

**2023**

**Environmental, Social and  
Governance Report**

**Nanhua Electronics Co., Ltd.**

# About the Report

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## **Overview:**

This report is Nanhua Electronics's first Environmental, Social, and Governance (ESG) report, outlining the company's values and mission commitment, as well as its key initiatives and performance in the ESG field.

## **Time Period:**

This report covers data and information about the company from January 1, 2023 to December 31, 2023. Of note some information references data dating back to before.

## **Reporting Scope:**

Shanghai Nanhua Electronics Co., Ltd., Nanhua Electronics (Taicang) Co., Ltd.

## **Usage of Terms:**

In this report, "we" refers to Nanhua Electronics

## **Basis of Reporting:**

This report is prepared with reference to the GRI Sustainability Reporting Standards, Sustainability Accounting Standards Board, United Nations Sustainable Development Goals, and is tailored to the current development level and actual ESG circumstances of the company.

## **Data Source:**

The main data comes from internal documents and statistics of Nanhua Electronics.

## **Reporting Principles:**

The report adheres to the principles of importance, measurement, fairness, and uniformity.

## **Report Format:**

Both Chinese and English versions of this report can be viewed on the Company's official website at <http://www.nanhua.com>. In case of any conflict or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

# About Us

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Since founded in 1990, NANHUA started to pay close attention to people who work in high-risk area. From the ports to mining machinery, from blower tower barrel to high-rise buildings, from the airport to the offshore platform, our research staff and sales personnel into the most demanding work environment, only to understand customer's real needs, combined with signal, lighting and control technology, to develop a suitable products and provide satisfactory service. That is why NANHUA has continued to grow.

Today, the NANHUA products and solutions have been successfully applied to the wharf, mining, airport, energy and other industries. NANHUA has become a execution standard in part of industrial field, also NANHUA products are regarded as a high-performance solution. This is an honour and a responsibility. NANHUA will continue to insist the concept of reliable and safe research, keep exploring the latest technology, and devote to developing new products to help customers solve problems and realize the improvement of customer value.

## **Mission**

- Providing customer premium quality products and solutions.
- Focusing on and improving the safety of People, Machines and Environment.
- Making effort to build a better life with all company members.

## **Vision**

Global technology leader in industrial Signal, Industrial Lighting and Industrial Control.

## **Core Value**

- Doing with integrity
- Focus on Performance
- Think Innovation
- Work Together
- Keep Learning

## ESG Performance Highlights in 2023

1	Environmental	Annual audit and certification of the environmental management systems: ISO 14001
		Procure 20,000 kWh of green electricity
		Adopt 100% recyclable packaging materials
2	Product Responsibility	R&D investment: 17 million RMB
		R&D staff account for 16% of total staff
		91 domestic patents, 17 software copyrights
		Quality management systems certification: ISO 9001
3	Partners	100% labor contract signing rate
		100% social insurance coverage
		Average of 71 hours of on-site training and average of 178 hours of staff online training
		Environmental management systems certification: ISO 14001:2015
		Occupational health and safety management systems certification: ISO 45001:2018
		100% supplier annual audit

## Honors

1	Shanghai	2011/12/12	Shanghai High-tech Enterprise
2	Shanghai	2015	Shanghai Specialized, Special and New SMEs
3	Shanghai	2023/3/15	Shanghai Innovative SMEs
4	Shanghai	2015/12/2	2015 Shanghai Little Giants Enterprise
5	Shanghai	2018/6/1	LP201A 40W project was recognized as Shanghai High-Tech Achievement Transformation Project
6	Shanghai	2018/3	Shanghai Harmonious Labor Relations Enterprise
7	Shanghai	2016/10/17	12th Batch of Jiading District Enterprise Technology Center
8	Shanghai	2016/1/-2017	2015, 2016 Jiading District Little Giants Enterprise
9	Shanghai	2017	2016 Jiading District Non-Public Enterprise Social Responsibility Contribution Award
10	Shanghai	2018/3/15	Shanghai Specialized, Special and New SMEs 2018-2019
11	Shanghai	2023/12/1	Shanghai Digital Diagnosis Report for Regulated Manufacturing Enterprises (Level 5)
12	Shanghai	2020/5/22	The "NANHUA" trademark has been included in the Shanghai Jiading District Key Trademark Protection Directory
13	Shanghai	2016	2016 Jiading District Advanced Manufacturing Science and Technology Innovation Award
14	Shanghai	2018/3/15	2017 Jiading District Advanced Manufacturing Science and Technology Innovation Award
15	Shanghai	2019/3/19	2018 Jiading District Advanced Manufacturing Science and Technology Innovation Award
16	Shanghai	2019/3/19	Goldwind Quality Credit Rating Result: 5A Supplier
17	Shanghai	2020/2/20	Goldwind Long-term Cooperation Award
18	Shanghai	2022/3/2	2022 Jiading District Outstanding Enterprise Title: Progressive Leap Enterprise
19	Shanghai	2017	2017 Jiading District Nanxiang Town Most Dynamic Award
20	Shanghai	2017	Nanxiang High-Tech Economic City 15th Anniversary Special Contribution Award
21	Shanghai	2020	2020 Jiading District Nanxiang Town Advanced Manufacturing Silver Award
22	Shanghai	2021	2021 Jiading District Nanxiang Town Progressive Leap Enterprise Award
1	Taicang	2019/1/8	Included in the Third Batch of 2019 Jiangsu Private Technology Enterprise Filing List
2	Taicang	2022/1/1	Proposed inclusion in the 2020 Suzhou High-Tech Enterprise Cultivation Pool (City Pool)
3	Taicang	2022/12/12	High-Tech Enterprise Certificate
4	Taicang	2023/1/12	Jiangsu Province Private Technology Enterprise
5	Taicang	2024/4/22	Included in the First Batch of Suzhou Low Altitude Economy Leading Enterprises: Nanhua Electronics (Taicang) Co., Ltd.

