

**T&W**

**2024**

**Environmental, Social and  
Governance (ESG) Report**

Shenzhen Gongjin Electronics Co., Ltd.



# CONTENTS

|                          |    |           |   |    |           |  |    |           |  |    |
|--------------------------|----|-----------|---|----|-----------|--|----|-----------|--|----|
| <b>About the Report</b>  | 01 | <b>01</b> | <b>About Us</b>                                   | 02 | <b>04</b> | <b>Led by the "Dual Carbon" Targets, Practicing Circular Economy</b> | 12 | <b>07</b> | <b>Responsibility and Repaying Society</b>                   | 34 |
|                          |    |           | Company Profile                                   | 02 |           | Climate Change Tackling  | 12 |           | Responsible Supply Chain                                     | 34 |
|                          |    |           | Main Business and Products                        | 02 |           | Energy Management  | 16 |           | Conflict Minerals Management                                 | 36 |
|                          |    |           | Awards and Honours                                | 04 |           | Circular Economy   | 19 |           | Contributions to the Society and Rural Revitalisation        | 37 |
|                          |    | <b>02</b> | <b>Sustainability Management</b>                  | 05 | <b>05</b> | <b>Being Environmentally Friendly, Building a Green Factory</b>      | 22 | <b>08</b> | <b>Caring for Employees and Promoting Talent Development</b> | 39 |
|                          |    |           | Sustainable Development Governance Structure      | 05 |           | Environmental Compliance Management                                  | 22 |           | Employees' Rights, Benefits, and Welfare                     | 39 |
|                          |    |           | Sustainable Development Strategy                  | 06 |           | Water Resources Management   | 24 |           | Talent Attraction and Retention                              | 41 |
|                          |    |           | Sustainable Development Goals and Progress        | 07 |           | Pollutant and Waste Management                                       | 25 |           | Occupational Health and Safety                               | 44 |
| <b>Appendix</b>          | 51 | <b>03</b> | <b>Topic Materiality Assessment</b>               | 09 | <b>06</b> | <b>Being Innovation Driven, Building the Internet of Everything</b>  | 27 | <b>09</b> | <b>Strategic Alignment, Promoting Steady Operations</b>      | 46 |
| ESG Data Table and Notes | 51 |           | Dual Materiality Analysis                         | 09 |           | Product and Service Quality  | 27 |           | Corporate Governance   | 46 |
| Benchmarking Index Table | 56 |           | Communication with Stakeholders and Due Diligence | 10 |           | R&D Innovation   | 31 |           | Business Ethics  | 49 |
|                          |    |           | Conclusion of the Analysis of Topic Materiality   | 11 |           | Data Security and Privacy Protection                                 | 33 |           |  |    |

# About the Report

This is the third *Environmental, Social and Governance (ESG) Report* released by Shenzhen Gongjin Electronics Co., Ltd. It discloses the principles, management methods, efforts, and achievements of the Company in ESG topics during business operation to its investors and other stakeholders.

## Reporting Scope

The Report covers Shenzhen Gongjin Electronics Co., Ltd. and its subsidiaries. Unless otherwise specified, the scope of the Report remains consistent with that in the consolidated financial statements of Gongjin (stock code: 603118) over the same period.

### List of Company Names and Abbreviations Appearing in the Report

| Full Name   | Abbreviation Used in the Report        |
|---|--|
| Shenzhen Gongjin Electronics Co., Ltd.                | Gongjin, Shenzhen Gongjin, the Company |
| Taicang T&W Electronics Co., Ltd.                     | Taicang T&W                            |
| Haining T&W Electronics Co., Ltd.                     | Haining T&W                            |
| T&W Electronics (Vietnam) Co., Ltd.                   | Vietnam T&W                            |
| Shenzhen Haiyun Testing Co., Ltd.                     | Haiyun Testing                         |
| Shandong Winspread Communication Technology Co., Ltd. | Winspread                              |
| Dalian Gongjin Technology Co., Ltd.                   | Dalian Gongjin                         |
| Suzhou Gongjin Automotive Technology Co., Ltd.        | Suzhou Gongjin Automotive              |
| Shenzhen Gongjin Electronics Co., Ltd. Nanshan Branch | Nanshan Branch                         |

## Reporting Period

The reporting period is from January 1, 2024 to December 31, 2024. Unless otherwise stated, the data in the Report are those within this period.

## Basis for Preparation

The Report is prepared on the basis of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report (Trial)* (April 2024) (hereinafter referred to as the "SSE Guidelines"), the *Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Standardised Operation* (December 2023), and with reference to the *Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies - Sustainability Report Preparation* (January 2025).

## Data Description

The data and cases in the Report are derived from official records of actual operation of the Company. Unless otherwise stated, the financial data in the Report are all in RMB. In case of any discrepancy with the Company's annual financial report, the annual financial report shall prevail.

## Principles for Preparation

### Materiality:

The Company identified the material topics related to the operation that are of concern to various stakeholders as the highlights of the Report. The presentation of material topics in the Report focuses on the characteristics of the Company's industry and business. The process and results of the materiality analysis of topics are detailed in the "Topic Materiality Assessment" section of the Report.

### Accuracy:

It can be ensured that the information in the Report is as accurate as possible. The data standard, calculation basis, and assumption conditions have been explained in the quantitative information to guarantee that the calculation error range will not mislead the users. Quantitative information and supplementary notes are detailed in the "ESG Data Table and Notes" section of the Report. The Board of Directors guarantees the content of the Report and confirms that there are no false records, misleading statements, or significant omissions.

### Balance:

The Report reflects objective and truthful facts and impartially discloses positive and negative information related to the Company. During the Reporting Period, no negative events were discovered that should have been disclosed but were not.

### Clarity:

The Report is published in simplified Chinese and English. The Report contains tables and diagrammatic figures etc. as a supplement to facilitate a better understanding by stakeholders. To facilitate faster access to information for stakeholders, the Report provides a table of contents and a benchmarking index of ESG standards.

### Quantification:

The Report discloses key quantitative performance indicators and, where possible, historical data. The statistics and disclosure of the same indicator in the Report are consistent from one reporting period to another. All changes (if any) are fully explained in the notes to the Report for stakeholders to conduct meaningful analyses and assess the trend of the Company's ESG performance level.

### Comparability:

The Report maintains consistency in the statistical and disclosure methods for the same quantitative disclosure items across different reporting periods. If there are changes in the data collection, measurement, or calculation methods, the relevant data will be retrospectively adjusted, and the adjustments, along with their reasons, will be explained in the report's notes, enabling stakeholders to conduct meaningful analysis and assess the development trends of the Company's ESG data.

### Completeness:

The scope of the disclosure object of the Report is in line with that of the Company's consolidated financial statements.

### Timeliness:

This is an annual report covering the period from 1 January 2024 to 31 December 2024.

### Verifiability:

The cases and data in the Report come from the original records or financial reports of the Company's actual operations. The data sources and calculation processes disclosed by the Company are traceable and can be used to support external verification and inspection work.

## Access to the Report

The Report is published in electronic format and can be viewed or downloaded online from the official website of the [Shanghai Stock Exchange](#) and the [Company's official website](#).

## Contact US

If you have any suggestions on the Report, please contact us:

Address: No. 2 Danzi North Road, Kengzi Sub-district, Pingshan District, Shenzhen; Floor 2, Block A, New Energy Building, No. 2239 Nanhai Avenue, Nanshan Sub-district, Nanshan District, Shenzhen

E-mail: investor@twsz.com

# 01 About Us

## Company Profile

Shenzhen Gongjin Electronics Co., Ltd. was established in 1998 and listed on the Shanghai Stock Exchange in 2015 (stock code: 603118). The Company is committed to its mission of "Make Everything interconnected simpler" and strives to become a world-leading information and communication product supplier.

|   |   |   |   |
|---|---|---|---|
| <p><b>Mission</b></p> <p>Make Everything interconnected simpler</p> | <p><b>Vision</b></p> <p>A Global Leading Provider of Information and Communication Products</p> | <p><b>Core Values</b></p> <p>Customer First<br/>Innovation-Driven<br/>Win-Win Cooperation</p> | <p><b>Mission</b></p> <p>Develop the Business<br/>Talent Development<br/>Give Back to Society</p> |
|---|---|---|---|

### General Information of Gongjin



**Company Name** Shenzhen Gongjin Electronics Co., Ltd.

**Headquarters** No. 2 Danzi North Road, Kengzi Sub-district, Pingshan District, Shenzhen

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**Main Business**  
Netcom and datacom, mobile communication, automotive electronics, and others



**Major Places of Operation**  
Shenzhen, Shanghai, Beijing, Taicang, Haining, Dalian, Xi'an, Jinan, Hong Kong, Vietnam, and others



**Main Production Bases**  
Shenzhen, Taicang, Vietnam, Haining

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**Total Assets**  
9,202.94 RMB million



**Operating Revenue**  
8,375.72 RMB million



**Number of Total Employees**  
6,195 persons

## Main Business and Products

As of the end of 2024, the business of the Company mainly involved netcom, datacom, mobile communication, and automotive electronics. The Company's business radiates globally, customers cover the China, Europe, Asia Pacific, America, Middle East and other regions.

### Main Business and Products of Gongjin

| Main Business               | Operational Sites   | Main Products  |
|-----------------------------|---|--|
| Netcom and datacom services | R&D and marketing centres in Shenzhen, Taicang, Haining, Vietnam, and various locations both domestically and internationally | R&D and manufacturing of network communication products such as PON, AP, and DSL series, as well as data communication products such as switches, servers, and CR core routers |
| Mobile communication        | Dalian, Jinan, Beijing, Shanghai, Taicang, Xi'an, and other locations   | 4G/5G small base station equipment, fixed wireless access equipment, and various specialised and integrated application products based on mobile communication technology      |
| Automotive electronics      | Shanghai, Taicang   | Production and sales of automotive components for intelligent cockpits and autonomous driving systems  |

The clients of the Company include globally renowned brands and operators. Our netcom and datacom business mainly focuses on Original Design Manufacturer (ODM) and Joint Design Manufacture (JDM), covering all OEM modes. The Company holds a leading market share among domestic telecommunications terminal manufacturers.



# Awards and Honours

## ESG

CDP Climate Change Questionnaire B Rating

CDP

BSCI Certification Grade C

BSCI

National Green Factory

Ministry of Industry and Information Technology

National Green Supply Chain Management Enterprise

Ministry of Industry and Information Technology

Charity Project Award at 2024 Charity Gala

China Association of Social Workers

Golden Quality ESG Award

Shanghai Securities News

ESG Golden Dawn Award for Best Green Environmental Innovation

Securities Market Weekly

2024 Best ESG Disclosure Award

CLS

The 29th in the "Top 100 Huazheng A-Share Listed Companies for ESG Excellence Performance 2024"

Huazheng Index.

The 2nd in the "2024 Top 10 A-Share Listed Companies by ESG Performance in the Telecommunications Services Industry"

Huazheng Index.

Shenzhen Project Care "Top 10 Caring Enterprises"

Shenzhen Project Care Organising Committee

Top 20 Listed Companies for BOD Governance in the Greater Bay Area in 2024

Shenzhen Listed Companies Governance Association

2023 Investor Relations Gold Award - Outstanding Shareholder Return Award

p5w.net

2023 Best Investor Relations Company (Electronics and Communications Industry)

Board Secretary Association

## Comprehensive

Top 500 Digital Economy Enterprises

China Enterprise Evaluation Association and China Academy of Information and Communications Technology

National Manufacturing Single Champion Enterprise

Ministry of Industry and Information Technology, China Federation of Industrial Economics

Dalian Gongjin was awarded the national "Specialised, Sophisticated, Distinctive, and Innovative Little Giant" title

Ministry of Industry and Information Technology

Haiyun Testing was recognised as a technology-based small and medium-sized enterprise in Shenzhen

Ministry of Industry and Information Technology

Top 100 Digital Economy Enterprises in Guangdong Province 2024

Guangdong Information Association, Guangdong Association for Promotion of Industrial Development, and others

The 66th in the Top 500 Manufacturing Enterprises in Guangdong

Guangdong Manufacturers Association, Institute of Industrial Economics Jinan University, Guangdong Development and Reform Research Institute

Taicang T&W was included in the 2024 Provincial-Level Specialised, Sophisticated, Distinctive, and Innovative Small and Medium-sized Enterprises List

Industry and Information Technology Department of Jiangsu

Taicang T&W was awarded the title of "Private Technology Enterprise of Jiangsu Province" in 2024

Jiangsu Association of Private Technology Enterprise

The 134th in the 2024 Shenzhen Top 500 Enterprises

Shenzhen Enterprise Confederation, Shenzhen Entrepreneurs Association

Shenzhen Craftsman Cultivation Demonstration Unit

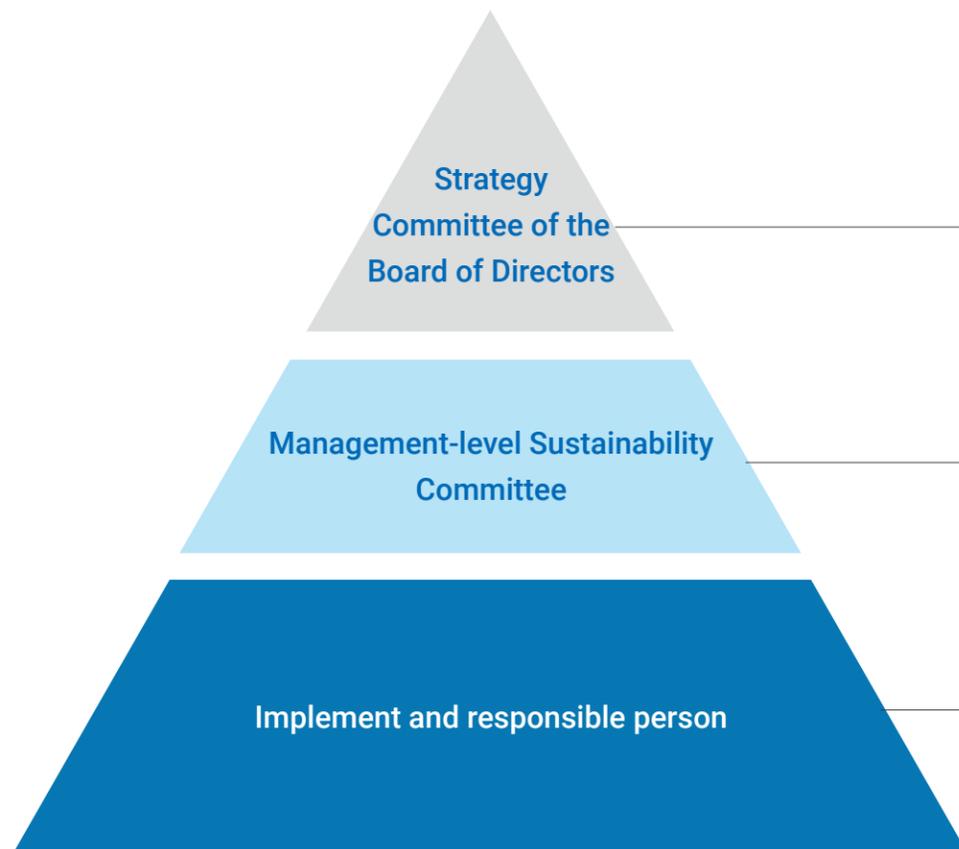
Federation of Shenzhen Industries

# 02 Sustainability Management

## Sustainable Development Governance Structure

The Company treats Environmental, Social, and Governance (ESG) management as a specific action to achieve sustainable development goals and promote sustainability management. A top-down governance structure for sustainable development has been established. The Board of Directors is responsible for reviewing ESG-related proposals and the annual ESG report, receiving reports on ESG matters from the Strategy Committee of the Board of Directors, and providing advice. The Strategy Committee of the Board of Directors is responsible for setting ESG-related goals, coordinating management, supervising progress, and reporting upwards. At the same time, the Company has established a Sustainability Committee under the management level, responsible for the specific implementation of the Company's ESG and sustainable development work.

Sustainable Development Governance Structure of Gongjin



- Be responsible for formulating the Company's ESG values, code of conduct, etc., supervising the Company's ESG work, and reporting to the Board of Directors or providing decision-making suggestions on related ESG matters

● **Chairman of the Sustainability Committee:**

- Chair the management work of the Sustainability Committee
- Develop a sustainability management system and formulate specific policies and guidelines for the Company

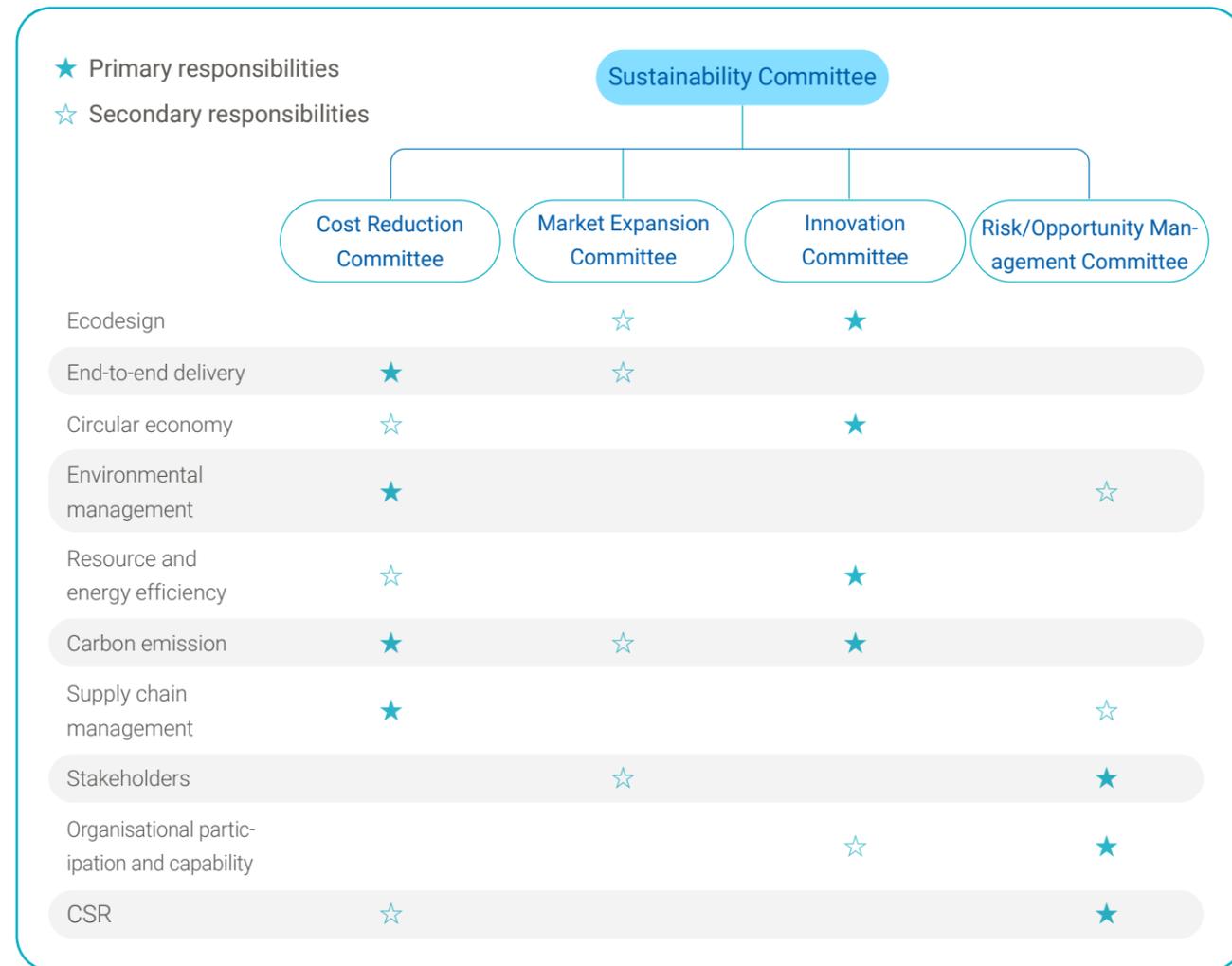
● **Directors of Cost Reduction Committee, Market Expansion Committee, Innovation Committee, and Risk/Opportunity Management Committee:**

- Coordinate, plan, develop KPIs, track the execution status, and make phased summaries for projects as well as next work plans
- Coordinate team resources and work, supervise the implementation of sustainable development projects
- Regularly summarise sustainable development projects and report to the Chairman of the Sustainability Committee
- Develop, evaluate, and revise plans for sustainable development goals

● **Implement and responsible person:**

- Be responsible for project implementation, collecting and analysing data, and providing data analysis conclusions to superiors

### Organisational Structure of the Sustainability Committee of Gongjin



The Sustainability Committee holds regular meetings at least once a quarter, where the second-level committees or main project leaders report on the quarterly implementation of projects, summarise the execution of promised KPIs, analyse the reasons for non-compliant KPIs or non-implemented projects, and propose improvement measures; evaluates the indicators of projects that have met the standards every 3-6 months, proposes challenge goals or upgrades project implementation standards, and makes certain the next work plans.

In order to effectively promote the sustainable development strategy, the Company standardised the management rules of the Sustainability Committee, formulated the *Management Regulations of Sustainability Committee*, clarified the execution requirements of the Group Company and all subsidiaries, the responsibilities of the Sustainability Committee, standardised the coordination, planning, and reporting processes, set Key Performance Indicators (KPIs) and improvement indicators for sustainable development, and regularly counted and disclosed the achievement of sustainable development indicators.

## Sustainable Development Strategy

With the vision of "Based on long-term development, continuously innovate products and serve global market; protect environment and fulfill social responsibility", Gongjin established a social responsibility management system based on SA8000 in 2007, focusing on the *Responsible Business Alliance (RBA) Code of Conduct* and the *Business Social Compliance Initiative (BSCI) Code of Conduct*, comprehensively integrating the sustainable development strategy into the Company's business development, establishing a framework and principles for sustainable development, and continuously improving and promoting the Company's performance in fulfilling various responsibilities.

### Sustainable Development Strategy of Gongjin

#### Healthily Developing Enterprise

Ethical management, independent development; aligning with international standards to ensure the long-term development of the company.

#### Practice Green Manufacturing

Lean production, energy conservation and emissions reduction, quality first; and close collaboration with upstream and downstream in the supply chain to achieve environmental protection and green manufacturing.

### Sustainable Development Strategy of Gongjin

#### Cultivate a Caring Attitude Towards Employees

Protect and enhance employees' human rights, occupational health, safety, and welfare, and rely on the company's development to achieve employees' personal growth plans.

#### Actively Give Back to Society

Give back to society and customers, pay taxes in accordance with the law, actively participate in social welfare activities, strive to contribute to education in the western regions, and provide continuous care for disadvantaged students.

