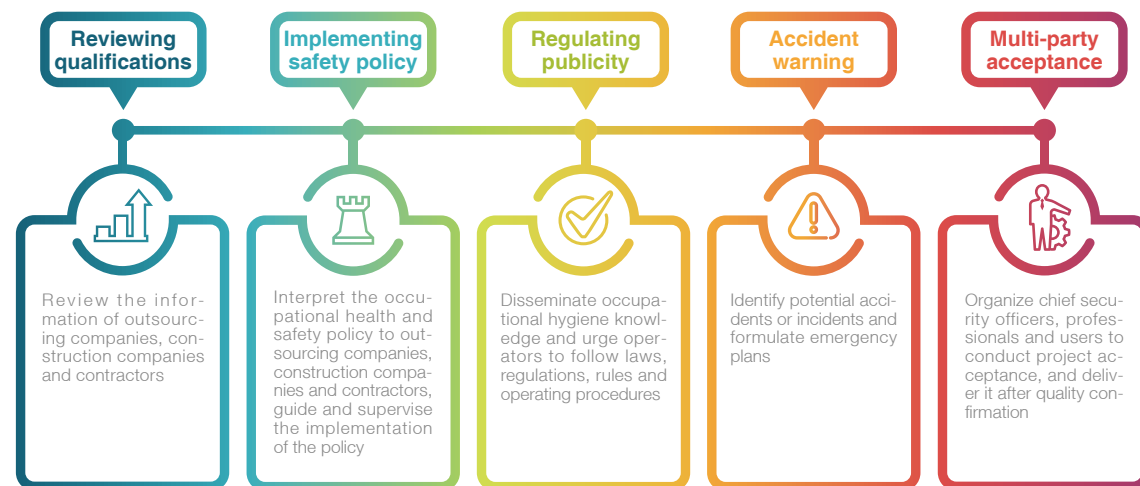
- 2 employees with senior titles, 11 with senior vice titles, and 32 with intermediate titles newly added
- 1 technician of special classification, 5 senior technicians, and 2 technicians newly added
- 1 (tier 2) and 3 (tier 3) talent cultivation objects newly added into the 333 Talent Cultivation Program of Jiangsu
- 1 middle-aged & young expert with outstanding contribution and 1 middle-aged & young top-notch talent newly added into Nanjing's expert pool
- 1 Extraordinary Technician of Jiangsu Province (type A) and 2 senior technicians with outstanding contribution in Nanjing newly added
- 51 technical competitions held with 1,293 participants

Occupational health and safety

Putting employee safety in mind, NPEC promotes work safety management. We have formulated the *Three-Year Action Plan of NPEC for Fundamental Improvements in Work Safety (2024-2026)* to enable the fulfillment of the main responsibility for work safety level by level and realize full coverage of work safety accountability. Besides the regular Work Safety Month campaigns, we also enhance work safety training, in an effort to effectively secure the safety of employees and relevant parties. In 2024, NPEC conducted 46 work safety inspections, with no occurrence of safety, environmental protection and fire accidents. The Company also passed the application for QES management system certificate renewal.



NPEC's work safety management measures



Key measures of NPEC to guarantee the health and safety of outsourcing companies, construction companies and contractors

Number of work-related fatalities and number of days lost

Index	2022	2023	2024
Number of work-related fatalities	0	0	0
Number of days lost due to work injuries	0	0	0



Conducting fire drills

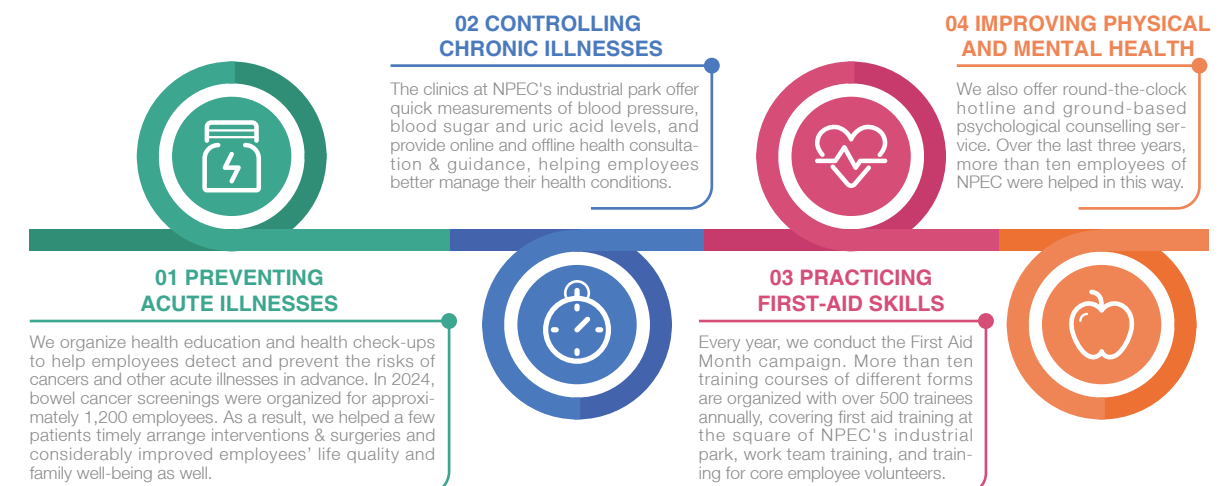
Key performance in 2024

- RMB **3.4** million invested in work safety
- **4,132** participants in safety training
- **0** work safety accidents occurred
- **15** emergency drills of different types organized