## Memberships

1. China Ports Association
2. IALA
3. China Construction Machinery Association
4. PEMA Port Equipment Manufacturers Association
5. Council Member of fifth session of the Crane& Conveyors Trade Association of Shanghai



# 1. Environmental Responsibility

## 1.1 Environmental Management System

Based on the Environmental Protection Law of the People's Republic of China and the Environmental Impact Assessment Law of the People's Republic of China and other eco-friendly laws and regulations, Nanhua Electronics has established an ISO 14001-2015 Environmental Management System, which enables us to proactively identify, assess, and mitigate environmental risks associated with our business operations. To ensure efficient environmental governance, we have put into place a comprehensive environmental management framework. The General Manager oversees and reviews regularly the company's environmental strategies, ensuring that environmental protection is prioritized at the highest levels of decision-making. Nanhua Electronics conducts both internal and external audits of its environmental management systems. Dedicated specialists perform annual internal audits, complemented by external audits, to verify adherence to ISO 14001 standards. In addition, relevant departments carry out monthly inspections of fire hydrants and pollution prevention facilities, ensuring that environmental controls meet or exceed regulatory requirements. Our Environmental Management System undergoes annual certification, ensuring compliance with ISO 14001 standards, reaffirming our commitment to environmental stewardship.



## 1.2 Addressing Climate Change

Climate change presents a significant global challenge, impacting not only natural ecosystems but also the long-term sustainability of socio-economic development. As a responsible corporate entity, Nanhua Electronics is committed to actively supporting the national "dual carbon" strategy by integrating low-carbon principles into our strategic business planning. We adopt a holistic approach to climate-related governance, setting comprehensive strategies, action plans, and objectives. These guide our organization in fostering sustainable development, ensuring low-carbon production, and promoting environmentally responsible operations across all levels of our business.

### • Energy Saving and Greenhouse gas emissions

Nanhua Electronics adheres to green operations, encourages low-carbon practices, and a sustainable, comfortable, and environmentally harmonious future. In pursuit of net-zero emissions, we take proactive measures to significantly reduce our absolute emissions, aligning with our long-term environmental goals.

### Conducting Emissions Inventory

At present, Nanhua Electronics primarily relies on grid-based energy sources. Given the regional variations in energy mix across global power grids, we adhere to the GHG Protocol: Corporate Accounting and Reporting Standard. The following results reflect our commitment to transparency and sustainability in managing emissions.

### 2023 GHG Emission Performance

Indicator	Unit	Year 2023
Scope 1 emissions	Tons	12,658,628
Scope 2 GHG Emissions	Tons	1,035,108
Total GHG Emissions	Tons	13,693,736

Note: The data calculated by Nanhua Electronics. Scope 1 emission source is gasoline consumption, and calorific value data comes from GB/T 2589-2020 General rules for calculation of the comprehensive energy consumption. Scope 2 emission source is purchased electricity consumption, and the grid emission factors are selected from the 2021 Electricity Carbon Emission Factor published by the Ministry of Ecology and Environment and the National Bureau of Statistics.



## ▪ Measures of NANHUA Energy Conservation and Emission Reduction

We consistently embed the principles of energy conservation and emission reduction across all levels of production and operations. Our focus remains on enhancing energy efficiency, adopting low-carbon technologies, and driving the establishment of green factories to ensure sustainable, low-carbon manufacturing.

### Green Power Procurement

Since 2022, we have actively engaged in market-based green power transactions, guided by the principles of "additionality, traceability, and proximity." In 2022, we procured 20,000 kWh of green electricity, reducing carbon dioxide emissions by 17,438 kg. In 2023, we purchased another 20,000 kWh, reducing carbon dioxide emissions by 17,438 kg.

### Office Automation

Our company has implemented ERP, CRM, PLM, and OA systems to digitalize data management and document processing. This transition from paper-based to online systems enhances our capabilities in intelligence, automation, and remote collaboration, driving operational efficiency.