## Sustainable Development Goals and Progress

| Field                      | Production base | Metrics  | Unit                                | Goals for 2024                           | Progress in 2024                      |
|----------------------------|-----------------|--|-------------------------------------|--|---------------------------------------|
| Water resources management | Shenzhen        | The factory domestic water consumption per 10,000 Printed Circuit Board (PCB) points                 | m <sup>3</sup>                      | ≤0.13                                    | 0.1311                                |
|                            | Taicang         | Year-on-year decrease in factory domestic water consumption per unit output                          | %                                   | ≥5                                       | 12.18                                 |
|                            | Haining         | Water consumption per RMB 10,000 of output value   | m <sup>3</sup> /RMB 10,000          | ≤0.6                                     | 0.20                                  |
|                            | Vietnam         | Water consumption per RMB 1 million of sales   | m <sup>3</sup> /RMB 1 million       | ≤40                                      | 30.68                                 |
| Energy management          | Shenzhen        | Comprehensive energy consumption per unit output   | tonnes of standard coal/10,000 sets | ≤1.25                                    | 1.47                                  |
|                            | Taicang         | Comprehensive energy consumption per unit output   | tonnes of standard coal/10,000 sets | ≤1.92                                    | 1.92                                  |
|                            | Haining         | Comprehensive energy consumption per RMB 10,000 output value   | kWh/10,000 RMB                      | ≤180                                     | 112.50                                |
|                            | Vietnam         | Electricity consumption per RMB 1 million of sales   | kWh/RMB 1 million                   | ≤6,500                                   | 5,162.19                              |
| GHG emissions management   | Shenzhen        | Reduction in GHG emissions( Scope 1, 2) compared to the base year (2021)                             | %                                   | ≥12.60                                   | 17.58                                 |
|                            | Taicang         | Reduction in GHG emissions per RMB 10,000 of industrial added value compared to the base year (2021) | %                                   | ≥0                                       | -9.93                                 |
| Waste management           | Shenzhen        | Amount of hazardous waste generated from RMB 1 million of sales revenue                              | kg/RMB 1 million                    | First half: ≤0.42<br>Second half: ≤15.86 | First half: 0.41<br>Second half: 5.21 |
|                            |                 | Year-on-year decrease in general waste generated from RMB 1 million of sales revenue                 | %                                   | ≥5                                       | 25.42                                 |
|                            | Taicang         | Amount of hazardous wastes generated per unit output   | kg/1,000 sets                       | ≤3                                       | 2.95                                  |
|                            |                 | Year-on-year decrease in general waste generated from RMB 1 million of sales revenue                 | %                                   | ≥3                                       | 22.07                                 |
|                            | Haining         | Amount of hazardous waste from RMB 10,000 output value   | kg/RMB 10,000                       | ≤0.18                                    | 0.05                                  |
|                            |                 | Amount of general waste generated from RMB 10,000 output value                                       | kg/ RMB 10,000                      | ≤3.5                                     | 2.50                                  |
|                            | Vietnam         | Amount of hazardous waste generated per unit output  | kg/1,000 sets                       | ≤9                                       | 7.01                                  |
|                            |                 | Amount of general waste generated from RMB 1 million of sales revenue                                | t/ RMB 1 million                    | ≤0.25                                    | 0.09                                  |

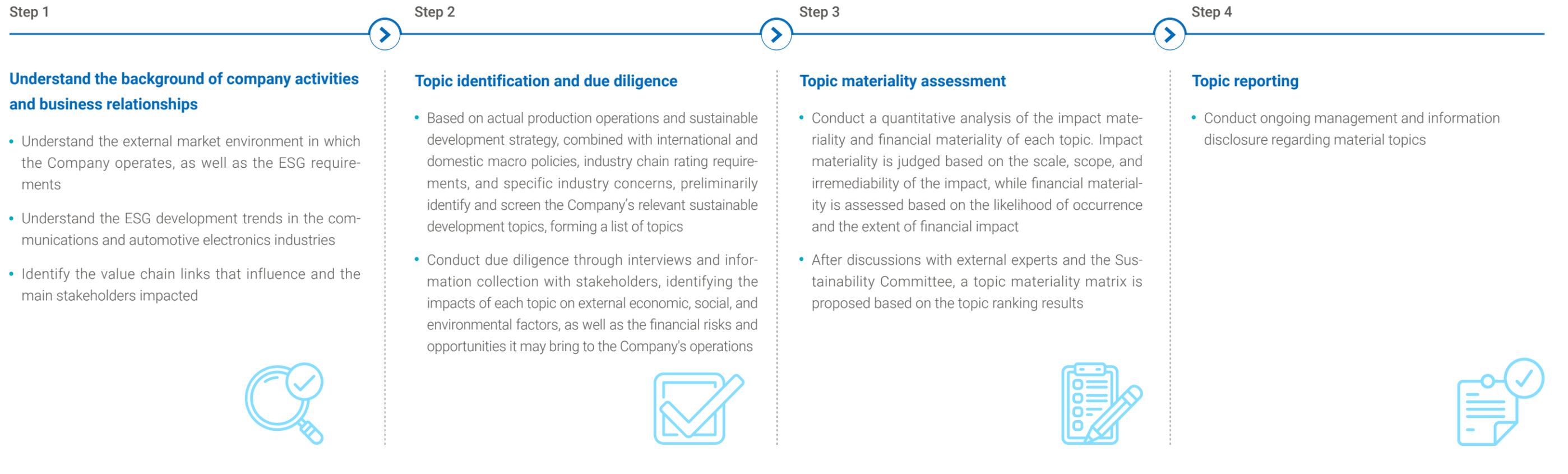
| Field                                  | Production base  | Metrics   | Unit | Goals for 2024 | Progress in 2024 |
|--|--|---|------|----------------|------------------|
| Circular economy                       | All production bases   | Proportion of products with a reduction of 3% or more in PCB area compared to the previous version or similar products of competitors     | %    | ≥60            | 65               |
|  |  | Proportion of products with a 10% reduction in sales packaging weight compared to the previous version or similar products of competitors | %    | ≥60            | 80               |
|  |  | Proportion of structural components made from recycled materials  | %    | ≥35            | 30               |
| Product and service quality management | Domestic production base (netcom, data-com and mobile communications business) | After-sales defective rate  | %    | ≤0.15          | 0.12             |
|  |  | Product comprehensive yield   | %    | ≥98.85         | 98.85            |
|  |  | Quality accident  | /    | 0              | 0                |
|  | Domestic production base (automotive electronics)                              | After-sales defective rate  | ppm  | ≤15            | 4                |
|  |  | Product comprehensive yield   | %    | ≥99.60         | 99.77            |
|  |  | Incoming batch yield  | %    | ≥99.00         | 99.50            |
|  | Vietnam  | After-sales defective rate  | ppm  | ≤600           | 500              |
|  |  | Product comprehensive yield   | %    | ≥98.55         | 98.93            |
|  |  | Quality accident  | /    | 0              | 1                |
| Occupational health and safety         | All production bases   | Injury accident rate per 200,000 man-hours  | %    | ≤0.18          | 0.07             |
|  |  | Number of serious injuries and fatal accidents  | /    | 0              | 0                |
|  |  | Occupational poisoning and occupational disease incidents   | /    | 0              | 0                |
|  |  | Number of fire and explosion accidents  | /    | 0              | 0                |

# 03 Topic Materiality Assessment

## Dual Materiality Analysis

In line with the requirements of the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (referred to as "the Guidelines"), the Company invites experts and stakeholders to participate in the identification, screening, and analysis of material topics from two perspectives: impact materiality and financial materiality, following the process outlined below.

### Dual Materiality of Topics Analysis Process of Gongjin in 2024



## Communication with Stakeholders and Due Diligence

The Company places great emphasis on the opinions and suggestions from stakeholders and considers communication with stakeholders as an important part of assessing the materiality of topics and continuously improving sustainable development governance. The Company identifies six key stakeholders: government and regulators, shareholders and investors, customers, suppliers and partners, employees, local communities and the public. It has established diversified communication channels and mechanisms to actively respond to stakeholders' concerns and demands, building mutual trust through continuous communication.

Gongjin Stakeholder Concerns and Communication Methods

| Main Stakeholders                           | <br>Government and regulators   | <br>Shareholders and investors   | <br>Customers   | <br>Suppliers and partners  | <br>Employees   | <br>Local communities and the public   |
|---|--|---|--|--|--|---|
| <b>Concerned Topics</b>                     | <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Climate change tackling</li> <li>Energy management</li> <li>Water resources management</li> <li>Pollutant and waste management</li> <li>Occupational health and safety</li> </ul>   | <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business ethics</li> <li>R&amp;D innovation</li> <li>Circular economy</li> </ul>   | <ul style="list-style-type: none"> <li>Information security and privacy protection</li> <li>Circular economy</li> <li>Product and service quality</li> <li>R&amp;D innovation</li> </ul>   | <ul style="list-style-type: none"> <li>R&amp;D innovation</li> <li>Responsible supply chain</li> <li>Conflict minerals management</li> <li>Business ethics</li> <li>Circular economy</li> </ul>  | <ul style="list-style-type: none"> <li>Employees' rights, benefits, and welfare</li> <li>Talent attraction and retention</li> <li>Occupational health and safety</li> </ul>  | <ul style="list-style-type: none"> <li>Pollutant and waste management</li> <li>Circular economy</li> <li>Contributions to the society and rural revitalisation</li> </ul>   |
| <b>Communication Channels and Frequency</b> | <ul style="list-style-type: none"> <li>Regular reports (annually, semi-annually, or quarterly)</li> <li>Company announcements (irregular)</li> <li>Apply for qualifications and permits according to local government policies (irregular)</li> <li>Conduct environmental risk emergency drills (irregular)</li> <li>Statistics and reporting of environmental data (irregular)</li> <li>Cooperate with regulatory department site inspections and report (irregular)</li> </ul> | <ul style="list-style-type: none"> <li>Convene general meeting of shareholders (annually)</li> <li>Release announcements, organise roadshows, investor activities, performance exchange meetings, etc. (irregular)</li> <li>Set up investor communication channels such as the SSE e-interactive platform, the Company's official website e-interactive platform, email, hotline, etc. (real-time)</li> </ul> | <ul style="list-style-type: none"> <li>Conduct product exhibitions, customer surveys, technical seminars, and other exchange activities (irregular)</li> <li>Set up customer hotlines (real-time)</li> <li>Make customer satisfaction surveys (annually)</li> <li>Conduct pre-sales, sales, and after-sales communication (real-time)</li> </ul> | <ul style="list-style-type: none"> <li>Phone communication, irregular visits, academic seminars, industry exhibitions, industry training, exchange meetings, etc. (irregular)</li> <li>Supplier training (annually)</li> <li>Supplier social responsibility assessments (irregular)</li> <li>Supplier agreement signing (irregular)</li> </ul> | <ul style="list-style-type: none"> <li>Trade union and staff representative meetings (quarterly)</li> <li>Employee activities (irregular)</li> <li>Internal publications, intranet platforms (real-time)</li> <li>Employee training (irregular)</li> </ul> | <ul style="list-style-type: none"> <li>Release news on the official website, public account, and other social media platforms (irregular)</li> <li>User manuals, instructions (real-time)</li> <li>Conduct community volunteer activities (irregular)</li> <li>Foundation public welfare activities (real-time)</li> <li>Employee volunteer services (real-time)</li> </ul> |

The Company has established a regular due diligence mechanism led by the Sustainability Committee to identify the impact of topics on the economy, society, and the environment. The Company has developed the *Organisational Environment, Stakeholder Management, and Risk Control Procedures*, and coordinates various departments to engage with stakeholders through methods such as interviews and information collection. This helps to understand both internal and external environments and stakeholder requirements, identify risks and opportunities in daily operations and business decisions, and form the *Organisational Environment Identification, Risk and Opportunity Assessment Form* and the *Stakeholder Needs and Expectations Analysis Report*. The Company places great importance on the negative impacts and risks of each topic and, based on specific circumstances, develops targeted management measures.

## Conclusion of the Analysis of Topic Materiality

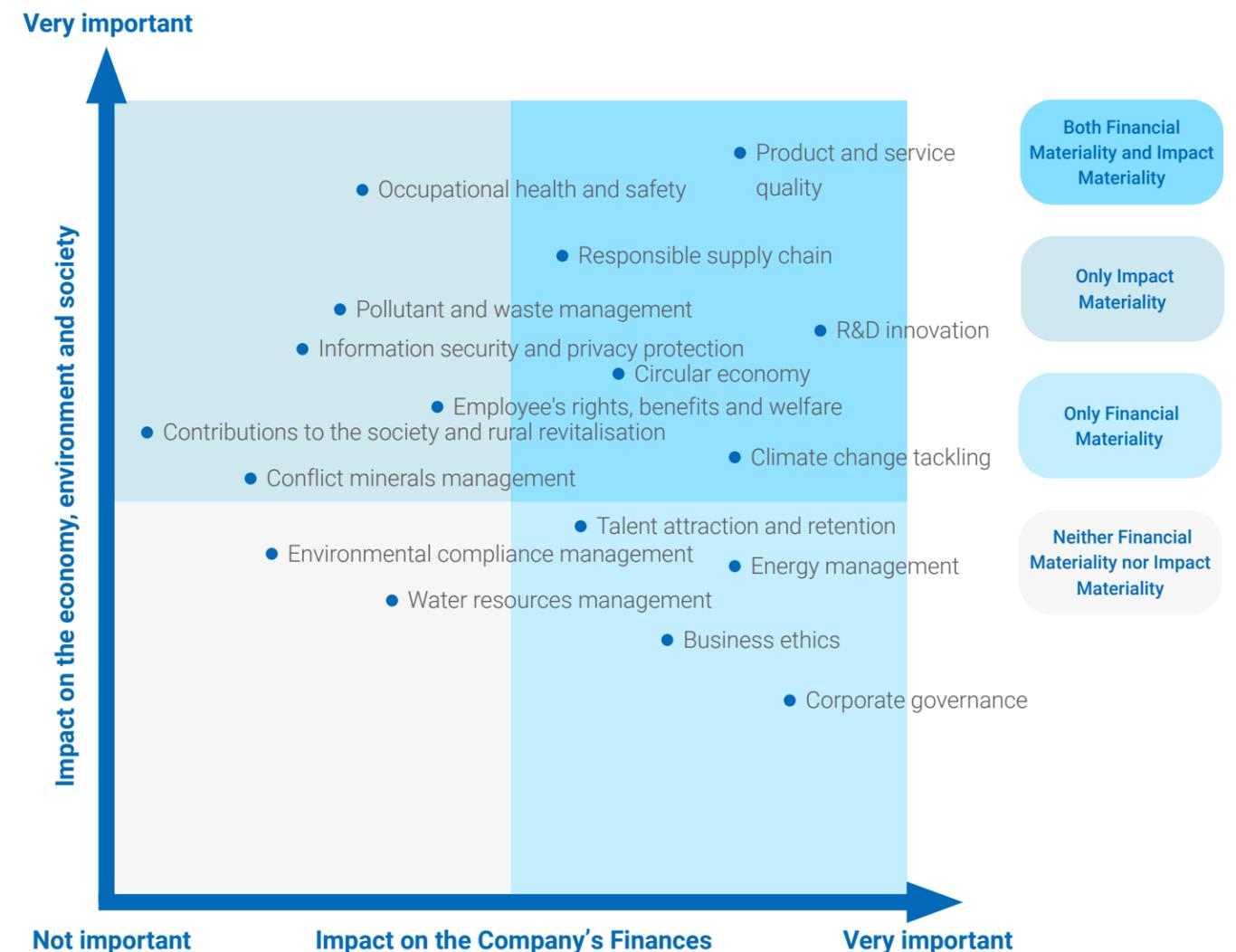
Through comprehensive communication with stakeholders, due diligence results, industry benchmarking, and the Company's development strategy and actual operations, 17 material topics were identified. Among these, 6 topics fall under the environmental dimension, 6 topics under the social dimension, and 5 topics under the governance dimension. The main changes in the Company's ESG topics for 2024 compared to the previous year are detailed in the table below.

Main Changes in Gongjin's ESG Topics for 2024

| Material Topics for 2024                              | Material Topics for 2023   | Changes              | Reason for Changes  |
|---|--|----------------------|---|
| Climate change tackling                               | Climate change mitigation and adaptation                                     | Change in topic name | The names are changed to adapt to the topic names in the Guidelines.  |
| Environmental compliance management                   | Environmental management system  | Change in topic name |   |
| Pollutant and waste management                        | Emission and waste management  | Change in topic name |   |
| Contributions to the society and rural revitalisation | Charity, public welfare, and volunteer activities                            | Change in topic name |   |
| Circular economy                                      | Circular economy, green products   | Merger of topics     | Green products mainly involve detachable components and packaging for easy recycling, and the content is merged into the circular economy topic.  |
| Employees' rights, benefits, and welfare              | Employee recruitment and employment, employee's rights, benefits and welfare | Merger of topics     | The content of employee recruitment and employment is merged into the employees' rights, benefits and welfare topic.  |
| ---   | Compliant operation and risk management                                      | Deletion of topic    | The content of compliance operations and risk management is merged into corporate governance and responsible supply chain topics. Compliant operation and risk management will be disclosed separately under each topic to avoid repetition, and this topic is no longer listed separately. |

Through the materiality analysis and threshold judgment, the Company identified 5 topics with dual materiality, 4 topics with financial materiality only, 6 topics with impact materiality only, and 2 topics that do not have either financial materiality or impact materiality. The results of the Company's topic materiality analysis are shown in the figure below.

2024 Topic Materiality Matrix of Gongjin



Note: Among the 21 topics set by the SSE Guidelines, the Company does not address the "Ecosystem and Biodiversity Protection" topic. "Communication with Stakeholders" and "Due Diligence" are necessary processes for the Company to identify and analyse topics, and are addressed in the "Topic Materiality Assessment" section, but are not included as topics in the topic materiality matrix. The remaining topics are addressed in the main body of the Report or in the benchmarking index table. Additionally, the Company independently identified the topics of "Corporate Governance" and "Conflict Minerals Management", which are addressed in the corresponding sections of the main body of the Report.

# 04 Led by the "Dual Carbon" Targets, Practicing Circular Economy

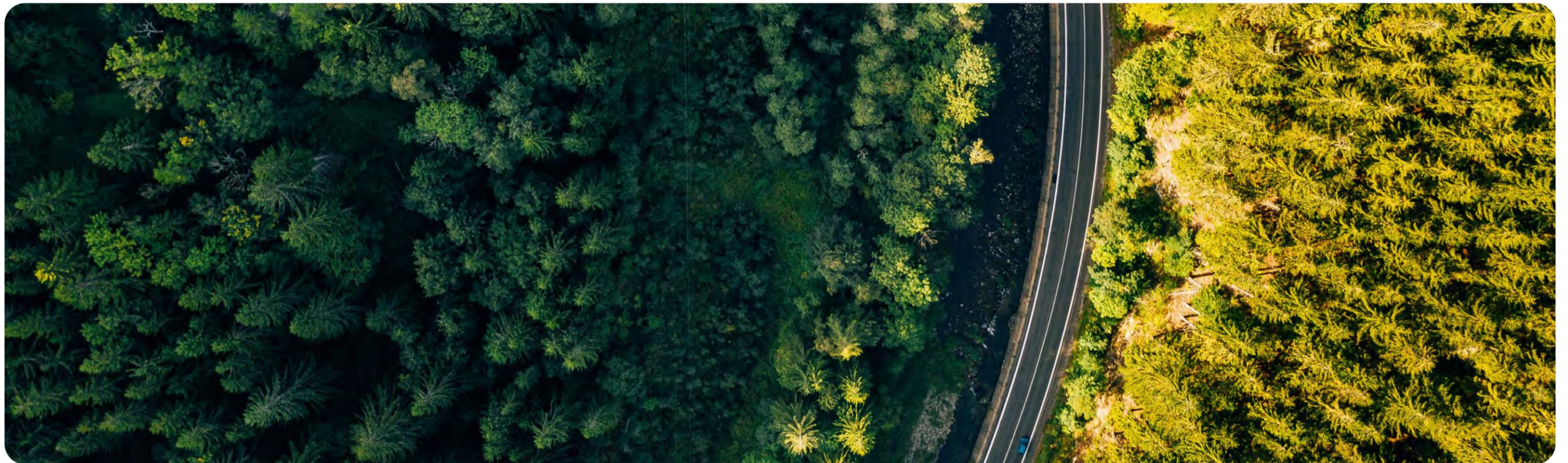
## Climate Change Tackling

Gongjin's current greenhouse gas (GHG) emissions mainly come from direct emissions during its operations, including GHG emissions from the combustion of fuels such as natural gas, diesel, and gasoline, as well as emissions from fire extinguishers, refrigerants, and production processes. Indirect emissions include GHG emissions from purchased electricity. The Company pays great attention to global climate change developments and has made a greenhouse gas reduction declaration to help mitigate global climate change.



### GHG Emissions Reduction Declaration of Gongjin

"We are well aware that the Earth's climate and environment are gradually deteriorating due to the impact of greenhouse gases. Shenzhen Gongjin Electronics Co., Ltd., as a member of the global citizen, in order to respond to the international norms of the United Nations Framework Convention on Climate Change and the Kyoto Protocol and to fulfil corporate responsibility, will be committed to the greenhouse gas emissions inventory work, which will help the company truly control and manage the current situation of greenhouse gas emissions, and further promote the voluntary reduction plans of greenhouse gases based on the inventory results."



The Company has established a climate change management system at the "Governance - Strategy - Impact, Risk, and Opportunity Management - Metrics and Targets" level, in accordance with the information disclosure framework for climate change topics as outlined in the *SSE Guidelines*.

### Climate Change Management System of Gongjin

#### Governance

**Management policies:** Procedures for Greenhouse Gas Inventory Management, Guidelines on Energy Saving and Consumption Reduction Management Work, Energy Conservation and Consumption Reduction Inspection Form

**Governance structure:** Shenzhen Gongjin, Taicang T&W, and Vietnam T&W have established the structure of the "GHG Inventory Implementation Committee - System Management Department - Inventory Execution Group, Verification Group - Various Departments."

#### Strategy

**Impact:** Countries around the world are actively implementing low-carbon regulations and policies to combat climate change, changing market operating rules, which directly impact the market economy, fiscal taxation, and cost structures.

**Risk:** The Company has identified two categories of climate-related risks: physical risks and transition risks, including 4 risks: acute physical risk, chronic physical risk, policy and legal risk, and market risk. These risks may cause operational disruptions, reduced product competitiveness, and lower revenue.

**Opportunities:** The Company has identified 3 opportunities: energy source opportunity, product and service opportunity, and resilience opportunity. Seizing these opportunities will help reduce the Company's energy consumption costs and enhance product differentiation, increasing market share and revenue.

**Response strategy:** The Company will actively adjust the industrial structure, reduce production energy consumption, use green materials, develop product ecological design plans, and maintain market competitiveness.

#### Impact, Risk, and Opportunity Management

- We take action in areas such as climate disaster emergency response, carbon inventory, product ecological design, process and equipment energy conservation and carbon reduction, and green supplier management, while seizing opportunities in managing risks.
- We improve weather forecasting, develop emergency response plans, and strengthen infrastructure.
- We use green materials, ecological designs, etc., and develop green and low-carbon products.
- We upgrade process technologies, reduce equipment energy consumption, and use clean energy.

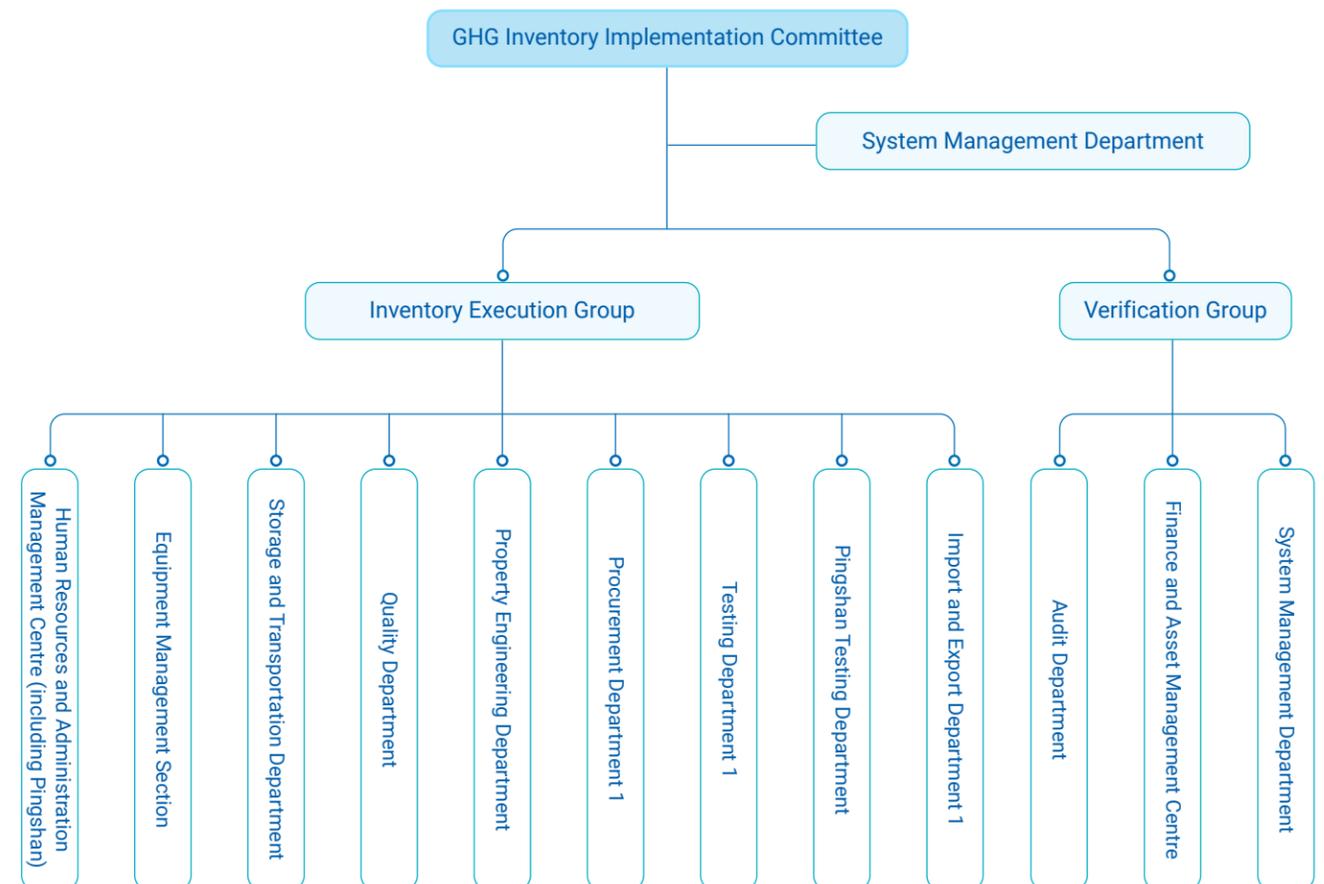
#### Metrics and Targets

- Shenzhen Gongjin sets a relative target to reduce greenhouse gas emissions compared to the base year (2021)
- Taicang T&W sets greenhouse gas emissions per RMB 10,000 of industrial added value compared to the base year (2021)

To strengthen climate change management, each production base of the Company has established internal systems such as *Policy on Procedures for GHG Inventory Management and Guidelines on Energy Saving and Consumption Reduction Management Work*. Each production base conducts ISO 14064-1 carbon inventory annually, standardises the greenhouse gas inventory process, formulates energy management policies, and continuously optimises the effectiveness of greenhouse gas inventories and energy efficiency.

The Company has established a sound climate change management structure. Shenzhen Gongjin, Taicang T&W, and Vietnam T&W have established the GHG Inventory Implementation Committee, responsible for coordinating and setting carbon emission targets for each factory. The System Management Department is responsible for building the climate change management system, coordinating the work of various departments, and setting up the Inventory Execution Group to collect carbon emission data. The Verification Group verifies the data to ensure the accuracy and transparency of greenhouse gas inventory data.

#### Organisational Chart of GHG Inventory Implementation Committee of Shenzhen Gongjin



The Company continuously monitors climate-related policies and regulatory requirements, analyses the impact of climate change on both the industry and its own operations, and identifies two categories of climate-related risks: physical risks and transition risks, including 4 risks: acute physical risk, chronic physical risk, policy and legal risk, and market risk. To address this, the Company actively develops response strategies such as climate disaster emergency response, carbon inventory, and product ecological design, in order to reduce or avoid potential negative impacts on the Company, such as operational interruptions and reduced product competitiveness.

