Ninestar

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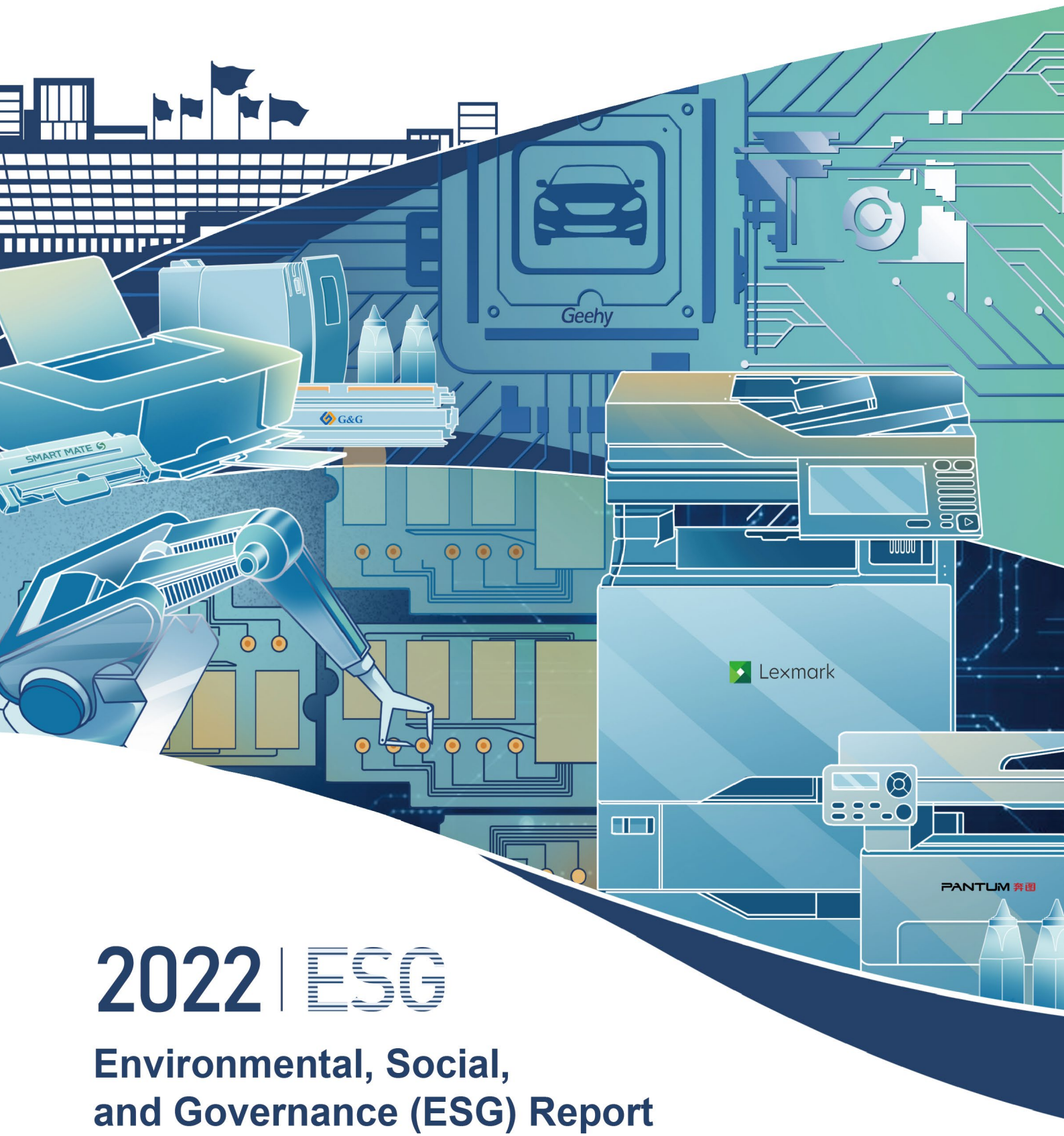

2022 | ESG

Environmental, Social, and Governance (ESG) Report

Ninestar Corporation

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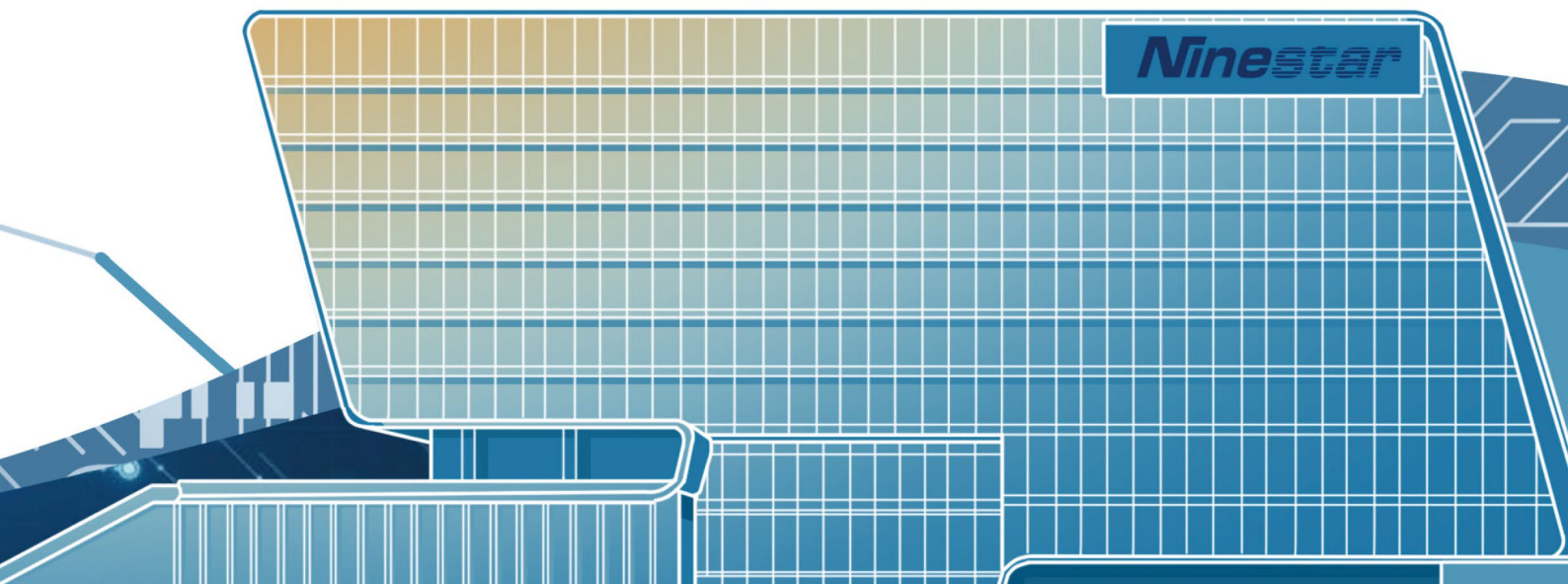

About This Report

This Report is the second Environmental, Social and Governance (ESG) Report (hereinafter referred to as "ESG Report" or "the Report") released by Ninestar Corporation (hereinafter referred to as "Ninestar", "We" or "the Company". It mainly discloses Ninestar's ESG ideas, important progress, and performance in 2022.

Basis of Preparation

This Report is prepared mainly according to the *GRI Sustainable Development Report Standards (GRI Standards)* issued by the Global Reporting Initiative (hereinafter referred to as "GRI"), the *Shenzhen Stock Exchange's Social Responsibility Guide for Listed Companies* issued by the Shenzhen Stock Exchange and other relevant standards.

Time Range

Unless otherwise specified, this Report covers the period from January 1, 2022 to December 31, 2022 and includes Ninestar and its subsidiaries.

Unless otherwise specified, the amounts involved in this Report are denominated in CNY.

Addressing and Representation

For ease of expression, "Ninestar", "the Company" and "We" mentioned in the report all refer to "Ninestar Corporation" and its subsidiaries listed in the table below.

Name of subsidiaries	Shortened Form
Zhuhai Pantum Electronics Co., Ltd. and its subsidiaries	Pantum Electronics
Zhuhai Pantum Smart Manufacturing Technology Co., Ltd.	Pantum Smart Manufacturing
Lexmark International, Inc. and its subsidiaries	Lexmark International
Ninestar Corporation Zhuhai Branch	Lexmark Consumables Business Unit
Zhuhai Ninestar Information Technology Co., Ltd.	Ninestar Information Technology
Geehy Microelectronics Inc. and its subsidiaries	Geehy Microelectronics
Static Control Components, Inc. and its subsidiaries	SCC
Zhuhai National Resources & Jingjie Pringting Technology Co., Ltd. and its subsidiaries	Ink-Tank
Topjet Technology Co., Ltd. and its subsidiaries	Topjet
Zhongshan Sanrun Printing Consumables Co., Ltd.	Sanrun
Zhuhai Kingway Image Tech Co., Ltd.	Kingway
Zhuhai Ninestar Lyman Tech Co., Ltd.	Lyman
Zhuhai Lianchuang Smart Manufacturing Technology Co., Ltd.	Lianchuang Smart Manufacturing

Data Source

All the data used in this Report is from the Company's official documents, relevant reports and statistical reports.

Availability of this Report

This Report is prepared in both Chinese and English versions. In case there is any discrepancy between them, the Chinese version shall prevail.

You can view and download the electronic version of the Report at the website of the Shenzhen Stock Exchange (www.szse.cn) and the Company's website (www.ninestargroup.com).

Feedback

Should you have any questions or feedback on this Report and contents hereof, please contact us by:

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Tel: +86(0)756-326-5238

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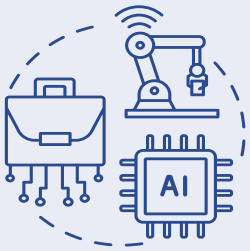
Email: sec@ggimage.com

Chairman's Statement

2022 marks the 22nd anniversary of Ninestar's establishment. In a world with momentous changes unseen in a century, we remain steadfast in the mission to "to fulfill our social responsibilities, to provide exceptional service for our customers, to help realize the dreams of our employees, to create value for our shareholders", scrupulously follow the sustainable development goals of the United Nations, and comprehensively implement new development concepts. Meanwhile, we continue to spare no efforts, and strive for innovative development. We push forward unswervingly the ship of sustainable development through challenging waves with pioneering courage and by staying true to the original aspiration and fulfilling corporate responsibilities.

Innovation-driven excellence



As the world's fourth largest laser printer manufacturer, a leading player in the global general consumables industry and an excellent integrated circuit design enterprise, we hold fast to the original aspiration of independent innovation, continue to build an echelon of R&D technical and professional talents, brave the wind and waves, and chase dreams under the vision of "To become the eminent high-tech service provider in the printer industry. To build a globally renowned trusted brand". Driven by innovation continuously, Geehy Microelectronics won the "Award for Chinese Chips Special Achievements from 2006 to 2022" as well as the "Annual Product with a Major Breakthrough in Innovation" and the "Product with Excellent Technical Innovation" honors for its products in 2022. In the meantime, we insist on the strict product quality management throughout the lifecycle, and maximize the values created for our customers with excellent products and services by capitalizing on the leading core technological strengths and the sustainable R&D ability.

Responsibilities brighten up the future

Integrating the idea of sustainable development into our business operation, we put into practice the concept of "green printing", proactively address global climate change, and make utmost efforts to produce first-rate green products. Apart from that, we take effective measures for energy conservation and emission reduction, promote the low-carbon transition, and reduce the environmental effect of R&D, design, procurement, production, logistics, recycling and other stages of a lifecycle, in a bid to achieve a virtuous cycle for enterprise development and environmental development. We won the "Award for Contribution to the Green Sustainable Development" on the International Green Zero-Carbon Festival 2022, recognizing our efforts and reinforcing our confidence in our green low-carbon development path.

Adhering to people-oriented, we fully respect and guarantee employees' rights and interests, uphold the principle of employment equity, and provide a perfect training mechanism and fair development opportunities for our employees, thus, to create a healthy and safe working environment, a democratic communication and feedback mechanism and a competitive compensation and welfare system for every employee.

With the strong sense of responsibility and mission for our country and nation, we always take the active fulfillment of corporate social responsibilities as our long-term strategy, proactively carry out charity programs to assist medical services, assist impoverished students, protect environment, etc. by leveraging on our professional advantages and superior resources, and contribute our efforts to the promotion of effective connection between the consolidation and expansion of poverty alleviation achievements and the rural revitalization. We work together with all sectors of society and make due contributions to social development.

In 2022, on behalf of Ninestar Group, I confirmed to "Ninestar Angel Care Program" of Chinese Red Cross Foundation, the donation of CNY20 million (CNY10 million of which was donated in 2022, with the remainder to be appropriated by installments) to support patients suffering from serious diseases, health intervention, education assistance, environmental protection and other relevant charity programs, so that the program, which was established in 2007, could provide support to more people in need.

Joint efforts for development

Sticking to integrity in management and scrupulously abiding by business ethics, we have built a sustainable development and management system, keep improving the corporate governance structure, and make efforts to reduce business risks, while constantly strengthening communication with stakeholders, to ensure the sustainable corporate development. In 2022, we set up the Environmental, Social, and Governance (ESG) Committee under the Board of Directors and released our commitment to sustainable development, further enhancing our sustainable development.

Suppliers are an indispensable part of our sustainable development. In accordance with the core values of "loyalty, truth-seeking, innovation and being win-win", we fulfill the Philosophy of sustainable development throughout the supply chain management process, reinforce the green procurement and the labor management, and conduct review, assessment and training of suppliers on a regular basis, empowering the upstream and downstream industry with our own practices to build a responsible supply chain. In 2022, we released the Due Diligence Policy for a Responsible Mineral Resources Supply Chain, with a view to sharing responsibility with the industry.

Bidding farewell to the extraordinary 2022, year 2023 is full of hope. Born to be focused to create excellence, we will bear our missions in mind and work with stakeholders to untiringly strive and move forward for sustainable, economic, social and environmental development.

Chairman

Wang Dongying

About Ninestar

Company Profile

Ninestar Corporation is one of the top 500 listed companies in China and a constituent of the CSI 300 Index. Focusing on the printing and imaging industry for 22 years, the Company has become the world's fourth largest laser printer manufacturer and an excellent integrated circuit design enterprise in the industry. In FY2022, the Company's revenue was CNY25.855 billion. We have achieved full coverage of the printing industry chain, with presence in more than 150 countries and regions around the world, owning several renowned brands in many industries, such as "Lexmark (利盟)", "Pantum (奔图)", "G&G (格之格)", "Geehy (极海微)", "Static Control (SCC 史丹迪)", among others.

The Company highly values technological innovation and patent development. We have 22,336 employees worldwide, 20.55% of whom are R&D staff. Our technological products include laser printers and original supporting consumables, printer master chips, printing consumables chips, printer core components, general micro control units (hereinafter referred to as "MCU"), general printing consumables, among others, with 5,618 independent R&D patents, of which 3,570 are invention patents.