## 1.3 Optimizing Resource Usage

Nanhua Electronics embraces the principle of strengthening resource management and minimizing resource consumption throughout all stages of operations. We continuously optimize water resource management, packaging materials, and supplies management to achieve resource optimization and sustainable production for the company.

### Water Resource Management

Water is essential to life and critical to the sustainable development of human society. Nanhua Electronics adheres to the Water Law of the People's Republic of China, continuously refining water resource management to improve efficiency in water usage. We actively support water conservation initiatives, promoting awareness and providing purified drinking water to staff as an environmentally sustainable alternative. In waterproof test of ingress protection (IP) ratings, we utilize a water recycling system that maximizes water reuse. This system allows water to be recycled for multiple test cycles, minimizing waste and aligning our testing procedures with environmental protection principles. This reflects Nanhua Electronics's.

### Paperless Office

Nanhua Electronics has implemented an online platform for sharing drawings, contracts, and technical documents, enabling efficient information exchange. Our OA management system further enhances office efficiency through digital management of printing paper usage. We actively promote eco-friendly practices such as double-sided and



black-and-white printing to reduce paper consumption, contributing to environmental conservation and resource efficiency. Going forward, we plan to explore more comprehensive paperless solutions, including paperless warehouses, product manuals, and SOPs.

### Shared Mug Program

Nanhua Electronics serves clients using reusable mugs, significantly reducing the need for disposable cups and contributing to waste reduction efforts.

### Recycling of Logistics Packaging Materials

Sustainable logistics is a key focus, aimed at reducing resource waste and pollution, and promoting long-term environmental stewardship. We use 100% recyclable packaging materials and, for certain clients, deliver products in reusable plastic containers. Our logistics operations also employ recyclable plastic pallets, reducing reliance on wooden pallets and optimizing resource and energy consumption.

### Recycling of Industrial Scraps

We have implemented a recycling strategy for scrap materials generated from laser cutting, CNC machining, and metal shavings. By recycling these materials, we maximize resource utilization and reduce waste.

# 1.4 Emissions Management

Nanhua Electronics upholds rigorous emissions management standards, integrating scientific methods and technological innovation to optimize production processes and enhance environmental protection. We have implemented advanced measures to minimize waste generation and emissions, along with formalized waste management procedures to ensure compliance and operational efficiency.

## Wastewater Discharge Management

At Nanhua Electronics, we are committed to upholding the highest standards of environmental responsibility by strictly adhering to the Law on the Prevention and Control of Water Pollution and other environmental regulations. Our compliance framework ensures that all aspects of our operations are legal and meet stringent environmental standards.

Our wastewater management primarily addresses sanitary wastewater. The only industrial wastewater produced, which is CNC cutting fluid, is treated by a certified third-party company. This ensures that all industrial wastewater is processed in accordance with scientific methods and complies with environmental protection requirements.

## Waste Gas Management

In line with the Law on Air Pollution Prevention and Control, we strictly manage and control waste gas emissions. The waste gas generated during production—primarily from soldering, wave soldering, reflow soldering, and laser engraving—consists of non-methane hydrocarbons and particulate matter such as smoke and dust. To ensure emissions meet national standards, we employ a comprehensive treatment system that combines suction pipelines with activated carbon filtration. In addition to internal testing, we regularly undergo government inspections to verify our compliance with environmental regulations.

## Waste Management

We strictly follow the Law on Prevention and Control of Environmental Pollution by Solid Waste, to ensure the proper collection, classification, storage, transfer, and disposal of waste. Through staff training, we actively promote responsible waste management practices, reinforcing our commitment to reducing our environmental footprint.

## Non-hazardous Waste

Non-hazardous waste at Nanhua Electronics includes office and kitchen waste.

Office waste, such as paper, plastics, glass, and metal, is carefully classified and managed by professional recycling agencies. To reduce office waste at the source, we actively promote paperless office initiatives.

Kitchen waste is managed by our contracted catering service, which also supports the "Clean Plate Campaign" to minimize food waste.

## Hazardous Waste

Hazardous waste generated from R&D, production, and warehouse is handled with the utmost care to ensure safety and compliance. We have established a dedicated hazardous waste storage facility, equipped with leak-proof pallets and emergency response equipment. Qualified third-party waste management companies are designated to collect and dispose of hazardous waste.

Furthermore, our staff receives specialized training to ensure the safe handling and disposal of hazardous materials, minimizing any potential environmental impact.

## 2. Product Responsibility

At Nanhua Electronics, safety is our guiding principle. Our slogan, “Born for Safety,” reflects our unwavering commitment to ensuring workplace safety in industrial and even harsh environments. This commitment to safety permeates our daily work, influencing every product we design, every service we provide, and every idea we develop. We understand that product quality is not only a result of careful design but also of meticulous manufacturing. While safety is at the core of our existence, we continuously push the boundaries of innovation to enhance safety across all aspects of our operations.