Caring for employees' occupational health, we organize health check-ups for employees on a regular basis. Medical examinations to identify occupational hazards are specially organized for NPEC's injection molding workers, spray painting workers and other personnel exposed to toxic and hazardous chemicals at operation positions. Furthermore, we conduct a series of health management work on "preventing acute illnesses, controlling chronic illnesses, practicing first aid, and improving health" to protect the physical and mental health of our employees. Our management provides strong health support for work safety of the Company's industrial park.

Key performance in 2024

- Health examination coverage: **100%**



NPEC's routine health management services

Employee activities and care

Upholding the philosophy of “Healthy Life · Happy Work”, NPEC pays great attention to employee care. We take care of needy employees and safeguard the legitimate rights of female employees. Through diversified cultural and sports activities, we care for employees' growth needs, balance their work and life, and actively create a harmonious and caring working environment.

▲ Caring for employee life

Caring for employees' needs, we have built and improved a whole range of facilities in the industrial park to improve employees' comfort and health, including canteens, clinics, activity rooms, supermarkets, baby care rooms, reading rooms and gymnasiums, etc. Meanwhile, we carry out activities such as support for employees in difficulties, holiday visits, special subsidies and caring assistance. We also register needy employees and timely handle assistance fund application for employees with sickness or in difficulties, striving to take care of our employees' living needs. In strict compliance with the *Special Provisions on Labor Protection of Female Workers in Jiangsu Province*, we protect the legitimate rights of female employees and care about their career development. By establishing the Carnation Service Station and organizing diversified activities, we provide thoughtful support and services to foster the all-round development of female employees.

NPEC's celebrations on International Women's Day

On the 114th International Women's Day, NPEC held a special celebration for female employees under the theme of “Women as Flowers to Blossom and Flourish”. In honor of our women colleagues at NPEC, we sent them flowers and best wishes and held other celebrations such as symposiums, Tuanshan (Moon-shaped Fan) crafting, bookmark DIY, exchange of best-wish cards, baking, fragrance lamp crafting, message leaving on photo & message walls.



NPEC's celebrations on International Women's Day

Key performance in 2024

- RMB **264,100** of subsidies offered to employees in difficulties
- **95** needy employees benefited
- RMB **122,500** of assistance fund offered to economically disadvantaged employees

▲ Cultural and sports activities for employees

NPEC carries out diversified cultural and sports activities to meet employees' cultural needs in spare time, including park sightseeing tours on Mid-Autumn Festival, fellowship unions, outdoor team building activities, tug of war matches, and fun workouts. In doing so, we foster employees' physical & mental health and create a healthy, positive corporate culture.



Diversified employee activities



“NPEC Cup” Badminton Tournament in 2024



NPEC's themed mountain climbing activity



NPEC's book reading and sharing activity

Practicing Green Development

At NPEC, we carefully consider the impacts of our production and operation on the environment. Well aware of environmental responsibilities as a corporate citizen, the Company integrates the principles of green development into daily operation and management to proactively address climate change and strives to build a green and sustainable enterprise.

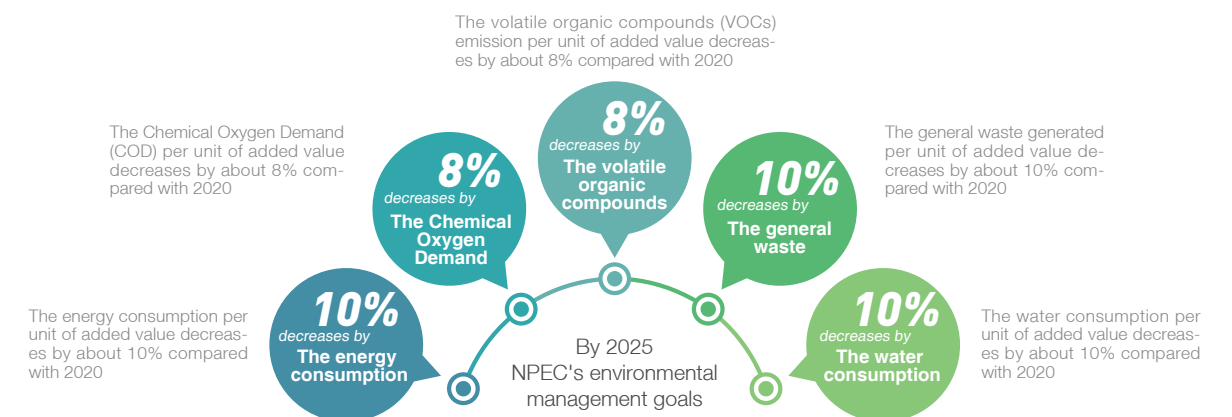
Environmental management

The Company follows the principles of “energy conservation, consumption and pollution reduction, and protection of the earth environment”, and strictly abides by laws and regulations related to environmental management, including the Environmental Protection Law and Environmental Protection Tax Law. In addition, with reference to the Environment Management System Requirements and Guidance for Use, we constantly optimize environmental management measures to secure effective operation of the Company's environmental management system.