Employees worldwide

Over **22,336**

R&D personnel accounts for

20.55%

Independent R&D patents

5,618

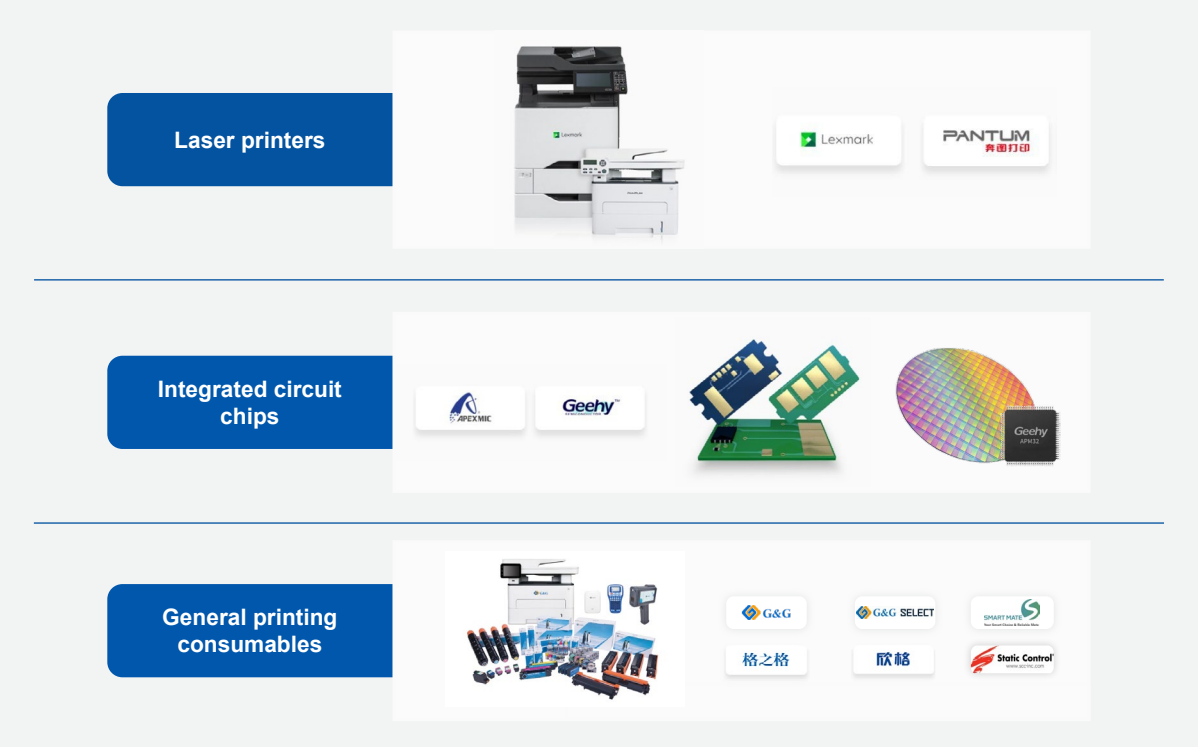
Invention patents

3,570

For more information about the Company's business operation and financial condition, please refer to Ninestar's 2022 Annual Report:

https://en.ninestargroup.com/investor-esg.html

Ninestar's Industrial Layout



Company Culture

We uphold the corporate mission "to fulfill our social responsibilities, to provide exceptional service for our customers, to help realize the dreams of our employees, to create value for our shareholders". With the aspiration to serve the country with industry development, our founders established the Company, and they believe that "only when the Company adheres to a strong sense of responsibility and mission for the country and the nation will it achieve broad and robust success and create a great brand". Therefore, while providing high-quality products and services, the Company actively participates in social welfare and environmental protection activities. In 2007, we established the "Ninestar Angel Care Program" (formerly Ninestar Angel Love Fund) to assist underprivileged children suffering from leukemia. Meanwhile, Ninestar had partnered with SEE Conservation Ecological Association to serve the cause of "green technology, extending life for the earth".

Our vision is "To become the eminent high-tech service provider in the printer industry. To build a globally renowned trusted brand". The Company upholds its core values of "loyalty, truth-seeking, innovation and being win-win". As its business expanded from compatible consumables and printers to integrated circuit chips and beyond, Ninestar has grown into a unique, dynamic and innovative technology services company.

Core Values

Loyalty	abide by laws and regulations, be honest and dedicated to work, adhere to professional ethics, and be loyal to the Company's business
Innovation	innovate boldly, keep exploring new possibilities, and seek development through innovation
Truth-seeking	be an honest person, work practically, pursue substantial results, and make achievements
Win-win	share difficulties and success together, and recognize "competition before winning awards"

Achievements in 2022

Responsibility Indicators

Economic indicators

Operating revenue	Net profit attributable to shareholders of the parent company	Taxes paid
25.855 Billion	1.863 Billion	1.192 Billion

Social indicators

Total number of employees	Total number of employees trained	Total employee training duration
22,336	11,869	94,717 Hours

Total duration of occupational health and safety training	Total investment in employee training	Total investment in social assistance
23,759 Hours	5.76 Million	10.1849 Million

Environmental indicators

Total water usage Ton

404,637.35 Ton

Total greenhouse gas (GHG) emissions (including Scope 1 and Scope 2)

22,113.93 tCO_2e

Overall energy consumption intensity

0.008553 tCO_2e/CNY10,000 revenue

Overall energy consumption

4,877.90 tce

GHG emission intensity

0.001887 tce/CNY10,000 revenue

Honors and Awards

Ninestar won

Golden Bull Award for Investor Relations Management

China Securities Journal

Ninestar won

Award for Public Company Board Office Excellent Practice

China Association for Public Companies

Ninestar was ranked among

the China Top 500 Private Manufacturing Enterprises in 2022

All-China Federation of Industry and Commerce (CFIC)

Ninestar won

the first "Zhuhai Charity Award" for the Most Caring Charitable Donation Enterprise

Zhuhai Civil Affairs Bureau

Ninestar won

the 2022 Green Sustainable Development Contribution Award

International Green Zero-carbon Festival

Ninestar won

the title of "Green Leading Enterprise"

China Environmental United Certification Center (CEC)

Lexmark International received

EcoVadis Sustainability Platinum rating

EcoVadis

G&G won

the Outstanding Awareness Campaign Award

RT Media

ESG Governance

ESG Management

ESG Concept

Ninestar has always upheld the enterprise mission "to fulfill our social responsibilities, to provide exceptional service for our customers, to help realize the dreams of our employees, to create value for our shareholders", continues to strive for sustainable development, and incorporates it into enterprise sustainable development on all fronts. We are committed to integrating the sustainable development idea into various aspects such as the products, environment, employees, partners, and social impacts throughout all business segments. Moreover, we devote ourselves to developing sustainable development management systems and continuously strengthen the communication with the stakeholders, ensuring sustainable operation and development of the Company from top to bottom and from the inside to outside.

The sustainable development is an integral part of the long-term development of the Company, and the Company constantly improves the ESG governance structure, perfects the review and decision-making process of ESG matters, standardizes the management and implementation of ESG issues of each department, and optimizes ESG information integration. In addition, the Company persists in enhancing the communication with the stakeholders, creates long-term value for stakeholders, and ensures the sustainable development of the Company.

ESG Management Structure

The Board of Directors of the Company has set up the fifth committee consisting of six directors - environmental, social and governance (ESG) committee in December 2022 on the basis of original Strategy Committee, Remuneration and Evaluation Committee, Audit Committee, and Nomination Committee, so as to enhance the management ability of the Company in environmental, social and governance aspects and promote the sustainable level of the Company. The committee is mainly responsible for formulating the Company's sustainable development goals and development plans, monitoring the operation of the sustainable development systems of each business sector, and providing suggestions and solutions in terms of the sustainable development performance. In the meanwhile, the Company set up an environmental, social and governance (ESG) project team to be responsible for arrangement, planning, implementation and supervision of ESG department of the Company.

ESG governance bodies	Composition of the body's members	Division of responsibilities
ESG Committee	Chairman/ Director Independent directors (at least two) All directors	• Research and formulate the ESG strategic planning, management structure, systems, strategies and detailed implementation rules etc. of the Company, ensuring the continuous execution and implementation of the Company's ESG • Be responsible for and satisfy the needs of the ESG-topics-related resources allocation including human resources, financial and natural resources • Be responsible for formulating the key performance indicators of the Company's ESG. Propose evaluation suggestions based on the results of executing management's sustainable development affairs and the actual situation of the performance goals • Review the ESG-related disclosed documents including but not limited to Annual ESG Reports • Focus on the ESG-related risks of the Company and put forward the corresponding strategies • Check the implementation of the above items • Manage other affairs authorized by the Board of Directors

ESG governance bodies	Composition of the body's members	Division of responsibilities
ESG project team	Team leader of ESG project team- Director and Executive Senior Vice president, Wang Yonghua	• Arrange the preparation of ESG Report • Be responsible for formulating the ESG development strategies • Be responsible for formulating the ESG development goals and monitor the achievement of the goals • Adjust the Company's resources to support ESG • Review and approve the ESG-related policy documents • Review and approve annual ESG working plans and implementation programs • Regularly report the ESG-related significant events to the Board of Directors • Review and approve other ESG-related significant events of the Company
	Deputy team leader of ESG project - Leader of each business unit	• Develop policy documents related to ESG management systems and specify the management and control duties of the ESG information process • Develop ESG annual working plans, phased targets and implementation plans • Arrange the employees for ESG work • Plan the special tasks such as work governance, information disclosure, media's relations, brand management and social welfare required for ESG development • Supervise the implementation progress of ESG work • Regularly identify, trace and research external changing trend of the ESG policy. Organize and conduct internal publicity training • Regularly report to the team leader of ESG project
	Members of ESG project team	• Record, collect and submit the ESG-related information • Engage in preparing and reviewing the ESG report and give a timely reply to the questionnaires from the rating agency • Implement phased programs. Complete special tasks of ESG development • Regularly follow up on the progress of ESG work. Identify, assess and report the ESG-related risks • Organize and implement the daily management jobs such as ESG-related research, training, communication and publicity • Be responsible for promoting the ideas and measures beneficial to the Company's ESG in daily work

Stakeholder Communication and Engagement

The Company always devotes itself to the mutual communication with stakeholders. We protect the stakeholder's right to know and the right to participate by establishing an effective communication mechanism. While increasing the stakeholders' awareness and recognition of us, we integrate their expectations and concerns into the operational management and practices of the enterprise. We also enhance the trust and cooperation between the stakeholders and us. During the report period, 55 General Meetings of shareholders, Board of Directors, Supervisory Committee and professional committee meetings of the Company were held in total, 251 proposals were reviewed all over the year. The Company openly disclosed eight investigations on the investor and over 395 investment agencies engaged in the investigation online and offline. The number of the investors engaging in the investigations reached more than 1,000. The Company accepted over 10 investigations by investment agencies. A total of seven seller agencies were contacted closely in the whole year, including Orient Securities, Soochow Securities, Essence Securities, CICC Securities, CITIC Securities, Huatai Securities and Guosheng Securities etc.，and a total of 67 research reports and commentaries were published.

Category of stakeholders	Demands and expectations	Certain communication and response methods
Government and regulators	• Implementation of macro policies • Employment promotion • Lawful and compliant operation • Enterprise's sustainable development	• Strictly abide by the laws and regulations of each place where we operate • Conduct integrity management and pay taxes in accordance with the law • Participate in the policy and plan research and formulation • Accept supervision and assessment • Lean management and sustainable development
Investors	• Continuous value creation • Prevention of operation risks • Protection of shareholders' rights and interests • Good information disclosure • Corruption-free business environment	• Comply with relevant laws and regulations • Hold general meetings of shareholders • Regularly disclose operating and financial information • Regular and daily communication with investors • Strengthen the compliance and internal control system
Employees	• Protection of basic rights and interests of employees • Employee care • Occupational health and safety • Employee training and occupational development	• Establish a fair and just remuneration system • Care about special employees • Strengthen the construction of occupational health and safety management system • Establish a long-term talent training mechanism • Conduct employee satisfaction surveys

Category of stakeholders	Demands and expectations	Certain communication and response methods
Consumers	• Information security and privacy protection • High-quality products and services • Localized products and services	• Strengthen the information security and privacy protection measures • Develop the quality management system and smooth service network • Keep consumer feedback channels open • Conduct the product satisfaction survey and feedback • Cultivate the local market, and continue the technological innovation
Suppliers	• Open, fair and just procurement • Insist on integrity management • Long-term and stable cooperation • Support the supplier growth	• Establish fair and transparent procurement principles and processes • Advocate the responsible supply chain • Carry out ESG management of supply chain • Carry out regular communication with and training of suppliers
Distributors	• Win-win cooperation • High-quality products and services • Abide by business ethics	• Expand cooperation and exchange channels • Keep product and service feedback channels open • Strictly comply with laws and regulations of each place where we operate • Strict review and certification
Partners	• Conduct cooperation • Responsible products • Product optimization and innovation • Business ethics and anti-corruption	• Strengthen the industry-university-research project cooperation • Provide support to teaching in universities • Enhance the product innovation consciousness • Keep regular or irregular communication
Media	• Response to public opinions • Information publication	• Strengthen the public opinion monitoring • Maintain communication with the media
Social public	• Strengthen the communication and exchange • Support the public welfare	• Keep the communication channels open • Organize social welfare activities and volunteer activities

Identification and Analysis of Material Issues

Identification and Analysis of Material Issues

In accordance with GRI Sustainable Development Report Standards and MSCI-ESG rating, we identified the material ESG issues of Ninestar for this year, taking into account the Company's business model, the industry development trend, national policy guidance and the peers' situation.

In 2022, the operational business and sustainable development management system of this year had no significant changes. Accordingly, taking into account various material issues assessment standards and actual business and daily operational situation of 2022, based on GRI Standards and with reference to MSCI-ESG Rating and by benchmarking against peer standards in the printer industry, we reviewed and assessed ESG material issues of 2021, after which we decided to continue to use the analysis results of the material issues of 2021 as a basis for preparing the Report and disclosed them as a focus in the Report.

1 Identification of issues

Based on the original investigation on the stakeholders, in combination with Company's products, services and business operation information, referring to GRI Standards, MSCI-ESG Rating Indicators, Sustainable Development Goals of the United Nations and suggestions from external institutions, and taking into account the excellent peer sustainability reports, we have identified 14 material issues in three major categories of environment, society and governance.

2 Investigation of stakeholders

To convey sustainable development progress of Ninestar to external stakeholders in a timely and accurate manner, we renewed the material issues library according to the stakeholder's investigation basis adopted in 2021, GRI Standards, MSCI-ESG Rating Indicators and peers' practices etc. We formed and clarified points of concern from the capital market information library. At the same time, we identified and determined the material issues concerned in printer industry and how stakeholders respond when benchmarking the sustainable development report of the excellent national and international peers.

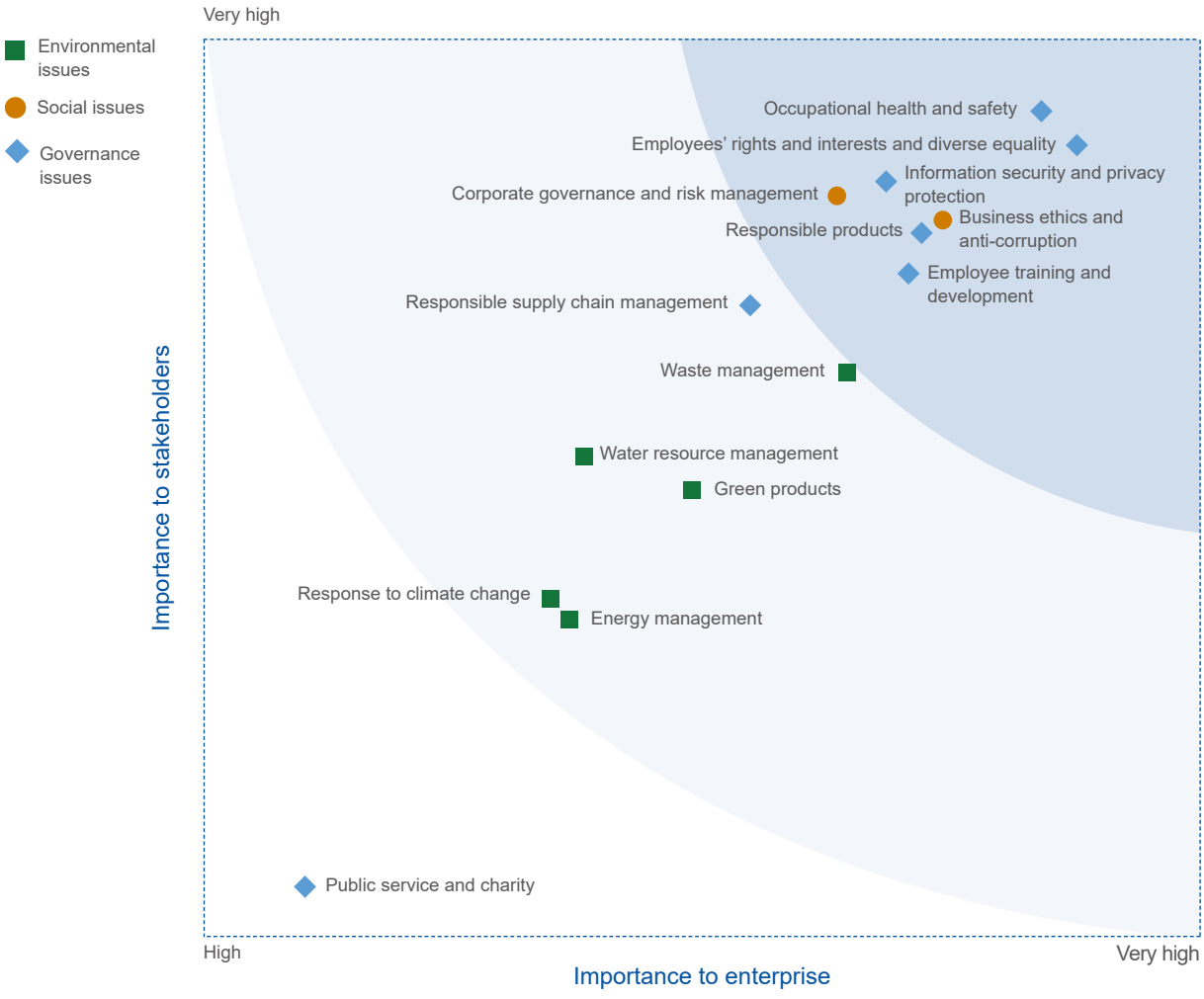
3 Importance analysis

Based on the score of different key issues given by stakeholders, we ranked the ESG issues from two dimensions of "importance to the Company" and "importance to stakeholders", and drew up a matrix of material issues.