### Identification of and Response to Climate-related Risks at Gongjin

| Risk Type        | Risk Description  | Scope of Impact                | Financial Impact             | Response Strategy  |
|------------------|---|--------------------------------|------------------------------|--|
| Physical risks   | Acute physical risk<br>The Company has multiple production bases located in coastal areas, which may be affected by extreme weather events such as typhoons and heavy rain, leading to damage to the Company's buildings, production facilities, and other infrastructure, or disruptions in power, drainage, and water supply, resulting in production interruptions.  | Short- and medium-term         | Depreciation of fixed assets | <ul style="list-style-type: none"> <li>Climate disaster emergency response</li> </ul>  |
|                  | Chronic physical risk<br>Long-term climate changes, such as rising temperatures and sea levels, may lead to an increase in extreme weather events in the future, disrupting production facilities and the stability of supply chains, such as interruptions in raw material transportation and the inability to deliver goods to their destinations, forcing the company to adjust resource allocation and operational processes in response. | Long-term                      | Decreased revenue            |  |
| Transition risks | Policy and legal risk<br>According to the current domestic carbon quota management system, the portion of a company's carbon emissions that exceeds the carbon quota must be offset by purchasing carbon quotas or carbon credit products.  | Short-, medium-, and long-term | Increased operating costs    | <ul style="list-style-type: none"> <li>Conduct carbon inventory</li> <li>Complete compliance and clearance on time</li> <li>Product ecological design</li> </ul> |
|                  | Market risk<br>Products with environmental certification have an advantage in the international market, with requirements for product carbon footprint, eco-friendly raw materials, and the proportion of recycled plastics. The demand for traditional products is shrinking, and if the Company fails to adjust its production and operation strategies in a timely manner, its market share in the international market will be affected.  | Short-, medium-, and long-term | Reduced revenue              |  |

At the same time, the Company has identified three opportunities: energy source opportunity, product and service opportunity, and resilience opportunity. The Company leverages these opportunities through strategies such as energy-saving and carbon-reduction in process equipment, eco-design of products, and green supplier management, helping to reduce energy consumption costs and increase product added value.

### Identification of and Response to Climate-Related Opportunities at Gongjin

| Opportunity Type                | Opportunity Description  | Scope of Impact                | Financial Impact        | Response Strategy  |
|---------------------------------|--|--------------------------------|-------------------------|--|
| Energy source opportunity       | Using rooftop photovoltaic (PV) self-generation during operations helps to reduce the Company's energy expenses in the medium to long term.  | Medium- and long-term          | Reduced operating costs | <ul style="list-style-type: none"> <li>Develop clean energy</li> </ul>       |
| Product and service opportunity | We can develop low-power, highly integrated components that are suitable for emerging scenarios such as AI and the Internet of Things (IoT), using environmentally friendly materials to meet green standards and enhance product added value. | Short-, medium-, and long-term | Increased revenue       | <ul style="list-style-type: none"> <li>Product ecological design</li> </ul>  |
| Resilience opportunity          | We may adopt local suppliers to reduce transportation distance, decrease energy consumption, and lower transportation costs, while also promoting energy-saving and emissions-reduction practises among suppliers.                             | Medium- and long-term          | Reduced operating costs | <ul style="list-style-type: none"> <li>Build a green supply chain</li> </ul> |



### Climate Response Measures of Gongjin in 2024

#### Climate disaster emergency response

- The Company closely monitored weather forecasts and warning information in its daily operations, staying informed about typhoon dynamics and impact areas, and conducted real-time monitoring to ensure timely warning measures.
- The Company developed extreme weather emergency response plans and reinforced the factory roofs to prevent typhoon damage.

#### Carbon inventory

- We stayed informed about and comply with relevant regulatory laws and regulations. Each production base conducts ISO 14064-1 carbon inventory annually. Shenzhen Gongjin and Taicang T&W perform ISO 14064-3 carbon verification and certification every year.

#### Carbon quota clearing

- In compliance with the *Interim Regulations on Carbon Emission Trading*, and other relevant laws, the Company promptly fulfilled its carbon offset obligations in the carbon emission trading market for any emissions exceeding its carbon quota.
- In 2024, the Company completed the clearing and compliance for the portion exceeding the quota.

#### Product ecological design

- We implemented ecological design planning throughout the entire product lifecycle, defined the product's carbon footprint, and developed green products by using green materials, recyclable designs, etc., to expand the market for green products.

#### Energy-saving retrofit

- By upgrading process technologies and reducing equipment energy consumption, GHG emissions from the production process were reduced.

#### Clean energy

- By installing solar power generation equipment, the proportion of clean energy usage was increased, reducing GHG emissions from the source.

#### Green supply chain

- When searching for new supplier resources, priority was given to original manufacturers and local suppliers; during the supplier integration process, local suppliers were given priority in order allocation.
- Suppliers were promoted to carry out ISO 14064 verification and urged to implement energy-saving and emissions reduction efforts.

Shenzhen Gongjin and Taicang T&W have set clear quantitative targets for GHG emissions, regularly collect statistics and monitor the progress of the targets, test the effectiveness of energy-saving and consumption-reduction measures, and provide a basis for improvement for the next step of energy-saving and consumption-reduction actions.

### GHG Emission Metrics and Targets of Gongjin

| Production Base  | Metrics   | Unit | Annual Target | Progress in 2024 |
|------------------|---|------|---------------|------------------|
| Shenzhen Gongjin | Reduction in GHG emissions compared to the base year (2021)   | %    | ≥12.60        | 17.58            |
|                  | Reduction in upstream emissions of purchased materials Scope 3 per RMB 10,000 of GDP compared to the 2021 base year | %    | ≥12.60        | -10.37           |
| Taicang T&W      | Reduction in GHG emissions per RMB 10,000 of industrial added value compared to the base year (2021)                | %    | ≥0            | -9.93            |

# Energy Management

Gongjin uses energy sources such as electricity, diesel, petrol and natural gas. Among them, the electricity comes from the municipal power supply and the photovoltaic equipment in the plant generates its own electricity, which is used for industrial production and employees' living. Diesel is purchased externally and stored at the plant for use in forklifts and generators. Petrol is used in private vehicles. The natural gas used is municipal natural gas used for cooking in the cafeteria.

With the energy management philosophy of "energy saving and consumption reduction, contributing to society, improving work efficiency, and continuous improvement", the Company places great emphasis on energy management, complies with laws and regulations such as the *Law of the People's Republic of China on Energy Conservation*, and deeply implements the concept of energy conservation and emission reduction.

## Energy Management System of Gongjin



### Governance

**Management policies:** *Energy Management Manual, Energy Review Management Procedures, Management Procedures for Setting Energy Performance Parameters and Energy Benchmark, Energy System Operation Control Procedures.*

**Governance structure:** We have established an energy conservation inspection team, with equipment engineers, process engineers, and various departments specifically implementing energy management measures.



### Impact, risk, and opportunity management

- From process design, procurement, manufacturing, and management, the Company will carry out energy-saving and emission reduction work.
- The Company will apply energy management platform to achieve load adjustment and automatic start-stop, continuously promote energy-saving modifications to equipment, and establish electricity consumption norms for employees to reduce energy waste in production and daily life.



### Strategy

**Impact:** Using clean energy and reducing energy consumption can contribute to achieving the "carbon peaking and carbon neutrality" targets and reduce environmental impact.

**Risk:** Government regulations on energy use are becoming increasingly strict. If the Company fails to adapt to regulatory requirements in a timely manner, it may incur additional costs to purchase green electricity.

**Opportunity:** Expanding the scale of photovoltaic power generation can avoid the risks of traditional energy price fluctuations and reduce electricity costs in the long run.

**Response strategy:** During the "14th Five-Year Plan" period, the Company will gradually introduce an energy management system and establish an intelligent control system; Taicang and Haining T&W will build rooftop photovoltaics; Vietnam T&W in support of international customers' "Net-zero Emissions by 2030" goals, has formulated a photovoltaic project construction plan.



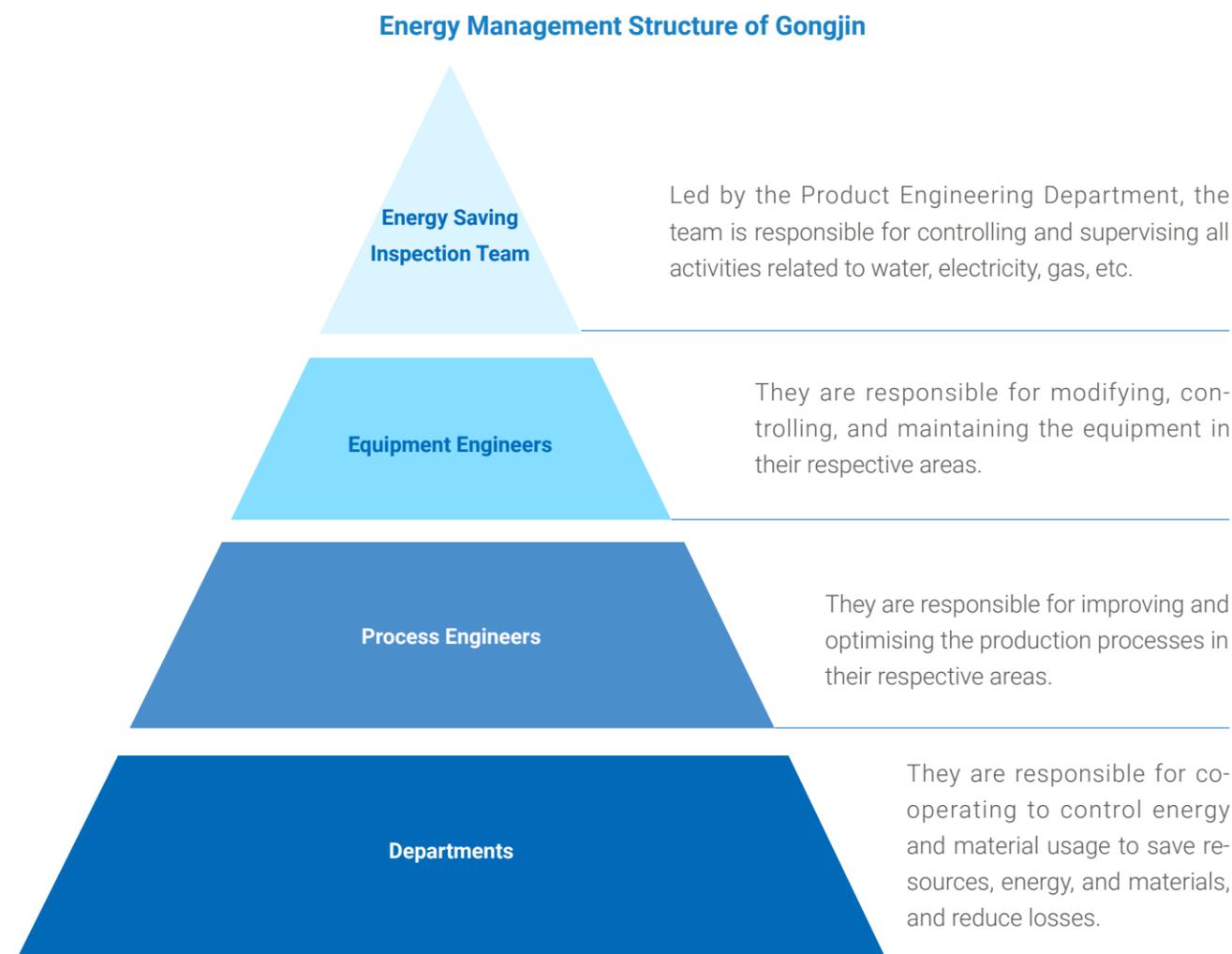
### Metrics and targets

- Shenzhen Gongjin and Taicang T&W will formulate "14th Five-Year Plan" energy-saving targets around the "comprehensive energy consumption per unit output value" indicator. Haining T&W set a comprehensive energy consumption target of RMB 10,000 output value, and Vietnam T&W set a power consumption target of RMB 1 million sales value.



The Company has developed the *Guidelines on Energy Saving and Consumption Reduction Management Work* and will further revise documents such as the *Energy Review Management Procedures, Management Procedures for Setting Energy Performance Parameters and Energy Benchmark, and Energy System Operation Control Procedures* in 2024. The revisions include modifying the evaluation benchmarks for major energy-consuming equipment, adding *Energy Review Table*, and updating the *Methodology for Calculating Corporate Energy Conservation*, ensuring that the Company's energy management system aligns with the current operational situation.

The Company will continue to improve its energy management structure, clearly defining the responsibilities of each department, and forming a management structure where equipment engineers and process engineers carry out optimisation and modification, energy-saving inspection teams supervise implementation, and departments cooperate to control energy and material usage, thus achieving resource and energy savings and reducing losses.



The Company carried out energy management system certification to improve energy use, monitoring and management processes in all aspects, further reduce the likelihood of energy management risks, and seized opportunities for energy transformation. In 2024, Shenzhen Gongjin and Taicang T&W passed ISO 50001:2018 Energy Management System Certification.

The Company strictly regulates electricity consumption during production and office operations to reduce energy waste. At the same time, it actively carries out energy-saving modifications to equipment and processes, introduces an energy management platform to monitor energy consumption in real time, conduct intelligent analysis, and achieve precise optimisation, thus promoting the Company's green and low-carbon development.

**Regulations on Employee Electricity Consumption of Gongjin**

**Regulations on production electricity consumption**

- Energy waste should be reduced during non-production periods. In the SMT workshop, the reflow oven heating system and transmission system should be turned off in a timely manner when there is no production plan.
- Production processes should be streamlined to reduce the number of energy-consuming devices. Soldering irons, blow welding stations, hot glue guns, forming machines, etc., used on the production line should be powered off if they are not used for more than 1 hour.

**Regulations on office and daily electricity consumption**

- If there are fewer people in the dormitory, all doors, windows, fans, and air conditioning should not be opened simultaneously.
- If a computer needs to be unused for more than 2 hours, it should be turned off; the monitor power should be turned off within 2 hours, and the fan, lighting equipment, and power should be turned off when leaving the workstation.
- During lunch breaks from Monday to Friday, all fluorescent lights must be turned off.
- It is necessary to try to reduce the frequency of elevator usage and manage the permissions for the freight elevator.
- In summer, air conditioning should only be turned on when the indoor temperature exceeds 26°C, and in winter, when the indoor temperature is below 15°C.

### Energy-Saving Renovation Measures and Results of Gongjin in 2024

| Aspect                     | Main Measures  | Performance Results   |
|----------------------------|--|---|
| Energy management platform | <ul style="list-style-type: none"> <li>The platform monitors energy consumption of electricity and natural gas, including the energy efficiency ratio of the central air conditioning system, air compressor energy-to-power ratio, air handler cooling water ratio, etc., and enables load adjustment and automatic start-stop.</li> <li>It identifies high-energy consumption areas such as ventilation and exhaust systems, nitrogen generation systems, water supply and drainage systems, natural gas systems, dormitory electricity meters, ESS aging boxes, etc.</li> </ul> | <ul style="list-style-type: none"> <li>Shenzhen Gongjin saved 1,082 MWh electricity in the year.</li> <li>Taicang T&amp;W saved 720 MWh electricity in the year.</li> </ul>   |
| Equipment upgrade          | <ul style="list-style-type: none"> <li>The equipment undergoes energy efficiency level assessments, and equipment with an energy efficiency ratio above 3.0 is used.</li> <li>LED tube upgrade.</li> <li>Water pump frequency conversion renovation.</li> <li>Air compressor frequency conversion renovation.</li> </ul>   | <ul style="list-style-type: none"> <li>Shenzhen Gongjin saved 80-100 MWh electricity in the year.</li> <li>Taicang T&amp;W saved 72 MWh electricity in the year.</li> <li>Taicang T&amp;W saved 276 MWh electricity in the year.</li> <li>Haining T&amp;W saved 20 kWh electricity per hour.</li> </ul> |

### Clean Energy Usage of Gongjin in 2024

|                         |   |
|-------------------------|---|
| <b>Shenzhen Gongjin</b> | The company used solar water heaters to provide hot water for employees' daily use, with an annual heating supply of approximately 352 MWh. |
| <b>Taicang T&amp;W</b>  | The rooftop photovoltaic system generate 69 MWh electricity, solar heater generate 371 MWh heat.  |
| <b>Haining T&amp;W</b>  | The rooftop photovoltaic system covers an area of 5,000 square meters, generating approximately 1,035 MWh of electricity annually.          |
| <b>Vietnam T&amp;W</b>  | Plan to construct Solar Photovoltaic (PV) system.   |

The Company has established energy-saving goals for the 14th Five-Year Plan, and set up refined management indicators such as single production power consumption and living power consumption per square meter, to comprehensively manage energy consumption performance.

### Energy-saving Goals of Gongjin for the "14th Five-Year Plan"

| Region           | Metrics  | Unit                                | 2021  | 2022  | 2023  | 2024  | 2025  |
|------------------|--|-------------------------------------|-------|-------|-------|-------|-------|
| Shenzhen Gongjin | Comprehensive energy consumption per unit output value | tonnes of standard coal/10,000 sets | ≤1.39 | ≤1.37 | ≤1.31 | ≤1.25 | ≤1.22 |
| Taicang T&W      |  |                                     | ≤2.10 | ≤2.04 | ≤1.98 | ≤1.92 | ≤1.86 |

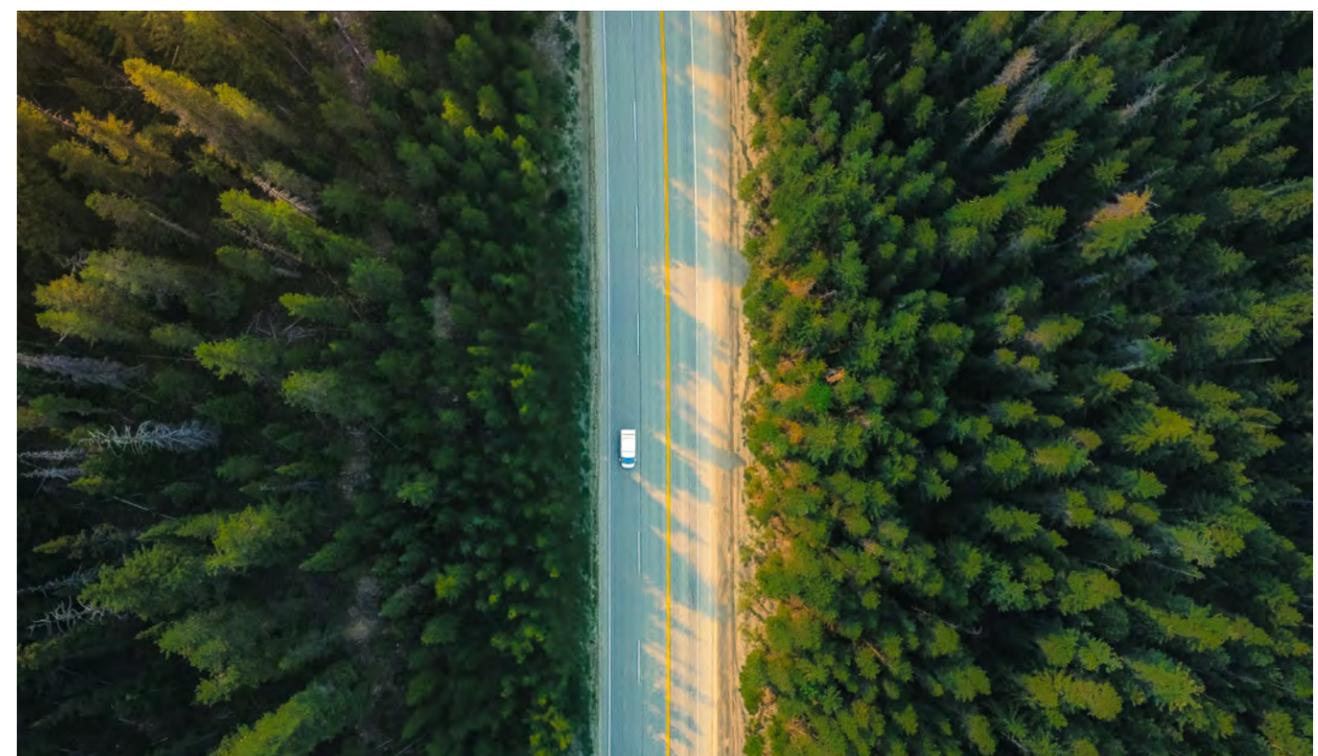
### Energy management Metrics and Targets of Gongjin for 2024

| Region   | Metrics   | Unit                                | Annual Target | Achievement |
|----------|---|-------------------------------------|---------------|-------------|
| Shenzhen | Comprehensive energy consumption per unit output                        | tonnes of standard coal/10,000 sets | ≤1.25         | 1.47        |
| Taicang  | Comprehensive energy consumption per unit output                        | tonnes of standard coal/10,000 sets | ≤1.92         | 1.92        |
|          | Year-on-year decrease in electricity consumption per unit of production | %                                   | ≥2.5          | 2.80        |
|          | Electricity consumption per square meter of living area                 | kWh/m <sup>2</sup>                  | ≤4.5          | 4.10        |
| Haining  | Comprehensive energy consumption per RMB 10,000 of output value         | kWh/RMB 1 million                   | ≤180          | 112.50      |
| Vietnam  | Electricity consumption per RMB 1 million of sales revenue              | kWh/RMB 1 million                   | ≤6,500        | 5,162.19    |

# Circular Economy

Gongjin adheres to the four major ecological design principles of simplicity and saving, making full use of materials, harmless substitution, and waste-free recycling. It complies with laws, regulations and requirements such as Restriction of Hazardous Substances Directive (RoHS Directive), Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH Regulation), Waste Electrical and Electronic Equipment Directive(WEEE Directive), Energy-related Products Directive(ErP Directive), and packaging directives. By integrating green design concepts into the product design process, the company strengthens the recyclability of products through material reduction, the use of renewable materials, and disassembly-friendly designs.

|  |  |  |  |
|--|--|--|--|
| <p><b>Raw Material Usage</b></p> <ul style="list-style-type: none"> <li>• Minimization</li> <li>• Recyclable Materials</li> <li>• Reduction of Harmful Substances</li> </ul> | <p><b>Packaging</b></p> <ul style="list-style-type: none"> <li>• Green Packaging</li> <li>• Lightweight Design</li> <li>• Raw and Auxiliary Materials Packaging Recycling</li> </ul> | <p><b>Product Usage</b></p> <ul style="list-style-type: none"> <li>• High Efficiency and Low Consumption</li> <li>• Long Lifespan</li> </ul> | <p><b>Recycling</b></p> <ul style="list-style-type: none"> <li>• Design for Disassembly</li> <li>• Recyclable Label</li> </ul> |
|--|--|--|--|



## Circular Economy Management System of Gongjin



**Governance**

**Management policies:** Fully apply the concept of circular economy throughout the product lifecycle, established the Green Packaging Design Specifications and Green Product Design Specifications.

**Governance structure:** Clear green design responsibility positions such as hardware engineers, packaging design engineers, structural engineers, and environmental engineers have been defined, with specific job responsibilities outlined to ensure the implementation of green design plans.



**Strategy**

**Impact:** This strategy encourages suppliers to recycle raw materials and packaging, use renewable materials, and build a green supply chain.

**Risk:** Implementing circular economy strategies may require high initial investment and technological transformation costs, and may not guarantee short-term economic benefits.

**Opportunities:** We may establish differentiated competitive advantages for products through eco-design, win favour for green products in international markets, increase revenue, and reduce operational costs through the reuse of stagnant materials and disuse components.

**Response strategy:** We have established a dedicated R&D team, set eco-design management goals for products, and ensure the integration of circular economy measures in product development to promote green management throughout the product lifecycle.



**Impact, risk, and opportunity management**

We adhere to the concept of eco-design, actively use environmentally friendly materials, increase the proportion of products using recyclable materials and recyclable packaging, improve the reuse rate of moulds, consumables, and components, and adopt material reduction design.



**Metrics and targets**

We should establish circular economy management indicators and targets, including reducing the use of raw materials, packaging, and labels, to reduce product power consumption.

The Company follows the principles of circular economy and is committed to improving resource reuse rates through component recycling, dismantling, and reuse; reducing waste generation through waste reuse. It abandons the traditional linear economic growth model of "extract-produce-consume-dispose" and builds a resource recycling system.

## Circular Economy Measures of Gongjin

### Ecological design

#### 100% recycled paper pulp trays

- The Company uses paper pulp trays made from 100% recycled paper to replace the previous paper cards made from 70% recycled paper and 30% virgin wood pulp. Additionally, paper pulp trays reduce manual folding and lower labour costs compared to paper cards.



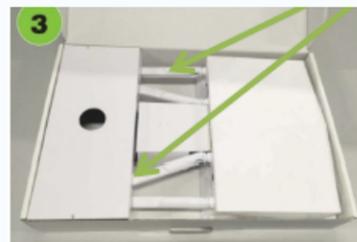
Sticker card



Pulp tray

#### Detachable packaging design

- The packaging for products with antennas adopts an integrated detachable structure design, eliminating additional inner card attachments, saving paper usage, and making product removal more convenient. The packaging is simple and detachable.



Assembly and disassembly required for inserting the antenna into the slot



Detachable integrated structure

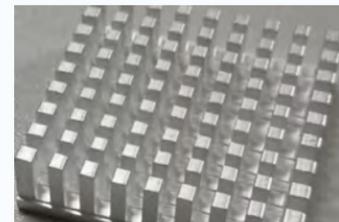
### Material reduction

#### Hardware components using material's natural colour

- By optimising the production process of hardware components and using material-colour treatment technology without plating or spraying, replacing traditional electroplating and spraying processes, effectively reducing heavy metal wastewater and VOCs emissions.