▲ Constantly improving the management system

We work to establish a sound environmental management system, set annual environmental goals, and check the fulfillment status on a regular basis. At the same time, we have stepped up efforts to identify environmental risks and manage greenhouse gas (GHG) emissions, waste discharge, and resource utilization. The Board of Directors of NPEC makes overall plans to formulate long-term goals for environmental management and reviews the annual action plan. The Board also urges all departments to clarify division of responsibilities, make work arrangements, and supervise the progress of environmental management tasks, so as to make sure that environmental management policies have been executed accurately and consistently.

We have developed the Quality, Environment and Occupational Health & Safety Manual tailored to our needs. We urge all our subsidiaries to accept annual re-reviews of the quality, environment and occupational health management system by third-party certification centers. Furthermore, we constantly revise environmental management regulations, to ensure the management regulations are continuously under valid operations, and advance our environmentally friendly, sustainable development.



Conducting drills for environmental emergencies to improve environmental crisis response

To improve employees' environmental emergency response and rescue capability, NPEC conducted drills of the contingency plan for hazardous waste leakage. The Company's contingency rescue team and the disaster rescue & repair team, fully equipped with protective facilities, completed the drills with utmost professionalism and high efficiency. Taking this opportunity, the Company also organized employees to learn the Contingency Sub-Plan for Hazardous Waste - Contingency Plans for Environmental Emergencies (2nd Edition), raising their awareness of environmental crisis.

Key performance in 2024

- **26** environmental self-inspections held
- **0** major environmental pollution incidents occurred
- **RMB 726,000** invested in environmental protection

▲ Effectively addressing climate risks

To effectively address climate change and enhance identification of and response to climate-related physical risks and transition risks, NPEC has expedited the R&D of clean energy technologies and the implementation of low-carbon solutions, established a green supply system to reduce whole-chain environmental impacts, and set up scientific, rational carbon neutrality goals. Meanwhile, the Company has intensified the risk management mechanism for combating extreme climate events and integrated environmental responsibilities into the business strategy, fulfilling social responsibilities while seizing development opportunities in transition to a green economy.

Identification of climate risks

Risk Category		Description	How to Cause Impacts	Countermeasures
Transition Risks	Legal & policy risks	As the nation makes strides to peak carbon dioxide emissions and achieve carbon neutrality, companies face enhanced regulatory requirements. If the Company fails to follow national laws and regulations, it will cause compliance risks from the watchdog and restraint risks & pressure from external stakeholders.	Environmental penalties cause an increase of operational costs	Proactively responded to the climate strategy, enhanced climate risks management, and fostered low-carbon transition
	Technology risks	If the Company cannot timely conduct R&D of energy conservation and emission reduction technologies and advance energy-saving, low-carbon technology renovation, it may cause an increase of compliance and operation costs.	Costs of technology R&D and energy-saving renovation	Adopted cutting-edge green technologies, improved production processes, and advocated the concept of innovation
	Market risks	As the principles of sustainable development receives more and more attention at home and abroad, customers are prone to favor low-carbon, green technology products and services. If the Company cannot further enhance the application of energy conservation and emission reduction technologies in products and services, it may cause a disadvantaged position.	Customer churn decrease of operational costs	Timely tracked market needs, adjusted product lines, and advanced green service-oriented electronic manufacturing
	Reputation risks	Stakeholders pay increasingly greater attention to the Company's performance in environmental, social and corporate governance. The failure to meet stakeholders' expectations or the occurrence of violations will undermine the Company's brand image.	Customer churn decrease of operational costs	Leveraged better ESG management to actively respond to stakeholders, disclosed relevant information, and conducted public welfare communication activities for green development such as tree planting
Physical Risks	Short-run risks	Extreme weather occurs more frequently. Floods, typhoons and other extreme weather events are more likely to cause direct losses and affect the Company's normal operation.	Directly causing losses	Carried out emergency drills for extreme weather, adjusted the Company's real assets distribution in advance, and conducted infrastructure upgrading & renovation
	Long-run risks	Climate change affects the distribution of water resources, causing more irregular precipitation. It may also affect inland water transport (IWT), thus impacting the Company's productivity and causing an increase of transportation costs.	Increase of costs decrease of revenue	