### 2.1 Product Innovation

Innovation is the driving force behind the success and growth of modern enterprises. At Nanhua Electronics, we are committed to product innovation as a means of staying competitive and delivering superior solutions to our users. Through continuous enhancement and advancement of our products, we strive to provide better and more reliable safety solutions.

#### • Product Updates

No.	Product	Updates
1	New high mast light	The new high mast light offers a luminous efficacy of up to 150 lm/W, enhancing lighting efficiency and reducing energy consumption. With the DALI dimming system, brightness can be adjusted based on actual needs, minimizing unnecessary energy waste. In adequate lighting conditions, the brightness can be lowered to save electricity. The DALI system also integrates with intelligent devices like sensors, promoting smarter lighting control for improved energy efficiency and sustainability.
2	Sensor floodlight	Sensor lights use advanced technology to automatically turn on when a person or object approaches and turn off when not needed, avoiding the energy waste in traditional lighting systems. This demand-based model significantly cuts energy consumption, supporting environmentally friendly practices. The sensing mechanism in sensor lights reduces manual operation, extending the lifespan of the fixtures and decreasing replacement costs.
3	Solar obstruction light	The solar obstruction light system harnesses solar energy, eliminating reliance on traditional energy sources such as coal, oil, or natural gas, which significantly reduces energy consumption and environmental pollution, aligning with sustainable development principles.
4	Ultrasonic wind speed sensor	The ultrasonic wind speed sensor features no rotating blades or mechanical parts, eliminating energy consumption from mechanical friction and wear. Without moving parts to wear out, the sensor has a longer lifespan, lower resource and energy consumption.



**2023**

## R&D INVESTMENT

**¥ 1700,0000**

### • *R&D Team*

At Nanhua Electronics, we understand that robust R&D and customization capabilities depend on a strong talent pool. Prioritizing both technology and talent, we continually improve our R&D incentive mechanisms and enhance training for our R&D personnel. This strategy provides momentum for technological advancement and industrial upgrading.

As of the reporting period

R&D personnel

**42**

### • *Intellectual Property Protection*

In addition to product innovation, Nanhua Electronics places great emphasis on the protection of intellectual property (IP). We adhere strictly to relevant laws, including the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. We actively implement a range of IP protection measures and have established a comprehensive IP management system. This ensures that we can protect our competitive edge and brand reputation, minimize the risk of IP infringement, and maintain a fair and orderly market environment.

The company prioritizes the management of IP risks across all stages of the R&D, supply chain, and product launch processes. We have implemented comprehensive measures to monitor and mitigate these risks, ensuring the protection of our technological achievements. In addition, we proactively address patent disputes and complaints, safeguarding all parties' legitimate rights, and developing a fair competition landscape.

Share of the total annual revenue.

**8.5%**

Accounting for 16% of total

**16%**

### **Risk Prevention Initiatives**

- IP Risk Assessment: Integrated into the R&D process, with high-risk technical solutions and designs subject to review and veto.
- Patent Search Platform: Utilized to avoid conflicts with existing patents and ensure that innovations are protected.
- Staff Training: Regular patent knowledge training to increase patent awareness across all NANHUA staff.

### **Patent Achievements**

As of the reporting period

NANHUA domestic  
patents rights

**91**

Software  
copyrights

**17**

## 2.2 Rigorous Quality Control

At Nanhua Electronics, safety is paramount and product quality remains a critical focus. We strictly adhere to industry-leading standards, upholding quality as the cornerstone of our operations while continuously driving innovation in product development. A robust, full-lifecycle quality management system is in place, encompassing quality planning, process oversight, and defect control. This ensures our products meet stringent safety and reliability requirements at every stage.

### • Quality Management System

Nanhua Electronics is proud to have its quality management system certified to ISO 9001, encompassing all business operations and undergoing annual audits by recognized third-party authorities. Additionally, we conduct internal audits each year to ensure improvement of our quality management practices.

We have established a comprehensive Quality Manual that serves as the guiding document for our quality management system, providing guidelines for all staff engaged in quality activities. Our quality policy is centered around the principle of "build trust, pursue excellent quality, provide products and services that exceed customer's expectations."

To effectively track and address quality issues, we publish the "Nanhua Electronics Quality Monthly Report" each month.