#### New lightweight heat dissipation sheets

- We replace traditional aluminium heat dissipation sheets with nano-carbon heat dissipation sheets, eliminating the anodising process and reducing chemical usage.



traditional aluminium heat dissipation



nano-carbon heat dissipation

#### Miniaturised integrated components

- We select smaller shielding covers or eliminate shielding covers, introducing miniaturised resistive and capacitive components, and optimising component layouts to reduce PCB housing size and improve PCB panel utilisation by over 80%.

#### Reduced screw usage

- We change from using four screws to fix structural housing components to using two screws, saving two screws and reducing disassembly time during recycling.



### Recycling and reuse

#### Improved mould utilisation

- We use existing mould appearances on the market, modifying differentiation on original moulds, and share shielding covers for new projects, reducing the opening of 150 shielding cover moulds throughout the year.

#### Standardised components

- We design product housings with standardised dimensions to accommodate different configurations of devices on universal casings, enabling multi-project sharing of housings and moulds, facilitating production preparation, and improving secondary material utilisation.

#### Recyclable plastic frames

- Encourages the supply chain to replace paper boxes with recyclable plastic frames. Plastic material turnover boxes can be reused over 200 times, while paper boxes can only be reused five times.

#### PCR materials

- In response to EU policies, the Company uses post-consumer recycled (PCR) materials as raw materials. Although PCR materials are more expensive than traditional plastics, overseas customers using recycled plastics can receive certain environmental subsidies.
- In 2024, the Company produced one million units using PCR materials, with each product containing 487 grams of plastic material, reducing carbon emissions by 3.1 tCO<sub>2</sub>e per tonne of material.

#### Recycling of tin

- During the use of tin wire, tin dross and tin beads are collected, recycled, and remelted at high temperatures, then filtered and reused in wave soldering.

#### Packaging recycling

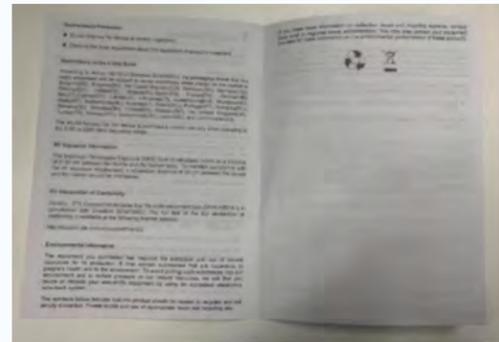
- Original packaging materials are recycled and reused by suppliers, with both parties signing a *Waste Proper Disposal Record*.

In accordance with the EU WEEE Directive, the Company prints environmental labels such as WEEE marks, recyclable marks, environmental usage period marks, and lead-free marks on product housings, packaging, and instruction manuals. These labels remind consumers to send products to appropriate facilities for recycling and reuse when disposing of them.

EU WEEE Directive: End users must send this product to appropriate facilities for recycling and reuse when they intend to dispose of it.



Examples of WEEE and recyclable labels in the user manual.



The recyclable label indicates that the product or its packaging is made from recyclable materials.



Examples of WEEE and recyclable labels on product packaging outer boxes.



### Circular Economy-Related Metrics and Targets of Gongjin for 2024

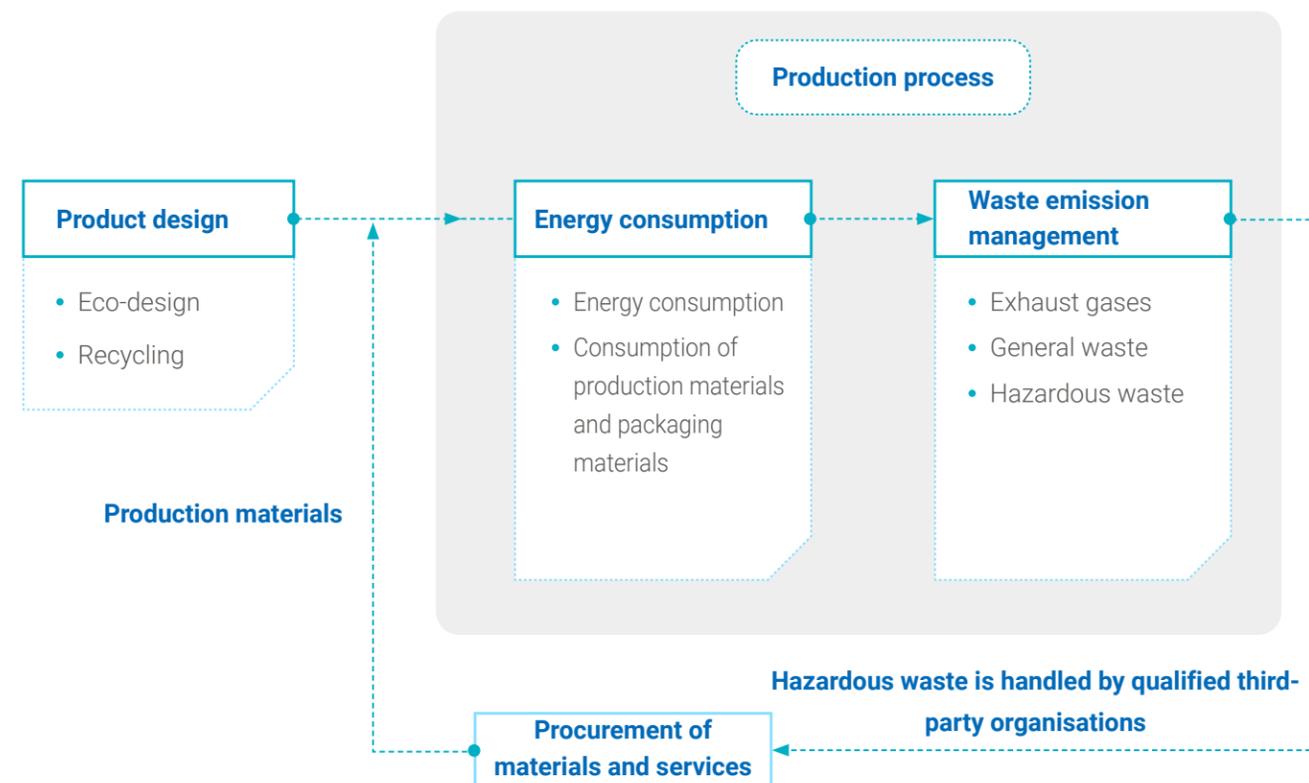
| Metrics  | Unit | Annual Target | Achievement |
|--|------|---------------|-------------|
| Proportion of products with a 3% reduction in PCB area compared to the previous version or similar competing products                            | %    | ≥60           | 65          |
| Proportion of products with a 10% reduction in the unit weight of sales packaging compared to the previous version or similar competing products | %    | ≥60           | 80          |
| Proportion of structural components made from recycled materials   | %    | ≥35           | 30          |

# 05 Being Environmentally Friendly, Building a Green Factory

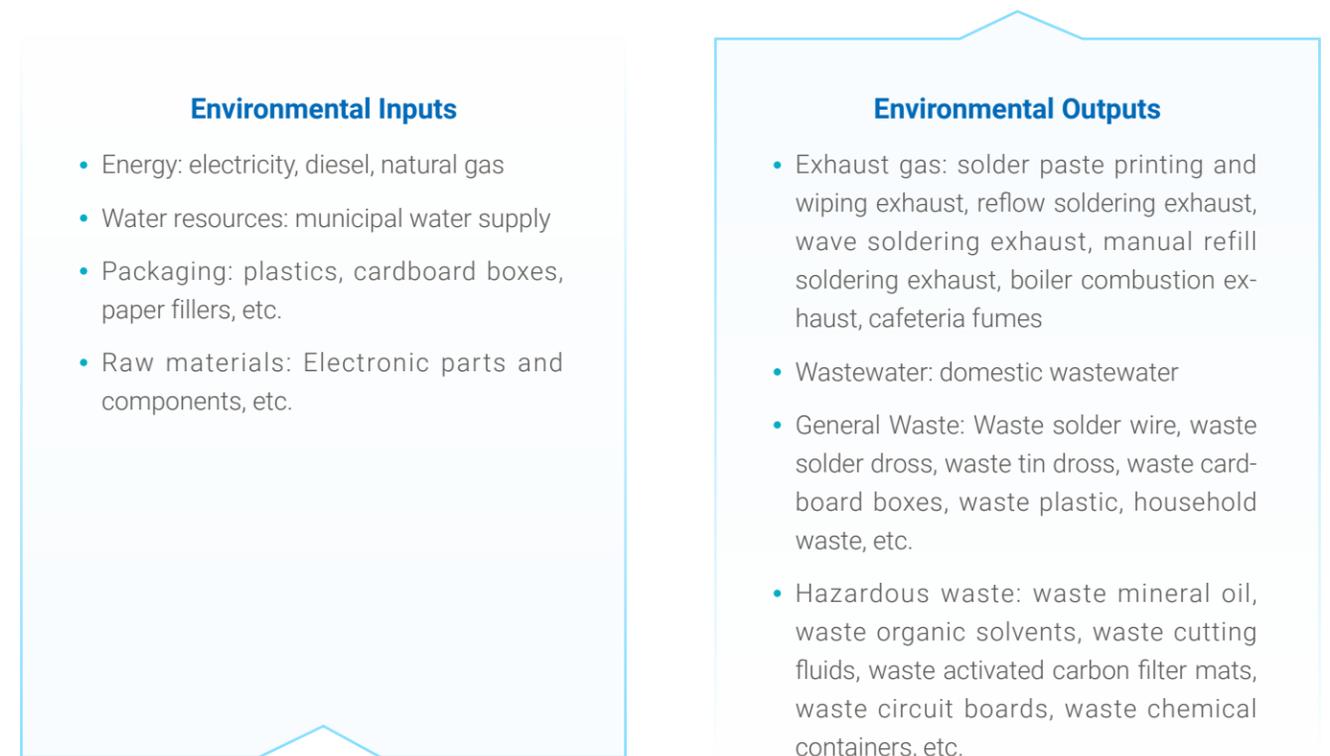
## Environmental Compliance Management

Gongjin strictly adheres to the *Environmental Protection Law of the People's Republic of China*, the *Regulations on Ecological and Environmental Protection of Jiangsu Province*, the *Environmental Protection Regulations of Guangdong Province*, the *Environmental Protection Regulations of Shenzhen Special Economic Zone*, and other relevant laws, regulations and requirement. The Company has established management systems including the Environmental Management Scheme, EHS Management Plan, *Environmental Factor Identification, Evaluation, and Control Procedures*, and *Environmental Monitoring and Pollution Control Procedures*. In addition, the Company conducts quarterly updates on legal and regulatory changes to ensure that its environmental management measures comply with the latest regulatory requirements. The Company does not engage in the production of wastewater. The primary source of industrial emissions is from welding, and none of the production facilities are included in the legally required environmental information disclosure list.

### Key Environmental Management Aspects in Gongjin's Production Process



### Environmental Inputs and Outputs of Gongjin



The Company has four production bases: Shenzhen Gongjin, Taicang T&W, Haining T&W, and Vietnam T&W. All of these bases have passed the ISO 14001:2015 Environmental Management System Certification, achieving a coverage rate of 100%. Each year, the Company conducts green environmental protection knowledge training for all employees at each production base, helping employees understand environmental regulations and requirements, and raising their environmental awareness.

The Company has established various emergency response plans, including the *Emergency Response and Preparedness Management Procedures* and the *Emergency Measures for Hazardous Chemical Leaks*. In 2024, the *Emergency Plan for Sudden Environmental Incidents* and the *Risk Assessment Report for Sudden Environmental Incidents* were revised and filed. The Company has set up an emergency rescue organisation for environmental incidents and equipped it with the necessary emergency supplies. Regular drills are conducted with relevant personnel to simulate emergency response actions, and the results are evaluated and summarised to ensure the applicability and effectiveness of the emergency plans. In addition, the Company has identified two major environmental risks: chemical spills and hazardous waste leaks, and has developed corresponding emergency response measures.

### Major Environmental Risks and Response Measures of Gongjin

| Major Environmental Risks      | Environmental Hazardous Substances  | Environmental Hazards                                 | Emergency Response Measures   |
|--------------------------------|---|---|---|
| <b>Chemical spill</b>          | Cleaning agents, flux, anhydrous ethanol  | Pollution of the atmosphere, water bodies, soil, etc. | <ul style="list-style-type: none"> <li>In the case of small leaks, cover and absorb the substance with fire sand.</li> <li>In the case of large leaks, use sandbags for containment.</li> <li>Use methods such as sealing or transferring to promptly relocate any unspilled materials in the surrounding area.</li> </ul>  |
| <b>Hazardous waste leakage</b> | Waste rags/gloves, waste printed circuit boards, waste empty containers, waste engine oil, waste organic solvents |   | <ul style="list-style-type: none"> <li>Repair or replace the originally leaked packaging materials promptly, and timely transfer any unspilled materials.</li> <li>In the event of a leak, immediately use a shovel or broom to collect the material and transfer it to a designated container.</li> <li>After the emergency response, the generated waste will be transferred to a qualified hazardous waste disposal unit for treatment.</li> </ul> |

### Emergency Response Drills for Hazardous Chemical Spills, Poisoning, and Asphyxiation Accidents

In June and November 2024, Shenzhen Gongjin organised emergency response drills for hazardous chemical spills, poisoning, and asphyxiation accidents. Chemical managers, chemical material handlers, safety officers, departmental emergency teams, and health care doctors from the Storage and Transportation Department, Logistics Management Department, and other relevant departments participated in the on-site drill. The two on-site drills simulated the emergency response processes following alcohol and flux overflow. The drills included personnel evacuation, information reporting, area warnings, source control, donning of emergency gear, leak containment, and personnel rescue. The drills identified that the emergency response team had difficulty in timing their actions effectively. Training will be enhanced for emergency team members regarding their responsibilities and response procedures.



Emergency Drill On-Site Photos

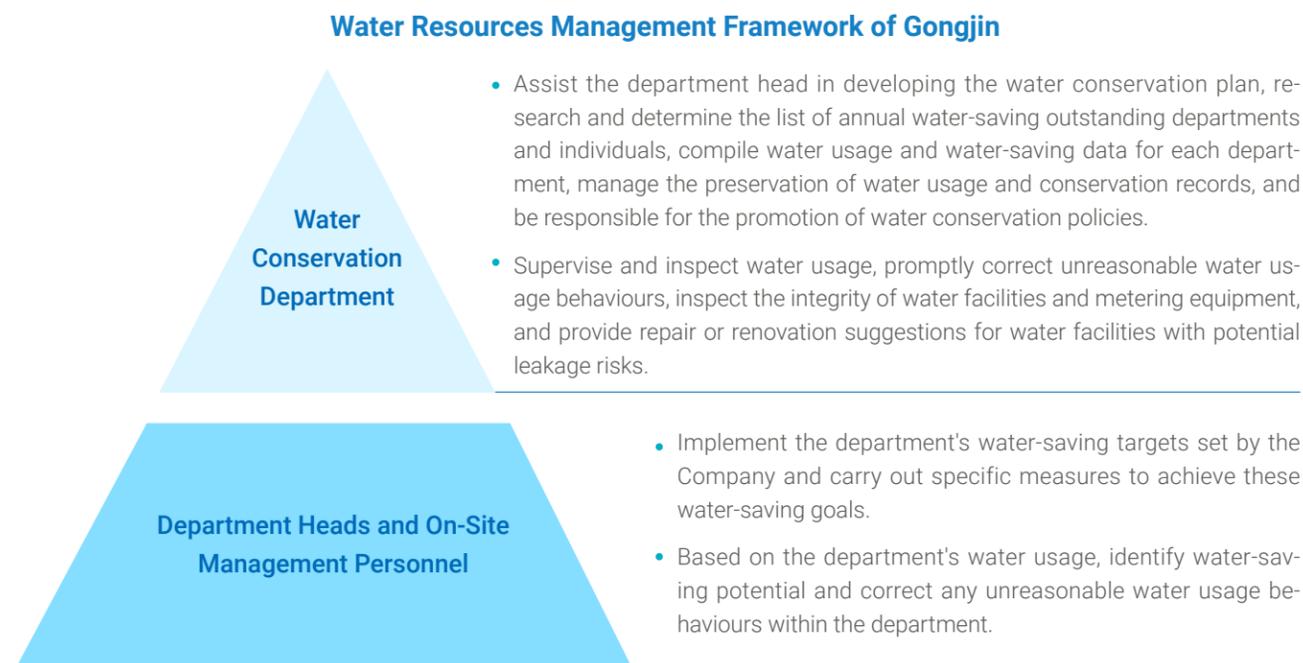


During the reporting period, Shenzhen Gongjin was awarded the national Green Factory Grade A certification<sup>1</sup>.

<sup>1</sup>National level green factories are categorised into three levels: A+, A, and B, with proportions of 5%, 35%, and 60%, respectively.

## Water Resources Management

Gongjin strictly adheres to the *Water Law of the People's Republic of China and the Regulations on Water Conservation of Shenzhen*. The Company has established management systems such as the *Water Conservation Management System, Water Saving Inspection System, and Water Conservation Plan by Quota Management*, and other relevant laws, regulations and requirement. The Company has established a responsibility system for water conservation management positions, organised the development of the Company's water conservation development plan, studied the feasibility of water resource complementary utilisation projects in various units, regularly held water conservation meetings, approved relevant regulations in water conservation management, and was responsible for the construction and management of water-saving projects.



The Company's water source is municipal water, which is used for factory and dormitory employee life, and does not involve industrial water. In reference to the Water Usage Plan Notification of Shenzhen, the Company has developed a water conservation plan based on its actual situation. The plan regulates employees' daily water usage behaviour, implements rainwater recycling and utilisation, and conducts water-saving awareness campaigns and training to promote both awareness and action in water conservation among employees.

### Water Conservation Plan of Gongjin

|  |   |
|--|---|
| <b>Daily water usage standards</b>           | <ul style="list-style-type: none"> <li>The washbasins and toilets in the Company's restrooms are all equipped with water-saving fixtures that meet national standards, and strict control is implemented over public cleaning water usage.</li> <li>The Company has established a per capita water usage standard for dormitories and regularly conducts water-saving activities. Dormitories with low monthly water consumption are rewarded, while those exceeding the standard are subject to additional educational campaigns. The Company encourages all employees to participate in water conservation efforts.</li> <li>The Company strictly controls the air conditioning operating hours, ensuring that the temperature is set no lower than 26°C. Different start times are established based on the air conditioning needs of each area, and efforts are made to minimise the usage time of air conditioners in order to conserve water consumption.</li> <li>Irrigation for landscaping is carried out manually, with dedicated water conservation personnel assigned to manage the green areas. The water usage for landscaping is controlled to be no more than 1.1 litres per square meter per day.</li> <li>Based on the actual situation in the cafeteria, water usage quotas are set for each floor's dining area. Floors exceeding the water usage quota are given warnings and public reprimands. Additionally, water conservation inspectors are assigned to conduct regular water-saving checks.</li> </ul> |
| <b>Rainwater recycling and utilisation</b>   | <ul style="list-style-type: none"> <li>Collect rainwater into rainwater storage tanks, mechanically filter it, and store it in a clean water tank for outdoor landscaping, road sprinkling, and toilet flushing.</li> </ul>   |
| <b>Water conservation awareness training</b> | <ul style="list-style-type: none"> <li>Actively carry out special water-saving publicity, irregularly promoting it through WeChat public accounts, LED screens, bulletin boards, and posted signs each month.</li> <li>Shenzhen Gongjin organizes one training session for all employees, covering 2,500 people.</li> </ul>   |

The Company sets water-saving goals from both factory domestic water and dormitory domestic water dimensions to promote water-saving plan.

### Gongjin 2024 Water Usage Metrics and Targets

| Production Base | Metrics   | Unit                          | Annual Target | 2024 Progress |
|-----------------|---|-------------------------------|---------------|---------------|
| Shenzhen        | The factory domestic water consumption per 10,000 PCB points                | m <sup>3</sup>                | ≤0.13         | 0.1311        |
|                 | Per capita dormitory domestic water consumption monthly                     | m <sup>3</sup>                | ≤2.30         | 2.41          |
| Taicang         | Year-on-year decrease in factory domestic water consumption per unit output | %                             | ≥5            | 12.18         |
| Haining         | Water consumption per RMB 10,000 of production value                        | m <sup>3</sup> /RMB 10000     | ≤0.6          | 0.20          |
| Vietnam         | Water consumption per RMB 1 million of sales                                | m <sup>3</sup> /RMB 1 million | ≤40           | 30.68         |

# Pollutant and Waste Management

## Pollutant Management

The waste gases generated by Gongjin primarily come from the soldering fumes produced during the solder paste printing wiping exhaust gas, reflow soldering, wave soldering, and manual soldering processes. The main pollutants include tin and its compounds, volatile organic compounds (VOCs), and particulate matter. The Company complies with national laws such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, *Air Pollution Prevention and Control Law of the People's Republic of China*, *Air Pollution Prevention and Control Regulations of Guangdong Province* and the *Water Pollution Prevention and Control Regulations of Guangdong Province*, and other laws, regulations and local management requirements. We have established management systems such as the EHS Management Manual. The Company installs fume collection devices above the reflow soldering, wave soldering, and manual soldering processes. The waste gas is treated using activated carbon and filter cotton, then released at high altitudes from the roof.

| Waste Gas Types  | Pollutants   | Discharge Method   | Treatment Process                                |
|--|--|--------------------|--|
| The waste gases from solder paste printing wipes, as well as those from reflow soldering, wave soldering, and manual soldering processes | Tin and its compounds, volatile organic compounds (VOCs), and particulate matter | Indirect emissions | Adsorption by activated carbon and filter cotton |

The wastewater produced by the Company mainly consists of domestic wastewater. Employee domestic wastewater is collected via sanitary fixtures and discharged into the municipal sewage network. Wastewater from the canteen undergoes oil separation pre-treatment before being combined with domestic wastewater and discharged into the municipal sewage network, entering the urban sewage treatment plant. After treatment, the water is discharged into surface water.

| Wastewater Types                           | Pollutants   | Discharge Method   | Treatment Process   |
|--|--|--------------------|---|
| Domestic wastewater and canteen wastewater | pH, chemical oxygen demand (COD), suspended solids, ammonia nitrogen, total phosphorus, total nitrogen | Indirect emissions | After oil separation pre-treatment, the canteen wastewater is discharged into the municipal sewage network along with domestic wastewater |

The Company conducts annual monitoring for compliance with standards on domestic wastewater and industrial waste gases. According to the monitoring results, pollution emissions in 2024 meet the requirements of the *Comprehensive Emission Standards for Air Pollutants*, *Air Pollutant Emission Limits of Guangdong Province*, *Comprehensive Wastewater Discharge Standards*, and *Standards for Wastewater Discharged into Municipal Sewers*. After effective disposal of the pollutants generated by the Company, there is no significant impact on the surrounding air quality or surface water.

## Waste Management

The Company follows the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*, the *Storage Pollution Control Standards for Hazardous Waste*, *Solid Waste Pollution Prevention and Control Regulations of Guangdong Province*, *Hazardous Waste Transfer Management Measures of Shenzhen*, and other laws, regulations and local management requirements. The Company has established systems like the *Waste Pollution Control Procedures*, *Hazardous Waste Management Plan*, and *Factory Waste Classification Processing Summary* to regulate internal management.

The Company has established separate storage areas for hazardous and general waste, with regulated partitioned storage. It records the quantity of waste generated and transferred, and recycles or disposes of the waste in accordance with its nature and in compliance with relevant laws and regulations.

Hazardous waste is managed by the Environmental Health and Safety Department, which is responsible for entering relevant information into the government's solid waste environmental supervision information platform. This generates hazardous waste labels and QR codes, which are then affixed by warehouse chemical technicians to the corresponding hazardous waste containers. The hazardous waste labels specify the weight, numerical identification code, generation date, and QR code. The waste is regularly entrusted to a third-party with hazardous waste disposal qualifications for transportation and disposal, and is registered with the local ecological environment bureau on their website.

General waste is sorted and removed by cleaning staff. Recyclable general waste is collected by a qualified third-party for recycling, while non-recyclable general waste is handled by the sanitation department or a qualified third-party organisation.