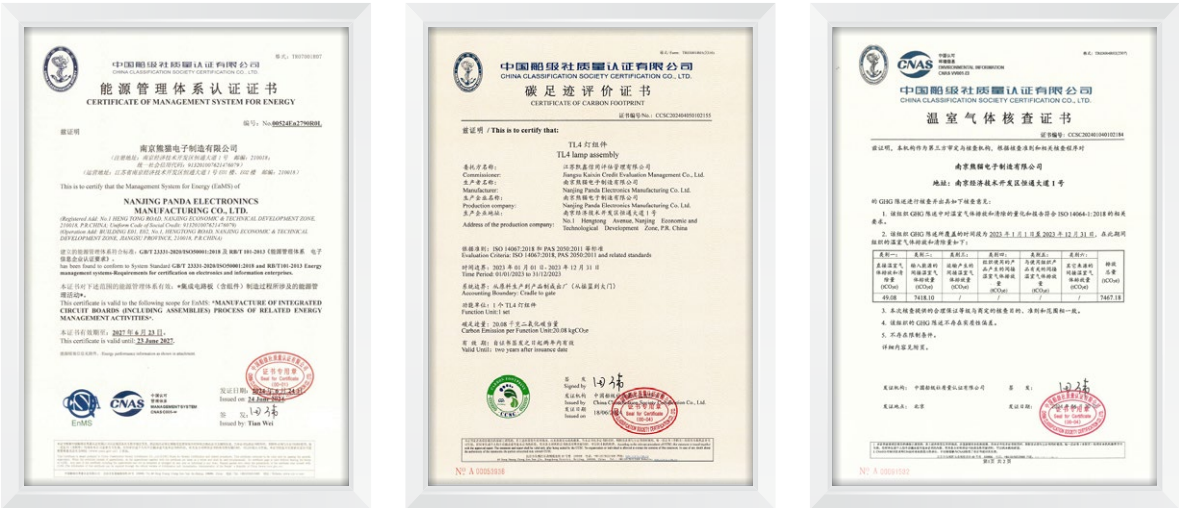
Energy conservation and consumption reduction

We have established a scientific, detailed energy management system and strictly implemented the *Regulations on Energy Conservation Management*. At NPEC, a variety of measures have been taken to enhance energy management, considerably reducing energy consumption and creating an eco-friendly and more comfortable working environment. The measures include refined management and regular overhauls of energy-consuming equipment, regulating the use of centralized air-conditioning, adopting electric water boilers with timer devices, as well as installing intelligent & digital control lighting systems and energy-saving lighting fixtures, etc. In 2024, we promoted green manufacturing on a trial basis, built green plants, and successfully passed energy management system certification.

Energy consumption*

Category		Unit	2022	2023	2024
Direct energy consumption	Gasoline	TCE	93.66	99.77	90.28
	Natural gas	TCE	531.44	496.37	386.33
	Diesel	TCE	45.75	30.41	52.84
Total direct energy consumption		TCE	670.85	626.55	529.45
Intensity of direct energy consumption		TCE / RMB billion (revenue)	161.5	215.2	200.1
Indirect energy consumption	Electricity consumption	MWh	34,508.5	29,150.123	33,575.0756
Total indirect energy consumption		TCE	4,241.09	3,582.55	4,126.38
Intensity of indirect energy consumption		TCE / RMB billion (revenue)	1,021.0	1,230.3	1,559.5

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



Apart from being awarded the honor of Green Plant, the Electronics Manufacturing Company has successfully obtained GHG verification, carbon footprint evaluation, and energy management system certificates

We have constantly promoted energy conservation and emission reduction measures during operation, which includes optimizing energy use through refined energy management. The Company's GHG emissions mainly come from indirect emissions from natural gas, gasoline and diesel, as well as outsourced electricity used in the workplace and operation sites.

Greenhouse gas (GHG) emissions*

GHG Emissions	Unit	2022	2023	2024
Direct emissions (Scope1)	tCO2e	1,689.05	1,580.90	1,323.14
Intensity of direct emissions (Scope 1)	ton / RMB billion (revenue)	406.6	542.9	500.1
Indirect emissions (Scope 2)	tCO2e	27,334.18	23,089.81	18,016.39
Intensity of indirect emissions (Scope 2)	ton / RMB billion (revenue)	6,580.2	7,929.2	6,808.9

*The calculation method of GHG emissions is based on *Appendix II: Guidelines for Reporting Environmental Key Performance Indicators* issued by the Stock Exchange of Hong Kong Limited. Since 2024, NPEC has adopted the CO2 emission factor of electricity released by the Ministry of Ecology and Environment in calculation of indirect CO2 emissions, which was the nation's average CO2 emission factor of electricity in 2022. The latest coefficient was significantly smaller than the one adopted previously, causing notable changes in emission data.

Upgrading equipment application to protect ecology

To actively respond to the nation's policies and guidelines on environmental protection, energy conservation and carbon reduction, the Electronics Manufacturing Company has introduced a set of organic waste gas treatment system, which adopts the technology of activated carbon adsorption. The equipment has effectively eliminated volatile organic compounds (VOCs) generated during protection and therefore significantly reduced atmospheric pollution.