Material Issue Matrix

Issue concern	Rank	Category	Issues
Highly important issues	1	Social	Employees' rights and interests and diverse equality
	2	Social	Occupational health and safety
	3	Governance	Business ethics and anti-corruption
	4	Social	Responsible product
	5	Social	Privacy and information security
	6	Social	Human capital development
	7	Governance	Corporate governance and risk management

Issue concern	Rank	Category	Issues
Moderately important issues	8	Environmental	Waste management
	9	Social	Responsible supply chain management
	10	Environmental	Green product
	11	Environmental	Water resource management
	12	Environmental	Energy management
	13	Environmental	Response to climate change
Generally important issues	14	Social	Social welfare



01

Responsible Governance and Steady and Far-reaching Development

Material issues

- Business ethics and anti-corruption
- Corporate governance and risk management

Indicators in the chapter

Response to SDGs Indicators

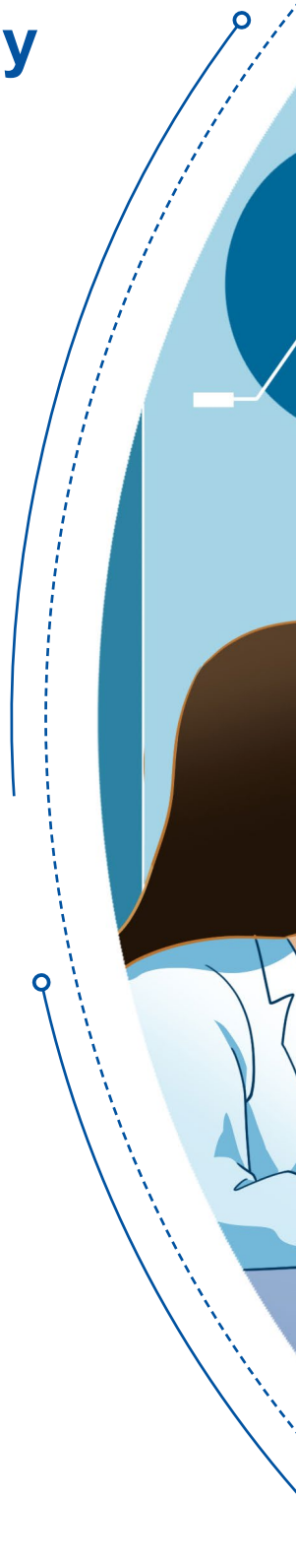
Response to GRI Indicators

GRI 2: 9-10, 12-14, 16, 22, 29

GRI 205

GRI 206

Ninestar is committed to creating an enterprise with compliant and good-faith operation. We focus on business ethics, integrity and anti-corruption development and continue to improve the corporate governance systems. Besides, we also strengthen our risk management abilities to maintain a long-term, stable and healthy development.



Regulation of Corporate Governance

Focus on Corporate Governance

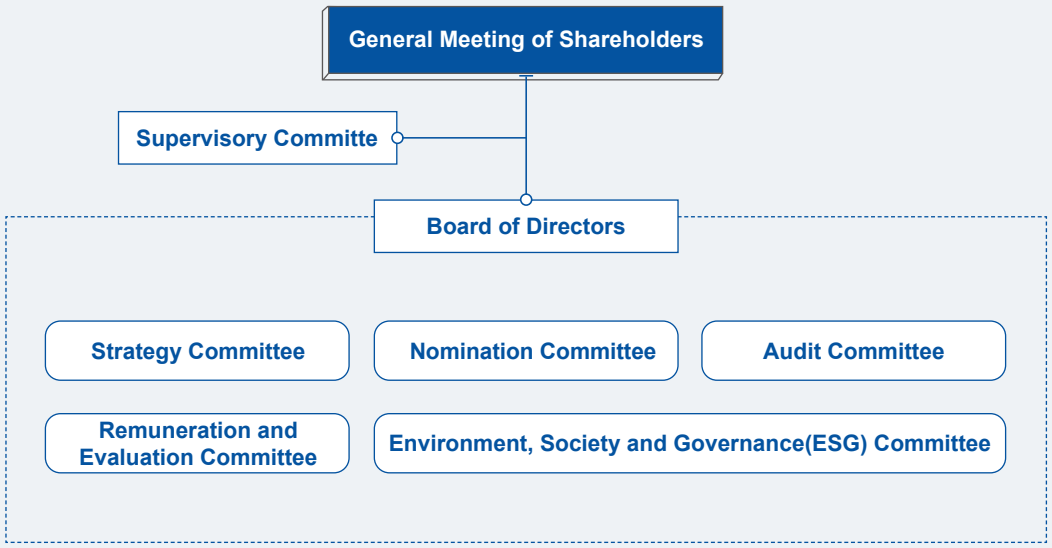
Ninestar attaches importance to the regulation of corporate governance, strictly follows *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Regulations on Corporate Governance of Listed Companies*, *Stock Listing Rules of the Shenzhen Stock Exchange*, *Guidance of Shenzhen Stock Exchange No. 1 for the Application of Self-Regulation Rules for Listed Companies - Standardized Operation of Main Board Listed Companies*, and relevant regulations of regulatory authorities such as the CSRC, and effectively implements *the Articles of Association*, *Rules of Procedure for General Meeting of Shareholders*, and other internal systems, so as to continuously improve the governance structure of the Company, perfect the internal control system, actively regulate the operation of the Company, strive to reduce risks and ensure the effective operation of the corporate governance structure.

The Company has set up the Strategy Committee, Remuneration and Evaluation Committee, Audit Committee, Nomination Committee and Environment, Society and Governance (ESG) Committee under the Board of Directors. Each professional committee performs its own duties, fulfills its responsibilities carefully and cooperates with each other to fully ensure the rationality and efficiency of operation decision-making. During the Reporting Period, the Company held 14 meetings of the Board of Directors, 11 meetings of Supervisory Committee and eight general meetings of shareholders in total.

The Company held **14** meetings of the Board of Directors

11 meetings of Supervisory Committee

8 general meetings of shareholders in total



Compliant and Good-Faith Operation

As a corporate citizen abiding by laws and regulations, Ninestar holds the opinion that compliance and discipline is a prerequisite for the development of the Company. We always keep our duties and obligations in mind, as well as adhere to fair trade and management with integrity. Through continuous improvement of the corporate compliance management systems, we promote the compliance management and good-faith operation practically so as to convey the concept of enterprise management compliance to all walks of life.

Basis of compliance system

The Company strictly abides by *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China* and other laws, regulations and regulatory requirements, and has established and strictly implements compliance management systems including the *Corporate Governance Long-Effective Mechanism and Internal Management System*, *Contract Management System*, *Intellectual Property Rights Management System* and *Social Responsibility System*, so as to consolidate the system foundation for enterprise management according to law.

Compliance management mechanism

Ninestar has established the compliance management system from top to bottom. The Legal Management Department of the headquarters coordinates the legal compliance management of the Company. The legal departments at different levels strictly control the high-risk business areas in the process of enterprise operation in combination with operation management practice, carry out targeted compliance risk management, actively participate in the compliance audit, guidance and supervision in such aspects as contract management, intellectual property rights risk management and data compliance management. To build an effective compliance management mechanism, the Company will also conduct compliance audit regularly, and carry out compliance risk management in advance. In 2022, the Company conducted compliance reviews on product packaging, publicity materials and rules and regulations etc. And the corresponding rectification measures were taken for the identified risks.

Compliance information disclosure

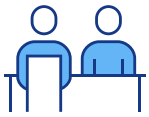
Ninestar adheres to the concept of transparent and open information and strictly abides by relevant laws, regulations and regulatory requirements. During the Reporting Period, we carefully performed the information disclosure obligation and ensured the truthfulness, accuracy, completeness and timeliness of information disclosure, without false records, misleading statements or major omissions, to fully guarantee the compliance of information disclosure. In 2022, we issued 242 regular announcements and interim announcements in total.

We issued **242** regular announcements and interim announcements in total

Compliance training culture

In 2022, Ninestar held multiple compliance training sessions and law publicity activities, provided courses such as classic case interpretation, important laws and regulations and important concepts interpretation for employees, and carried out labor employment training and information compliance training in the practical operation process of research and development comprehensively at multiple levels. We deeply strengthened the cultural concept of compliance and good faith, strengthened the compliance awareness of all employees, standardized and promoted the legal and compliant operation of enterprises at different levels.

During the Reporting Period, Ninestar carried out six compliance training sessions about *Enterprise Compliance* and *Data and Personal Information Compliance* in total, with 564 person-times.



Ninestar carried out **6** compliance training sessions with **564** person-times

Focus on the Board Diversity

Ninestar highly values the diversity of board members. We fully consider diversified factors to appoint the members of the board, including but not limited to gender, age, specialty, experience, culture and educational background. As of December 31, 2022, Ninestar has nine board members, including three independent directors. Nine directors have rich industry experience, and two directors are experts of finance management with professional financial risk management background.

Profile of Board members of Ninestar Corporation in 2022

Name	Independent director or not	Age	Commencement date of employment	Expiration date of employment	Number of the boards of listed companies where the director served (including Ninestar)	Key capabilities / focus areas
Wang Dongying	No	57	October 17, 2014	September 14, 2025	1	Strategy development / corporate governance / talent development
Zeng Yangyun	No	59	June 15, 2022	September 14, 2025	1	Corporate operation / technical consulting
Kong Dezhu	No	57	January 11, 2022	September 14, 2025	1	Corporate operation / business management
Wang Yonghua	No	53	September 15, 2022	September 14, 2025	1	Public relations / financial management
Zhang Jianzhou	No	56	September 9, 2014	September 14, 2025	1	Corporate operation
Meng Qingyi	No	34	May 18, 2022	September 14, 2025	1	Strategy consulting
Tang Tianyun	Yes	63	August 27, 2019	September 14, 2025	2	Financial management / risk management
Xiao Yongping	Yes	57	September 9, 2021	September 14, 2025	3	Legal consulting /risk management
Wang Guoyou	Yes	58	September 9, 2021	September 14, 2025	1	Artificial intelligence and automation

Protection of the Rights and Interests of Minority Shareholders

Ninestar fully respects the rights and interests of all shareholders and attaches particular importance to safeguarding the equal status enjoyed by minority shareholders. In accordance with the *Articles of Association* and *Rules of Procedure for General Meeting of Shareholders*, the Company ensures the truthfulness, accuracy, completeness and timeliness of information disclosure, and discloses relevant information via specified channels, so as to safeguard the legitimate rights and interests of corporate shareholders, especially minority shareholders.

In addition, we also publish an announcement according to the relevant information disclosure requirements of the stock exchange before convening a general meeting to disclose the matters to be deliberated at the meeting as well as the date and venue of the meeting. The general meeting adopts a method of on-site voting and online voting in combination to ensure that all shareholders can fully exercise their rights. Meanwhile, it discloses the results of separate vote counting from minority shareholders in the announcement of resolutions of the general meeting for relevant proposals involving separate vote counting from minority shareholders, to fully reflect the opinions of minority shareholders. Ninestar also strengthens the communication with investors and keeps the communication channels open by telephone consulting, receiving the visiting investors and roadshows, to fully respect and protect the rights and interests of minority shareholders.

Strengthening Risk Control

Ninestar attaches importance to the corporate risk management, has set up internal audit departments to check and supervise the establishment and implementation of internal control systems in the Company. Besides, the internal audit department regularly reports to the Audit Committee, and is responsible to the Audit Committee. We continue to optimize our management processes, improve our management systems and enhance our risk control capabilities and levels through standardized management, regular assessments, special governance and multi-level trainings.

Standardized management

Ninestar has developed various standardized management systems applicable to Ninestar and each holding subsidiary, shareholding subsidiaries and branches with significant impacts according to *Venture Investment Management System* and *Internal Audit System*; Ninestar continues to improve the "corporate business unit operation evaluation risk map" based on the cases and special audit projects.

Regular evaluation

Ninestar carries out overall risk evaluation of the Company annually and develops risk response measures; the Audit Committee quarterly reviews the relevant work of internal audit in the Company and makes a report to the Board of Directors.

Specialized governance

Ninestar establishes a special communication and handling mechanism for major matters, major business segments, and major holding subsidiaries, carries out special risk management, and implements off-office audit and integrity audit.

Muti-level trainings

Ninestar carries out risk control trainings for all functional departments of the headquarters, and relevant departments of the subsidiaries at different levels.

Case | Carry out risk control training and improve the risk prevention and control awareness of the business employees

In October 2022, Ninestar carried out a risk prevention and control training for relevant business employees of the Company. The training was mainly "A brief analysis of project risk control and contract-signing knowledge". 100 people engaged in the training in total, for which the risk prevention and control awareness of the business employees of the Company was raised effectively.

Surrounding the Company's operation and control, Ninestar has established annual internal control audit plans guided by the risks, and annually conducted operation management and specialized internal control audit on each branch and subsidiary. The business operation evaluation risk map and risk lists were drawn and the audit reports were output simultaneously. In 2022, we mainly focused on the risk of the inventory management, costs control, from which we found that the inventory of certain units increased and procurement costs of materials were higher. After the internal audit department made corresponding tips for the risks, each business department determined tackling measures and developed supervision mechanisms and control measures in terms of inventory and purchase costs so as to actively respond to the risks. In 2022, the Company implemented 18 internal control audits and reflected 24 problems, which positively promoted and followed up on the rectification as well as prevented the risks effectively.

Business Ethics and Anti-Corruption

Management mechanism

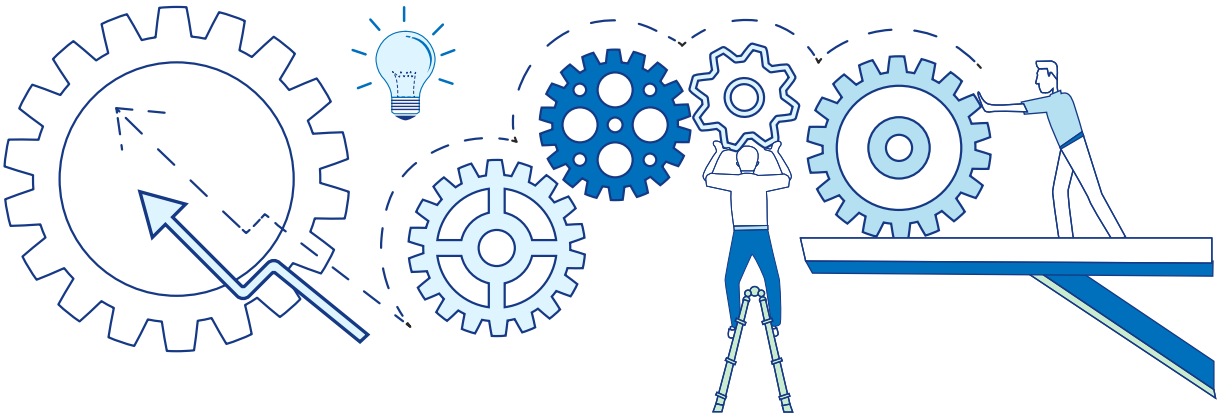
Ninestar upholds the corporate values of "loyalty, truth-seeking, innovation and being win-win", strictly abides by *Company Law of the People's Republic of China*, *Anti-Monopoly Law of the People's Republic of China*, and *the Interim Provisions on Banning Commercial Bribery* issued by the State Administration for Industry and Commerce, as well as other laws and regulations related to construction of integrity. It has established *Employee Integrity and Self-discipline Regulations*, *Procurement Management Regulations*, *Supplier Management Regulations* and other internal systems for all the employees and suppliers. It also abides by the *Business Social Compliance Initiative (BSCI) Code of Conduct* and is committed to maintaining the highest standards of business ethics conducts in all aspects of business operations.

Business ethics management structure

The Audit Committee under the Board of Directors is responsible for supervising and managing the promotion of the corporate business ethics and the anti-fraud control. The Company has set up internal audit departments. The internal audit team is responsible for supervising the development of the Company's business ethics, assisting in improving the anti-fraud mechanisms, and identifying the key areas, key links and main content for the anti-fraud effort. And it reports to the Audit Committee quarterly.

Business ethics management mechanism

Ninestar strictly observes the *Anti-Monopoly Law of the People's Republic of China*, the *Interim Provisions on Banning Commercial Bribery* and other laws and regulations, abides by business ethics, builds a clean and honest corporate culture, and adopts an attitude of "zero tolerance" towards any form of corruption behaviors. We take the initiative to observe BSCI Code of Conduct and don't engage in any corruption, extortion or any form of bribery. Ninestar prohibits employees from accepting any commission, donation and sponsorship in the Company's operation activities, prohibits any employee from making facilitation payments to accelerate or ensure the normal government actions, and also prohibits any form of political donations, or any form of donation or sponsorship towards organizations supporting illegal activities or violating international conventions, organizations supporting terrorist activities or organizations with religious, gender or other discrimination.