### Waste Categories and Treatment Methods of Gongjin in 2024

| Type   | Classification                                | Source of Generation  | Name of Waste  | Treatment Method   |
|--|---|---|--|--|
| <br>Hazardous waste | Non-recyclable                                | Cleaning process  | Waste organic solvents   | Entrusted to a third-party with hazardous waste disposal qualifications for transportation and disposal. |
|  |   | Equipment maintenance and servicing                             | Waste mineral oil  |  |
|  |   | Machining   | Waste cutting fluid and cutting oil  |  |
|  |   | Waste gas treatment   | Waste activated carbon and filter cotton   |  |
|  |   | Cleaning  | Waste wiping cloths contaminated with chemicals  |  |
|  |   | Lighting  | Waste fluorescent lamps  |  |
|  | Recyclable                                    | Packaging contaminated with hazardous waste from various stages | Waste solder paste, waste cleaning liquid bottles, waste chemical containers, waste aluminium foil tubes, etc. |  |
| Recyclable   | Machine room power supply, forklift batteries | Waste lead-acid batteries                                       |  |  |
|  | Defective products and scrap materials        | Waste PCB and board edges                                       |  |  |

| Type   | Classification | Source of Generation  | Name of Waste  | Treatment Method   |
|--|----------------|-----------------------|--|--|
| <br>General waste | Non-recyclable | Production and office | Waste cleaning tools, waste office supplies, waste tableware, and other domestic waste | Collected by municipal sanitation services and centrally treated at urban waste treatment stations   |
|  |                | Cafeteria             | Waste in the cafeteria   | Entrusted to licenced third-party entities for transportation and treatment  |
|  | Recyclable     | Production and office | Discarded refrigerators, washing machines, water heaters, etc.                         | The waste electrical and electronic products are recycled and reused by enterprises that have the qualification for centralised treatment of waste electrical and electronic products. |
|  |                | Welding               | Waste soldering wire, welding slag, and tin slag                                       | Recycled through supplier take-back programmes   |
|  |                | Production and office | Waste toner cartridges, ink cartridges, scrap metal, plastic, paper, and wood boards   | Recycled and reused by qualified operators   |

The chemicals used by the company mainly include flux, diluents, cleaning agents, hot melt adhesive, solder paste, alcohol, and other auxiliary materials. Auxiliary material suppliers are required to provide environmental compliance test reports issued by testing institutions recognised by the company. For flux, cleaning agents, and diluents, suppliers must provide permits such as the *Permit for the Transport of Flammable and Explosive Chemicals*. For volatile chemicals, the company is responsible for sending samples for mass spectrometry analysis to ensure the absence of hazardous substances before use. The Company has established an

independent chemical warehouse, which meets requirements for fire prevention, explosion prevention, and leak prevention, and is equipped with appropriate personal protective equipment at designated locations. The warehouse is managed by qualified chemical administrators. The Company conducts waste classification training for cleaning personnel and other employees to enhance their knowledge and awareness of waste sorting and disposal.

### Waste Management Metrics and Targets of Gongjin for 2024

| Production Base | Metrics  | Unit             | Annual Target                            | Achievement   |
|-----------------|--|------------------|--|---|
| Shenzhen        | Amount of hazardous waste generated from RMB 1 million of sales revenue <sup>1</sup> | kg/RMB 1 million | First half: ≤0.42<br>Second half: ≤15.86 | First half: 0.41 <br>Second half: 5.21  |
|                 | Year-on-year decrease in general waste generated from RMB 1 million of sales revenue | %                | ≥5                                       | 25.42    |
| Taicang         | Amount of hazardous wastes generated per unit output                                 | kg/ 1,000 sets   | ≤3                                       | 2.95   |
|                 | Year-on-year decrease in general waste generated from RMB 1 million of sales revenue | %                | ≥3                                       | 22.07    |
| Haining         | Amount of hazardous waste generated from RMB 10,000 of output value                  | kg/ RMB 10,000   | ≤0.18                                    | 0.05   |
|                 | Amount of general waste generated from RMB 10,000 of output revenue                  | kg/ RMB 10,000   | ≤3.5                                     | 2.50   |
| Vietnam         | Amount of hazardous wastes generated per unit output                                 | kg/ 1,000 sets   | ≤9                                       | 7.01   |
|                 | Amount of general waste generated from RMB 1 million of sales revenue                | t/ RMB 1 million | ≤0.25                                    | 0.09   |

Note 1: During the second half of 2024, the total amount of waste PCB and board edge transfer changed significantly, so the targets and performance figures in the second half of the year fluctuated more than those in the first half of the year.

# 06 Being Innovation Driven, Building the Internet of Everything

## Product and Service Quality

Gongjin adheres to the quality management philosophy of "Striving for Perfection, Achieving Excellence," continuously improves its quality control system, and always prioritises customer needs to drive continuous enhancement of product and service quality. The Company strictly complies with local laws and regulations, such as the *Product Quality Law of the People's Republic of China*, the *Standardisation Law of the People's Republic of China*, *Vietnam's Product Quality Law Implementation Regulations*, the *US Consumer Product Safety Act*, and the *EU General Product Safety Directive*, to ensure that product quality meets regulatory and customer requirements.

### Gongjin Product and Service Quality Management System



#### Governance

**Management policies:** *Internal Control Procedures, Work Guidelines of Incoming Quality Control, Work Guidelines of Quality Assurance, Customer Service Control Program, Customer Complaint Handling Process, Customer Satisfaction Control Program, etc.*

**Governance structure:** Each production base has a dedicated Quality Department, including a Supplier Quality Management Section, and local Quality Departments have Production Quality Sections and Customer Quality Sections. The Production Quality Section is responsible for PCBA quality management, assembly and packaging quality management, and finished product inspection, while the Customer Quality Section is responsible for customer inspections.



#### Impact, risk, and opportunity management

- We proactively communicate with customers, identify and exceed customer expectations, determine special customer requirements, and formulate and implement the *Customer Special Requirements Management Procedures and Product Quality Advance Planning Management Procedures* to transform customer requirements and expectations into product requirements, achieving customer satisfaction and establishing long-term cooperative relationships.



#### Strategy

**Impact:** The content of toxic and harmful substances in products and their safety directly affect the environment and consumer health.

**Risks:** The relatively lower degree of intelligence in non-core products may impact production efficiency and quality stability. During the localisation of suppliers, there is a risk of inconsistent quality levels, which can directly affect the Company's production costs and after-sales maintenance costs. If customer responses are not timely or if customer needs are not promptly understood, it may reduce customer trust and loyalty, leading to a decline in revenue.

**Opportunities:** As emerging markets mature, customer requirements for product quality and stability are increasing. The company leverages its extensive coverage in vertical fields to quickly achieve mass production of high-specification and high-standard new products, expanding market share.

**Response strategy:** We formulate a 5-10 Year Development Plan for Automotive Electronics, accelerate the construction of dedicated automotive electronics workshops, obtain automotive industry quality system certification, and introduce automotive-grade quality management systems. We increase investment in intelligent equipment; and establish a customer service system from the dimensions of product sales and customer satisfaction management to actively seize market opportunities.



#### Metrics and targets

- Metrics and targets are developed for after-sales defect rates, overall product yield rates, quality accidents, etc.

## Enhancement of Product Quality

The Company has established independent and complete modular quality control procedures for each product business segment, forming a comprehensive control system covering the entire process from raw material procurement to after-sales service.

### Quality Control Procedures of Gongjin

#### Quality control procedures

- Product Quality Advanced Planning Control Procedures
- Supplier Development Management Procedures
- Incoming Inspection and Testing Control Procedures
- Corrective and Preventive Control Procedures
- Data Analysis Control Procedures
- Customer Special Requirements Management Procedures
- Final Product Inspection Procedures
- General Standards for Finished Product Appearance Inspection
- Defective product control procedures

The Company has obtained quality management certifications such as ISO 9001:2015 Quality Management System Certification, IATF 16949:2016 Automotive Industry System Standard Compliance Certification, TL 9000-HR6.3/R5.7 Telecommunications Industry Quality System Certification, ISO 17025:2017 Laboratory Quality Management System Certification.

### Product Quality Related Certification of Gongjin in 2024

| Certified Subsidiaries    | ISO 9001:2015 | IATF 16949:2016 | TL 9000-HR6.3/R5.7 | JEDEC IPC |
|---------------------------|---------------|-----------------|--------------------|-----------|
| Shenzhen Gongjin          | ✓             | ---             | ✓                  | ---       |
| Taicang T&W               | ✓             | ---             | ✓                  | ---       |
| Nanshan Branch            | ✓             | ---             | ✓                  | ---       |
| Dalian Gongjin            | ✓             | ---             | ✓                  | ---       |
| Suzhou Gongjin Automotive | ✓             | ✓               | ---                | ✓         |
| Haining T&W               | ✓             | ---             | ---                | ---       |
| Vietnam T&W               | ✓             | ---             | ✓                  | ---       |

The Company takes policy and regulatory compliance as the fundamental requirement, and, in conjunction with market development trends, regularly identifies risks and opportunities in product quality management. For specific risks and opportunities, response measures are formulated to strengthen quality control and testing processes, thereby enhancing market competitiveness and customer satisfaction.

### Identification and Response Measures for Product Quality Risks and Opportunities at Gongjin

| Type          | Specific Description  | Potential Financial Impacts                        | Response Measures  |
|---------------|---|--|--|
| Risks         | During the localisation process of suppliers, there is a risk of uneven quality levels, which directly impacts the Company's production costs and after-sales maintenance costs.  | Increase in operating costs<br>Decrease in revenue | The <i>Supplier Review Procedure</i> establishes high standards for supplier cooperation to ensure that suppliers meet material quality and hazardous substance control requirements. For more details, refer to the "Responsible Supply Chain" section. |
|               | The rapid development of the automotive electronics industry, coupled with the continuous upgrade of safety standards, means that the company faces increasingly stringent product safety requirements. Continuous technological innovation in product quality and safety management is necessary to maintain market competitiveness. |  | Automotive electronic products are introduced with automated visual inspection (AVI) to improve product quality through automation.<br><br>Advanced Product Quality Planning (APQP) is implemented to conduct quality analysis for each project.         |
| Opportunities | As emerging markets gradually mature, customers' demands for product quality and stability are increasing. The Company leverages its advantage in covering a wide range of vertical industries to mass-produce high-specification and high-standard new products in a timely manner, expanding its product market share.              | Increase in revenue                                | Each factory is equipped with IQC (Incoming Quality Control) for material quality inspection. If customers have special requirements, the subsidiary, Haiyun Testing, also holds relevant quality inspection certifications.                             |

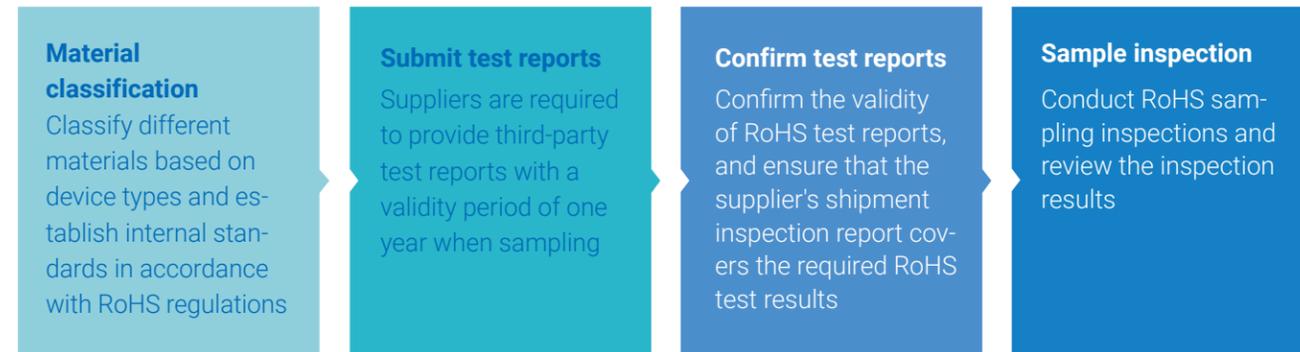
Each of the Company's factories organises regular product safety and quality training for employees based on their business systems, improving employees' understanding of and control over the importance of product safety and quality. In 2024, the Company organised training from various angles, including the five major quality management tools and Six Sigma.

### Product Safety and Quality Training of Gongjin in 2024

| Scope                  | Training Programs  | Specific Content  |
|------------------------|--|---|
| Automotive electronics | External Training on the Five Major Quality Management Tools | <ul style="list-style-type: none"> <li>SPC: Statistical Process Control</li> <li>MSA: Measurement System Analysis</li> <li>FMEA: Failure Modes and Effects Analysis</li> <li>APQP: Advanced Product Quality Planning</li> <li>PPAP: Production Part Approval Process</li> </ul> |
| Netcom                 | Six Sigma Training   | <ul style="list-style-type: none"> <li>Reduce repair defect rate</li> <li>Improve comprehensive process yield and reduce misjudgement rate</li> <li>Quality dashboard project, which display quality data in real time</li> </ul>   |

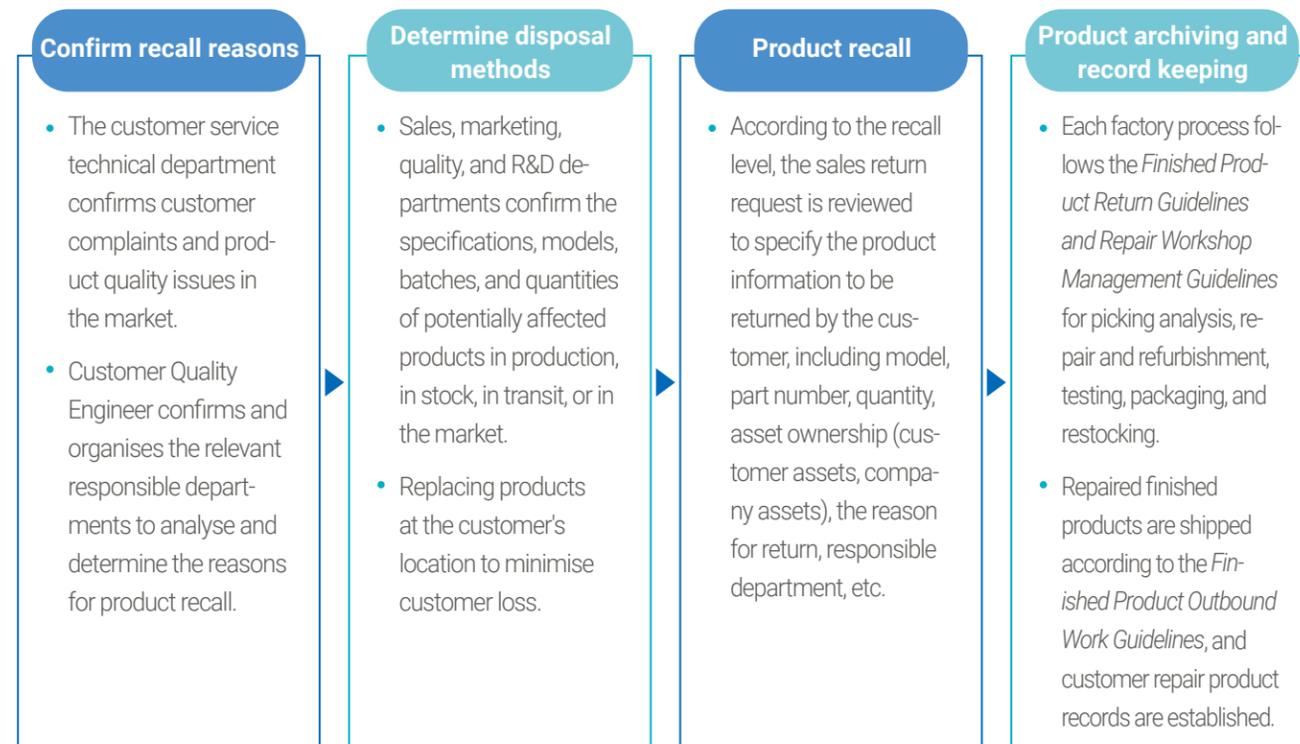
The Company strictly controls the use of restricted substances, such as halogens and perfluorooctane sulfonate (PFOS), in accordance with regulations such as the EU's *Directive on the Restriction of Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS)*, the *Regulation on the Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH)*, and domestic chemical substance control standards. The Company also establishes Environmental Technical Standards based on customer requirements to avoid the release or decomposition of harmful substances during the product lifecycle.

### Hazardous Substance Control Process of Gongjin



The Company has established a product recall mechanism. If a quality issue arises with products in normal production processes, they will be recalled and handled according to the pre-agreed requirements with customers, based on the internal *Finished Product Shipment and Recall Process*.

### Product Recall Mechanism of Gongjin



### Product Quality Metrics and Targets of Gongjin in 2024

| Production Base   | Metrics                       | Unit | Annual Target | Achievement |
|---|-------------------------------|------|---------------|-------------|
| Domestic production base (netcom, datacom and mobile communications business) | After-sales defective rate    | %    | ≤0.15         | 0.12 ✓      |
|   | Product comprehensive yield   | %    | ≥98.85        | 98.85 ✓     |
|   | Quality accident              | /    | 0             | 0 ✓         |
| Domestic production base (automotive electronics)                             | After-sales defective rate    | ppm  | ≤15           | 4 ✓         |
|   | Product comprehensive yield   | %    | ≥99.60        | 99.77 ✓     |
|   | Incoming batch yield          | %    | ≥99.00        | 99.50 ✓     |
| Vietnam   | After-sales defective rate    | ppm  | ≤600          | 500 ✓       |
|   | Product comprehensive yield   | %    | ≥98.55        | 98.93 ✓     |
|   | Quality accident <sup>1</sup> | /    | 0             | 1 ⚠         |

Note 1: In 2024, a batch of products of Vietnam T&W was recalled due to poor Hot-bar parameter settings and unstable manual soldering flux coating, which led to micro-short circuits, the Company recalled 37,000 products. After the product recall, the company adjusted the Hot-bar process parameters and conducted standardized evaluation and verification, canceled the original manual soldering process, and the improved production process and market feedback were good, and such problems no longer occurred.



Vietnam T&W Received the N Customer 2024 Quality Diamond Award

## Improvement of Customer Service

Gongjin is committed to providing excellent customer service and improving service quality in all aspects. We formulated management policies such as the *Customer Service Control Program*, *Customer Complaint Handling Process* and *Customer Satisfaction Control Program* to ensure proper management of pre-sale, return, warranty, and customer complaint work for all products.

The Company establishes long-term and stable cooperative relationships with various customers, striving to become a trusted and excellent enterprise. The Company values customer satisfaction and listens to customer feedback through various channels and methods to collect customer satisfaction information. In addition, the Company plans the specific content of the current year's satisfaction survey based on the previous year's satisfaction survey results, forming the *Customer Satisfaction Survey Planning Program*.

### Product Sales and Service

- Establish a customer hotline for the Shenzhen Technical Service Department to respond promptly to customer inquiries.
- Establish a professional customer service team, including the Technical Service Department, Quality Center, and Research and Development Center.

### Customer Satisfaction Management

- By regularly visiting customers and conducting an annual comprehensive satisfaction survey, the Company collects customer feedback and makes targeted improvements.



During the reporting period

Core customer satisfaction at the Vietnam production base was **4.39** points (out of 5), while non-core customer satisfaction was **4.29** points.

Core customer satisfaction at the domestic production bases was **4.46** points, and non-core customer satisfaction was **4.43** points.

In response to customer feedback and complaint issues, the Company established a comprehensive handling process. We evaluate the severity of complaints, and through a tiered handling mechanism of first-line customer service technicians, second-line quality centre technicians, and third-line R&D and design staff, we can quickly resolve customer feedback, reduce the negative impact of problems, and promote continuous improvement in product quality and other aspects.

### Gongjin Customer Complaint Handling Process



# R&D Innovation

Gongjin takes "independent research and development, technological innovation" as the core development strategy, complying with laws and regulations such as the *Science and Technology Progress Law of the People's Republic of China* and the *Patent Law of the People's Republic of China*, to build an R&D innovation management system and promote the iteration, upgrade, and value transformation of R&D achievements.

## R&D Innovation Management System of Gongjin



### Governance

**Management policies:** Green Product Design Specifications, Patent Bonus System, etc.

**Governance structure:** R&D teams are established based on business domains, with each team sharing internal technological achievements within the group to the maximum extent.



### Strategy

**Impact:** R&D breakthroughs and achievements will drive the industrial chain to achieve new economic growth and influence relationships with customers, partners, and suppliers.

**Risks:** Constant technological updates and iterations in the industry may cause products to lose their competitive edge in the international market, impacting market share.

**Opportunities:** The automotive electronics industry is a key component of national industrial development, with the government actively supporting and promoting industries related to new energy vehicles, which require high-performance, highly heterogeneous, and highly integrated hardware. AI and other technologies rely on communication technology as the underlying foundation. The company can leverage its infrastructure and technical foundation in communication, supply chain, and other areas to quickly enter emerging terminal markets and form a positive industrial chain.

**Response strategy:** We engage in design and R&D of new fields, new equipment, and new processes through industrial exhibitions, networks, market environments, policy requirements, and customer needs and expectations. We apply for patents to protect intellectual property, and continuously innovate product and process technologies to create more development opportunities and respond to ongoing technological advancements.



### Impact, risk, and opportunity management

- Currently, the Company's products are mainly subject to halogen-free, RoHS, and other standards. The Company applies stricter internal control standards than international regulations, preparing for future stricter environmental regulations and improving adaptability.
- By establishing a technology-sharing platform, carrying out specialised technical improvements, building CBB modular designs, and conducting pre-research on new technologies, the Company aims to reduce potential risks, seize relevant opportunities, and enhance innovation levels.
- The Company is located in a region with a well-developed automotive industry chain. It actively lays out its presence in the automotive electronics industry, leveraging flexible delivery advantages in commercial and industrial sectors while ensuring automotive-grade quality requirements, taking advantage of short-term capacity shortages to enter the industry.
- The Company has established the "100 Days of Charge for Intelligent R&D" project to enhance the professional capabilities of its R&D personnel.



### Metrics and targets

- With the overall goal of continuously improving R&D capabilities and advocating technological innovation, the company monitors the progress of R&D investment as a percentage of revenue, patent grants, and other indicators to ensure the continuity of R&D innovation.



## Independent R&D Innovation

The Company formulates advanced product plans and establishes evaluation criteria for advanced products. After active submission by each product line, the project's business value is determined through communication with the marketing and operations departments, and the project is concluded based on the product situation.

Advanced Product Plan Evaluation Criteria of Gongjin



The Company continues to promote the strategic pre-research and planning of new products and new technologies. Through the establishment of forward-looking technology research mechanisms, it systematically conducts market demand analysis, technical route verification, and feasibility studies to lay a solid foundation for future product iteration and technological innovation.

## Intellectual Property Protection

Always stressing the importance of intellectual property rights protection, Gongjin insists on respecting other people's intellectual property rights and protecting its own intellectual property rights, and constantly improves its intellectual property management policy to promote the high-quality development of the Company's business.

The Company complies with the *Regulations on Intellectual Property Protection of Shenzhen Special Economic Zone* and has formulated systems such as the *Intellectual Property Management System*, *Reward Measures on the Company's Intellectual Property Invention and Standard System Construction*, and the *Management Provisions on Further Standardising the Company's Patent Application Process and Reward Criteria* to implement the entire process of standardised management for the creation, management, utilisation, and protection of the Company's intellectual property. In 2024, the Company did not engage in any incidents of infringing others' intellectual property.

### Key R&D Projects of Gongjin in 2024

| Aspect                          | Specific Measures and Achievements  |
|---------------------------------|---|
| Technology-specific enhancement | <ul style="list-style-type: none"> <li>Each technical specialty will be developed and verified along with ongoing projects, and the results will be fed back into new project development, forming advantages in product quality, efficiency, performance, and cost.</li> </ul> |

|                    |  |
|--------------------|--|
| CBB modular design | <ul style="list-style-type: none"> <li>We mainly solidify design and standardise applications to ultimately achieve the best performance, optimal cost, and maximum cost-effectiveness in products.</li> </ul> |
|--------------------|--|

### R&D Innovation Breakthroughs in 2024

- Networking products improve coverage rate at the same power consumption; wireless products increase integrated product development, offering higher bandwidth and broader signal coverage at the same power consumption.
- The GPON F5674 series products achieve ultra-low standby power consumption, with standby power consumption less than 0.3W, using a low-cost power topology and WIFI7 gateway platform.

### R&D Innovation Achievements of Gongjin in 2024

| Metrics                                   | Unit       | 2024      |
|---|------------|-----------|
| R&D investment                            | RMB 10,000 | 37,107.21 |
| R&D investment as a percentage of revenue | %          | 4.43      |
| Number of patents granted                 | /          | 146       |

# Data Security and Privacy Protection

Gongjin implements data security and privacy protection for its operations, customers, suppliers, and employees, and complies with information security and privacy laws and regulations such as the *Cyber-security Law of the People's Republic of China and the Data Security Law of the People's Republic of China, local management rules including the Regulations of Shenzhen Special Economic Zone on the Protection of Technical Secrets of Enterprises*. The Company established management systems such as the *Information Security Management Manual, Information Security Management System, Desktop System Security Strategy, Information Security Reward and Punishment System*, and *Information Confidentiality Work Guidelines*, covering software and hardware security, computer room security, network security, personal information security, and other aspects.

The Company has established a top-down organisational structure for information security management, consisting of the management (information security technologist, information security management representative, product security executive), organisational units, and execution units, to promote the integration of information security into business processes, ensuring the standardised implementation of information security work.

The Company regularly conducts information security risk management, identifies potential information security and privacy risks, and implements measures such as data protection, data backups, and encrypted transmission to ensure the information security of the Company, employees, suppliers, and other stakeholders. The Company obtained the ISO 27001:2022 information security management system certification and received the Industrial Internet Classification and Rating Level 3. During the reporting period, the company did not experience any customer privacy leakage or information security incidents<sup>2</sup>.

## Information Security Identification and Protective Measures of Gongjin

### Information security risk management

- Regularly handle risky hosts and update antivirus software
- Optimise phishing email protection strategies
- Regularly scan for website vulnerabilities

### Information security protection management

- Adopt the principle of least privilege by the system to manage account permissions
- Conduct automatic system backup for system data according to a backup schedule
- Use the exchange method for encrypted Email transmission
- Use FTPs encryption for external transmission in terms of the File Transfer Protocol (FTP)
- Use a "read-only" strategy for terminal USB



<sup>2</sup> Definition of Information Security Incident: 1. Unexpected cyberattacks or virus intrusions causing system or network abnormalities for more than 2 hours; 2. Cyberattacks or virus intrusions causing IT equipment or system disruptions for more than 4 hours.

# 07 Responsibility and Repaying Society

## Responsible Supply Chain

Gongjin classifies suppliers by procurement categories into raw material suppliers, auxiliary material suppliers, and fixed asset suppliers. Raw material suppliers can be further categorised as qualified, exclusive, or temporary suppliers based on their nature. The Company strictly complies with relevant international and domestic environment and labor related laws and regulations, and eliminates any non-compliance in procurement and bidding processes.