Efficient resource utilization

With commitment to higher efficiency of energy utilization, NPEC has strengthened energy resources management according to local conditions. Specifically, water conservation slogans and water-saving facility renovation are leveraged to reduce water consumption in workplace; we also optimize utilization of raw materials and deploy modular design and inner recycling of waste to reduce waste of raw materials; streamlined packaging and collaborative logistics mode are in place to reduce waste during transport; our efforts on converting waste into renewable resources, also systematically reduce operating costs and ecological footprints, and foster circular economy transition.

Water resource utilization

Category	Unit	2022	2023	2024
Water consumption	ton	234,325.4	187,189.21	203,327.98
Water consumption intensity	ton / RMB million (revenue)	56.4096	62.482	76.8435

Packaging material usage

Category	Unit	2022	2023	2024
Paper	ton	5.82	8.41	17.16
Plastics	ton	3.65	5.23	4.25
Metal	ton	0.36	0.35	0.06

Improving management mechanism to improve water use efficiency

In 2024, NPEC continuously improved the pipeline network patrol inspection mechanism and enhanced data analyses. The Company introduced a professional pipeline examination company to conduct water balance tests, which helped save nearly 20,000 tons of water throughout the year and significantly reduced water consumption. The efforts manifest the Company's commitment to rational use of resources and environmental sustainability.

Wastewater, waste gas and solid waste management

NPEC has regulated the disposal of all types of wastes, identified and controlled adverse environmental impacts in the product production and service workflow, and improved production processes. Moreover, we carry out environmental protection publicity and advocacy activities, reduce wastes generated during production and work, and constantly improve the management of wastewater, waste gas and solid waste.

▲ Wastewater

NPEC has built a specialized sewage treatment station within the industrial park to dispose of wastewater timely and monitoring in real time, so as to strictly control wastewater discharges up to standard. In 2024, the Company completed the inspection of the sewage pipeline network, fixed three leak points, and organized relevant subsidiaries to check rain-sewage pipelines in order to prevent sewage pollution incidents.

Wastewater discharge

Category	Unit	2022	2023	2024
Wastewater discharged	ton	210,892.82	168,470.29	182,995.18
Wastewater discharge intensity	ton / RMB million (revenue)	50.7686	57.8538	69.1592
Chemical Oxygen Demand (COD)	ton	50.64	49.17	48.95
Chemical Oxygen Demand (COD) intensity	ton / RMB million (revenue)	12.2	16.9	18.5

▲ Waste gas

NPEC has adopted specialized treatment measures for waste gas generated from different production links. The exhaust gas emitted from coating is treated with regenerative combustion and regenerative catalytic combustion technologies; the waste gas from injection molding and extrusion is purified with activated carbon adsorption; the waste gas from wastewater rooms is treated with mixed technologies of alkali spraying and activated carbon adsorption; key waste gas emission outlets are installed with online inspection equipment connected to the environmental protection administration to ensure organized and up-to-standard waste gas emissions, demonstrating the Company's steadfast commitment to environmental protection and sustainable development. In 2024, our waste gas treatment equipment is in normal operation, and the emission of waste gas pollutants continued to decline.

Waste gas emissions*

Category	Unit	2022	2023	2024
Nitrogen Oxides (NOx)	ton	0.65266	0.46017	0.45179
Sulfur oxides (SOx)	ton	0.00588	0.00550	0.00484
Particulate Matters (PM)	ton	0.06372	0.04506	0.04464

*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.

Improving production equipment for highly-efficient waste gas treatment

Nanjing HuaGe Electronics & Automobile Plastic Industry Co., Ltd. (HuaGe Plastic Industry Company) adopts the alkaline water cleaning technology on the front ends of waste gas treatment devices at hazardous waste warehouses. However, during the process of eliminating hydrogen sulfide from waste gas, many tests failed to reach the expected standard and there occurred alkaline substances sedimentation. By adding an air pump into the reaction pool of the waste gas filter, the HuaGe Plastic Industry Company managed to realize automatic stirring of alkaline water while ensuring 100% dissolving and effective chemical reaction. After the renovation, the non-methane hydrocarbons (NMHCs) emission intensity decreased by 27%.

▲ Solid waste

NPEC engages environmental protection companies to professionally manage solid waste, thus preventing environmental harm and resource waste incurred by improper waste treatment. This practice also mitigates environmental impacts and promotes effective use of resources and sustainable development. In 2024, the Company formulated the *Regulations on the Treatment of Idle, Waste and Old Materials* and further enhanced regulation of subsidiaries in terms of waste treatment.