Regular implementation → Regularly conduct anti-corruption audits on procurement-related business for key business departments and subordinate enterprises each year.

Key focus → Conducted ethics standards audits 18 times in 2022 on key posts in all branches and subsidiaries of operation places, such as procurement, research and development and engineering through the Company's IT management system; conduct off-office audit and implement integrity audit at the same time.

Muti-dimensional coverage → For employees, we require all employees to abide by *Employee Integrity and Self-discipline Regulations*; for all suppliers, we have formulated *Agreements on Abiding by Business Ethics*. In addition to requiring all suppliers to sign the agreements, we also require suppliers to prepare a policy system related to business ethics and anti-corruption to guarantee honest cooperation. The relevant agreements will be filed and managed in the filing system by the Office of the Chairman after being entered into. In 2022, we achieved 100% signing rate of integrity agreements.

In 2022, we achieved **100%** signing rate of integrity agreements

Specialized training → Actively conduct various integrity culture construction activities, organize and conduct special training related to anti-corruption and business ethics promotion for all the regular employees including the management, special posts and ordinary employees. In 2022, 10 special training related to anti-corruption and business ethics promotion were held for all employees in total.

10 special training related to anti-corruption and business ethics promotion were held for all employees in total.

To standardize the occupational codes of all employees especially the directors, supervisors, middle and senior management, employees in key positions, we set up a work style of integrity, diligence and dedication to work. In 2022, the Company has formulated *Ninestar Anti-bribery and Anti-Corruption Management System* applicable to Ninestar and employees of each subsidiary, branch and publicly published it on the website of the Company. We also have formulated detailed regulations and policy requirements for the duty classification, management regulations, penalty mechanisms including anti-bribery, anti-corruption, reporting management and whistleblower protection etc. to further standardize the values and behaviors in terms of the compliant operation, business ethics and social responsibilities of the Company. In addition, the regulations were established for enhancing the management of anti-corruption and preventing behaviors harmful to the Company and the shareholders' benefits. The system clarified the anti-corruption duties of the Board of Directors, management, human resources department and internal audit department, and further improved the internal control management mechanisms. The Company will treat the employees violating the systems according to Article 13 of *Awards and Penalties System for Employees' Behaviors*. In the meanwhile, the Company opened a reporting channel via email. Anyone is encouraged to report the conducts suspicious of violating or having violated the system and strictly obey the codes of conducts of integrity and self-discipline.

Board of Directors	• Be responsible for urging the management to build an anti-bribery, anti-corruption and anti-fraud cultural environment. Establish and improve the internal control systems including anti-fraud system; • The Audit Committee will guide and monitor the anti-bribery, anti-corruption and anti-fraud work.
Management	• Be responsible for building, improving and effectively implementing internal control to decrease the bribery, corruption and fraud behaviors and adopt proper and valid remedies for bribery, corruption and fraud behaviors; • Receive supervision by the Audit Committee and Board of Directors
Human resources department and internal control department	• Human resources department and internal control department are the standing bodies for anti-bribery, anti-corruption and anti-fraud work of the Company and are responsible for the implementation of the anti-bribery, anti-corruption and anti-fraud work of the Company and its subsidiaries.

The Company also actively conducts business ethics and anti-corruption trainings for employees when well managing its own systems construction. With case teaching, online teaching, excellent enterprise communication and other methods, a centralized lecture is conducted for key positions quarterly, with topics covering multiple aspects such as why we need honesty in work, how to achieve honesty in work, common situations of corporate corruption, and corruption that harms others and harms oneself. The lecture enhanced employees' integrity awareness and made them always keep in mind the company's integrity system to prevent corruption from occurring. In 2022, no lawsuits filed for corruption in Ninestar happened.

2022 annual key performance

This year,

10 anti-corruption trainings

were held in total

Average training duration was

10 hours

500 person-times

were trained

Reporting System

Reporting channels

Aiming to create an honest enterprise culture atmosphere, the Company encourages the real-name reporting of violations and suspected violations of integrity and self-discipline in accordance with *Ninestar Anti-Corruption Management System*. After the case is established with the reporting clues by the human resources department, the reporters will be given rewards.

Ninestar has set up a standardized reporting management process and public reporting channels, sufficiently respects and guarantees the smoothness of the reporting channels. The audit team of planning department is responsible for the management of report processing, makes a timely record and reports it to the superior after receiving the report information, establishes and implements the standardized reporting handling process.

Ninestar's reporting handling process

Reporter protection

The Company newly formulated and disclosed *the Ninestar Anti-bribery and Anti-Corruption Management Systems* on the official website. The Company undertakes that it will fully protect the reporter's personal information and the legal rights to protect the reporter from being framed and retaliated. We require that the name, company, department, position and contact etc. of the whistleblower or the reporter can be only used when we investigate and get evidence from the whistleblower or the reporter or inform the whistleblower or the reporter of the handling results. It is not allowed to use in any other situation, and it is particularly prohibited to disclose to the respondent or the person being reported. For the acts infringing the reporter's legal rights and interests, the Company will impose dismissal, termination of employment or other means. And any violation of the law will be subject to transfer to the judicial authority for legal treatment.

Public channels of anti-corruption reporting

- Fax: (0756) 8539856
- Hotline: (0756) 6258010
- Contact: Li Chen
- Email address for reporting: lisa.li@ggimage.com

02

Ingenuity in Technology Creates Excellence

Material issues

- Responsible products
- Privacy and information security

Indicators in the chapter

Response to SDGs Indicators

Response to GRI Indicators

GRI 416

GRI 418

Ninestar always upholds the core values of "loyalty, truth-seeking, innovation and being win-win" to ensure the product safety and quality. We are devoted to "becoming a leading technology service company in printing industry and building a globally renowned brand" by innovating and promoting the high-quality development and providing the clients with sincere and professional service.

Spare No Efforts to Create the Best Quality

Quality Management System

Ninestar strictly observes *the Product Quality Law of the People's Republic of China* and other related laws and regulations, as well as national standards such as the Quality Control System (GB/T 19001-2016). The Company has formulated several internal documents such as *the Quality, Environment, Occupational Health and Safety Management Handbook* and *Total Quality Management System*. Each subsidiary has further formulated internal quality management systems such as *Product Mass Production Quality Management Procedure, Product Inspection Specification, Laser Product Inspection Specification* and *Quality Accident Classification* according to the actual situations. The systems stipulate the product quality control process in the trial production, inspection and mass production stage to ensure the consistence and stableness of the product and fully promote the quality management ability of the Company.

Product quality safety documents of Pantum Smart Manufacturing

Management scope	Document title
Quality management system	• System management manual
Procurement and supplier quality management	• Recognition and management regulations on Production Part Approval Process (PPAP) • Supervision and management regulations on supplier quality • Management regulations on supplier 4M1E[1] change
Production management	• Control procedures for production process • Supplier quality management procedures (hereinafter referred to as *HSF Management Procedures*) • Management regulations on the process 4M1E change
Product environmental management	• Product environmental management specifications
Quality inspection	• Management regulations on process inspection • Management regulations on incoming materials inspection • Process failure mode and effect analysis management procedures • Management regulations on routine inspection • Management regulations on confirmation inspection • Management regulations on final inspection
Certified product management	• Management regulations on certified product's consistence
Unqualified product management	• Control procedures for unqualified and corrective prevention measures

Case | Pantum Electronics continues to improve the quality management systems

In 2022, Pantum Electronics continued to improve the quality management systems, increased the maturity of the new product introduction process management and significantly shortened the cycle time of the stable product quality; the Company set up the evaluation rules for the benchmark line bodies, conducted benchmark line body flow evaluation activity and organized the employees to learn and promote the excellent on-site management experience; the Company continuously carried out the Quality Month activity, empowered the organization quality awareness, improved the ability and consolidated the basic management of the organization. It conducted special failure mode and effects analysis and reliability verification (including failure detection test and stress limit identification test) for new technologies, processes, and parts. Also, Pantum Electronics identified and improved the weakness of the product in advance, studied and updated reliability tests/verification standards, and improved the reliability quality of new products based on the reliability test objectives and market failure cases. Through improving the quality management system, we have successfully achieved a 20% increase in the pass rate of incoming batches of parts and components in inspection, a 30% reduction in the defect rate (PPM value of defective products) among millions of core parts and components on-line, a 20% reduction in the dead-on arrival rate (DOA), and a 20% reduction in the in-warranty failure rate, our quality and safety capabilities have been effectively improved.

[1] Man, Machine, Material, Method, Environment

Quality management certification

Ninestar gained quality management certification in each business and the subsidiaries all gained the ISO 9001 quality management system certificate. In integrated circuit business, Geehy Microelectronics passed ISO 26262 function security management system certification, EU Electromagnetic Compatibility (CE-EMC) certification, Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive (RoHS) (hereinafter referred to as "RoHS"), Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) (hereinafter referred to as "REACH"), and the relevant hazardous substances were tested as qualified. In addition, Geehy Microelectronics passed new AEC-Q100 vehicle gauge reliability verification, IEC 60730, IEC 60335 certification, and international safety standard CE certification this year. In the printer business, Pantum Electronics' laser printer products have passed product certifications related to electrical safety, electromagnetic compatibility (EMC), and energy efficiency in 42 countries and regions. Ninestar Information Technology has passed STMC certification, IECQ certification, and a Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment (CNAS). Being the only company in the consumables industry to receive CNAS certificate embodies the professional level of Ninestar Information Technology's quality control system.

The quality management certificate of subsidiaries of Ninestar

Geehy Microelectronics

REACH Certificate

RoHS Certificate

IEC 60730 Certification

ISO 26262 Certification

Ninestar Information Technology

STMC Certification

IECQ Certification

Laboratory Accreditation Certificate from the China National Accreditation Service for Conformity Assessment

Pantum Electronics

CITC Certification

FCC Certification

SMARK Certification

NBTC Certification

Quality Risk Management

By referring to the systematic method guidelines of ISO 9001, we formulated internal systems such as *Quality Risk Assessment Process* and annual quality work plans. The product quality risk prevention and control of each process was achieved by whole process management of audit and quality.

All subsidiaries of Ninestar conduct annual audit on the operation control, promote and follow up on the rectification results according to the results in order to ensure the prevention and control of the quality risks. Among the subsidiaries, Pantum Smart Manufacturing audits the quality in terms of the aspects such as process, internal Electro-Static Discharge (ESD) of the production line. The consumables business department of Lexmark audits the device development, usage, management and disposal process, and two internal audits and three external audits were conducted this year, all of which were in conformity to the requirements. In 2022, we carried out 16 internal quality audits at the Company level and conducted five quality audits by the third parties. Meanwhile, the products produced by Ninestar and its subsidiaries all passed the random quality supervision and inspection of office equipment and consumables by Zhuhai Municipal Market Supervision and Administration Bureau in 2022.

In 2022, we carried out **16** internal quality audits at the Company level

The third parties conducted **5** quality audits

We developed whole-process management for the product quality and controlled the risks of each process so as to ensure the product quality.

Product design

At the design stage, we fully consider product safety, strictly control the introduction of product safety demands, solution formulation reviews and test evaluation etc. and set up the "evaluation-improvement" closed-loop mechanism.

Source management

We control the brands of key raw materials, inspect incoming materials, randomly inspect key raw materials each month, and maintain effective tracking and strict management of the inspection, use, and warehouse exit of raw materials, as well as changes in the supplier's materials and processes. We also control the quality of semi-finished products and purchased products to ensure the stability of incoming material quality.

In 2022, the qualification rates of product inspection of subsidiaries of Ninestar were higher than 93%. The three major events in relation to product quality or product recalls occurred in the whole year. For the recalls, Ninestar made a timely refund and improved the designs based on the current problems, with the purpose of promoting the product quality.

In 2022, the qualification rates of product inspection of subsidiaries of Ninestar were higher than **93%**

Process management

We conduct standardized management on personnel, equipment and processes related to production and product quality. Additionally, we conduct standard control on all processes such as product assembly, testing and packaging, so as to minimize product quality risks caused by production equipment failures or improper personnel operations.

Inspection on finished products

We formulate working plans for quality inspection and control, conduct inspections on the product quality including inspections on the incoming raw materials, production process, fully digital process testing, delivery etc. The inspections cover all purchased parts and components and out-going products in the operation scope.

Product recall

Ninestar defines recall conditions and response procedures, and stipulates the responsibilities of all parties during a product recall, so as to minimize customer losses.

Quality Improvement Initiatives

Subsidiaries of Ninestar improves the product quality by various ways such as optimizing the management processes and holding special activities. We also raise the quality responsibility awareness through employee trainings.

Optimize the quality management processes

We carry out detailed analysis and identify the weak points specifically by modules, collate and optimize the quality control processes; revise the relevant standards such as quality management regulations, incoming raw material inspection and management regulations.

Improve the introduction process of new products

We organize activities for identifying and improving the product risks of new products and build a closed loop for Production Tooled Build and Final System Test Build (PTB/FST) and their trial production. The final overall quality outperformed the previous types in the same period through targeted improvement of quality solution.

Formulate special improvement protocols

Ninestar formulates protocols such as quality assurance activities after Chinese New Year, confirmation and check of the manufacturing process compliance, quality review after factory relocation, operator training and employment process review, Laser Scanning Unit (LSU) process First Pass Yield improvement protocol.

Simultaneously, we promote the quality management awareness of all employees by diversified trainings. Pantum Electronics starts up business-related employee trainings, covering the themes such as overall quality management knowledge, introduction quality control of new products, quality control (QC) team training, working principles of the printers. Pantum Smart Manufacturing conducts trainings for employees' skills and theories enhancement, covering topics such as knowledge and skills of product certification, basic principles of injection molding. Geehy Microelectronics carries out annual green product concept trainings on hazardous substance management. The Consumables Business Department of Lexmark regularly conducts trainings on the basic skills, processes and standards, and quality improvement, also hosts courses for the management, containing preventing unqualified products, benchmark lean competitions, lean office value stream and quality manager manual etc.

Case | Conduct quality improvement campaigns and control product quality

In November 2022, Ninestar Information Technology formed a "Quality Improvement Promotion Team" and a "Quality Improvement Review Team". It selected top three quality problems needed to be solved urgently from the unsuccessful projects in each module of the department, including major product quality problems, quality problems subject to customer complaints and repeated quality problems. Moreover, we paid great attention to the monthly quality management audits and review-related problems. Each department submitted the quality improvement reports and made a comparison of the reports. Top 10 excellent cases of individuals or groups for quality improvement were rewarded, with a view to guarantee the product quality safety.

Innovation Drives High-quality Development

As a globally leading service provider of printing and imaging products and an industrially leading enterprise of integrated circuit chips design, Ninestar persists in improving the innovation mechanisms, actively provides clean solutions and focuses on protecting the individual intellectual property rights. In addition, Ninestar strives to create diversified and refined products to achieve the high-quality development of the Company. In 2022, the percentage of R&D employees was 20.55% and the R&D investments were CNY1,715.1386 million. The products and technologies cover laser printers and supporting consumables, integrated circuit chips, printer core components, general consumables, etc.

In 2022, the percentage of R&D employees was

20.55%

The R&D investments were

CNY **1,715.1386** million

Innovative Green Technology

Ninestar highly values the innovation, research and development of the product. We have formulated systems such as *Control Procedures for Product Design and Development*, *Management Regulations on Project Changes* to further improve the R&D systems of the product and drive the high-quality development with innovation. In 2022, Geehy Microelectronics has renewed *Control Procedures for Product Design and Development*, increased the duties of the Business Department as well as the preparation process for chips structure design and product information. Besides, we have added process specifications such as the *List of Launched Product Packs* and *Chips Structure Design Report* and the requirements of the tests and verification in the R&D stage, aiming to promote the quality of technical innovation.

Integrated circuit business

Ninestar's multiple pre-research technologies of the integrated circuit business are in the lead in the industry, for example, 16bit high-speed and high-precision analog-to-digital converter successive approximation register, Analog-to-Digital Converter etc. Ninestar is devoted to building three large product platforms with representative products of three major international factories, STMicroelectronics (ST) / NXP / Texas Instruments (TI) as a template. This action makes Ninestar establish a benchmark of R&D capability in China.

The subsidiary of Ninestar, Geehy Microelectronics, constantly promotes the technological innovation of the core products, optimizes the production processes and improves the energy efficiency. In 2022, Geehy Microelectronics insisted on improving the development of the R&D team. It has had six large R&D centers in total so far, which are in Zhuhai headquarters, Chengdu, Zhengzhou, Hangzhou, Shanghai and America. At the same time, Geehy Microelectronics independently designed an automatic verification platform. With the platform, the product testing efficiency during the verification process can be significantly increased, the electrical property test cycle for a single project has been reduced from 512 hours to 24 hours, and the number of people required has been decreased from four to one.