### List of Laws and Regulations Governing the Supply Chain Management of Gongjin

#### Environmental Protection

EU RoHS2.0, REACH, POPs, WEEE, EU Packaging and Packaging Waste Directive, CP65, TSCA, TPCH, China RoHS2.0, China VOC, Norway PFOA Ban, Norway PoHS, etc.

#### Labour

BSCI (Business Supply Chain Initiative), *Universal Declaration of Human Rights*, *Convention on the Rights of the Child of the United Nations*, *United Convention on the Elimination of All Forms of Discrimination Against Women of the United Nations*, etc.

### Responsible Supply Chain Management System of Gongjin



#### Governance

**Management policies:** *Supplier Review Procedures, Supplier Management Guidelines, Roles on Suppliers' Performance Appraisal and Evaluation, etc.*

**Governance structure:** Supplier management engineers are responsible for supplier development, qualification review, contract signing, regular evaluations, and system maintenance; supplier quality engineers oversee quality supervision, anomaly handling, review follow-ups, system audits, and supplier coaching. A comprehensive quality control team is established to handle new supplier audits, standard formulation, issue rectification, and supply chain optimisation management



#### Impact, Risk, and Opportunity Management

- Establish supplier selection and review processes to ensure that suppliers meet qualification and financial requirements, keeping supply chain stable
- Audit suppliers' management systems in business ethics, labour, and environmental protection to improve their compliance in ESG aspects



#### Strategy

**Impact:** Poor management in business ethics, labour rights, and other areas by suppliers may cause potential harm to the rights and well-being of supplier employees

**Risk:** If suppliers have unstable supply or poor product quality, it may affect the Company's production stability and quality, leading to a potential risk of declining operating revenue

**Opportunity:** Strengthening supplier management in labour, environmental protection, and other ESG aspects benefits suppliers in improving long-term production stability and reduces the Company's long-term operational costs

**Response strategy:** Establish a comprehensive responsible supply chain management process from the perspectives of supply chain security and ESG management to reduce supply interruption risks and enhance the sustainable value of the supply chain



#### Metrics and targets

- Set up sessions of supplier review and regulation training to continuously monitor indicator progress and promote the orderly development of responsible supply chain

In response to the complex and changing market environment, the Company has established a comprehensive supplier selection and review process, reviews qualifications during the admission stage, sets high standards, conducts annual reviews, on-site audits, and performance evaluations dynamically, and adjusts supplier risk rating based on IPE queries, AEO credit ratings, and other results to ensure supply chain stability and security.

In addition, the Company adopts a diversified supply strategy, sets up a temporary supplier mechanism to respond to urgent needs, and has established an annual review extension or exemption system in case of force majeure to ensure supply chain resilience. The Company prioritises cooperation with high-performance suppliers, deepens long-term partnerships with strategic suppliers, and continuously improves supply chain efficiency and quality levels.

### Gongjin Supplier Management Policy

#### New Supplier Admission Management Systems

- Supplier Questionnaire
- Guidelines for Material Import
- Supplier Review Procedures
- Environmental Assurance Agreement.
- Suppliers' Environmental Compliance Declaration
- Letter of Commitment on Social Responsibility and Occupational Health and Safety
- Business Partner Trade Security Agreement
- Cooperation Integrity Agreement
- Confidentiality Agreement
- Agreement on Guarantee of Non-use of Conflict Minerals
- Guidelines for Material Trial Production

#### Existing Supplier Audit Management System

- Supplier Management Guidelines
- Supplier Review Procedures
- Roles on Suppliers' Performance Appraisal and Evaluation
- Annual Supplier Review Form
- Suppliers' Management System Review Form
- Supplier Management Procedure for Auxiliary Materials
- Supplier Management Procedure for Supplementary Materials
- Supplier Management Procedure for Fixed Assets

The Company continuously improves its internal Supply Chain Service (SCS) management system and Green Product Compliance Management (GPCM) system to manage and supervise suppliers, driving improvements in their environmental and social performance.

### Gongjin's Supplier Environmental and Social Responsibility Management Process

#### Introduction review

- In the *Supplier Review Procedures*, high standards for supplier cooperation are set to ensure that suppliers meet requirements for environmental management systems, hazardous substance control, conflict mineral management, and social responsibility-related standards
- If it is found in the review that the supplier has not passed management system certifications such as ISO 9001, QC 080000, ISO 14001, ISO 45001, engages in child labour, forced labour, or violates international conventions, has negative information such as corruption, illegal acts, or breach of trust in public platforms, or has significant environmental or occupational health and safety risks on-site, they will not be introduced

#### Field review

- Field reviews are arranged for domestic manufacturing suppliers, with the Total Quality Control (TQC) team organising field reviews. Reports such as the *Supplier Field Review Issue Improvement Measures Report and Supplier Field Review Report* are provided, covering warehouse management, incoming material quality control, management systems, conflict minerals, information security, and other aspects
- The field review results are classified as "Very Satisfied", "Accepted", "Conditionally Accepted", or "Unqualified". Suppliers must provide an analysis of the reasons for the issues identified during field review and corrective and preventive measures, along with corresponding documentation. The Company will conduct follow-up visits or second reviews based on the review results

#### Cooperation agreement

- Newly introduced suppliers are required to sign agreements including the *Quality Assurance Agreement, Environmental Assurance Agreement, Environmental Compliance Declaration, Agreement on Guarantee of Non-use of Conflict Minerals, Letter of Commitment on Social Responsibility and Occupational Health and Safety, and Confidentiality Agreement*, to clarify the standards such as RoHS2.0, CP65, REACH, that suppliers must comply with

#### Annual audit

- An annual review is conducted for qualified manufacturing suppliers, issuing the *Supplier Environmental Review Form, Suppliers' Management System Review Form, and Supplier Conflict Minerals Review Form*, covering areas such as environmental and occupational health and safety, social responsibility, business ethics, counterterrorism, information security, etc. The audit results and subsequent improvement follow-up processes are consistent with field review

#### Performance appraisal and evaluation

- In accordance with the *Roles on Suppliers' Performance Appraisal and Evaluation*, suppliers' performance in delivery, quality, cost, social responsibility, hazardous substance control, etc., is regularly assessed. Suppliers are encouraged to take corrective actions based on quarterly or annual evaluation results
- For suppliers rated C and D in the monthly evaluation, corrective penalties are imposed. The *Supplier Performance Appraisal and Evaluation Correction Notice* is followed up, requiring suppliers to sign and return the remediation of non-compliance within a specified time. The Qualified Supplier List is updated based on the evaluation results, with newly introduced suppliers added and disqualified suppliers removed

The Company has established various documents, such as the *Suppliers' Management System Review Form and Supplier Environmental Review Form*, covering multiple ESG topics including environment, society, and corporate governance. This ensures a comprehensive audit of suppliers' ESG performance and risks, raising the entry barriers for suppliers and building a responsible supply chain.

### Case: Supplier Training and Coaching

The Company provides training to newly introduced suppliers on material control standards, material certification processes, quality management, environmental systems, occupational health and safety, information security, social responsibility, and business ethics, sending standard requirements via email, written form, or system notifications. When the Company implements new management requirements and standards that need to be communicated to suppliers, training is organised, and training materials are retained.

In 2024, the company conducted environmental training for suppliers, promoting the management of Product Change Notifications (PCN), material sampling guidelines, and interpreting the latest environmental regulations and conflict minerals. 1,220 suppliers were invited, with approximately 742 actually attending, resulting in a participation rate of 60.8%. The Company aims to strengthen suppliers' environmental management capabilities through training, improving the efficiency and quality of provided materials.



Gongjin's Supplier Environmental Training

### Gongjin's Responsible Supply Chain Indicators and Goals for 2024

| Indicator                                 | Unit    | Goal | 2024 |
|---|---------|------|------|
| Number of training sessions for suppliers | Session | ≥1   | 1    |

## Conflict Minerals Management

In strict compliance with international organisations and industry regulations, Gongjin promises not accept or use "conflict minerals" from the Democratic Republic of Congo and surrounding countries and regions. Suppliers are required to sign the Conflict-free Metal Declaration and are obligated to trace the source of Gold (Au), Tantalum (Ta), Tin (Sn), Tungsten (W), Cobalt (Co), Mica in their products, to ensure compliance with the Responsible Minerals Initiative (RMI), the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-risk Areas* of the Organisation for Economic Co-operation and Development (OECD), or equivalent and recognised due diligence frameworks.

The Company developed the *Management Procedure for Conflict Minerals*. During the introduction process of suppliers, if suppliers cannot provide information regarding the source of their materials or if it is determined that the source is from a conflict mineral region, they will not be introduced. During field reviews, suppliers' conflict mineral management capabilities are assessed according to the Supplier Review Procedures, and suppliers are evaluated for risk levels through the CMRT survey. Qualified suppliers who have such issues will be classified as high-risk and notified to make corrections. Suppliers who do not cooperate with corrective actions will be disqualified.

If an investigation reveals that smelters or refineries do not meet the Responsible Minerals Assurance Process (RMAP) standards, the Company will continue to push suppliers for improvements until the list of smelters provided by suppliers is fully compliant. In 2024, the Company completed the collection of conflict mineral questionnaires (CMRT) from all metal suppliers (temporary, qualified, and exclusive suppliers), and no suppliers or smelters were found to source minerals from high-risk areas.



## Contributions to the Society and Rural Revitalisation

Adhering to the principle of "offering sincere love, accumulating fairness and virtue, helping students and the needy, alleviating poverty and disaster relief, and performing public welfare", Gongjin actively carries out various social welfare activities. We established the T&W Love Fund in 2000, and in July 2012, with the approval of the Shenzhen Municipal Civil Affairs Bureau, we established the Shenzhen T&W Love Public Welfare Foundation ("Foundation").

The Foundation strictly follows the *Charity Law of the People's Republic of China* and other relevant laws and regulations. It comprehensively improved its operation and management policies and internal governance system in accordance with the 4A standards of the Shenzhen Social Organisation Assessment Guidelines. In 2024, the Foundation organised the third meeting of its third Board, revising management systems covering meeting

procedures, financial management, project management, and risk control, standardising the operational processes of the Foundation, enhancing risk prevention, and ensuring the safety and effective use of public welfare funds.

The Foundation has built a unique public welfare system. It is well known in the field of public welfare education in central and western China. The Foundation has established a unique public welfare system and is well-known in the field of public welfare education in central and western China. Over 100,000 employees and people from all sectors of society have participated in charitable donations. As of the end of 2024, the Foundation has received over RMB 67 million in donations. In 2024, the Foundation received approximately RMB 7.16 million in donations and invested RMB 5.64 million in public welfare.

### Gongjin's Educational Assistance and Poverty Relief Projects in 2024

| Project Name              | Project Details   | Main Achievements   |
|---------------------------|---|---|
| Civil Engineering Project | The Foundation partnered with the Eryuan County Education Bureau, to build a new comprehensive building for the Eryuan Republican T&W Hope Primary School   | Aid of RMB 1.3 million                                      |
|                           | The Foundation partnered with the Zhen-ping County Education Bureau to repair the playground, canteen, and security building of Zhenping T&W Hope Primary School  | Aid of RMB 440,000  |
|                           | The Foundation partnered with the Congjiang County Education Bureau in Guizhou to repair the roof of Congjiang T&W Hope Primary School  | Aid of RMB 180,000  |
|                           | We built the security room at Hezheng T&W Hope Primary School   | Aid of RMB 60,000   |
|                           | Renovated the corridor of the teaching building at Li County T&W Hope Primary School  | Aid of RMB 50,000   |
| Flower Project            | Internal staff and external volunteers went to ten T&W Hope Primary Schools to carry out a consolation and teaching support activity. Among them, 21 teaching support teachers brought a wide variety of moral education courses and science and technology courses | We offered support to 213 students                          |
|                           | We donated funds and supplies for projects such as gifting Children's Day presents, the "Flower Project" and "The Most Beautiful Hometown Tour"   | We funded RMB147,000 and donated supplies worth RMB 553,300 |
|                           | The Foundation held the 9th T&W Hope Primary School "Support Hope" Summer Camp in Shenzhen, Taicang, and Shanghai, focusing on science education and practical ability development  | A total of 80 students participated.                        |

| Project Name                     | Project Details   | Main Achievements   |
|----------------------------------|---|---|
| Green Seedling Programme         | The public welfare fund of "Green Seedling Programme" provided living subsidies to poverty-stricken students who graduated from ten T&W Hope Primary Schools and advanced to middle school  | A total of 126 students received subsidies, totalling RMB 252,000   |
| Seedling Protecting Programme    | We provided subsidies for poor students who graduated from T&W Primary School and entered high school, and for high school students who were about to drop out of school due to their own serious illnesses   | A total of 53 high school students received subsidies, amounting to RMB 156,000   |
| Teacher Project                  | The Foundation carried out a Teachers' Day consolation activity. It sent festival greetings to a total of 288 teachers and staff members in ten T&W Hope Primary Schools  | Distributed RMB 86,400  |
|                                  | The Foundation hosted the third workshop on the second session of "How to Be a Mentor" for T&W Hope Primary Schools to help teachers of T&W Hope Primary Schools to elevate management capabilities   | 50 principals and teachers from ten T&W Hope Primary Schools participated   |
|                                  | The Foundation collaborated with experts from the Xi'an, Shangluo, and Shanyang Education Bureau in Shaanxi Province to visit the Manchuanguan T&W Hope Primary School in Shanyang County, Shaanxi Province for educational research  | The Foundation provided analysis and guidance on school issues  |
| Intelligence Engineering Project | The Foundation partnered with the Shenzhen Pingshan Research Institute to carry out off-site cloud-based teaching research, launching a three-region synchronised classroom between Manchuanguan T&W Hope Primary School in Shaanxi, Li County T&W Hope Primary School in Gansu, and Eryuan T&W Hope Primary School in Yunnan | The Foundation created a platform for teachers from the three T&W Hope Primary Schools to observe, learn, and exchange teaching ideas |



The completion ceremony of the comprehensive building at Eryuan T&W Hope Primary School in Yunnan



The Foundation and education experts visited the Manchuanguan T&W Hope Primary School to guide the teaching



The 2024 third workshop on the second session of "How to Be a Mentor" for T&W Hope Primary School



The first off-site cloud-based teaching research activity at T&W Hope Primary School

In 2024, the Company actively carried out community public welfare activities such as caring for veterans, autistic children, and voluntary blood donation, repaying society with practical actions and receiving widespread recognition and praise from all sectors of society.

| Gongjin's Community Welfare Activities in 2024  |   |  |
|---|---|--|
| <p><b>Caring for veterans</b></p> <ul style="list-style-type: none"> <li>The Foundation responded to the Shenzhen City's "Top Ten Actions for Caring for Veterans" initiative by preparing 100 loving New Year's Eve dinners, bringing warmth and care to veterans</li> </ul> | <p><b>Caring for disabled children</b></p> <ul style="list-style-type: none"> <li>The Foundation collaborated with the local Disabled Persons' Federation or special schools, focusing on children with autism. It organised the Shenzhen Aitel Orchestra to visit the special education school in Taicang City, performing and exchanging performances with the Taicang Rongxin Orchestra</li> <li>The Foundation participated in a music fusion exchange concert and original song release event, organised by Tencent Music Public Welfare in partnership with the Shenzhen Aitel Orchestra</li> </ul> | <p><b>Run for love</b></p> <ul style="list-style-type: none"> <li>Held the "Run for Love, Gathered by Love" Taicang T&amp;W 2024 Green Environmental Public Welfare Activity, raising funds of RMB2,800 for "Children of the Stars"</li> </ul>         |
| <p><b>Voluntary blood donation</b></p> <ul style="list-style-type: none"> <li>The Foundation organised 140 people to participate in voluntary blood donation, with a total of 37,800 ml donated, bringing the total blood donation to 490,800 ml</li> </ul>                   | <p><b>Volunteer service</b></p> <ul style="list-style-type: none"> <li>The Foundation organised volunteers to participate in volunteer services at nursing homes, with a total of eight hours of service</li> </ul>   | <p><b>Assistance to poverty and disaster relief</b></p> <ul style="list-style-type: none"> <li>The Foundation donated RMB50,000 to high school students who graduated from T&amp;W Hope Primary Schools and were facing family difficulties</li> </ul> |



The T&W Hope Primary School Continuous Care Project Awarded the 2024 Charity Gala Charity Project Award



21st Shenzhen Caring Action "Top Ten Loving Enterprises"

# 08 Caring for Employees and Promoting Talent Development

## Employees' Rights, Benefits, and Welfare

### Employee Employment

Gongjin adheres to the recruitment principle of "fair recruitment, comprehensive assessment, and selective admission", and strictly follows the *Labour Contract Law of the People's Republic of China*, *Law of the People's Republic of China on the Protection of Minors*, *Regulations of Shenzhen Special Economic Zone on Gender Equality Promotion*, and *Guangdong Province's Measures on Implementation of the 'Special Provisions on Labour Protection for Female Workers'*. The Company has developed internal policies such as the *Employee Recruitment Management Manual* and *Production Employee Recruitment Guidelines* to ensure fair and just recruitment, respecting employee freedom. In 2024, the Company did not have any instances of forced labour or the employment of child labour.

The Company's primary recruitment channels are campus recruitment and social recruitment. Campus recruitment includes campus-specific presentations, campus job fairs, online presentations, online recruitment, and internship recruitment. Social recruitment includes campus recruitment fairs, job markets, media advertisements, online recruitment, headhunters, and employee referrals. The Company encourages employees to refer talent, implementing a *Talent Identification Award and Employee Referral Reward Programme*.

The Company employs full-time contract employees, full-time labour dispatch employees, and re-hired employees after retirement, and interns. The Company clearly stipulates in the *Recruitment Management Manual* that discrimination based on race, social status, nationality, religion, disability, gender, etc., is prohibited during recruitment. In terms of diversified employment, the Company employs one disabled employee, provides assistance to 14 disabled individuals, and has 74 non-Vietnamese employees working in Vietnam, accounting for 4.79%.

In terms of employee rights protection, all employees sign labour contracts and enjoy social insurance and housing funds. For different positions, the Company has developed the *Employee Attendance Management Guidelines*, *Employee Leave Management Guidelines*, *Comprehensive working hours management system* and *Irregular working hours management system* to ensure flexibility and maximise efficiency in work arrangements. Employees working beyond regular hours due to overtime or other reasons are compensated with overtime pay according to relevant regulations.

Gongjin's Working Hour System

| Working Hour Type           | Position                                    | Main Content   |
|-----------------------------|---|--|
| Comprehensive working hours | Warehouse positions<br>Laboratory positions | <ul style="list-style-type: none"> <li>Working hours are calculated on a quarterly basis, with 62.5 working days and 500 working hours per quarter</li> <li>The Company adopts appropriate working and resting methods such as concentrated work periods, concentrated rest periods, rotating shifts, and compensatory time off to ensure employees' right to rest and leave</li> <li>The maximum continuous working time per day is limited to 11 hours. Any working time exceeding the statutory total working hours is considered as extended working time</li> </ul> |
| Irregular working hours     | Executives<br>Sales positions               | <ul style="list-style-type: none"> <li>In principle, employees should follow the Company's working hours, but adjustments can be made according to individual circumstances</li> </ul>   |
| Standard working hours      | Other positions                             | <ul style="list-style-type: none"> <li>Monday to Friday, eight hours of work per day, with at least one day off per week</li> <li>Certain departments may implement a two-shift or three-shift system as needed</li> <li>After working for four consecutive hours, a ten-minute break is provided</li> </ul>   |



## Employee Benefits

The Company emphasises the protection of employees' legal rights and provides additional benefits to enhance employee satisfaction. The Company has developed the *Management Measures for Points of Employee Corporate Culture Activities*, which awards points to employees for participating in volunteer activities, club activities, public welfare projects, cultural and sports activities, and other corporate culture events.

### Gongjin's Employee Benefit Security System in 2024

#### Commercial insurance

- The Company provides commercial insurance for key position employees, long-term business trip employees, and expatriates

#### Annual physical examination

- The Company provides health checkup services beyond the statutory requirements to protect employees' health

#### Subsidies for employees facing difficulties

- The Company establishes a mutual aid fund to provide subsidies to employees facing difficulties

#### Infrastructure

- The Company sets up nursing rooms and builds barrier-free walkways
- The employee library won the "Guangdong Province Employee Library" and "Top Ten Literary Enterprises in Shenzhen"

#### Employee Assistance Programme (EAP)

- The Company provides free on-site psychological counselling services every month
- It has been awarded the Employee Mental Health Station in Shenzhen

#### Housing loans

- The Company has formulated the *Management Regulations for Young Talent's House Purchase Loans*, providing housing loans to young talent at interest rates lower than the market level

#### Employee visits

- The Company offers condolence money and gifts for employees in case of illness, childbirth, marriage, or bereavement

#### Festival care

- The Company distributes festival gifts for all employees during Chinese New Year, New Year's Day, Dragon Boat Festival, and Mid-autumn Festival, organises holiday activities on International Women's Day, and provides gifts for employees, as well as gifts for parent-child activities on Children's Day

#### Other benefits

- Travel benefits, birthday benefits, congratulatory benefits, and meal subsidies

## Employee Communication

Effective employee communication is key to enhancing organisational cohesion, stimulating innovative vitality, and driving the achievement of company goals. The Company has established policies such as the *Workflow of Employees' Congress*, *Work System of Employee Communication*, and *Guidelines for the Work of Communication Groups*, aiming to create an open and transparent work environment that promotes two-way interaction between employees and management.

The Company has established a union management system in accordance with the *Trade Union Law of the People's Republic of China*, ensuring smooth communication channels for employee representatives, signing collective contracts with employees, and holding an annual employees' congress. In 2024, the Company held four employees' congress, where documents such as the Employee Handbook were reviewed and approved. When developing employee rights-related policies such as employee health and safety and working conditions, employee representatives' opinions were gathered to effectively protect employees' legal rights and promote democratic development within the Company.

The Company regularly conducts satisfaction surveys to fully listen to employees' voices, understand their opinions and difficulties, and implement targeted solutions based on the Company's specific situation. In 2024, the Company conducted two employee satisfaction surveys, with an overall satisfaction rate of 88.94% and 87.48%, respectively, in six dimensions: corporate culture, rules and regulations, work returns, work atmosphere, fulfilment of administrative service functions, and grievance mechanism.



# Talent Attraction and Retention

## Talent Attraction

Talent is the most important asset of the company. Gongjin follows the principle of "internal recruitment as the mainstay and external recruitment as a supplement" for talent recruitment. The Company establishes broad connections with both industry and non-industry talent pools, maintaining regular communication to build a talent ecosystem through proactive talent reserve and operational management.

Gongjin has established a multi-tiered and categorised talent training system, covering both grassroots employees and management staff, to foster internal talent development with diversified training system. In line with the characteristics of talent development, Gongjin has built a dual-track system for management and professional development. Employees can choose to advance within the management track or enhance their expertise in a technical field, with internal recruitment offering opportunities for job rotation.

### Gongjin's Talent Attraction and Retention Management System



#### Governance

**Management policies:** Implementation Plans for Professional Skills Level Certification, Management Policy for Professional Channel Qualifications, the Management Policy for Internal Selection and Appointment of Managers, and the newly added Key Talent Development Programme in 2024

**Governance structure:** The Human Resources Department at headquarters and T&W Training Academy formulate training and talent development plans;The human resources departments at production bases are responsible for implementation



#### Impact, Risk, and Opportunity Management

- Training plans such as the Dream Programme, Spark Programme, Orange Programme, T&W New Star Programme, Rising Sun Programme, and Swift Horse Programme are developed for different types of employees, including grassroots and management staff
- Strengthen the employee development system by providing a competitive compensation package and a transparent promotion system to maximise employee loyalty
- For production employees, a training system is established covering their career path, using the "Dream Starting, Dream Building, Dream Drawing, and Dream Completing" development stages



#### Strategy

**Impact:** The effectiveness of training, career development prospects, and employer reputation influence new employee recruitment

**Risk:** High employee turnover and a lack of key leadership talent may affect new product development and the transition to new production capabilities.