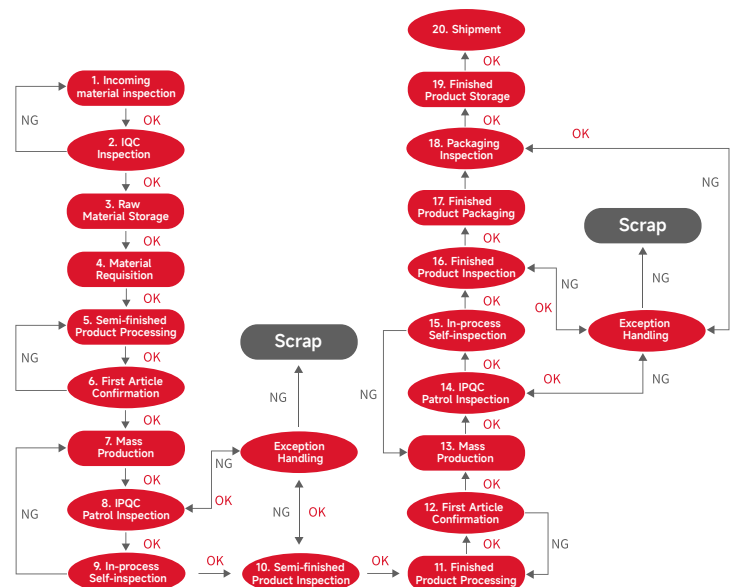
In addition to our ISO 9001 certification, we have various international and domestic product certifications, including DNV Certification, SAA Certification, ICAO Certification, and CAAC Certification.

### • Strengthening Quality Control

Nanhua Electronics implements rigorous quality control throughout the production process. By establishing defined quality control points and standards, and integrating automated inspection systems at critical stages, we ensure comprehensive oversight of product quality. In addition, during the manufacturability review of new products, we conduct thorough evaluations of quality control and reliability to optimize both quality management and risk mitigation strategies.



### Quality Control Process



## 2.3 Enhancing Quality Training

We place strong emphasis on enhancing quality awareness among our staff. To further elevate product quality management, improve quality consciousness, and boost the technical proficiency of quality personnel, we conducted a series of specialized training sessions during the reporting period. These sessions, tailored to the needs of various product lines, covered critical areas such as internal auditor certification and failure analysis.

The pursuit of zero defects remains a fundamental objective for the company, with a particular focus on strengthening quality awareness among production staff. In 2023, Nanhua Electronics conducted targeted training sessions on “The Importance of Product Quality” for line supervisors, quality inspectors, and key operational personnel across multiple zones. These sessions covered topics such as current quality management practices, preventive measures for addressing product defects, and corrective solutions, complemented by practical, hands-on exercises designed to improve staff proficiency in quality control processes

Training Programs	
No.	Training Course
1	Eight Disciplines Methodology (8D)
2	Failure Modes and Effects Analysis
3	ISO9001 Quality Management System Internal Auditor Training
4	CE Certification Knowledge Training
5	EMC Training
6	Automotive Optics Training
7	IPC-A-610G-CN



## 3. Partners

At Nanhua Electronics, we view our staff, customers, and suppliers as partners, each playing a pivotal role in the company’s growth and operations.

### 3.1 Staff Collaboration

Staff are central to the company's operations and development. They not only drive the achievement of corporate goals and value creation but also serve as ambassadors of the company’s culture and values.

#### • *Equal and Standardized Employment*

Nanhua Electronics has implemented internal policies, such as the Staff Handbook and Code of Business Conduct and Ethics, to uphold compliance and ethical standards throughout company operations.

In 2023, there were no reports of discrimination, child labor, forced labor, debt bondage, or human trafficking related to Nanhua. The company strictly adheres to national and local social security regulations, ensuring timely payment of wages and full compliance with social insurance contributions. Both the labor contract signing rate and social insurance coverage rate for staff in the year reached 100%.

2023	
Labor Contract Signing Rate	Social Insurance Coverage Rate
100%	100%

## ▪ **Talent Recruitment**

Nanhua Electronics places great value on talent acquisition and development, seeking to attract and retain highly qualified personnel through various channels: campus recruitment, social recruitment, internal referrals, and re-employment. Throughout the reporting period, we continued to refine recruitment processes both domestically and internationally, optimizing the candidate experience and fostering an inclusive culture that welcomes like-minded individuals to contribute to the company's growth.

## ▪ **Rights Protection**

Nanhua Electronics is committed to fostering an inclusive and equal working environment, with zero tolerance for any form of discrimination or harassment based on gender, age, ethnicity, religion, region, or physical ability. New staff are informed of the company's reporting channels and management mechanisms for handling workplace discrimination and harassment, ensuring the protection of their legal rights.

Recognizing the importance of both physical and mental health, the company has further clarified procedures for overtime application and approval. Staff under standard or comprehensive work hour systems are required to secure written approval from their department heads and file it with HR prior to any overtime work.

In 2023, there were no incidents related to forced labor.

Additionally, we provide a healthy working environment and reasonable working hours for pregnant staff.