In 2022, Geehy Microelectronics put emphasis on the innovation of the following products and processes involvement in developing energy solutions and optimization technologies.

- Innovation of 40nm chip process and high-voltage monolithic integrated Bipolar CMOS DMOS device (BCD) process.
- A general micro control unit (MCU) for automotive electronics that meets the vehicle specification level AEC-Q100 and functional safety ISO 26262, as well as E50X series signal processing chips for industrial control are being developed. Compared with previous general MCUs, key breakthroughs have been made in product reliability, safety, algorithm processing efficiency and other aspects.
- The development and tape-out of various mixed signal chips like the New Energy Battery Management System (BMS), Active Front End (AFE) chips, vehicle reverse radar chips were completed. The products can be mass-produced in 2023.

Printers and consumables

Since our foundation, we have promoted the technological innovation constantly and mastered the core and key technologies of the laser printer. The laser series of products were expanded from A4 to A3, from black-white to colorful, which covered all aspects of the general market, industrial market, government and enterprise, information technology application and innovation industry and other markets. We also have finished R&D and production of the laser printers' components, consumables and whole machines.

In 2022, Pantum Electronics has established a R&D employment qualification system and created a professional talent echelon having R&D technologies. There were two R&D divisions built in separate places to further improve the national layout of R&D centers. Integrated Product Development (IPD) system was improved. Based on the main development process of new products, the sub-processes of each business module were rationalized and optimized, leading to an efficient cooperation of each field. Pantum Electronics reduced the materials waste, enhanced production efficiency and decreased the environmental impacts through developing and distributing optimization technologies and systems.

We have achieved multiple innovations on the production processes of the consumables and products. The Consumables Business Department of Lexmark uses the lean pipeline body rather than the traditional pipeline body, so that the materials can be recycled and reused; the felt seals instead of foam seals are adopted on partial products, reducing the consumption of wax; the production efficiency is promoted by replacing partial labor-intensive operations with automatic devices while making tooling. Topjet achieves automatic processes and innovates the product structures. It also reduces the use of the rubbers and realizes innovations on many consumables such as ink cartridges, structural molds, and Toner Cartridges. Ink-Tank has developed ink container, automatic ink applicator and other innovative products, and has improved product use efficiency.

Technology and process innovation of Pantum Electronics

R&D and innovation of technology

Innovation of ITU modular structures

Promote the correction efficiency during the production, which is ¼ of the correction time of conventional design

Mixing technology of waste powder in waste powder cylinder

Optimize the internal structure of waste cylinder, making the waste powder more even so that the carbon powder for more pages can be accommodated and the service life can be extended

Correction and optimization of the factory

Shorten the correction time and reduce the printing pages, significantly promoting the production efficiency

Isolation technology of charging rollers

Optimize the matching structure of charging rollers to reduce pollution of organic photoconductors (OPC)

Resettable membrane sealing structure

Reduce the materials waste after the production inspection

Innovation of product processes

Innovation of powder filling way

Decrease the powder-applying steps to reduce the carbon powder pollution and materials waste

Innovation of component design and assembly methods for frame

Diminish the production difficulties, enhancing the production efficiency

Integrated ITU

Convenient to install, reduce the process for installing machines, enhancing the production efficiency

Commitment to Clean Technology

Ninestar keeps developing the clean technology, investing clean energy and committing to the clean area. We regard the clean technology development as one of the core strategies. Ninestar Information Technology sets targets to investment CNY41,279,000 in clean technology for 2023 to 2024, intending to support greatly the development of clean technology. The clean technology of the industry is concentrated on three categories of products: toners, processing cartridges, and printers. Through searching the clean technology, we strive to develop the clean technology innovation of toners and processing cartridges and develop general processing cartridges and recycled processing cartridges.

In 2022, we strived to develop recyclable, repairable and remanufactured environmentally friendly consumable products and practiced the concept of "Green Printing". The relevant fittings were effectively and reasonably used to indirectly decrease the energy consumption generated during original fittings production. The defective product rate was effectively reduced by increasing the investments in technology transformation and the number of the intelligent production lines. Meanwhile, we actively invested in the clean energy. Lexmark International began to build 2MW solar photovoltaic equipment in 2022, and they were expected to be put into use in 2023. In addition, we made full use of the areas of the factory roof to install photovoltaic power generation facilities. The effective power generation exceeded two million kWh in 2022.

Photovoltaic power generation equipment on factory rooftop

Lexmark International commenced to build solar photovoltaic devices

Printer business

Pantum Electronics has set up a dedicated team for promoting the energy efficiency and develops products for reducing the energy consumption of the operating whole machine. In 2022, Pantum Electronics made a breakthrough in the energy efficiency promotion and pollution control of printers. It has made several sets of fixture equipment and molds for mass production to assist in the innovation development of the Company's clean technology. As of the end of 2022, the sales involved the products with clean technology accounted for 4.8% of the operational revenue of Pantum Electronics in 2022.

Energy efficiency promotion

- To significantly reduce energy consumption, and meet the requirements of ENERGY STAR, Pantum Electronics not only uses ceramic heating technology and adds more sophisticated temperature control schemes, but also improves the thermal conductivity of key ceramic heating components, and reduces printing temperature during research and development of the product.
- The imaging system extends the service life of the product by utilizing dual-component imaging techniques, and thus the service life can reach 60,000 pages, greatly reducing the replacement cycle of the product, improving the product use efficiency and decreasing the resources waste.

Pollution control

- Resettable membrane sealing structure reduces the materials waste after the production inspection.
- The packaging bag is attached to the packaging of the waste powder cylinder. The waste powder cylinder replaced by the clients can be packed in the sealed packaging bag to avoid the powder leakage and pollution.
- Correction and optimization of the factory shortens the correction time and reduces the printing pages so as to reduce the manufacturing energy consumption and material consumption.

Consumables business

Ninestar Information Technology insists on using the process transformation to significantly improve the using rate of the empty product shell and avoid the empty shell waste to the greatest extent. It also persists in capitalizing on the environmentally friendly materials while developing new products to promote the green environmental protection. In 2022, Ninestar Information Technology focused on researching the low temperature carbon powder, launched series products and promoted the transfer rate of carbon powder. What's more, it also developed new products for reducing the waste powder generation so that the environmental influence can be diminished. As of the end of 2022, 58 patents in total involved clean technology, nearly 60,000 series products involved clean technology were sold with a sales volume of CNY90 million, accounting for 1.64% of the operational revenue for the general consumables business in 2022.

Integrated circuit business

Geehy Microelectronics always commits to developing Unismart platform, developing and optimizing the reset technology of OEM chips and designing recyclable environmentally friendly compatible chips, aiming to provide solutions for the reuse of the chips in the consumables recycling industry.

Case | Geehy Microelectronics Unismart platform offers optimization technologies and energy solutions

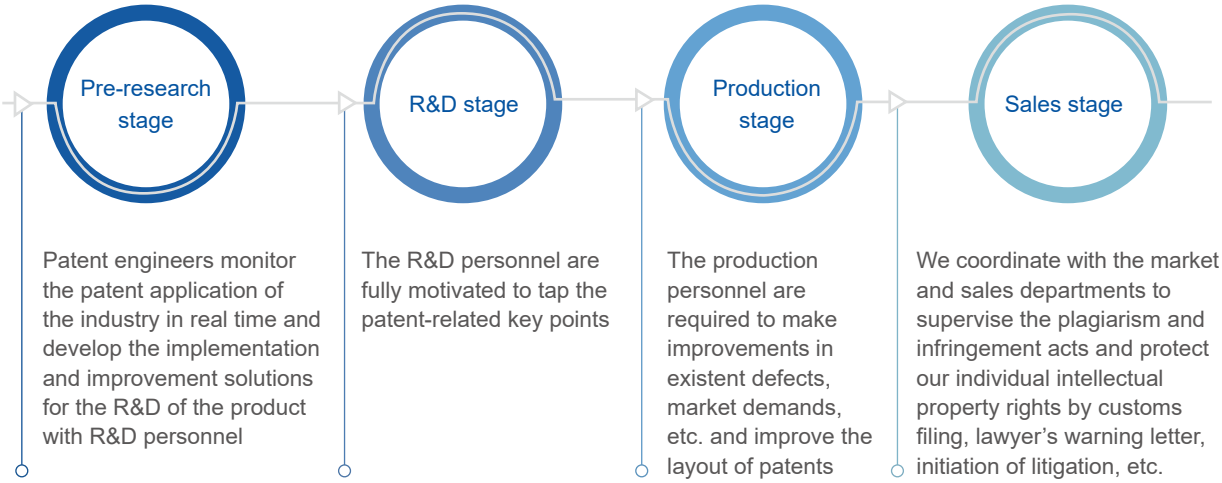
Geehy Microelectronics Unismart devices integrate the functions such as the resetting, testing, scanning and reworking function. Currently, multiple recycled environmentally-friendly compatible chip models and original OEM resettable chips for the product have been launched. Recyclable and resettable chips can be used again, which reduces the emission of electric waste and saves the costs for recycling the consumables. At the same time, Geehy Microelectronics realizes a 40nm manufacturing process. MPW tape-out has been conducted twice on the new process. 40nm process plays an evident role in promoting the whole properties of the chips. The process can reduce the area of the chips and promote the product output of the wafer unit area. As of the end of 2022, the sales volume of 40nm wafer and Unismart resettable chip accounted for 5% of the operational revenue of Geehy Microelectronics for 2022.

As of 2022, Geehy Microelectronics has launched over **5,500** recyclable environmentally-friendly and compatible chip types in total for Unismart covering over **20** brands of laser and inkjet products. And there were more than **40** million resettable chips in total. Meanwhile, over **1,400** original OEM resettable types have been launched covering **15** brands of laser and inkjet products, with a total of over **10** million resettable chips. They have been promoted to over **50** countries and regions all over the world.

Protection of Intellectual Property Rights

Ninestar puts a strong emphasis on the protection of intellectual property rights and strictly abides by the relevant laws and regulations such as *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, and *Patent Law of the People's Republic of China*. Besides, we have formulated systems such as *Trademark Management System, Patent Management System, Management Specification on the Enterprise Intellectual Property Rights, Management Systems of the Intellectual Property Rights, Development and Maintenance Process for Patented Products* and *Inspection Specification on the Intellectual Property Rights Risks*, specifying the management policies, specification and requirements for the protection of intellectual property rights as well as forming an intellectual property rights management system throughout the pre-research, R&D, production and sales stages. We also pay much attention to protecting others' intellectual property rights and arrange specialists to review the product packaging designs, brand uses, e-commerce product pictures and advertising slogans in writing to respect the third party's trademarks, appearance designs, packages, copyrights and other intellectual property rights.

Intellectual property rights management system



Control of the Intellectual Property Rights Risks

Upon a careful identification, our intellectual property risks lie mainly in the patents, copyrights and trademarks etc. To further identify, prevent and control the risks, we embed the strict examination of intellectual property rights risks into each business department and module and set up the specialty departments to approve documents for key projects. We follow up on each process of the product to assess and identify the risks, and then propose the suggestions about the solutions. Finally, we produce the assessment reports to assure the preventability and controllability of the intellectual property rights risks.

Ninestar and its subsidiaries initiatively promote independent protection and innovation of intellectual property rights by various measures. In 2017, Ninestar has produced *Measures for Patent Technology Innovation Rewards* and implemented the measures for long term. In 2022, Geehy Microelectronics modified the offline review to online system review, revised *Measures for Intellectual Property Rewards* again, and added additional rewards for employee patents, so that the approval of patent application can be efficiently accomplished. Topjet created intellectual property rights profiles for different products, and conducted targeted management for patents. To obtain the intellectual property rights information in time at home and aboard and avoid repetitive researches, an intellectual property rights data platform was introduced.

Trainings for Intellectual Property Rights Protection

We carry out management and employee trainings for intellectual property rights protection, as well as risk prevention publicity and implementation for R&D personnel. We conduct promotion and implementation activities covering the themes of copyright protection, patent protection, trademarks, and advertising laws for business management personnel while providing online learning courses for all employees to study. In 2022, Topjet rolled out training emphasizing the importance of the technology confidentiality in R&D for all employees.

Key performance for 2022

In 2022, Ninestar held daily training about the intellectual property rights protection. The number of trainees reached

1,299 person-times

The training duration was

68 hours

Positive Prevention of Infringement

In the meanwhile, we actively hold activities about infringement and protection of patents and trademarks for the outsiders. We fight against the infringement behaviors jointly by multiple ways such as initiating infringement complaints through the e-commerce platforms at home and overseas and cooperating with the customs unit and other relevant units. In 2022, we took legal actions to defend our intellectual property rights in cases of infringement of patents on chips, cartridges, epicyclic gear, etc.

Honors

- Pantum Electronics was awarded National Advantageous Company for Intellectual Property Rights
- Ninestar Corporation, Ninestar Information Technology, Pantum Electronics, Ink-Tank Topjet were awarded Zhuhai Key Enterprises for Intellectual Property Rights Protection

As of 2022, Ninestar has owned **5,618** independent R&D patents all over the world

among which **3,570** patents are invention patents

1,578 patents are utility model patents

Always Upholding Customers-Oriented

Our constant motivation for making progress is driven by customers' appreciation. Ninestar keeps protecting the consumer's rights and interests and providing personalized service. With sufficient implementation of protections including privacy management, information security, compliance marketing, we assure that the rights and interests of consumers should be protected from being infringed upon.

Enhancement of the Information Security Mechanism

Ninestar abides by *Data Security Law of the People's Republic of China*, *Cybersecurity Law of the People's Republic of China* and other regulations. We have established and continue to improve *the Confidentiality Management System*, *Information System Security Management Regulations* and other system specifications. A sophisticated information security management system has been built. Each subsidiary has formulated corresponding information security management systems simultaneously. Pantum Electronics has produced documents like *Information Security and Confidentiality Management System* and *Regulations on Information Security Risk Assessment and Control Management*, and set up systems for each business including operation and maintenance instructions such as System Applications and Products (SAP), Customer Relationship Management (CRM), Product Lifecycle Management (PLM), Office Automation (OA). Geehy Microelectronics has produced *Management Regulations on Encryption System* and other documents, stipulating the management of daily inspection, confidentiality, information security audits and examination for the information systems. The Consumables Business Department of Lexmark has formulated systems such as *Management Regulations on IT Systematic Process* and *Management Regulations on Security Operation and Maintenance* to validly protect the information safety.

We have set up a structure of information management, which requires the management duties in information safety of each branch and department. Geehy Microelectronics specially appoints a vice president of the Company to manage the IT Management Department. And the vice president is responsible for the review, approval and supervision of information security while the subordinate Information Security Division is responsible for planning, construction and execution of information security. Pantum Electronics has founded a Confidentiality Committee. The responsible persons of each business unit are the first responsible persons in information security and network safety management. The information security and network safety management duties are graded by each business unit and specifically defined in the *Instructions for Organizational Structure and Position Responsibilities* of each department so that the responsibilities can be implemented by individuals. SCC has entered a Secure Shredding Service Contract to shred all sensitive and confidential documents to guarantee information security. In addition, SCC accomplished the promotion of Muti-factor Authentication (MFA) to all users, network and server devices this year.

We promote information security audits annually in accordance with internal management systems and ISO 27000 standards. In 2022, we carried out spot checks for six information management systems by employee interviews, on-site observing, inspection of the system records and other ways. To strengthen information security risk prevention, we rectified the problems found and tracked the improvement progress.

We strictly control data permissions and protect customer personal privacy through a lot of technical methods. Configuring edge and intranet firewalls, we conduct strategic management on the Server port mapping, Demilitarized Zone (DMZ) management, Internet access, have formulated an Access Identity Authentication System and controlled the user's desktop behaviors. Based on the requirements of European General Data Protection Regulation (GDPR), we entered a confidentiality agreement with all clients while degaussing the scrapped computer's hard drive and monitoring remote user's actions, so as to ensure data security.

Integrated circuit business

In 2022, Geehy Microelectronics set an information security goal of zero information security accident. To make the target come true, Geehy Microelectronics concentrated on the construction of safe systems and technologies including the constructions of institutions, employees, systems, operation and maintenance etc. The technologies for security are constructed around host, application, data, physical and network security and so on.

Physical access control

Geehy Microelectronics has established a monitoring system. Through monitoring, Geehy Microelectronics implements the supervision and traceability for the areas with different security levels; Geehy Microelectronics has developed zoned and hierarchical management and control for personnel, set up different access control areas for different personnel, containing access control systems, metal detection doors and illegal entry alarms, etc.