**Opportunities:** Attracting outstanding talent can drive innovation and provide strong momentum for continued development

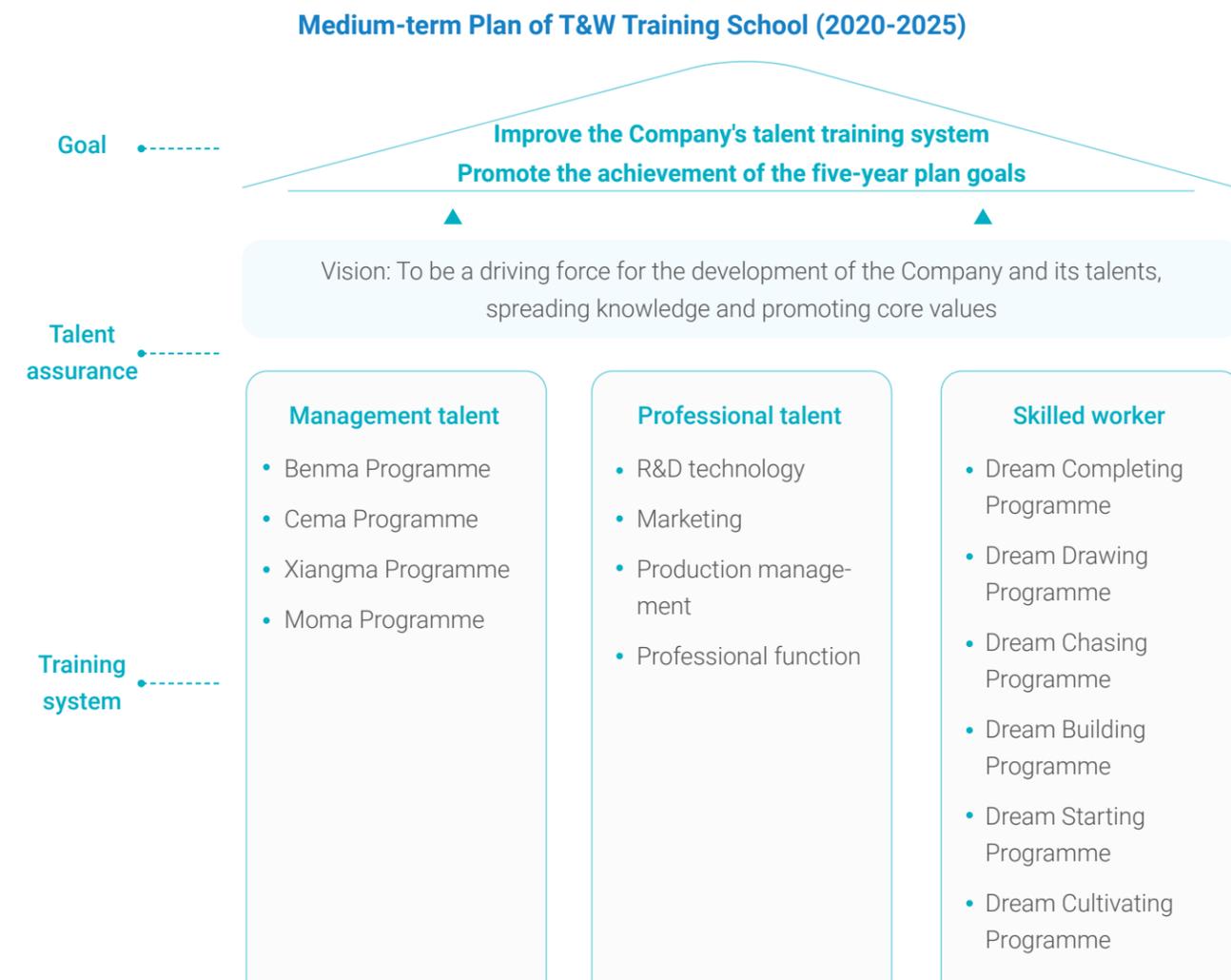
**Response strategy:** Build a systematic, all-encompassing talent development system to promote personal and organisational growth; optimise talent structure, and establish a young, strong reserve management team and professional talent pool



#### Metrics and Targets

- Specific targets such as employee training coverage and employee training credits are set, with continuous monitoring of the progress of these indicators

To promote talent development, the company has formulated the *Medium-term Plan of T&W Training School (2020-2025)*, which covers the needs of employees at different levels in terms of professional and technical skills and management capabilities. For management talent development, the Company has planned the "Xiangma Programme", and for skilled worker talent development, it leads the planning of the "Dream Programme".



The Company develops courses and trains instructors systematically in accordance with the *Three-Year Plan for Human Resource Development (2024-2026)*, promoting professional skills training for employees.

### Gongjin's Talent Cultivation Progress in 2024

#### Spark Programme

To meet the course resources required for the growth of our employees, we launched the "Spark Programme" for internal instructor training. In 2024, ten new senior and intermediate instructors were added, and over 40 new professional courses were developed. As of the end of the Reporting Period, more than 400 internal instructors were certified, including over 60 senior and intermediate instructors. More than 40 new professional courses were developed

#### Craftsman Programme

In Vietnam, reserve nine management personnel, conduct management capability enhancement training, and 52 professional talents received skills training

#### E-learning Platform

Employees can access online learning through four platforms: PC, T&W OA, Cloud Learning, and the WeChat Official Account of Gongjin Academy. The platform has a total of more than 3,000 internal and external courses in the categories of professional knowledge, quality and general knowledge, management

#### Six Sigma Training

The Company conducted Six Sigma Black Belt empowerment training, produced a Six Sigma MINITAB operation manual, and trained 13 Six Sigma instructors

#### Partnership with external organisations

The Company actively collaborates with local governments and universities to carry out industry-education and technical skill development apprenticeship programmes. Over 2,900 in-person training sessions were conducted annually, with a total of more than 227,200 training participants. 123 courses were developed, and there were 90,500 learning instances

The Company is accredited for vocational skills level recognition and can assess the skill levels of communication network terminal maintenance workers and communication terminal equipment manufacturing workers at the primary, intermediate, and advanced levels, issuing nationally recognised skill certificates. In 2024, the Company organised qualifications assessments for 96 people, with 74 passing the assessment.

### Indicators and Goals for Gongjin's Talent Attraction and Retention in 2024

| Indicator   | Unit | Goal | Progress in 2024 |
|---|------|------|------------------|
| Employee training coverage  | %    | 100  | 100              |
| The coverage rate of new employee onboarding training   | %    | 100  | 100              |
| Annual training credit achievement rate for each job level  |      |      |                  |
| <ul style="list-style-type: none"> <li>Level 4-6: 80 credits</li> <li>Level 7-8: 100 credits</li> <li>Level 9 and above: 120 credits</li> </ul> | %    | 100  | 99               |



## Talent Retention

While the Company focuses on cultivating talents, it also places great emphasis on retaining talent. To achieve this, the company has formulated a *Salary Management Policy* and prepares an annual salary plan at the beginning of each year. Different salary curves and performance-based incentive systems are established according to the position, providing competitive remuneration packages for employees.

### Employee Promotion Management System in Gongjin

| Professional Channel Qualification Management System |   |
|--|---|
| <b>Objects</b>                                       | <ul style="list-style-type: none"> <li>Employees for R&amp;D technology, marketing, professional, and manufacturing</li> </ul>  |
| <b>Promotion Criterion</b>                           | <ul style="list-style-type: none"> <li>We set scientific and reasonable qualification level requirements for different grades</li> <li>We set scientific and reasonable qualification level requirements for different grades. Employees with outstanding contributions can apply for promotion under the conditions of green fast-track</li> </ul> |
| <b>Application Method</b>                            | <ul style="list-style-type: none"> <li>Employees can request certification from their Department Manager and Human Resources Department based on whether their personal growth and value contribution meet the requirements of the standards</li> </ul>   |
| <b>Assessment Frequency</b>                          | <ul style="list-style-type: none"> <li>Employees have the opportunity to apply for promotion twice a year on a semi-annual cycle</li> </ul>   |

| Manager Promotion Management System |   |
|-------------------------------------|---|
| <b>Objects</b>                      | <ul style="list-style-type: none"> <li>Department Managers and above and their reserve personnel</li> </ul>   |
| <b>Promotion Criterion</b>          | <ul style="list-style-type: none"> <li>We set up the basic requirements of the position (such as knowledge, skills and experience, etc.), attitude, performance, ability and potential and other assessment indicators</li> <li>Based on experience and other requirements, in case of special positions or outstanding abilities and the need to break the record, personnel may be appointed with the special approval of the General Manager of the Company</li> </ul> |
| <b>Application Method</b>           | <ul style="list-style-type: none"> <li>Self recommendation or recommendation from others</li> </ul>   |
| <b>Assessment Frequency</b>         | <ul style="list-style-type: none"> <li>We centralise selection, evaluation and appointment from the end of one year to the beginning of the next. On a daily basis, we select and evaluate appointments based on job requirements</li> </ul>  |

To better motivate and stabilise our talent, the Company has developed policies such as the *Orange Newcomer Stable Incentive Plan*, *Management Regulations for Young Talent's House Purchase Loans*, and the *Incentive Plan for Core Talents*. These policies provide specific incentives for orange newcomers, young talents, and core talents. For employees who have been with the Company for many years, we present Veteran Service Awards at our annual meeting to employees with ten, twenty, and thirty years of service.

## Occupational Health and Safety

Gongjin Co., Ltd. adheres to the occupational health and safety management policy of "maintaining harmony and focusing on health and safety." By strictly following the Law of the *People's Republic of China on Prevention and Control of Occupational Disease*, *Work Safety Law of the People's Republic of China*, *Measures for the Management of Emergency Plans for Production Safety Accidents*, and *Regulation on Emergency Responses to Work Safety Accidents*, the Company has developed internal policies such as the *Work Safety Responsibility Policy*, *EHS Management Manual*, and *Work Guidelines for Employee Occupational Health Examination*. The Company continues to invest in the effective operation of the occupational health and safety management system to prevent workplace injuries and environmental safety incidents, maintaining a good corporate image and reputation.

The Company has established a Safety Production Management Committee and set up the Environmental Health and Safety Department as a dedicated institution, responsible for managing and supervising

occupational health and safety production. The Company holds monthly meetings to report on the progress of occupational health and safety work to the management. The Company has established a safety production responsibility policy, and signed responsibility agreements at each level to ensure that production personnel at all levels fulfil their roles and responsibilities.

Each of the Company's production bases has passed the ISO 45001:2018 Occupational Health and Safety Management System Certification. Specifically, Shenzhen Gongjin has received BSCI Level 4 Certification, Taicang T&W has passed the Second Level of Work Safety Standardisation Certification, and Haining T&W has passed the Third Level of Work Safety Standardisation Certification. Vietnam T&W has passed the Responsible Business Alliance Validation and Assessment Programme (RBA VAP).

### Occupational Health and Safety Management System of Gongjin

#### Risk identification and control

- Entrust a qualified unit to conduct workplace occupational hazard factor testing at least once a year to ensure that workplace hazards meet legal and regulatory requirements
- Formulate the *Procedures for Identification and Evaluation of Hazards*, carry out assessments for hazards, and ensure the effective identification of occupational health and safety risks
- Conduct special analysis and evaluation of major hazards, develop corresponding control measures, and create the *List of Major Hazards and Their Control Measures*

#### Safety protection

- Provide corresponding labour protection equipment for positions with occupational hazardous factors and place appropriate risk warning signs on risk posts
- Require employees to wear appropriate protective masks in workplaces with dust and harmful gases

#### Hazard investigation

- Conduct inspection, maintenance, and upkeep of exhaust treatment facilities to ensure treatment effectiveness
- Conduct hazard investigations through departmental self-inspection and supervision checks by the Environmental Health and Safety Department, immediately notify remediation for any identified safety hazards, and supervise the remediation until it is completed

#### Occupational physical examination

- Regularly organise employee occupational health examinations before, during, and after their positions and inform employees of the results
- If employees show signs of occupational disease contraindications, the Company will arrange for the affected employees to change positions

The Company has established a complete occupational health and safety management mechanism. To ensure the effective implementation of control measures, the Company designates specific personnel to track the implementation status, and conducts periodic supervision and inspection of controls over major hazards to effectively ensure the operation of the occupational health and safety management system. In 2024, the Company did not identify any occupational contraindications or confirmed cases of occupational diseases, and no incidents of violating occupational health and safety-related laws or regulations occurred.

### Occupational Hazards and Protective Measures of Gongjin in 2024

| Occupational Hazards    |  | Protective Measures  |
|-------------------------|--|--|
| <b>Dust</b>             | Grinding wheel dust, phenolic resin dust, etc.   | <ul style="list-style-type: none"> <li>Install protective devices such as top suction hoods and side suction hoods</li> </ul>  |
| <b>Chemical hazards</b> | Acetaldehyde, dichloromethane, pentane, methanol, ethyl acetate, tin dichloride, isopropyl alcohol, etc. | <ul style="list-style-type: none"> <li>Provide hearing protectors, protective gloves, dust masks, disposable activated carbon masks, laser protective glasses, and other protective equipment</li> </ul> |
| <b>Physical hazards</b> | Laser radiation, industrial frequency electric fields, high temperatures, noise, etc.                    | <ul style="list-style-type: none"> <li>Strengthen control over the raw material procurement process</li> </ul>   |

### Posts at Risk of Occupational Diseases

Soldering workers, maintenance workers, silicone rubber workers, wave soldering workers, programme PCB workers, insertion workers, SMT technicians, laser engraving workers, maintenance workers, aging workers, cleaning workers, etc.

### Occupational Health and Safety Prevention Measures and Achievements of Gongjin in 2024

#### Strengthening of publicity and education

- Conduct weekly occupational health and safety training, conveying knowledge through team-building exercises, promotional slogans, cartoons, etc.
- Taicang T&W won the second prize in the Safety Month Knowledge Competition in Taicang High-tech Zone

#### Performance appraisal

- Develop the *Management Measures for Employee Training* to specify the three levels of safety training requirements, and use performance appraisals to ensure employees have the necessary skills and awareness

#### Safety insurance

- Provide work injury insurance for all employees, and purchase commercial safety production liability insurance for employees such as cafeteria workers, electricians, hardware workers, and drivers

#### Emergency drills

- Conduct fire drills annually, and carry out special contingency plan and on-site response drills monthly
- Conduct emergency drills for hazardous chemical leaks, poisoning, suffocation, and other incidents to improve employees' emergency response capabilities
- Shenzhen Gongjin won the first prize in the Emergency Drill Competition in Kengzi Street, Pingshan District

#### Contractor safety management

- Develop the *Guidelines for Contractor Work Safety*, specifying the detailed requirements and precautions for contractors' construction processes and ensuring construction safety

The Company formulates the *Occupational Health and Safety Objectives and Indicators* as well as Management Plan each year, which is determined and published by the General Manager. The objectives are broken down into various departments, and the progress of the objectives is monitored regularly. Internal audits and management reviews are organised to assess the implementation of the objectives and continuously improve and enhance them.

### Occupational Health and Safety Metrics and Goals of Gongjin

| Metric  | Unit | Goal  | Progress in 2024 |
|---|------|-------|------------------|
| Incidence of work-related injuries per 200,000 man-hours      | %    | ≤0.18 | 0.07 ✓           |
| Serious injuries and fatal accidents                          | Case | 0     | 0 ✓              |
| Incidents of occupational poisoning and occupational diseases | Case | 0     | 0 ✓              |
| Fires and explosions  | Case | 0     | 0 ✓              |



# 09 Strategic Alignment, Promoting Steady Operations

## Corporate Governance

Gongjin strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Listing Rules of the Shanghai Stock Exchange*, and other laws, regulations, and relevant provisions. The Company continuously tracks the latest regulatory requirements in its operational areas, improving the corporate governance policy, optimising the information disclosure mechanism, and enhancing the decision-making process for key matters to comprehensively improve governance levels.

### Corporate Governance Management System of Gongjin



#### Governance

**Management policy:** In 2024, the Company revised internal policies including the *Articles of Association*, *Working Rules for the Strategy Committee of the Board of Directors*, *Management Policy for Directors, Supervisors, and Senior Executives Holding Company Shares and Their Changes*, and formulated the *Public Opinion Management Policy*

**Governance structure:** The Company established a governance structure that is composed of the General Meeting of Shareholders, Board of Directors, Board of Supervisors, and the core management team, forming a corporate governance checks and balances mechanism featuring "a clear division of powers and responsibilities, respective responsibilities, mutual coordination, and effective balance"



#### Management of Impact, Risk, and Opportunity

- The Company has continuously improved the corporate governance structure, standardise its operational mechanisms, safeguard its overall interests, and protect the legitimate rights and interests of all shareholders, especially minority shareholders
- The Company has opened up investor communication channels, improved the level of information disclosure, and enhanced the transparency of corporate governance with a diversified communication mechanism



#### Strategy

**Impact:** Well-regulated and transparent corporate governance can boost investor and market confidence; poor governance may lead to market fluctuations and damage investors' interests

**Risk:** Related-party transactions and the transfer of benefits may harm the interests of minority shareholders. Delays in disclosing financial data, major investments, or technological progress could lead to a trust crisis or regulatory penalties

**Opportunity:** Improving the independent director system and the voting mechanism for minority shareholders can enhance investor confidence. Transparent disclosure of technological progress (such as patent numbers, yield improvements) may result in a higher price-to-earnings ratio

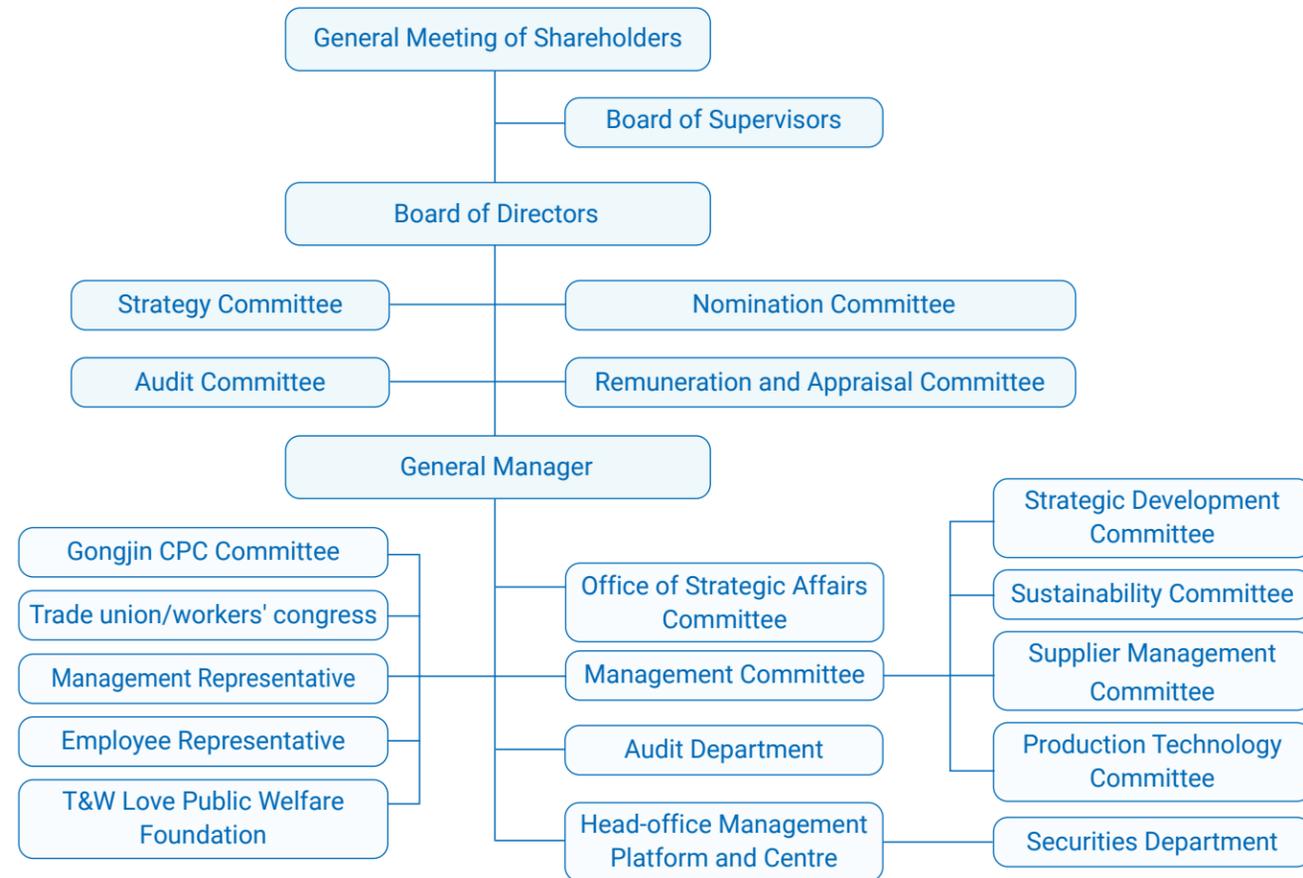
**Response strategy:** The Company has continuously monitored changes in laws and regulations in the operational area, and regularly assessed risks and opportunities in stakeholder communication, information disclosure, and investor rights protection



#### Metrics and Targets

- The Company has focused on indicators such as the Board of Directors' independence, frequency of information disclosure, and channels and frequency of investor communication

### Governance Structure of Gongjin



The corporate governance structure is the core mechanism for the internal allocation of power, distribution of responsibilities, and checks and balances. It plays a vital role in a company's development, protection of shareholders' rights, and maintaining market competitiveness. The Company has established a core governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the core management team. This structure leads the corporate governance mechanism, protects the legal rights of all shareholders, maintains market competitiveness, and ensures the smooth development of the Company.



## Decision-making and Supervision

The Company regularly or irregularly holds General Meeting of Shareholders, Board of Directors' meetings, and Board of Supervisors' meetings to review the scientific nature of proposals, enhancing the efficiency and transparency of corporate governance.



During the Reporting Period

- 5 General Meeting of Shareholders were held, during which 17 proposals were reviewed and approved
- 9 meetings of the Board of Directors were held, during which 48 proposals were reviewed and approved. 1 meeting of the Independent Director Committee was held, during which 1 proposal was reviewed and approved
- 8 meetings of the Board of Supervisors were held, during which 26 proposals were reviewed and approved
- 5 meetings of the Audit Committee were held, during which 20 proposals were reviewed and approved
- 2 meetings of the Strategy Committee were held, during which 2 proposals were reviewed and approved
- 1 meeting of the Remuneration and Appraisal Committee was held, during which 1 proposal was reviewed and approved
- 2 meetings of the Nomination Committee were held, during which 5 proposals were reviewed and approved

## Diversity of the Board of Directors

The Company continues to strengthen the diversification of the Board of Directors and the Board of Supervisors, enhancing the ability to view issues from multiple perspectives, providing broader viewpoints and richer experience for key matters, thereby improving the scientific and forward-looking nature of decision-making.



As of the end of the Reporting Period, the Board of Directors consisted of 12 members, and the Board of Supervisors consisted of 3 members, including:

- 3 female directors, accounting for 25% of the total
- 4 independent directors, accounting for 33.33% of the total, with expertise in accounting, data and information, microelectronics materials and technology, and law
- 1 female supervisor and 1 employee supervisor

## Investor Communication

Investor communication is not only a bridge for information exchange between a company and its investors, but also a key element in improving corporate governance, enhancing market confidence, and achieving sustainable development. The Company places great importance on investor communication and has formulated policies such as the *Management Policy for Investor Relations and the Management Measures for Media Visits and Investor Research Reception*, ensuring smooth communication channels with investors.

The Company has established a multi-channel and multi-method investor communication platform, including the SSE e-interactive platform, investor contact and activity record forms, investor hotline, investor email, performance briefings, roadshows, and reverse roadshows, actively engaging in investor communication to enhance investors' understanding and knowledge of the Company.



During the Reporting Period

- A total of **66** announcements were disclosed, **49** announcement appendixes were uploaded, and **4** investor activity relationship record forms were submitted
- **200** investor Q&A replies were made through SSE e-interactive, and more than **700** interactions with investors were made through the investor hotline
- **4** telephone and written interactive performance communication sessions were organised
- **3** performance briefings were held, and **1** collective reception day event for listed companies in the Shenzhen area was participated in



**TOP 20 of 2024 Greater Bay Area Board of Directors Governance, awarded by the Shenzhen Public Companies Governance Association**



**"Most Growing Listed Companies in High-end Manufacturing" in the 13th China Listed Companies IWOM List**



**"Outstanding Shareholder Return Award" by Panorama 2023 Gold Investor Relations Awards**



**2023 Best Investor Relations Company (Electronics and Communication Industry) by JuDongMi**



## Business Ethics

Gongjin is committed to creating a corporate culture of fair competition, integrity, and honesty. The Company strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Criminal Law of the People's Republic of China*, the *Interim Provisions on Prohibiting Commercial Bribery*, and other relevant laws and regulations, consistently prioritising anti-corruption and anti-commercial bribery as key components of its internal risk management. In 2024, the Company did not experience any incidents of commercial bribery or embezzlement, nor were there any lawsuits or significant administrative penalties resulting from the Company's unfair competition practises.

### Business Ethics Management System of Gongjin



#### Governance

**Management policy:** *Code for Business Conduct and Ethics, Anti-Fraud Policy of Gongjin, Management Regulations of Gongjin on Electronics Fraud Accountability*, and reward and penalty mechanisms

**Governance structure:** The Human Resource Administration Centre is responsible for monitoring whether business activities comply with legal and regulatory requirements and the Company's business ethics standards, investigating and adjudicating complaints and violations related to business ethics, organising employee ethics education, and fostering a culture of corporate integrity



#### Management of Impact, Risk, and Opportunity

- Provide for reasonable competition under the premise of legality and compliance; oppose commercial bribery and corruption, and standardize internal management
- Fraud accountability follows the five major processes of project establishment, investigation, responsibility determination, execution, and rectification supervision, and formulates a detailed fraud reporting and handling process to ensure that violations are discovered in a timely manner and dealt with seriously



#### Strategy

**Impact:** If the Company's business ethics management system is not sufficiently robust, issues such as commercial bribery, embezzlement, and other problems may arise in areas like procurement, sales, and human resources, resulting in harm to the interests of stakeholders

**Risk:** Business ethics risks are often highly covert. If the Company fails to implement effective business ethics management measures, once issues are exposed, it may suffer significant financial losses and erode the trust of internal employees and external investors

**Opportunity:** Strengthening business ethics management helps improve the Company's internal management and supervision mechanisms, maintain fairness and justice within the Company, and enhance employee morale and sense of belonging

**Response strategy** The Company adheres to a "zero tolerance" principle for fraudulent activities such as commercial bribery and embezzlement, and implement multiple control measures to manage corruption risks in key positions, supplier management, and other processes



#### Metrics and Targets

- The Company has continuously monitored business ethics-related risks, and established indicators and goals for the number of business ethics training sessions, internal reports, and handling cases



The Company has established channels for reporting, complaints, and appeals, including public email, a supervisory complaint hotline, direct visits, public platforms, and a fraud reporting QR code, encouraging all employees to actively report issues and ensuring that complaints and reports are addressed in a timely manner.