Campus Recruitment	Targeting young, innovative talent to inject fresh ideas into the company, we participated in recruitment events at universities across Jiangsu, Zhejiang, and Shanghai.
Social Recruitment	Recruiting experienced professionals with specialized expertise to fill key roles efficiently. The recruitment process has been improved through system enhancements, candidate experience optimization, interviewer training, and internal referral programs.
Internal Referrals	Encouraging staff to recommend candidates who align with the company's culture, which strengthens team cohesion, improves recruitment efficiency, and fosters a sense of belonging among staff.
Re-employment	Engaging individuals familiar with the company's background to enhance workforce flexibility. Clear procedures for eligibility, application, responsibilities, and benefits for re-employment have been established.
Retirement Re-hire	Retaining experienced staff who continue to add value even after retirement. With over 30 years of history, Nanhua Electronics re-hires valuable retirees to contribute further to the company's success.

## ▪ Staff Constitution

Indicator		Proportion	Years 2023
Total Number of Full-time Staff		/	> 260
Staff by Gender	Male	51.15%	133
	Female	48.85%	127
Staff by Age	≤30	31.54%	82
	31-50	62.69%	163
	5≥1	5.77%	15
Staff by Education Level	Master's and above	1.92%	5
	Bachelor's and above	29.23%	76
	Associate degree and above	23.08%	60
	High school and above	45.77%	119

## ▪ Staff Training and Development

Nanhua Electronics provides staff with diverse learning opportunities and career development paths, designing tailored and sustainable learning solutions to support personal growth and broaden career prospects.

We promote the value of “Keep Learning,” with each department offering a range of training programs. In 2023, the company enhanced its staff training initiatives, focusing on leadership development, professional skills, and general competencies. Additionally, classic training programs for new staff and managers were reinforced.

### ▪ Training System

To ensure continuous development, we have established a comprehensive training system, offering open courses for all staff and specialized programs for new hires.

Training list		
Indicator	Unit	Year 2023
In-person training hours per employee	Hours	71
In-person training attendance	Times	422
Online training hours per employee	Hours	178
Online training attendance	Times	340



### NANHUA Training System

New Staff Training	New hires	Familiarizing with company policies and culture to prepare them as future talents.
Professional Training	Engineers and technical personnel	Enhancing professional skills, expanding technical knowledge, and developing a holistic skill set that combines technical, business, and management competencies.
General Training	All staff	Building essential competencies, professional conduct, and practical workplace skills.
Safety Training	All staff	Raising awareness of safety procedures, operational skills, and emergency response to promote occupational health and safety.



▪ **Career Development**

Nanhua Electronics is committed to aligning staff interests and expertise with the company's strategic development needs. We have established a comprehensive job qualification system, clearly outlining qualification standards across various job sequences and levels, providing clear guidance for professional progression.

The company offers two development tracks: professional and managerial, fostering talent across diverse fields and supporting career success and lifelong personal growth. This approach builds a robust talent pipeline and broadens career advancement opportunities.

▪ **Staff Benefits**

Nanhua Electronics places a strong emphasis on humanistic care and has developed a comprehensive welfare system. In addition to statutory benefits, we offer a range of supplemental benefits that facilitate both professional and personal life. We extend support to staff and their families, fostering a more engaged and motivated workforce.

**NNAHUA Benefit Packages**

Statutory Benefits	Non-Statutory Benefits
Legal holidays, rest days, annual leave, sick leave, marriage leave, maternity check-up leave, maternity leave, paternity leave, bereavement leave, etc.	<ul style="list-style-type: none"><li>▪ Paid welfare leave</li><li>▪ Meal benefits</li><li>▪ Diverse cultural activities</li><li>▪ Travel allowances</li><li>▪ Health checkups</li><li>▪ Commercial health insurance</li><li>▪ Staff assistance programs</li><li>▪ Talent residency programs</li><li>▪ Visits and support for childbirth, illness, work injury</li><li>▪ Other non-statutory benefits</li></ul>
Social insurance (pension, medical, unemployment, work injury, maternity insurance)	
Housing provident fund	
Other statutory benefits	
	<ul style="list-style-type: none"><li>▪ Housing benefits</li><li>▪ Staff Activity Center</li><li>▪ Cultural benefits</li><li>▪ Commuter shuttle</li></ul>

▪ **Staff Activities**

At Nanhua Electronics, we prioritize fostering a cohesive and motivated workforce. A wide range of events is organized annually, including trips, holiday celebrations, and personal development activities.

In 2023, more than 20 events were held, such as the annual party, team-building exercises, cultural workshops, and marathons. These activities contribute to a vibrant and collaborative work culture.

▪ **Staff Care and Communication**

Staff care and communication are embedded in every aspect of the staff growth experience at Nanhua Electronics. Our competitive compensation system is complemented by comprehensive benefits and various staff activities, promoting a supportive and collaborative workplace. We actively gather staff feedback and continuously enhance the staff experience, ensuring a positive and engaging work environment.