Application system access

Geehy Microelectronics has activated relevant access permissions to application systems by making an application and review according to the responsibilities and office demands of various people.

Network security

Geehy Microelectronics has carried out the construction of the security domains of the whole company, separated personnel of various network areas, and conducted access control accordingly. As such, the objectives of protection, fragmentation, risk segregation and unified control have been achieved.

System construction

Geehy Microelectronics has built a logging system to store the logs of the company. The system has also ensured the compliance of the logs, improved the failure diagnosis efficiency and traceability of security accidents.

Safety reinforcement

Geehy Microelectronics has strengthened the ability of the identifying and verifying bugs, together with intensifying the ability of eliminating risks. It has implemented optimization of patch and virus platforms and other work. Its remote disaster recovery and dual hot backup system of the department's device promoted the Company's data security and business continuity.

Printers and consumables

Pantum Electronics has made each information system and relevant information assets be protected effectively and reduced the risks of information security events by combining the management and technologies.

Optimize the management

- The information security awareness of employees is enhanced by induction trainings, evaluations, on-job trainings, signing of confidentiality agreement;
- Evaluate and constantly improve the effectiveness, adequacy and appropriateness of the operation of the management systems by conducting internal reviews, internal self-evaluation of the department, external reviews and other activities.

Technical protection

- Internet control: Pantum Electronics has three kinds of separation networks, namely, office network, wireless network and device network. And it divided employees with different responsibilities to access different networks. External access requires mobile tokens.
- Access level: Pantum Electronics has set up network access authentication and deployed Qi'anxin antivirus software and behavior control applications.
- Security protection: Pantum Electronics has deployed situation awareness platforms and online system bugs platforms. Additionally, it has deployed the server for log analysis and conducted external network protection.

Pantum Electronics passed the ISO 27001 Information Security System Certification

Trainings for Information and Privacy Protection

Ninestar concentrates on the construction of the security and privacy protection awareness of employees. We hold an information security training and evaluation when the employees joined the Company; we employ external professional institutions to regularly conduct themed trainings for the employees of each department; in order to promote all employees' consciousness of information and privacy security, we advocate daily information security for all employees of the Company in terms of laws and regulations, general security common knowledge and security knowledge, etc.

Focus on the Excellent Service Experience

Responsible marketing

Ninestar abides by the laws and regulations such as the *Advertising Law of the People's Republic of China, the Laws of the People's Republic of China on the Protection of Consumer Rights and Interests* and *Interim Provisions on the Regulation of Sales Promotion*. We have formulated process systems such as *Compliance Management Systems of Advertising Contents*, *Processes for Marketing and Planning Management* and *Management Provisions on Global We Media Communications of Pantum*, stipulating all the marketing activities of the Company should be in compliance with the local laws and industry codes. The promotional materials should be reviewed in advance and approved by the corresponding departments to ensure the promotion contents, channels are in compliance with the laws and regulations.

Key performance of 2022

This year, Ninestar conducted information security trainings covering **300** person-times

with training hours per capita of **7** hours

0 significant information security events

Pantum Electronics manages the content compliance of advertising and promotional activities in terms of content, products and brands:

Brand publicity management	Marketing Department reviews the relevant copywriting to ensure the copywriting accords with the actual situation of the Company. For example, the development history, awards, introduction of core technical strengths etc.
Product publicity management	To ensure the promotion is consistent with the actual situation, Product Department is responsible for preparing or reviewing the basic materials of the product communications, such as the listing plan, introduction, pictures, selling points and parameters of the product and so on.
Promotional contents management	Fill in the relevant copy approval form and the channel publicity content will be reviewed by the relevant department and released after approval by a specialist.

We strive to develop detailed product descriptions for consumers so as to assist them in consuming reasonably and using the product. In 2022, SCC (Static Control) developed a downloadable instruction and a video, as well as a brochure. The materials describe the detailed ways of using and protecting the cartridge, the environment standards and regulations that the product accords with, assisting the consumers use the compatible, environmentally friendly reproduced cartridge and promoting the sustainable consumption.

We attach great importance to the capacity construction of the marketing personnel. We conduct trainings on the marketing personnel before and after the exhibition to ensure the profession and truthfulness of the relevant persons' promotion words. In 2022, Pantum Electronics held daily promotion and monthly themed trainings of responsible marketing 16 times in total. 39% of the employees participated in the training with training duration of 16 hours. SCC (Static Control) carries out seminar trainings on the responsible marketing twice every month. The training hours per capita during the Reporting Period was more than 50 hours.

In 2022, Pantum Electronics held daily promotion and monthly themed trainings of responsible marketing **16** times in total

training duration of **16** hours

Provision of excellent service

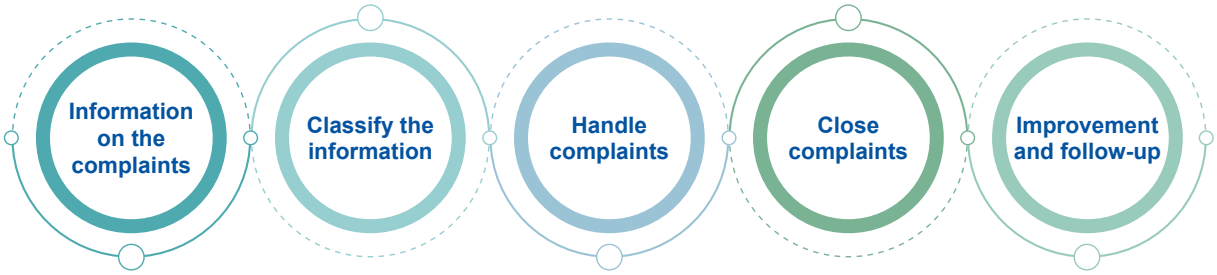
Ninestar positively listens to and responds to the customer's feedback. We have formulated internal policies such as *Customer Service Quality Management System for Marketing Department*, *Customer Complaint Handling Process* and *Handling Process for Customer Complaint and Goods Return* to determine the handling process for customer complaint and goods return. We also adopt valid corrective and preventive measures to eliminate the impact that the unqualified products have caused to the customers in time.

We have set up a specialized department to receive the customer's complaints. The department will record the details of the customer's feedback including the customer's information, product information, problem description, customer's demands, and so on, after receiving the customer's complaints. The product quality and service complaints are in the charge of the Quality Management Department and Customer Service Department, which will report and handle the case according to the customer's requests and solve the customer's problems specially. Meanwhile, each department analyzes the adverse causes, develops, implements and verifies the effect of the improvement measures, and then reports the results after realizing the close-loop management.

We have set up many complaint channels, enabling each subsidiary to receive customer's complaints by complaint hotline, mobile APP and other ways. In 2022, Ninestar received a total of 2,813 customer complaints, with a 98.36% resolution rate.

We spare no efforts to promote the service awareness and abilities of employees through daily trainings, expecting to offer the customers the best products and excellent service. In 2022, to reduce the returning rate of the consumable chips, the Company developed a platform, device and client for reworking, and conducted trainings about themes including the composition of the devices, operational methods etc. All business-related employees participated in the trainings and the training hours per capita were about eight hours.

Complaints handling process of Ninestar



Customer satisfaction

Ninestar is committed to providing a better service experience for the clients. We have established customer satisfaction evaluation criteria, continued to improve the customer complaints handling mechanisms and made utmost efforts to promote the customer satisfaction. In 2022, five subsidiaries in total carried out a survey about the customer satisfaction.

Customer satisfaction survey of subsidiaries

Geehy Microelectronics	☑ Semiconductor business: 90.02 points (out of 100) ☑ Printing consumable chip business: domestic sales 93 points (out of 100), foreign sales 92 points (out of 100)
Pantum Smart Manufacturing	☑ 71 points (out of 80)
Pantum Electronics	☑ 91 points (out of 100)
Ninestar Information Technology	☑ 90 points (out of 100)
Ink-Tank	☑ 93 points (out of 100)

03

Green Intelligent Manufacturing Leads to a Wonderful Future

Material Issues

- Green product
- Waste management
- Energy management
- Water resources management
- Response to climate change

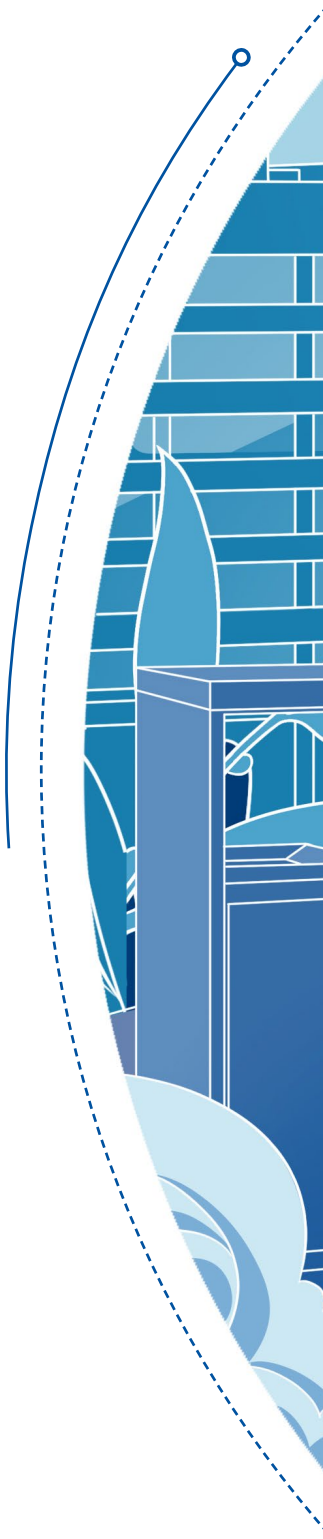
Indicators in the chapter

Response to SDGs Indicators

Response to GRI Indicators

GRI 301-307

Ninestar is fully aware of the importance and necessity of environmental protection and energy conservation, and insists on integrating the concept of sustainability into its business operations, constantly pursues green production and implements effective management measures for "three wastes", in an attempt to continuously reduce the adverse impact of production and operation activities on the environment.



Environmental Management System

Ninestar actively responds to the national environmental protection policy and strictly abides by laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, and the *Standard for Pollution Control on Hazardous Waste Storage*, and has formulated internal environmental management system, such as the *Waste Classification and Disposal Guidelines*, the *Waste Recycling*, the *Pollution Prevention and Control Procedures* and the *Regulations on Waste* to constantly establish and optimize the Company's internal environmental management systems and strengthen control on environmental risks by enhancing management on key environmental issues of the industry. Moreover, SCC, Pantum Electronics, Zhuhai Saina Property Services Co., Ltd and Ninestar Information Technology have passed ISO 14001 environmental management system certification.

SCC ISO 14001 Certification

Pantum Electronics ISO 14001 Certification

Environment-related Awards in 2022

PROCAVECH
PROGRAMA DE CUMPLIMIENTO AMBIENTAL VOLUNTARIO DEL ESTADO DE CHIHUAHUA

Lexmark International was recognized as

the "Best Environmental Practice on Energy Saving, Commitment, Innovation and Leadership" by Procavech

Green Products with Full Lifecycle Management

Ninestar is vigorously engaged in product lifecycle management, which covers from sustainable design to efficient use and up to recycling. It aims to reduce environmental impact at all stages of products' life cycle, such as manufacturing, distribution, application and disposal.

Product Full Lifecycle Management

Ninestar is committed to designing a portfolio of sustainable products and solutions that minimize the environmental impact within the product life cycle. Specifically, Ninestar pays close attention to technological innovation in product energy efficiency, gives priority to environmentally friendly materials, avoids using of toxic and hazardous chemicals to ensure human health and safety. We also use recycled parts whenever possible to reduce resource consumption. Moreover, Ninestar Information Technology and Pantum Electronics have passed the China Environmental Labeling Certification, with the toner cartridge products having passed the Nordic Environmental Label Certification. While Lexmark International's data from the LCAs was used to create and publish ISO 14025 Type III Environmental Product Declarations, and each EPD conforms to the international standards ISO 14040:2006, ISO 14044:2006 and ISO 14025:2007 and was certified by a third party.

Nordic Swan Ecolabel Licence

China Environmental Labelling Certification

Key Performance in 2022

By the end of the Reporting Period, among the Ninestar products on sale:

10,097 product models have obtained China Environmental Labelling Certification

32 product models have passed international environmental certification

Product Design

Improving energy efficiency

While fulfilling its environmental responsibilities, Ninestar strives to achieve the goal of low carbon and energy conservation, and continuously reduces energy consumption for product operation. Ninestar products meet the energy efficiency and performance requirements of different markets. Pantum branded printer series have obtained the China Energy Conservation Certification from the China Quality Certification Center (CQC), reaching the China Energy Efficiency Level Standard Level two or even Level one and the ENERGY STAR® standard. Most of Lexmark International's printer series have passed the DER BLAUE ENGEL Certification and reached the ENERGY STAR® standard.

Pantum Electronics has passed the China Energy Conservation Certification

With regard to energy efficiency improvement, we remain committed to further improving the energy efficiency of our products through our continuous R&D and exploration. To enhance product utilization rate and reduce energy loss, Pantum Electronics adopts clean technology to design products. By analyzing user scenarios, Lexmark International equipes its printers with energy-saving functions, such as one-key sleep mode, double-sided printing and recycled office paper printing, and the sleep mode meets the electronic product eco-design requirements of European EC 801/2013, realizing energy and resource conservation as well as green printing. Meanwhile, Ninestar Information Technology has consistently researched low-temperature toners to lift its transfer rate on an ongoing basis, in a bid to reduce the generation of waste powder.

Improving product durability

To maximize product durability, Ninestar continues to innovate products by using high-quality raw materials, researching component life and product maintenance, so as to extend products' service life and reduce waste. Pantum Electronics imaging system adopts two-component imaging technique to prolong its life, thus reducing the raw materials and energies required for production and marketing of new products. Moreover, Ninestar Information Technology continues to research super easy-to-refill products, and structurally take advantage of the extra space inside the printer to ensure that a toner cartridge will not have such problems as waste toner bursting and toner leakage within five printing cycles[2], expanding product life.

Customer health and safety

We fully consider the safety of products in the design stage. To this end, Ninestar Information Technology has formulated the *Reliability Test Standard for Laser Product* to specify the reliability requirements and inspection methods of the packaging, finished products and components of laser printer toner cartridge products, aiming to improve the safety of our products and protect the health and safety of customers.

Pantum Electronics improves the safety protection measures of the fuser by enhancing the security measures of the printer under runaway temperature, and strengthens its safety level to enhance products' safety class. Meanwhile, all of Ninestar Information Technology's product components are made of raw materials that comply with EU RoHS regulations, and puts chemical substances such as lead, cadmium, mercury, and hexavalent chromium under strict control to ensure that the products will not emit heavy metal substances under any environment at high or low temperatures.

Case | Simulate transportation experiment to safeguard customer health

In the process of design and development, G&G printer cartridges are tested through simulated transportation experiments, air tightness tests and other tests to ensure that there will be no abnormal situations such as powder leakage or damage to rubber parts during transportation and use, so as to enhance customer health security.

[2] It means that you can add toner four times in addition to the product's inherent printing cycle, thus totaling five printing cycles.

Raw Materials for Products

Ninestar pays attention to the environmental impact of products throughout their life cycle, follows domestic and foreign high-standard green product standards, and conducts supervision and certification assessment in the process of project development and material introduction. We are phasing out related materials in accordance with RoHS and REACH requirements. For printer products, we strictly control the use of halogen materials, such as brominated flame retardants (BFRs) and polyvinyl chloride (PVC), in accordance with the regulatory requirements of the "Stockholm Convention" pertaining to the restriction of the use of persistent organic pollutants (POPs) and related hazardous substances.

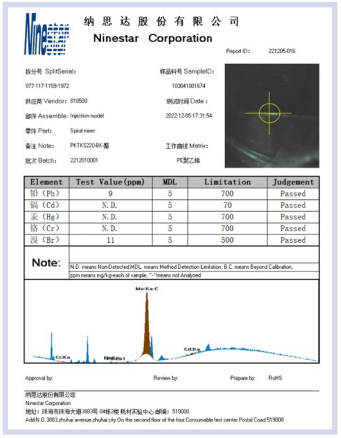
In 2022, Pantum Electronics upgraded its product environmental protection specifications, putting a total of 22 new hazardous substances under control, strictly restricting the use of environmentally polluting materials in products, and using pear cotton (EPE) instead of Expanded Polystyrene (EPS) in the development of new printer models, toner cartridges and aftermarket accessories. In addition, Ninestar Information Technology has formulated the *Sampling and Determination Standards for Hazardous Substances*, stipulating the sampling and determination standards for harmful substances, and established its own testing laboratory and external testing mechanism, strictly following the requirements of the documents when introducing new products and new materials to ensure that the materials used meet the environmental protection requirements.