### Fraud Complaint and Reporting Handling Process of Gongjin



In addition, the Company has established corresponding countermeasures for positions and processes that may involve potential business ethics risks, such as corruption, in order to minimise the likelihood of fraudulent activities

### Business Ethics Risk Control Measures of Gongjin

#### Risk position

- Special control measures are implemented for employees in economic positions, such as job rotation, irregular work content audits, follow-up visits, and economic responsibility audits, to prevent corruption risks

#### Supplier

- The Company requires suppliers to sign the *Cooperation Integrity Agreement*, provides business ethics training during the onboarding and collaboration process, and incorporates business ethics into the annual supplier audit

#### Whistleblower protection

- The fraud handling departments and the relevant executing departments strictly adhere to the confidentiality principle, with a strict prohibition on disclosing information related to the reported matters, the handling process, and any details about the whistleblower
- If there is a leak or spread of matters that have not been made public or other content that should be kept confidential, a public reprimand or warning will be issued. If serious consequences arise, a written reprimand will be imposed

### Business Ethics-related Metrics and Goals of GongJin in 2024

| Metric                               | Unit    | Goal | Progress in 2024 |
|--------------------------------------|---------|------|------------------|
| Number of business ethics training   | Session | 1    | 1                |
| Coverage of business ethics training | %       | 100  | 100              |

# Appendix

## ESG Data Table and Notes

### Economic Data Table

| Metric   | Unit       | 2022         | 2023       | 2024       |
|--|------------|--------------|------------|------------|
| Operating revenue                                | RMB 10,000 | 1,097,363.71 | 852,996.62 | 837,571.82 |
| Basic earnings per share                         | RMB/share  | 0.29         | 0.08       | -0.10      |
| Social contribution value per share <sup>1</sup> | RMB/share  | 1.86         | 1.58       | 1.27       |

Note 1: Social contribution per share = Basic earnings per share + (Net profit of the Company + Tax revenue generated for the country during the year + Wages paid to employees + Loan interest paid to banks and other creditors + External donation and other value created for other stakeholders - Other social costs caused by environmental pollution, etc.) / Total number of shares issued by the Company.

### Environmental Data Table

| Metric   | Unit                       | 2022       | 2023       | 2024       |
|--|----------------------------|------------|------------|------------|
| Annual environmental protection investment expenditure   | RMB 10,000                 | 139.17     | 112.27     | 84.14      |
| Number of cases where the environmental incidents resulted in major administrative penalties or criminal prosecutions by relevant departments such as the ecological environment | /                          | 0          | 0          | 0          |
| Total amount of packaging materials used for finished products   | Ton                        | 14,265.00  | 12,839.00  | 12,458.20  |
| Including: total amount of recyclable packaging materials  | Ton                        | 14,074.00  | 12,668.00  | 12,292.27  |
| Total amount of disposable packaging materials   | Ton                        | 190.00     | 171.00     | 165.93     |
| The proportion of recyclable packaging materials used <sup>1</sup>   | %                          | 98.67      | 98.67      | 98.67      |
| Total water consumption <sup>2</sup>   | m <sup>3</sup>             | 583,564.97 | 634,826.00 | 609,017.75 |
| Water consumption per unit of revenue <sup>2</sup>   | m <sup>3</sup> /RMB 10,000 | 0.53       | 0.74       | 0.73       |

Note 1: The proportion of recyclable packaging materials used = (Total amount of recyclable packaging materials / Total amount of packaging materials used for finished products) × 100%.

Note 2: The water resources statistics in 2022 include the Pingshan and Taicang production bases and the Nanshan, Shanghai, Dalian and Shandong operating points. The Haining and Vietnam production bases will be newly added to the statistics in 2023, so the total water consumption will increase compared to 2022.

### Pollutant Management Data Table

| Metric                                  | Unit  | 2022          | 2023       | 2024       |          |
|---|---|---------------|------------|------------|----------|
| Total wastewater discharge <sup>1</sup> | m <sup>3</sup>  | 470,720.88    | 508,918.80 | 548,075.50 |          |
| Water pollutants                        | Chemical oxygen demand (COD) emissions <sup>2</sup>                 | Ton           | 54.08      | 109.38     | 107.46   |
|   | Chemical oxygen demand (COD) emissions per unit of revenue          | Kg/RMB 10,000 | 0.06       | 0.13       | 0.13     |
|   | Ammonia nitrogen (NH <sub>3</sub> -N) emissions <sup>2</sup>        | Ton           | 0.43       | 7.01       | 16.32    |
|   | Ammonia nitrogen (NH <sub>3</sub> -N) emissions per unit of revenue | Kg/RMB 10,000 | 0.0004     | 0.0082     | 0.0195   |
| Total waste gas emissions <sup>3</sup>  | 10,000 m <sup>3</sup>   | 170,738.64    | 149,773.49 | 293,190.00 |          |
| Air pollutants                          | Particulate matter (PM) emissions <sup>3</sup>                      | Kg            | 270.49     | 263.10     | 647.88   |
|   | Particulate matter (PM) emissions per unit of revenue               | Kg/RMB 10,000 | 0.0002     | 0.0003     | 0.0008   |
|   | Volatile organic compounds (VOCs) emissions <sup>3</sup>            | Kg            | 2,803.00   | 4,578.00   | 8,744.17 |
|   | Volatile organic compounds (VOCs) emissions per unit of revenue     | Kg/RMB 10,000 | 0.0026     | 0.0054     | 0.0104   |

Note 1: The Company's wastewater discharge type was domestic wastewater from employees, not involving production wastewater.

Note 2: The statistical scope of wastewater and water pollutants in 2024 covers the four production bases of Pingshan, Taicang, Haining and Vietnam (hereinafter referred to as the four production bases). The statistical scope of chemical oxygen demand from 2022 to 2023 is the Pingshan, Haining and Taicang production bases. The statistical scope of ammonia nitrogen in 2022 is the Pingshan production base. As the company gradually improves its statistical scope, each production base conducts domestic wastewater testing once a year in accordance with regulatory requirements. Due to the irregular water use time and use of employees, the pollutant emissions fluctuate greatly from year to year, but all meet the regulatory emission standards.

Note 3: The statistical scope of waste gas and air pollutants in 2024 covers four production bases. The statistical scope of total waste gas emissions and particulate matter in 2022 is Pingshan and Taicang production bases, and in 2023 it is Pingshan, Taicang and Vietnam production bases. The statistical scope of volatile organic compounds in 2022 is Taicang production base, and in 2023 it is Taicang and Haining production bases. As the company gradually improves its statistical scope, each production base conducts manual monitoring of air pollutants once a year in accordance with regulatory requirements. The test results are affected by the production conditions at the time and have a large uncertainty. The pollutant emission concentrations of some exhaust pipes are lower than the detection limit. Therefore, the annual emissions estimated based on the test results of a few exhaust pipes fluctuate greatly from year to year, but all meet the regulatory emission standards.

## Waste Management Data Table

| Metric  | Unit          | 2022     | 2023     | 2024     |
|---|---------------|----------|----------|----------|
| Total amount of general waste <sup>1</sup>                  | Ton           | 2,524.37 | 1,992.25 | 2,014.15 |
| Including: domestic wastes                                  | Ton           | 1,131.02 | 862.77   | 890.32   |
| Abandoned packaging materials                               | Ton           | 560.77   | 840.35   | 858.29   |
| Waste plastics  | Ton           | 67.00    | 270.55   | 249.88   |
| Amount of general wastes generated per RMB 10,000 revenue   | Kg/RMB 10,000 | 2.30     | 2.34     | 2.40     |
| Total amount of hazardous waste <sup>1</sup>                | Ton           | 64.78    | 58.84    | 77.80    |
| Including: waste engine oil                                 | Ton           | 0.24     | 2.35     | 0.35     |
| Waste organic solvent <sup>2</sup>                          | Ton           | 4.92     | 12.67    | 16.55    |
| Waste wipes   | Ton           | 0.02     | 0.21     | 0.34     |
| Waste rags and gloves                                       | Ton           | 0.05     | 0.33     | 0.30     |
| Waste activated carbon and filter cotton <sup>3</sup>       | Ton           | 0.63     | 2.62     | 4.43     |
| Waste circuit board   | Ton           | 58.92    | 40.66    | 55.83    |
| Amount of hazardous wastes generated per RMB 10,000 revenue | Kg/RMB 10,000 | 0.06     | 0.07     | 0.09     |
| Amount of wastes recycled                                   | Ton           | —        | —        | 157.82   |

Note 1: There are many types of general waste and hazardous waste in the company, only the main types of general waste are listed.

Note 2: Due to product quality requirements, the cleaning frequency is increased, and the amount of cleaning agent used is increased, so the amount of waste organic solvents generated increases year by year.

Note 3: In 2023, a new set of waste gas treatment facilities was added to the Taicang production base, and the adsorption medium was replaced several times in 2024, resulting in an increase in the amount of waste activated carbon filter cotton generated.

## Energy and GHG Emission Management Data Table

| Metric  | Unit                          | 2022       | 2023       | 2024       |
|---|-------------------------------|------------|------------|------------|
| Total energy consumption                                      | Tce                           | 9,585.35   | 9,551.45   | 8,789.99   |
| Direct energy consumption                                     | Tce                           | 1,058.13   | 1,139.13   | 1,079.08   |
| Indirect energy consumption                                   | Tce                           | 8,527.22   | 8,412.32   | 7,710.91   |
| Total energy consumption per RMB 10,000 revenue               | Tce/ RMB 10,000               | 0.009      | 0.011      | 0.010      |
| LPG consumption   | Ton                           | 0.90       | 0.00       | 0.00       |
| Natural Gas consumption <sup>1</sup>                          | m <sup>3</sup>                | 610,364.00 | 581,959.90 | 499,839.00 |
| Diesel consumption <sup>1</sup>                               | L                             | 150,265.93 | 136,852.42 | 113,633.26 |
| Gasoline consumption <sup>1</sup>                             | L                             | 57,459.99  | 62,618.89  | 53,140.50  |
| Self-produced renewable energy <sup>2</sup>                   | MWh                           | 81.04      | 1,126.20   | 1,827.06   |
| Total purchased electricity <sup>1</sup>                      | MWh                           | 69,333.76  | 68,384.63  | 62,696.47  |
| Purchased steam consumption <sup>3</sup>                      | GJ                            | 0.00       | 53.70      | 0.00       |
| Clean energy consumption                                      | MWh                           | 6,681.52   | 7,419.51   | 7,232.32   |
| By energy type  |                               |            |            |            |
| Proportion of natural gas                                     | %                             | 98.79      | 84.82      | 74.74      |
| Proportion of solar energy                                    | %                             | 1.21       | 15.18      | 25.26      |
| Total GHG emissions (Scopes 1 and 2)                          | tCO <sub>2</sub> e            | 40,204.45  | 40,728.72  | 35,123.31  |
| Scope 1 GHG emissions <sup>4</sup>                            | tCO <sub>2</sub> e            | 1,687.21   | 1,723.06   | 1,480.38   |
| Scope 2 GHG emissions <sup>5</sup>                            | tCO <sub>2</sub> e            | 38,517.24  | 39,005.66  | 33,642.93  |
| GHG emission intensity per RMB 10,000 revenue (Scope 1 and 2) | tCO <sub>2</sub> e/RMB 10,000 | 0.04       | 0.05       | 0.04       |

Note 1: In 2024, natural gas, gasoline, diesel, and purchased electricity decreased year-on-year, mainly because Gongjin Microelectronics will no longer be included in the company's consolidated financial statements from 2024. In addition, the company's output decreased compared with the same period last year, and the energy management platform and energy-saving technology reform were promoted to reduce energy consumption.

Note 2: In 2022, the self-produced renewable energy was the rooftop photovoltaic self-power generation of the Taicang production base, and in 2023 and 2024, the self-produced renewable energy was the rooftop photovoltaic self-power generation of the Taicang and Haining production bases and the solar heating facilities of the Pingshan production base.

Note 3: The Haining production base briefly used purchased steam during its commissioning period in 2023, but did not use it again in 2024.

Note 4: Scope 1 GHG emission included direct GHG emission from the combustion of natural gas, gasoline, and diesel. The calculation coefficients for GHG emissions was based on the *Guidelines for the Compilation of Provincial Greenhouse Gas Inventories (Trial)* (2011) and the *China Energy Statistical Yearbook* (2023). The calculation coefficients for GHG emissions from the combustion of gasoline and diesel was based on the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions from Land Transport Enterprises (Trial)* (2015).

Note 5: Scope 2 GHG emissions include purchased electricity and heat sources. The calculation coefficients for GHG emissions from purchased electricity were based on the national average CO<sub>2</sub> emission factor, as published by the Ministry of Ecology and Environment and the National Bureau of Statistics in the *Announcement on the Release of the 2022 Electricity Carbon Dioxide Emission Factor* in December 2024. The calculation coefficients for GHG emissions from purchased steam were based on the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions from Enterprises of Other Industries (Trial)* (2015) issued by the National Development and Reform Commission.

## Employee Recruitment and Employment Data Table

| Metric  | Unit  | 2022   | 2023   | 2024   |
|---|---|--------|--------|--------|
| Total number of employees                               | Persons   | 7,351  | 6,678  | 6,195  |
| By gender   | Female  | 2,622  | 2,443  | 2,253  |
|   | Male  | 4,729  | 4,235  | 3,942  |
| By employment type                                      | Full-time employees subject to labour contracts   | --     | 5,683  | 4,991  |
|   | Full-time employees subject to labour dispatching | --     | 917    | 1,152  |
|   | Part-time employees                               | --     | 0      | 0      |
|   | Other forms of employment <sup>1</sup>            | --     | 78     | 52     |
| By age  | Under 30  | 4,000  | 3,441  | 3,270  |
|   | 30 to 50  | 3,246  | 3,105  | 2,810  |
|   | Over 50   | 105    | 132    | 115    |
| Employee turnover rate <sup>2</sup>                     | %   | 14.80  | 10.68  | 9.52   |
| Physical examination coverage of employees <sup>3</sup> | %   | 100    | 100    | 100    |
| Coverage of social insurance <sup>4</sup>               | %   | 100    | 100    | 100    |
| Total amount of employee activity investment            | RMB 10,000  | 206.74 | 422.53 | 359.11 |

Note 1: Other forms of employment include interns and retired returnees.

Note 2: Employee turnover rate = Number of employees who left during the Reporting Period / Total number of employees at the end of the Reporting Period × 100%.

Note 3: The statistical scope is full-time employees under labor contracts. Employee physical examination coverage rate = number of full-time employees under labor contracts who received physical examinations during the reporting period / number of full-time employees under labor contracts at the end of the reporting period × 100%.

Note 4: The statistical scope is full-time employees under labor contracts. Social insurance coverage rate = number of full-time employees under labor contracts who paid social insurance during the reporting period / number of full-time employees under labor contracts at the end of the reporting period × 100%.

## Occupational Health and Safety Data Table

| Metric  | Unit       | 2022   | 2023   | 2024   |
|---|------------|--------|--------|--------|
| Number of employees in positions at risk of occupational disease <sup>1</sup>                           | Persons    | 836    | 646    | 388    |
| Number of employees receiving occupational disease examination <sup>1</sup>                             | Persons    | 836    | 646    | 388    |
| Coverage of occupational disease examination for employees in positions at risk of occupational disease | %          | 100    | 100    | 100    |
| Number of work-related injuries <sup>2</sup>  | /          | 3      | 6      | 6      |
| Working days lost due to work-related injuries  | days       | 280    | 131    | 292    |
| Number of employee deaths due to work-related injuries  | Persons    | 0      | 0      | 0      |
| Amount invested in work-related injury insurance  | RMB 10,000 | 177.48 | 184.06 | 148.85 |
| Coverage of work-related injury insurance <sup>3</sup>  | %          | 100    | 100    | 100    |
| Number of employees covered by production safety liability insurance <sup>4</sup>                       | Persons    | 0      | 10     | 10     |
| Amount of production safety liability insurance   | RMB 10,000 | 0      | 0.46   | 0.46   |
| Number of incidents penalised for violating occupational health and safety laws and regulations         | /          | --     | 0      | 0      |

Note 1: As the intelligence and automation level of the Company was continuously upgrading, the number of employees at the frontline and high-risk positions was decreasing year by year. So, the number of employees participating in occupational disease examinations was decreasing year by year.

Note 2: The six work-related injuries occurred in 2024 were all classified as general injuries, including three falls, one crush, and two traffic accidents.

The main cause of the accident was the insufficient safety awareness of employees, who failed to pay timely attention to personal safety risks during work or travel. The Company has implemented measures such as safety awareness training for employees, strengthened safety production supervision and inspections, and added anti-slip strips to the cafeteria stairs to reduce the risk of occupational injuries.

Note 3: The statistical scope is full-time employees under labor contracts. Employee work-related injury insurance coverage rate = number of full-time employees under labor contracts covered by work-related injury insurance during the reporting period / total number of full-time employees under labor contracts at the end of the reporting period × 100%.

Note 4: The company purchases production safety liability insurance for some personnel, including employees in positions such as equipment engineers, assistant engineers, quality engineers (CQE), logistics engineers/technicians, automation mechanical design engineers/directors, and administrative specialists.

## Employee Training and Development Data Table

| Metric   | Unit                                       | 2022   | 2023   | 2024   |
|--|--|--------|--------|--------|
| Employee training coverage <sup>1</sup>          | %  | 100    | 100    | 100    |
| Average training hours of employees <sup>2</sup> | Hours                                      | 62.98  | 71.00  | 84.11  |
| By gender  | Average training hours of female employees | —      | 71.00  | 82.44  |
|  | Average training hours of male employees   | —      | 71.00  | 85.05  |
| Total training sessions                          | Sessions                                   | 2,800  | 2,703  | 2,817  |
| Total employee training expenditure <sup>3</sup> | RMB<br>10,000                              | 559.00 | 767.00 | 251.00 |

Note 1: Employee training coverage = Number of employees trained during the Reporting Period / Total number of employees at the end of the Reporting Period × 100%.

Note 2: Average training hours of employees in this category = Total training hours of employees in this category during the Reporting Period / Number of employees in this category trained during the Reporting Period.

Note 3: In 2024, the Company implemented cost control and expense reduction actions, and with a decrease in the number of employees, the total training expenditure decreased.

## Product and Service Quality Data Table

| Metric   | Unit          | 2022  | 2023  | 2024  |
|--|---------------|-------|-------|-------|
| Customer satisfaction survey results   | %             | 80.23 | 88.50 | 86.33 |
| Total number of product/service-related complaints received  | /             | 25    | 12    | 26    |
| Processing ratio of product/service-related complaints received  | /             | 100   | 100   | 100   |
| Amount involved in major safety and quality liability accidents related to products and services during the Reporting Period | RMB<br>10,000 | 0     | 0     | 0     |
| Number of incidents of violations of laws and regulations related to products and services                                   | /             | —     | 0     | 0     |

## Technological Innovation Data Table

| Metric   | Unit          | 2022      | 2023      | 2024      |
|--|---------------|-----------|-----------|-----------|
| Number of projects in progress   | /             | 246       | 276       | 186       |
| R&D investment   | RMB<br>10,000 | 44,791.18 | 36,248.14 | 37,107.21 |
| Ratio of R&D investment to operating revenue <sup>1</sup>              | %             | 4.08      | 4.25      | 4.43      |
| Number of R&D employees  | Persons       | 1,188     | 1,112     | 1,054     |
| Proportion of R&D employees <sup>2</sup>                               | %             | 16.16     | 16.65     | 17.01     |
| Number of valid patents during the reporting period                    | /             | 1,526     | 1,514     | 1,660     |
| Number of granted patents during the Reporting Period                  | /             | —         | 126       | 146       |
| Number of patent applications during the Reporting Period              | /             | 265       | 207       | 121       |
| Number of trademark approvals during the Reporting Period              | /             | —         | 2         | 2         |
| Number of software copyright registrations during the Reporting Period | /             | —         | 14        | 27        |

Note 1: Proportion of R&D investment to operating revenue = R&D investment during the Reporting Period / Operating revenue during the Reporting Period × 100%.

Note 2: Proportion of R&D employees = Number of R&D employees at the end of the Reporting Period / Total number of employees at the end of the Reporting Period × 100%.

## Supply Chain Management Data Table

| Metric  | Unit | 2022  | 2023  | 2024  |
|---|------|-------|-------|-------|
| Total number of suppliers   | /    | 837   | 813   | 876   |
| Number of suppliers conducting environmental and social impact assessments                  | /    | 244   | 265   | 237   |
| Proportion of suppliers conducting environmental and social impact assessments <sup>1</sup> | %    | 29.15 | 32.60 | 27.05 |
| Percentage of new suppliers screened by environmental standards <sup>2</sup>                | %    | 10.00 | 18.37 | 12.00 |

Note 1: Proportion of suppliers conducting environmental and social impact assessments = Number of suppliers conducting environmental and social impact assessments during the Reporting Period / Total number of suppliers at the end of the Reporting Period × 100%.

Note 2: Percentage of new suppliers screened by environmental standards = Number of new suppliers screened by environmental standards during the Reporting Period / Total number of new suppliers during the Reporting Period × 100%.

**Public Welfare and Charity Data Table**

| Metric  | Unit       | 2022     | 2023     | 2024     |
|---|------------|----------|----------|----------|
| Donation amount   | RMB 10,000 | 451.30   | 587.88   | 551.36   |
| Amount of rural revitalisation investment                           | RMB 10,000 | 444.87   | 555.60   | 545.60   |
| Total hours of volunteering services that employees participated in | Hours      | 2,241.50 | 2,201.00 | 2,445.00 |
| Per capita hours of employees' volunteer service <sup>1</sup>       | Hours      | 0.30     | 0.33     | 0.39     |

Note 1: Per capita hours of employees' volunteer service = Total hours of volunteering services that employees participated in during the Reporting Period / Total number of employees at the end of the Reporting Period.

**Business Ethics Data Table**

| Metric  | Unit  | 2022 | 2023 | 2024 |
|---|-------|------|------|------|
| Anti-commercial bribery and anti-corruption training hours for employees per capita                           | Hours | 1.00 | 1.00 | 1.00 |
| Anti-commercial bribery and anti-corruption training hours for management members per capita <sup>1</sup>     | Hours | 1.00 | 1.00 | 1.00 |
| Anti-commercial bribery and anti-corruption training hours for directors per capita                           | Hours | 1.00 | 1.00 | 1.00 |
| Proportion of employees covered by anti-commercial bribery and anti-corruption training <sup>1</sup>          | %     | 100  | 100  | 100  |
| Proportion of management members covered by anti-commercial bribery and anti-corruption training <sup>1</sup> | %     | 100  | 100  | 100  |
| Proportion of directors covered by anti-commercial bribery and anti-corruption training <sup>1</sup>          | %     | 100  | 100  | 100  |

Note 1: Proportion of employees( or management member, director) in this category covered by anti-commercial bribery and anti-corruption training = Number of employees( or management member, director) in this category who participated in anti-commercial bribery and anti-corruption training during the Reporting Period / Total number of employees in this category × 100%.



## Benchmarking Index Table

### Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial) Benchmarking Index Table

| Topics                                | Corresponding chapter of this report  |
|---------------------------------------|---|
| <b>Topics set by the Guidelines</b>   |   |
| Climate change tackling               | Climate Change Tackling<br>ESG Data Table and Notes   |
| Pollutant discharge                   | Pollutant and Waste Management<br>ESG Data Table and Notes  |
| Waste disposal                        | Pollutant and Waste Management<br>ESG Data Table and Notes  |
| Ecosystem and biodiversity protection | The company's own operations have no significant impact on ecosystems and biodiversity, so this issue is not applicable   |
| Environmental compliance management   | ESG Data Table and Notes<br>Environmental Compliance Management   |
| Energy usage                          | Energy Management<br>ESG Data Table and Notes   |
| Usage of water resources              | Water Resources Management<br>ESG Data Table and Notes  |
| Circular economy                      | Circular Economy<br>ESG Data Table and Notes  |
| Rural revitalization                  | Contributions to the Society and Rural Revitalisation<br>ESG Data Table and Notes   |
| Contributions to the society          | Contributions to the Society and Rural Revitalisation<br>ESG Data Table and Notes   |
| Innovation-driven                     | R&D Innovation  |
| Ethics of science and technology      | The company is not involved in the research and development of important artificial intelligence technologies. Some of the hardware products developed and produced can be used in the field of artificial intelligence. For example, product switches can be used as the basis for technologies such as big data and artificial intelligence. This topic is not applicable |

| Topics  | Corresponding chapter of this report   |
|---|--|
| Supply chain security                                 | Responsible Supply Chain<br>ESG Data Table and Notes   |
| Equal treatment to small and medium-sized enterprises | The balance of accounts payable (including bills payable) at the end of the reporting period of the company does not exceed RMB 30 billion, and the proportion of total assets does not exceed 50% |
| Safety and quality of products and services           | Product and Service Quality<br>ESG Data Table and Notes  |
| Data security and customer privacy protection         | Data Security and Privacy Protection   |
| Employees   | Employees' Rights, Benefits, and Welfare<br>Talent Attraction and Retention<br>Occupational Health and Safety<br>ESG Data Table and Notes  |
| Due diligence   | Communication with Stakeholders and Due Diligence  |
| Communications with stakeholders                      | Communication with Stakeholders and Due Diligence  |
| Anti-commercial bribery and anti-corruption           | Business Ethics<br>ESG Data Table and Notes  |
| Anti-unfair competition                               | Business Ethics  |
| <b>Independent identification of issues</b>           |  |
| Conflict minerals management                          | Conflict Minerals Management   |
| Corporate governance                                  | Corporate Governance   |

**T&W**