Hazardous wastes generated

Category	Unit	2022	2023	2024
Oil resistant gloves	ton	0.05	0.094	0.01
Waste chemical materials and their packaging	ton	118.68	137.15	28.22
Waste paint buckets and oil barrels	piece	277	—	100
Waste toner cartridge (including waste toner)	piece	262	167	183
Waste selenium drum	piece	567	748	952
Electric waste such as waste battery	kg	17	14.34	26.48
Waste fluorescent lamp	kg	183.20	205.1	271.63

Non-hazardous wastes generated

Category	Unit	2022	2023	2024
Paper	ton	56.26	46.94	220.95
Kitchen waste	ton	305	256	264
Plastics	ton	8.08	15.02	130.97
Metal	ton	140.90	196.53	288
Wooden products	ton	1.50	0.50	2.5

Waste disposal & treatment methods

Waste Category	Methods of Treatment or Disposal
Hazardous waste with no recovery value	Disposed of by qualified third-party companies
Hazardous waste with recovery value (e.g. solder splash)	Refined after recovery by 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 via auctions and bids, etc.

Advocate for the green philosophy

The Company actively promotes the philosophy of environmental protection. Taking the Energy Conservation and Emission Reduction Publicity Week as an opportunity, we conduct a variety of environmental protection publicity activities to raise employees' awareness in this aspect. While advocating green office and public welfare activities for environmental protection, we call on our employees to follow green, low-carbon production modes and lifestyles.

▲ Green office

Adhering to the concept of “green office”, the Company actively promotes paper saving. We have gradually updated the office administration (OA) system to facilitate online working and paperless working, thus cutting down on the consumption of office supplies. Moreover, slogans for energy conservation are put up in the office area to remind employees to timely turn off electricity-consuming equipment that are unoccupied, such as air conditioners, computers and drinking fountains. We also adopt the green lighting mode, striving to save energy resources with small good deeds every day.

▲ Non-profit environmental charity

The Company actively conducts environmental protection publicity themed activities. When organizing National Tree-Planting Day activities, employee activities, and contingency management activities, etc., we incorporate the environmental protection publicity as part of the activity. We also carry out the Energy Conservation and Emission Reduction Week campaign to embed environmental protection concepts into employees' mind while enriching their production modes and lifestyles.



NPEC's tree planting activity



Enhancing Partnership for Shared Development

NPEC is committed to building responsible supply chains. We enhance the industry-university-research integration and strengthen strategic cooperation and communication with higher education institutions, research institutions and cooperation partners. Together, we work to jointly enhance technological innovation, industrial upgrading, and supply chains' resilience and competitiveness.

A leader in industry development

The Company seeks self-development opportunities in the industry progress. Specifically, we engage ourselves in developing industry standards, cooperate with universities or colleges, and promote the industry-university-research integrated development to increase industrial exchanges and cooperation, joining hands with our partners to lead industry development.

▲ Preparation of industry standards

We have actively participated in industry standards formulation to drive industry development and elevate our competitiveness in the industry. In 2024, the Information Industry Company completed the registration of an enterprise-level standard - the *Dispatching Server and Vehicle Intercom Communications Protocol of the NPEC Radio TETRA Trunked Dispatching System*.

Key performance in 2024

- (as the co-author for) **1** group standard developed and released, **1** national standard developed
- (as the lead author for) **1** corporate standard developed and released

▲ Industry-university-research exchanges and cooperation

We have fostered industry-education integration through school-enterprise cooperation. In particular, we have set up employment & internship bases to help students get work experience and career development paths, which seamlessly prepares students from theories to practices. To advance talent training, scientific research innovation and sci-tech achievements transformation, we have given full play to the unique advantages of enterprises, higher education institutions and regions, and built an industry-university-research system with digital sector business expansion as the core and characterized by refined sectors and specialties. It will enable a win-win situation where educational chains, industry chains and innovation chains are effectively connected. In 2024, NPEC, in collaboration with Nanjing University (NJU), Southeast University (SEU), Sun Yat-Sen University (SYSU), and Nanjing University of Posts and Telecommunications (NJUPT), etc., applied and got approved for the major science and technology program of Jiangsu Province - *R&D of Edge-end Efficient Inference Chips for Large Models*.