Key Performance in 2022

By the end of the Reporting Period, among the Ninestar products

100,813 product models comply with the RoHS directive

100,813 product models comply with REACH regulations


纳思达股份有限公司
Ninestar Corporation

Element	Test Value(ppm)	MDL	Limitation	Judgement
铅（Pb）	9	5	700	Passed
镉（Cd）	N.D.	5	70	Passed
汞（Hg）	N.D.	5	700	Passed
铬（Cr）	N.D.	5	700	Passed
铍（Be）	11	5	500	Passed

Note:

Ninestar Information Technology uses energy dispersive X fluorescence spectrometer for RoHS detection

Product Production

On the basis of green functional design and green raw material procurement, Ninestar is committed to reducing the adverse impact of product production on the environment, actively explores approaches to energy conservation, emission reduction and green production to reduce exhaust emissions and resource consumption.

- The fixing method of Ninestar Information Technology toner cartridge chip adopts snap-on type, instead of pasting or welding method.
- Ninestar Information Technology applies a visual system in the toner cartridge manufacturing process to reduce the paper use for production instructions and paperwork instructions.
- Pantum Electronics uses a resettable sealing structure to reduce material waste after production inspection.
- Pantum Smart Manufacturing lifts energy efficiency through meter partition management in the production process.
- Pantum Smart Manufacturing uses automatic oiling instead of manual lubricating oiling to enhance oiling accuracy and reduce grease waste, so as to improve operation efficiency and reduce pollutant emissions.

Product Packaging

Ninestar puts a premium on the consumption of packaging materials in the product life cycle, and reduces the environmental impact and carbon footprint of products by adopting green packaging and reducing the use of packaging materials. We have formulated the *Design Regulations on Toner Cartridge Packaging Process* and the *Design Regulations on Packaging Process of Ink Cartridge and Ink*, stipulated the design regulations of product packaging, and clearly encouraged the use of environmentally friendly packaging, improving competitiveness in logistics cost and reducing packaging waste. Moreover, we have established a reward system for eco-friendly packaging R&D, which provides immediate rewards to those who develop and apply green and environmentally friendly packaging materials and packaging solutions.

Packaging Reduction

We reduce the use of packaging materials by reducing the volume of pearl cotton, replacing pearl cotton with cardboard, replacing the surface film of cartons with water-based varnish, and recycling packaging materials.

Green Packaging Materials

We energetically research reusable, recyclable, degradable green and environmentally friendly plastic-free packaging, and require the procurement of raw materials certified by the Forest Stewardship Council (FSC) during packaging material purchasing to ensure the environmental compliance of the materials. This year, Ninestar Information Technology achieved 100% adoption of environmentally friendly packaging materials for packaging materials.

In 2022, Pantum Electronics continued to carry out packaging material reduction work, and some printers with automatic document feeder (ADF) function achieved the goal of packaging reduction, reducing its volume by 10%-30%. By the end of the Reporting Period, packaging materials were reduced by 63.8 tons. Geehy Microelectronics adopts the optimization measures for packaging material reduction. after communicating with customers and obtaining their consent, Geehy Microelectronics altered the original single packaging into whole board packaging by combining and putting multiple items into one packing unit, in a bid to reduce the consumption of packaging materials.

This year, Ninestar Information Technology achieved

100% adoption of environmentally friendly packaging materials for packaging materials.

By the end of the Reporting Period, packaging materials were reduced by

63.8 tons.

Key Performance in 2022

By the end of the Reporting Period

Total amount of packaging materials used in Ninestar finished products

25,720.0 tons

Total amount of Ninestar sustainable packaging materials used

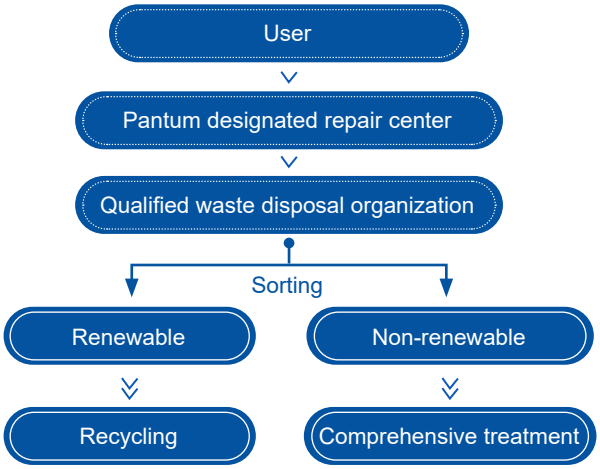
16,938.4 tons

Product Recycling

Efficient use and recycling of resources is an important part of a product's life cycle. We recycle electronic waste through the product recycling system on a global basis, and strive to upgrade, transform and reuse the recycled materials, so as to reduce the negative impact of electronic waste on the environment as much as possible. In the process of recycling and utilization, we follow the Basel Ban Amendment to the Basel Convention, explicitly prohibit the export of electronic waste to non-OECD countries and strictly manage the cross-border transfer of electronic wastes. Meanwhile, we follow the relevant laws and regulations of the place of business operation, and gradually establish and improve the regulations and systems for managing recycling of electronic wastes, such as the *Guidelines on Waste Classification and Disposal of Waste* and the *Regulations on Waste Classification and Hazardous Waste Treatment* and *Recycled Product Management Practices*. Apart from that, we also passed the QC 080000 System certification to further strengthen our management on hazardous substances in products.

Electronic Waste Recycling Process

Pantum Electronics has established a product recycling system in China, and clarified the disposal method of waste in the product user manual. Users can scrap the product by following instructions in the product manual (printer) / recycling instruction page (commodity toner cartridge). Upon the receipt of discarded products, Pantum will hand them over to a qualified third-party organization to properly dispose of the waste product, so as to ensure resource conservation and reduce environmental risks. Outside China, Pantum Electronics cooperates with third parties to register the Waste Electrical and Electronic Equipment (hereinafter referred to as "WEEE") and joins the local recycling system to achieve end-of-life product recycling.



Pantum Electronics Product Recycling System (in China)

Recycling Programs

We actively assist in green environmental protection, hoping to convey the concept of health and environmental protection to users, and promote and encourage users' participation in the recycling of discarded products. In order to reduce the possible environmental impact of electronic components, even though the Extended Producer Responsibility is not a mandatory regulatory requirement for some operation locations, we persist in collecting and recycling many brands of toner cartridges and ink cartridges (including products not manufactured by the Company) in multiple operating locations around the world, covering more than 30 countries and regions such as China, the Netherlands, Japan, the United States, and Germany.

During the recycling process, we do not charge users any fees. In order to stimulate consumers' green consumption awareness and cultivate green consumption habits, when recycling electronic wastes, we provide consumers with credit against a new purchase or cash rewards.

Case | Lexmark International's Global Laser Product Recycling Programs

To reduce environmental pollution, Lexmark International set up global recycling programs for laser products: the Lexmark Laser Consumables Recycling Program (LCCP) and the Lexmark Laser Printer Recycling Program (LECP). At the end of a product's life cycle, Lexmark International reacquires components and parts for reusing or recycling through its customer recycling program, offering free collection services to more than 60 countries/regions around the world, which represents more than 90% of Lexmark International's global market.

Case | Ninestar Information Technology Product Recycling Program

Ninestar's brands like G&G and SmartMate print recycling instructions on their product packaging and places a recycling bag inside the packing box to encourage consumers to send the discarded product back to the Company for recycling.

Recycling labels on product packaging

Recycling Channels

In order to improve recycling efficiency and motivate users to participate in recycling, we recycle products through multiple channels. The main collection channels include but are not limited to:

Recycling at designated locations

In some operating locations, we cooperate with recyclers or dealers to set up recycling bins in stores or designated recycling points. Users can put the used products into the recycling bins, which will be recycled by the recyclers, or handed over by the dealers to a processing agency with relevant qualifications.

Recycling by mail

We set up electronic waste recycling program and accept the end-of-life products sent by mail. For some products, we place recycling bags in product packages to encourage users to send back discarded products. Taking ink cartridges as an example, when users run out of ink, they can put the waste ink cartridges in a recycling bag, and directly send them back to our company.

Pick-up program

We work with agents and recyclers to carry out door-to-door recycling of end-of-life products.

Method of Reuse

To reduce electronic waste pollution and improve the efficiency of electronic waste recycling, we have developed a cartridge recycling program to recycle empty laser powder cartridges through our own recycling plant, and at the same time, we clarify, track and record the process of dismantling, cleaning and utilization, recycling and treatment of electronic waste to ensure that the whole process is carried out in facilities that comply with local laws and regulations.

For some of the materials that can be recycled, we process them for secondary use. The Company's toner cartridge recycling center boasts industry leading toner cartridge recycling and remanufacturing technologies and processes, enabling the reuse of waste toner cartridge parts to make recycled toner cartridges.

For the materials that cannot be recycled for the time being, we transfer them to an organization with waste disposal qualifications for recycling, reuse and disposal, in order to save resources and reduce environmental pollution.

For the precious metals (primarily copper and gold) in electronic waste, we extract them chemically to achieve harmless and local recycling of electronic waste.

Key Performance in 2022

In 2022, approximately **26** million units of the Company's products (toner cartridges, ink cartridges, etc.) were recycled

In 2022, the Company recycled and remanufactured **26** million toner and ink cartridges, reducing the manufacturing of **68** million parts

Industry Cooperation

We cooperate with local recycling networks and organizations around the world to meet regulatory obligations, continuously explore the future green development direction, and make a joint effort to achieve the sustainable development goals of the industry.

Case | Pantum Electronics completed WEEE registration

In cooperation with European recycling platform companies, Pantum Electronics has completed the WEEE registration in the UK, Germany and the Netherlands successively to fulfill WEEE regulatory obligations by customizing comprehensive and effective recycling solutions, joining the local recycling system, and professionally recycling and treating the waste electrical and electronic products of our company's brand through local recycling agencies to reduce environmental hazards.

Partner Review

When we establish cooperation with recyclers, garbage disposal agencies and other organizations, we will review the qualifications of our partners, requiring them to have relevant business licenses in the place of operation, as well as complete facilities and equipment for the disposal of waste electrical and electronic products.

Case | Lexmark strictly manages partners

Lexmark International has strict requirements on its partners. All recyclers that it cooperates with have obtained ISO 14001 environmental management system certification. In addition, all partners have been evaluated and verified by an independent third party, and all meet the requirements of Responsible Recycling[3] ("R2") or have obtained the e-Stewards[4] certification, and go through regular third-party independent audits to ensure that the recycling process meets the high-level environmental protection requirements.

Green Operation

Ninestar always adheres to the concept of low-carbon operation, firmly believes that products and services should not be at the expense of depleting the earth's resources. We continuously promote energy conservation and consumption reduction in production and low-carbon energy transformation, striving to improve the resource utilization rate and reduce pollutant emissions, as well as advocating and implementing green office, and implementing the concept of environmental protection practically.

Enhance Energy Quality and Efficiency

Ninestar actively responds to the call for energy conservation, strictly abides by the *Energy Conservation Law of the People's Republic of China*, the *Cleaner Production Promotion Law of the People's Republic of China*, the *Administrative Measures for Industrial Energy Conservation* and other laws and regulations, and has formulated the *Management System for Electricity Safety in Factory Workshops and Offices*, actively promotes energy conservation and emission reduction technologies, carries out employee energy conservation and emission reduction awareness training to enhance their environmental awareness. The Company uses electricity as the main energy. In the process of production and operation, the Company has formulated the following series of measures to save energy and reduce consumption.

[3] The R2 specification is managed by Sustainable Electronics Recycling International (SERI), and regulates the operation of *responsible recycling* of electronic products around the world. Electronic product recyclers can obtain this standard certification after certification by a third-party organization.

[4] The e-Stewards standard is the highest global standard for responsible electronics recycling and reuse, which was proposed by the Basil Action Network (BAN). The e-Stewards Certification is an accredited third-party audited certification program for electronics recyclers, refurbisher, and asset managers, requiring them to adhere to strict environmental and social responsibility practices when recycling electronic materials.

Power Conservation

Promote energy-saving projects such as energy-saving renovation and application of new technologies to reduce electricity consumption.	Appropriately increase or decrease the number of central air conditioning hosts in operation according to the temperature, and adjust the maximum operating power of the host in a timely manner to ensure that the host runs in the high efficiency range of the energy consumption curve and reduce energy loss.	Carry out daily management of air conditioning, lighting and other facilities, set the automatic switch time, and avoid unnecessary waste to reduce energy consumption.	Compile the *Regulations of Administration on Energy Conservation and Emission Reduction of Large-scale Equipment and Public Infrastructure* to standardize the utilization requirements of various large-scale equipment and lighting, and implement relevant requirement and supervise its management through regional responsibility division, special personnel investigation and violation notification.

Use Clean Energy

Promote photovoltaic power generation projects, Nanping Park adopted photovoltaic power generation with an average monthly output of 0.2 million kWh;

Promote the use of clean energy, purchase all-electric vehicles for short-distance travel in the city and cargo delivery and receipt;

ESG Indicator	Unit	Data in 2022
Outsourced electricity usage	kWh	38,037,340.41
Photovoltaic power generation (non-utility)	10,000 kWh	201.00
Gasoline usage	Liter	141,128.50
Diesel usage	Liter	41,115.86
Total comprehensive energy consumption	tce	4,877.90
Direct energy consumption	tce	203.11
Indirect energy consumption	tce	4,674.79
Comprehensive energy consumption intensity	tce/CNY10,000 operating income	0.001887
Total GHG emissions	tCO_2e	22,113.93
Scope 1 Total GHG emissions	tCO_2e	421.23
Scope 2 Total GHG emissions	tCO_2e	21,692.70
GHG emission density	tCO_2e/CNY10,000 operating income	0.008553

Strict Waste Discharge

Ninestar attaches importance to the management of emissions, strictly abides by the requirements of relevant national laws and regulations, and fully implements various prevention and control measures for environmental protection according to the requirements of the environmental protection department and the approval content of its environmental impact statement. We integrate ISO 14000 requirements into the waste management process, has formulated the *Waste Recycling*, the *Pollution Prevention and Control Procedures*, and the *Waste Management Regulations* to standardize the management process of wastewater, waste gas and solid waste, regularly engage professional testing companies to conduct testing, and appoint qualified third-party companies to manage, in a bid to ensure compliant discharge of waste. Lexmark International has set a long-term waste reduction goal to reduce the amount of generated waste by 50% by 2025 (compared with that in 2015).

ESG Indicator	Unit	Data in 2022
Chemical oxygen demand (COD)	Ton	19.19
Suspended solids	Ton	14.33
Petroleum products	Ton	0.44
Animal and vegetable oils	Ton	0.43
Anilines	Ton	0.16
Five-day biochemical oxygen demand (BOD_5)	Ton	5.51
Particulates	Ton	2.79
Total VOCs	Ton	0.73
Total hazardous waste	Ton	126.17
Total general waste	Ton	3,131.55
Production waste (non-recyclable)	Ton	1,972.25
Total office waste	Ton	1,159.30

Waste Water

We strictly comply with the *Water Pollution Prevention and Control Law of the People's Republic of China* and other laws and regulations, and discharge domestic sewage and industrial wastewater according to requirements. The Company's wastewater discharge sources include cleaning wastewater, office and domestic wastewater, and accommodation wastewater. We have built sewage treatment stations on the corporate campus, so that industrial wastewater and domestic sewage are treated and discharged up to the standard, and third-party testing companies are regularly engaged to test sewage discharge according to the standards of the *Water Pollution Discharge Limit* of Guangdong Province, and take corrective measures in time when exceeding the standard. Apart from that, we reduce the amount of water used to clean the ink filling machine and reduce the generation of wastewater by reducing the water output from the faucet in the workshop.

Waste Gas

The Company's exhaust emission sources include laser coding exhaust gas, powder filling dust, kitchen oil fumes, etc. We implement strict management over pollution to the atmosphere, and collect such waste gas as dust-containing waste gas, benzene- and toluene-containing waste gas in a concentrated manner, and discharge them at high altitude after purification treatment; waste toner and waste activated carbon are treated as hazardous waste; laser coding exhaust gas is discharged by means of fugitive emission, and its impact on the atmosphere is also reduced by strengthening the ventilation of the workshop; while kitchen oil fumes are treated by purification treatment devices to meet the discharge standards.

Solid Waste

The Company strictly abides by the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and other laws and regulations, and has formulated the *Guidelines for Waste Classification and Treatment* by referring to documents such as the *Directory of National Hazardous Wastes (Version 2021)*, the *Standard for Pollution Control on the Storage and Disposal Site for General Industrial Solid Wastes*, *and the Measures for the Prevention and Control of Environment Pollution by Discarded Dangerous Chemicals*, so as to properly distinguish wastes and guide functional departments to identify wastes, and take corresponding treatment measure to ensure compliance with environmental protection requirements. The Company attaches great importance to recycling of resources and actively implements waste reduction and harmless management to reduce the impact of waste on the environment.