## ▪ Staff Communication

Nanhua Electronics places high importance on actively engaging with staff, ensuring their voices and opinions are heard. We have established a range of communication channels that respect privacy while facilitating open dialogue. Through platforms such as corporate Company public account, WeCom, and other communication tools, we regularly share company values, culture, and relevant information with our staff. Additionally, feedback is encouraged via emails, WeCom, and suggestion boxes, allowing us to promptly address staff concerns and needs. The company also conducts satisfaction surveys for staff. In 2023, we conducted an online staff satisfaction survey, with 101 participants. The overall score was 3.86 out of 5, which falls between "satisfied" and "very satisfied," but leans more towards the "satisfied" side. This reflects a generally positive attitude towards the company and work, with opportunities for further improvement.

## ▪ Occupational Health and Safety

At Nanhua Electronics, the health and safety of our staff are of paramount importance. We are committed to protecting staff from occupational hazards and continuously work to mitigate health risks in the workplace. As of now, our occupational disease rate remains at zero, underscoring our dedication to maintaining a safe and healthy work environment.

## ▪ Staff Health

NANHUA Electronics places great importance on staff health benefits and provides comprehensive annual health checkup packages for all staff. The company regularly analyzes the overall report results of the previous health checks and tracks prevalent diseases, using this data to optimize and upgrade the health checkup packages to better meet staff needs. In addition, for staff in special positions, the company customizes specific checkup packages to provide more targeted health management services. In addition, Nanhua Electronics provides two days of paid sick leave per month, up to a maximum of eight days per year, ensuring that staff can rest and recover without financial burden.

## ▪ Safe Work Environment

We believe that our people are our greatest asset, and Environmental, Health, and Safety (EHS) management is fundamental to our long-term development. Nanhua Electronics complies with all relevant local regulations and operates in accordance with internationally recognized standards, including ISO 14001:2015 and ISO 45001:2018. We are dedicated to fostering

a positive EHS management culture, ensuring that all staff work in a safe, healthy, and supportive environment.

Environmental management  
systems certification:  
ISO 14001:2015

Occupational health and safety  
management systems certification:  
ISO 45001:2018



## Risk Management Procedure

### ▪ Identification

Occupational health hazards are identified based on relevant regulations, internal policies, job processes, and chemical lists.

### ▪ Management

Adopt preventive and management actions include conducting regular occupational health checkups, on-site hazard detection, posting warning signs, and providing regular management training.

### ▪ Evaluation

Staff health checkup results and hazard detection data are analyzed regularly. Third-party institutions are invited to conduct hazard factor analysis and evaluations.

## 3.2 Customer Support

### ▪ Service Quality Management

Nanhua Electronics upholds a customer-centered philosophy, requiring staff to embrace a service-oriented mindset. By ensuring that all staff understand the significance of customer service, we strive to deliver excellent services for our customers.

### ▪ Product Delivery

We develop meticulous production schedules to ensure material supply and production are on track and optimize logistics to reduce delivery times. Clear communication with customers ensures timely, accurate deliveries that meet their expectations.

▪ **Information System Updates**

The rollout of an ERP system has enhanced NANHUA data processing capabilities, speeding up internal operations and reducing response times, thereby enhancing overall user experience and work efficiency.

▪ **After-Sales Service**

High-quality after-sales service is essential to winning customer trust and loyalty. Excellent after-sales service not only increases customer satisfaction but also promotes product reputation and the sustainable development of the enterprise. Nanhua Electronics offers a 7-day return policy for non-customized products and a 14-day exchange policy, with product warranties ranging from 1 to 5 years, depending on the product category.

▪ **Project Achievements**

**Green projects**

Nanhua Electronics is committed to sustainability and environmental responsibility through active participation in green projects:

No.	Project
1	World's First UHV Photovoltaic Project
2	Dunhuang Solar Thermal and 120MW Photovoltaic Project
3	South Africa 40MW Photovoltaic Project
4	Dongying FPV Phase V 1500MW Project
5	Uzbekistan Zarafshan Wind Power Project
6	Chile La Cabaña Wind Power Project
7	Australia Clark Creek Wind Power Project
8	South Africa Phezukomova Wind Power Project
9	Guangxi Rongshui Ziping Wind Power Project
10	Shandong Bohai Offshore Wind Power Project

3.3 Supplier Collaboration

The supply chain is integral to Nanhua Electronics's pursuit of its sustainability objectives. We place significant emphasis on partner admission, management, and risk control, with the goal of cultivating an efficient, harmonious, and mutually beneficial cooperative ecosystem.

▪ **Supplier Management**

Nanhua Electronics adheres to procurement principles of "openness and transparency, fair competition, legal compliance, and good faith," continuously enhancing our supply chain management system. We have established protocols, such as the Procurement Management Control Procedure and External Supplier Management Control Procedure, to define procurement processes and supplier development requirements. These measures mitigate potential risks within the supply chain while ensuring fairness, impartiality, and transparency in cooperation.

We have implemented a specialized supplier social responsibility assessment system, which operates based on supplier performance. This system conducts comprehensive assessments of suppliers across various dimensions, including legal compliance, staff rights, health and safety, environmental protection, and business ethics. The audit standards are categorized into three categories: zero-tolerance issues, primary issues, and general issues. Zero-tolerance issues—such as forced labor, child labor, inhumane treatment, corruption, and fatal safety accidents—are grounds for the immediate termination of any cooperation.