Advancing the development of scientific research cooperation platforms

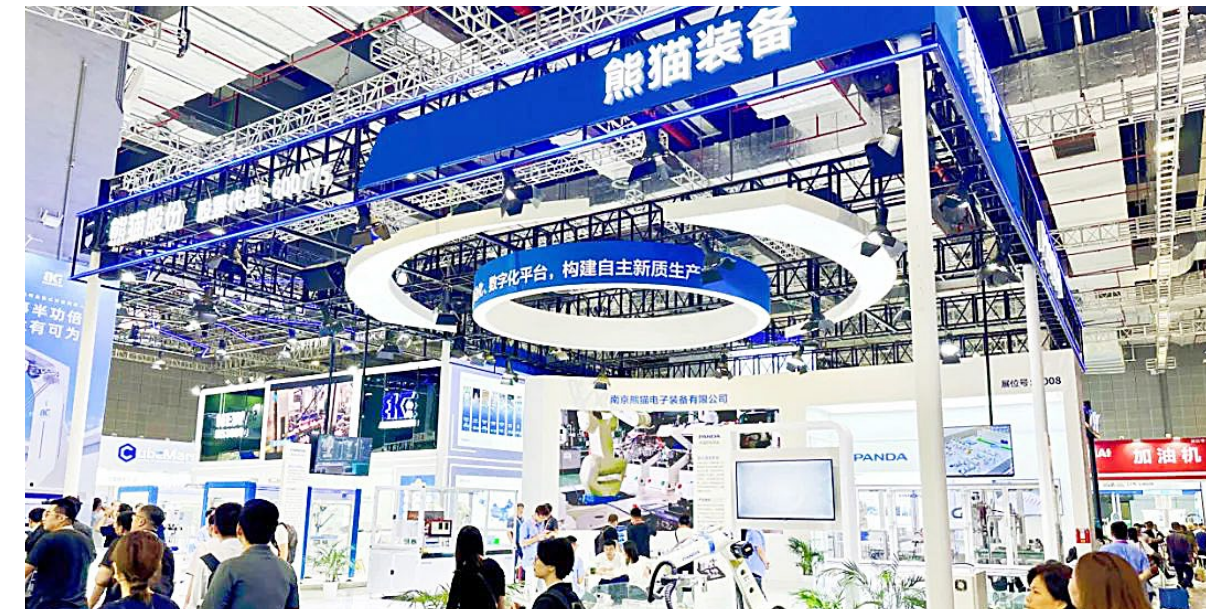
In September 2024, NPEC and Nanjing University of Aeronautics and Astronautics (NUAA) held the Teacher Engineering Practice Capability Development Base activity. In the activity, enterprise expert lectures, teachers' research program sharing and field tours demonstrated the Company's capabilities of industry business expansion as well as the R&D achievements transformation, and NUAA's scientific research strength. As a further step of the *Comprehensive Cooperation Agreement* signed between NPEC and NUAA, the activity has promoted the industry-education-university-research integration and cooperation on sci-tech innovation and talent cultivation.



The Electronics Manufacturing Company is inaugurated as the Employment and Internship Base of Jiangsu Vocational College of Electronics and Information.

▲ Industry exchanges and cooperation

With an attitude of openness, inclusion and shared progress, we take an active part in industry exchange activities to seek cooperation opportunities. The Company successively participated in the 2024 China Brand Exposition, the 12th China Information Technology Expo, the Achievements Exhibition of the 7th Digital China Summit, and other industry events, enhancing close exchanges with industry peers and enlarging corporate influence in the industry. In 2024, NPEC participated in 10 industry exchange activities.



The Electronics Equipment Company participated in the China International Industry Fair.

▲ International exchanges and cooperation

Aligning with the China's major strategy, the Belt and Road Initiative(BRI), we have broadened the global vision and enhanced international exchanges & cooperation to enlarge Chinese enterprises' influence on the international arena.

Seeking opportunities of cooperation under the BRI

JingWah Electronics of NPEC invited the delegation of countries along the Belt and Road to visit the company, in collaboration with Shenzhen Electronic Chamber of Commerce. The delegation comprises government officials, members from international organizations and higher education institutions, as well as professionals from local leading enterprises, covering 13 countries such as Nigeria and Vietnam. Through the activity, JingWah Electronics reached cooperation intentions with multiple country delegates. It also built friendship and exchange bonds with the Belt and Road countries and created a broad platform and space for future win-win cooperation.



JingWah Electronics receives the delegation of the Belt and Road countries.

Supplier chain management

In strict compliance with Chinese laws and regulations such as the *Bidding Law* and the *Regulations on the Implementation of the Bidding Law*, NPEC has constantly improved the internal procurement management system and actively promoted the application of China Electronics Corporation (CEC) Electronic Procurement Platform to regulate the Company's online procurement for orderliness and compliance. With ongoing optimization of the supplier management system, we have implemented full life-cycle supplier management to examine suppliers' overall performance in employment, health & safety, environmental protection, business ethics and management systems, etc. We have also put in place the mechanisms of supplier access, evaluation and development management. Suppliers are encouraged to obtain quality, environmental, occupational health and other management system certification. We hope to improve the quality management capabilities and sustainability capabilities together with suppliers.

01 Supplier access

Strictly enforcing the supplier access system, and improving supplier credit management in accordance with the Regulations on Business Partner Credit Management;
Explicitly demanding all suppliers to provide raw materials that meet the environmental protection requirements in procurement contracts, and prioritizing the selection of green and sustainable raw materials suppliers.

02 Supplier evaluation

Strictly complying with Supplier Management Procedures and regularly carrying out multi-dimensional evaluation of existing and new suppliers;
Identifying environmental and social risks along the supply chain, and updating the catalogue of qualified suppliers through up-to-date management and comprehensive evaluation;
Carrying out on-site evaluation by the supplier evaluation team to reduce accident risks and improve suppliers' service competency.

03 Supplier growth empowerment

Organizing supplier training on a regular or irregular basis to enhance suppliers' responsibility awareness and relevant capabilities.

04 Supplier exit

Enhancing supplier management in accordance with the Supplier Negative Behavior Management Measures;
Jointly discussing solutions to problems arising in the process of supplier service;
Eliminating suppliers with annual evaluation scores under 80 points;
Blacklisting those suppliers that have violated the rules during the supply process.



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

Devoting to Community-based Charity

NPEC values community co-building and sharing development with the community. To this end, we actively participate in community life for social welfare purpose. For example, by organizing community-based volunteer activities, we promote the prosperity, stability and sustained development of communities while helping NPEC build the corporate image as a responsible enterprise and exemplar for corporate social responsibility fulfillment.

Engagement in social welfare

The Company is dedicated to serving communities and returning to society. We devote ourselves to social welfare in a variety of ways, including charity donations, community-based care for children and seniors, and industry assistance. By doing so, we support the development of rural areas, making a contribution to building a harmonious society.

Daycare classes for employees' children during summer break

To help employees address their concerns about children daycare over the summer vacation, Panda XinXing Industry sets up children daycare classes. In response to the call of Nanjing Federation of Trade Unions, the classes benefited employee families with children unregistered for the kindergarten. The practice aims to realize inclusive children daycare services aligned with the philosophy of “caring, secure and public-spirited daycare”. The daycare classes provide a safe, hygienic and pleasant daycare environment, which is a paradise for children to explore, learn and grow with joys.





Organizing kindergartens affiliated to NPEC to celebrate the Double Ninth Festival with the elderly



The ceremony of collective donation for NPEC Caring Assistance Fund

Key performance in 2024

- Nearly RMB **517,998** of funds raised by NPEC for the Caring Assistance Fund
- RMB **154,000** invested in charity
- RMB **143,500** invested in the consumption-driven campaign to boost agricultural prosperity

Volunteer services

Advocating the volunteer spirit of “dedication, friendship, mutual help and progress”, NPEC inspires employees to carry forward the Lei Feng Spirit. We encourage employees to register as volunteers and organize or participate in various volunteer services, such as community-based services, civic etiquette guidance, voluntary labor, and elderly care initiatives. Together with employees, we foster a harmonious and better society.

Inheriting Lei Feng's spiritual legacy to make the spirit live on

To fully implement General Secretary Xi Jinping's important directions on advancing the “learning from Lei Feng” initiative, NPEC organized employees to offer voluntary services in four aspects, i.e., serve the enterprise, serve employees, serve communities and serve society. By actively practicing the spirit of Lei Feng, we encourage employees to be public-spirited to serve the people and promote the core socialist values.



Key performance in 2024

- **783** employees registered as volunteers
- **1,583** employees participated in voluntary services
- **1,171.5** hours of voluntary services provided

Appendix

Environmental, Social and Governance Reporting Guide Index

Environmental				
Aspects	No.	Content	Page	
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non- hazardous waste	●	P53-60
	A1.1	The types of emissions and respective emissions data	●	P57-59
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	●	P57
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	●	P59
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	●	P59
	A1.5	Description of emission target(s) set and steps taken to achieve them	●	P54
	A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	●	P59-60
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources including energy, water and other raw materials	●	P56-58
	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)	●	P56
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	●	P57
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	●	P54
	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	●	P57
A3: Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer’ s significant impact on the environment and natural resources	●	P56-60
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	●	P56-60
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issue	●	P53-55
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	●	P53-55

Social				
Aspects	No.	Content	Page	
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	●	P43-48
	B1.1	Total workforce by gender, employment type (for example, full or part-time), age group and geographical region	●	P44
	B1.2	Employee turnover rate by gender, age group and geographical region	●	P44
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	●	P49-50
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	●	P49
	B2.2	Lost days due to work injury	●	P49
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	●	P49-50
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	●	P46-48
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	●	P46
	B3.2	The average training hours completed per employee by gender and employee category	●	P47
B4: Labor Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	●	P43-44
	B4.1	Description of measures to review employment practices to avoid child and forced labor	●	P43-44
	B4.2	Description of steps taken to eliminate such practices when discovered	● No violation occurred during the reporting period, including child labor or forced labor.	—

B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	●	P65
	B5.1	Number of suppliers by geographical region	●	P66
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	●	P65
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	●	P65
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	●	P65
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	●	P34; P37-41
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	●	P38
	B6.2	Number of products and service-related complaints received and how they are dealt with	●	P40
	B6.3	Description of practices relating to observing and protecting intellectual property rights	●	P34
	B6.4	Description of quality assurance process and recall procedures	●	P37-38
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	●	P41
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	●	P19-22
	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	●	P20
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	●	P20
	B7.3	Describe of the anti-corruption training provided to description and employees.	●	P20-22
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	●	P67-70
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	●	P68-70
	B8.2	Resources contributed (e.g. money or time) to the focus area	●	P69-70

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

Reader Feedback

Thank you for reading our ESG Report 2024. We value your feedback on our ESG work and this ESG report. Your opinions and suggestions are highly appreciated, as an important reference for us to improve our ESG disclosure, ESG management, 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?

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

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