2023

Annual supplier audit completion rate

100%

▪ **New Supplier Admission**

We integrate sustainability indicators with cost, quality, and service delivery in making comprehensive, balanced, and informed decisions regarding supplier selection. At the admission stage, suppliers are evaluated across three key dimensions:

**Environmental Indicators——**

Impact of operations, raw materials, components, and production processes on the environment

**Commercial Indicators——**

Capabilities, commitment, cost, efficiency, quality, technology, and corporate governance.

**Social Indicators——**

Labor rights, health and safety, business ethics, and conflict minerals.

3.4 Public Welfare Activities

Aligned with our corporate values, Nanhua Electronics actively participates in social welfare initiatives, delivering care and warmth through meaningful actions. We are committed to realizing social value through these endeavors.

- Supported the 2024 winter charity class for left-behind children under the "Yi Jiangnan Wuxuexi" care service series.
- Donated floodlights to the company campus for more bright illumination and nighttime safety.
- Donated linear lights to the computer room of a local primary school in Panama.
- Provided LYK emergency lights to the Shanghai Huangpu Zique Rescue Team during the Turkish earthquake.

# 4. Governance and Compliance

## 4.1 ESG Management Strategy and Governance Structure

Nanhua Electronics has fully integrated ESG management into our core business operations and strategic development. Through proactive risk management and control, we identify and respond to significant ESG risks, guiding sustainable development across all business activities. Additionally, we promote ESG values throughout our value chain to strengthen overall sustainability.

## 4.2 Stakeholder Communication

We engage actively with stakeholders, taking their expectations into account to enhance our ESG practices. Based on our business and operational characteristics, we have identified key stakeholders and established effective communication mechanisms to ensure that their feedback is integrated into our decision-making processes.

Stakeholder	Topic of concern	Way of communication
Customers	Business ethics Product quality and safety Customer service Information security	Official website, real-time communication software, user service channels, customer satisfaction surveys, social media
Shareholders	Company performance and operations Information disclosure Corporate governance	Performance reports, press releases/announcements
Staff	Labor management Staff development Occupational health and safety	Staff meetings, feedback mailbox, internal office software, staff satisfaction surveys, training, internal announcements
Suppliers	Fair competition Supply chain and procurement responsibility	Supplier meetings, negotiations, audits, training, research, technical cooperation
Regulators	Anti-corruption Corporate governance	Inquiries, policy consultations, high-level meetings, reporting procedures, on-site inspections
Community	Public welfare Emissions and hazardous substances management Biodiversity	Community and public welfare activities, social media

To better understand stakeholder evaluations and expectations regarding Nanhua Electronics's ESG management, we conduct topic analysis. This process identifies and assesses ESG topics critical to both our business development and stakeholders' interests.

## 4.3 Business Ethics

Compliance management is a critical component of Nanhua Electronic's global competitiveness. The company is committed to establishing a comprehensive, transparent compliance governance system, addressing key topics such as anti-money laundering, anti-unfair competition, and anti-corruption. By continually enhancing the standardization and effectiveness of our compliance management, we safeguard the company's long-term development and integrity.

### ▪ Business Ethics Management

Nanhua Electronics remains steadfast in upholding legal compliance and ethical business practices. The principles of legality, compliance, and ethical behavior form the foundation of our operations. Within the company's value system, "integrity and honesty" are paramount, serving as both a guiding principle and a strict requirement for all staff members. By adhering to an integrity-based business philosophy, we foster strong and trustworthy relationships with partners, customers, and the broader society.

### ▪ Anti-Corruption

Nanhua Electronics fully complies with laws and regulations, including the Interim Provisions on Prohibition of Commercial Bribery. We have developed the Nanhua Electronics Staff Handbook, which promotes ethical conduct grounded in legality, integrity, and dedication. The company takes a zero-tolerance stance on corruption, with strict enforcement of anti-corruption policies. Any violations are addressed rigorously in accordance with relevant legal standards.

### ▪ Advertising Compliance

We strictly observe regulations such as the Advertising Law of the People's Republic of China and the Interim Measures for the Administration of Internet Advertising, as well as applicable laws in the regions where we operate. Our internal teams work collaboratively to ensure advertising compliance, ensuring the content and quality of all promotional materials. We adhere to each platform's standards for advertising materials and review processes, ensuring that all content is lawful, compliant, and substantiated by appropriate legal documentation prior to publication.

### ▪ Privacy Protection and Security

Nanhua Electronics prioritizes the protection of information security and privacy. We comply with laws such as the Personal Information Protection Law of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, and the Data Security Law of the People's Republic of China. Our company continuously enhances cybersecurity, data security, and personal information protection measures, ensuring robust controls over sensitive data and privacy.

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