For Hazardous Wastes

For hazardous wastes such as waste packaging barrels, waste paint, toner dust, waste ink, waste ink ribbons, etc., the Company classifies and properly arranges these hazardous wastes in accordance with relevant regulations, and signs contracts with qualified hazardous waste disposal companies to dispose of them.

For General Wastes

General wastes mainly include recyclable waste such as paper, and non-recyclable waste such as household waste and kitchen waste. For recyclable waste, such as the original sponge of the headed ink cartridge, we recycle and use it to reduce waste pollution on the environment. For non-recyclable waste, the Company properly disposes of general waste in accordance with the regulations of the place of operation.

Water Resources Management

Ninestar actively responds to the call for water conservation, strictly abides by the *Water Law of the People's Republic of China* and other laws and regulations, is committed to achieving efficient use of water resources, and implements water consumption management and the concept of water conservation into daily work.

Management and Publicity

- Put up water-saving slogans and posters to enhance the awareness of water conservation of all employees, and ensure that the tap is turned off before leaving, and strictly prevent the occurrence of "leaving with the tap running";
- Conduct regular inspect according to the *Inspection Record Form for Energy Conservation and Emission Reduction*, and report the leakage for maintenance in time to avoid the occurrence of "water running, spilling, dripping and leaking", and reduce the waste of water resources.

Water Resource Reuse

- Part of the production sewage is reused after being treated by the sewage treatment plant in the park for green irrigation and toilet flushing in the park;
- The park is designed by adopting the construction method of sponge city to recycle and reuse rainwater to enhance water resource utilization efficiency.

Water-saving Retrofit

- Purchase water-saving appliances to replace old water supply equipment;
- Modify the water valve of the sink and the floating ball of the toilet flush tank to reduce the flow of water.

Key Performance in 2022

Total water consumption

404,637.35 cubic meters

Total water consumption density

0.1552 cubic meters/CNY10,000 operating income

Green Office

Ninestar actively follows the call for energy conservation and emission reduction and advocates the concept of green office. The Company formulated the *Office Water and Electricity Management Regulations* and uses environmentally friendly office consumables, in order to create a green and energy-saving office environment.

Paperless office

- Constantly optimize the functions of each system platform, achieve interoperability among different platforms to push and accept each other's information on demand, and realize paperless office process to improve the efficiency and accuracy of information transmission;
- Set double-sided printing as the default setting to reduce the consumption of paper in office;
- Optimize the information management system of products, implement paperless documents to reduce paper waste.

Energy-saving Office

- Encourage online meetings and reduce unnecessary business travels;
- Carry out energy-saving renovation of office equipment, replace traditional lightings with energy-saving lamps, and install motion sensors to control lighting duration;
- Replace the skylight to ensure more sunlight enters the facility, so as to shorten the lighting time;
- Carry out regular maintenance on office equipment to extend the service life;
- Post guidelines at air conditioners and light control switches to cultivate employees' habit of setting air conditioning temperature at not lower than 26 degrees Celcius and turning off the lights before they leave.

Response to Climate Change

Ninestar is actively engaged in the identification of climate change risks and opportunities. The risks brought by climate change mainly include physical risks and transition risks. Physical risks are caused by extreme weather or rising temperatures, while transition risks are caused by changes in markets, regulations, policies, etc. arising from climate change. Ninestar actively promotes green operation, develops green products, proactively responds to the risks and opportunities brought by climate change, and reduces the adverse impact of climate change on business and finance.

Identifying Climate Change Risks

Policy and legal risks	In order to achieve the long-term goals of the *Paris Agreement*, the member countries will promulgate and implement various policies and regulations to achieve the goal of keeping a global temperature rise this century well within two degrees Celsius set before the Industrial Revolution, and capital markets and industry associations will follow suit for sure. In addition, with the comprehensive implementation of the "14th Five-Year Plan", China further promotes the national carbon peaking and carbon neutrality strategic goals, and puts forward higher-level requirements on energy conservation and emission reduction for enterprises. The above changes might pose uncertain policy and standard compliance risks.
Market risks	With growing awareness of the importance of environmental protection, users become more and more concerned about the environmental impact of the total product life cycle, as well as the environmental performance of the Company and products. In addition, they are in favor of green and low-carbon products, such as products containing reprocessed plastic components, and products with better management at the end of the product life cycle.
Extreme weather risks	We actively identify and determine the safety management risks caused by typhoon weather, rainstorm weather, etc.

Tackling Climate Change Risks

Promoting green operation

Ninestar actively responds to the goal of carbon-peaking and carbon neutrality by 2060, and accelerates the low-carbon transformation of the corporate. The Company creates green products and integrates environmental protection concepts into the whole life cycle of product design, production, research and development, manufacturing, packaging and disposal, continuously optimizes product design and product performance, enhances resource recycling, and seeks economic models to address climate change risks. Ninestar also promotes green production, and energetically advances technological innovation, energy conservation and consumption reduction in daily production to reduce greenhouse gas emissions. We advocate a green supply chain and work with upstream and downstream partners to address climate change.

Resisting the risks brought by extreme weather

We are committed to addressing the risks associated with climate change and enhancing the resilience of our businesses to climate change. In response to extreme weather and natural disasters such as hurricanes and earthquakes, the Company has established an emergency management system, determined emergency management institutions and their responsibilities, and reserved emergency materials and rescue teams, etc., to reduce the impact of extreme weather on production and operation. In addition, the Company carries out regular emergency rescue drills and refine emergency plans to ensure the stable progress of corporate production and operation.

04

Make Joint Efforts for a Brilliant Life

Material issues

- Employees' rights and interests
- Employee health and safety
- Employee training and development

Indicators in the chapter

Response to SDGs Indicators

Response to GRI Indicators

GRI 401-409

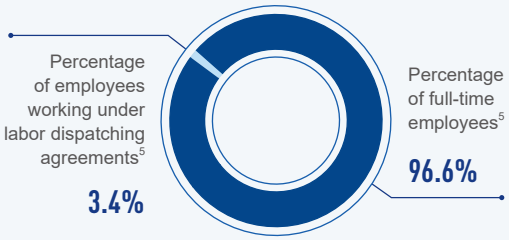
Employees are the core driving force for a going concern and the real creators of the enterprise value. Upholding the "people-oriented" value, we are devoted to creating an inclusive enterprise environment. We build a fair, equitable and open platform for our employees, provide them with unimpeded career development path, highly value employees' occupational health and safety, and care about employees in terms of working and lives, making utmost efforts to guarantee our employees' rights and interests.

PANTUM 奔图

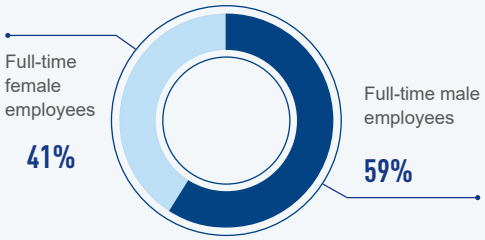
Guarantee of Employees' Rights and Interests

Employees are the cornerstone for the development of Ninestar. We adhere to a fair and impartial attitude to attract more excellent talents, and create a people-oriented work environment, a democratic communication and feedback mechanism and a competitive salary system for every employee, to fully respect and guarantee employees' rights and interests.

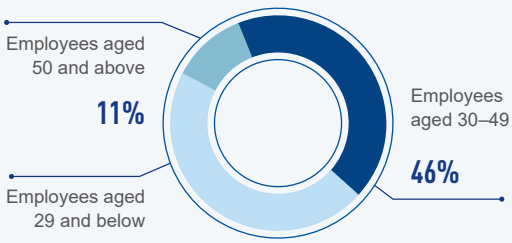
Total number of employed employees **22,336** Person



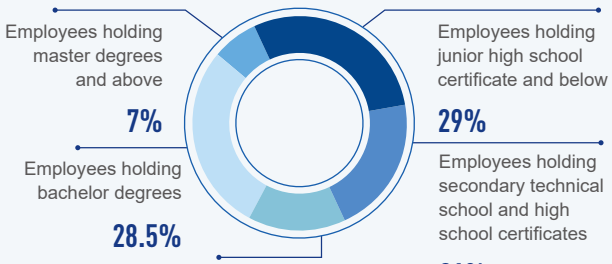
By gender[6]



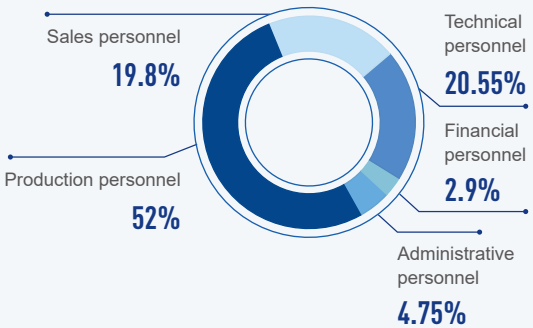
By age[6]



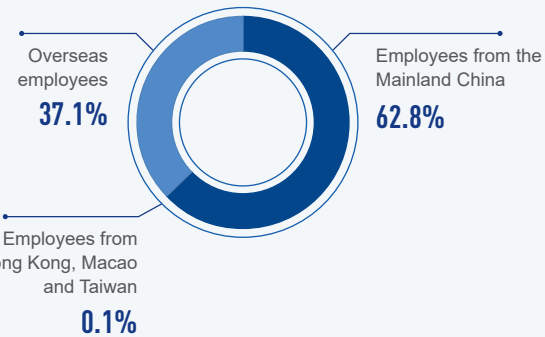
By educational qualification



By profession



By geographical region



Female managerial staff **193** Person

Employee turnover[7] **15.05%**

[5] The statistics don't include the data about Lexmark International or SCC (Static Control Component)

[6] Due to local laws and regulations, some overseas subsidiaries could not provide age and gender data of the employees, accounting for about 0.3% of the total global employees of Ninestar.

[7] For the employee turnover, the statistics contain the data about the functional staff of headquarters of Ninestar Corporation, Pantum Electronics, Pantum Smart Manufacturing, Ninestar Information Technology, the Consumables Business Unit of Lexmark and Lyman.

Diverse, Inclusive and Equal Employment

Employment Compliance

Ninestar strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other relevant laws and regulations as well as the applicable local laws and regulations. We have developed the internal *Guarantee System for Employee Diversification, Rights and Interests*, and fulfilled the BSCI Code of Conduct. Besides, we also strictly comply with the regulations on human rights contained in the *Universal Declaration of Human Rights* and the *Responsible Business Alliance (RBA)* as well as the applicable laws of the place where the Company operates, and respects and guarantees legal rights and interests of its employees, to create an equal and diversified working environment.

Adhering to creating an equal and equitable development platform and employment environment for employees, the Company always upholds the "open, equitable and fair" employment rules on the basis of the fundamental human rights of equality for all. We have formulated perfect human resources management systems and regimes, and standardizes the management of recruitment and dismissal, remunerations and promotions, working hours and holidays, etc. for a high-quality career development platform for its employees. In 2022, a third party was invited to perform a compliance review of all the institutional documents on human resources, and the institutional documents on human resources were amended as per the suggestions. During the Reporting Period, the labor contract signing rate of the Company was 100%, and the rate of social insurance contribution payment for employees employed under labor contracts was 100%.

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100%

The rate of social insurance contribution payment for employees employed under labor contracts was

100%

Ninestar agrees to comply with the labor rules stated by the Business Social Compliance Initiative (BSCI) Code of Conduct

BSCI Code of Conduct

Freedom of association and right of collective bargaining	Respect the workers' right to set up the trade union in a free and democratic manner and to participate in the collective bargaining
No discrimination	Provide equal opportunities, and don't discriminate against any worker
Fair remuneration	Respect the workers' right to get fair remuneration
Decent working hours	Comply with the regulations on working hours
Occupational health and safety	Ensure a healthy and safe labor environment, assess risks and take all necessary measures to eliminate and reduce risks
No employment of child labor	Don't employ any worker under the legal working age
Protect junior workers	Provide junior workers with special protection
No employment without guarantee	Formulate labor contracts and employ workers in accordance with legal provisions
No forced labor	No bondage, human trafficking or involuntary labor in any form

Prohibition of employment of child labor

The *Guarantee System for Employee Diversification, Rights and Interests* requires that the Company should strictly review the identity information of candidates in recruitment and observe the applicable laws and regulations of the place where it operates. And the employment or receipt of any labor under the minimum working age stipulated by the country or region where it operates is prohibited.

Prohibition of forced labor

The Company prohibits the signing of labor contract with any labor who is enslaved, forced, bonded or indentured in any form, and should resolutely prohibit involuntary labor in compliance with the applicable laws and regulations of the place where it operates.

Diversified Recruitment

Based on the corporate strategy and development planning, Ninestar has formulated the development strategy for talent channels in line with the Company development, actively developed the new talent pool, and laid down a series of system documents and workforce diversity plans, such as the *Recruitment Management System* and the *Guarantee System for Employee Diversification, Rights and Interests*. The Company determines the specific recruitment requirements and number of jobs as required for positions, and makes them public in written form in a variety of ways. We always uphold the principles of fairness and impartiality in our recruitment of employees, and don't discriminate against any employee or treat him or her unfairly on grounds of ethnicity, race, nationality, geographical region, gender, age, physical conditions, marital status, religious belief, etc., in order to establish the diversified recruitment process in compliance with rules. Furthermore, we conduct the training on workforce diversity for all our employees (regular employees and part-time employees) and contractors on a regular basis.

Ninestar employees come from the Mainland China, Hong Kong, Macao, Taiwan and overseas countries and regions. Besides, we are a big family consisting of 35 Chinese ethnic groups, with the full-time employees from ethnic minorities accounting for 16.67% of our total in-service employees, and there are more than 100 Zhuang, Hui, Yao, Li, Bai, Tujia and Yi ethnic employees.

Opposition to harassment at workplace

The Company opposes to any form of harassment at the workplace, including but not limited to intimidation, threat, sexual harassment, etc., and all types of harassment at the workplace specified by applicable laws and regulations of the place where it operates. The corresponding supervision and reporting processes have been put in place, so that those people who harass anyone else can be dealt with severely and will be turned over to judicial authorities for handling if he is suspected of being involved in any illegal crime.

Anti-discrimination

The Company should not terminate a labor contract, lower the wage standards, maliciously assess any employee or refuse to provide social security due to any employee's ethnicity, race, nationality, geographical region, gender, age, physical conditions, marital status, religious belief, etc.; and should not terminate a labor contract in advance on grounds of pregnancy, disability or other reasons, resolutely protecting the rights and interests of women, disabled employees and other special employees in social security. In the meantime, the Company has put in place relevant supervision and reporting processes, and will strictly investigate and deal with any discrimination.

Case | "Sailor" recruitment and cultivation plan

To enhance the workforce diversity and to fully leverage on the "Belt and Road Initiative" of China and nearly 500,000 foreign students in China, we specially recruited and cultivated the students in China coming from developing countries. In 2022, 11 "sailors" were recruited successfully and received the "sailor" orientation training, the product training and the basic functional management training smoothly.

Democratic Communication

Respecting employees' freedom of association and freedom of expression, Ninestar puts into practice the constructive bidirectional communication mechanism and build a diversified democratic communication platform for its employees. The Company has established a trade union federation as an effective channel to meet the needs for communications between employees and the Company, and learns and gives replies to feedback from employees through the congress of workers and staff, the reasonable suggestions office, the interviews with employees, etc. On the premise of legality and compliance, all employees can give feedback on their problems in work and life as well as their suggestions for the Company in all aspects anonymously or with real names. The relevant department of the Company follows up on, gives replies to and solves employees' complaints and suggestions in time. In addition, the Company regularly conducts "internal surveys on management on the DingTalk platform" of employees through the office software DingTalk (an all-in-one mobile workplace) in respect of the satisfaction with services provided by departments, the park environment construction, the canteen health and safety, etc., for timely understanding about the status quo of the internal management of the Company, guarantee of full rights of employees in the corporate governance and democratic enterprise management.

Salary and Welfare

Salary and Performance

In strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China* and other laws and regulations, Ninestar has formulated and keeps improving the *Salary Management System*, the *Housing Benefits Management System* and other provisions, adheres to the principles of integration, marketization, motivation, fairness and dynamic, and keeps to the philosophy of performance-based distribution and equal pay for equal work, for guarantee of fairness of the salary distribution. The overall salary and remuneration mechanism has been set up and perfected for "basic salary with market competitiveness + floating short-term incentive bonus + long-term incentive salary strongly associated with the development of the Company", guaranteeing employees' rights and interests.

We conduct monthly, semi-annual and annual performance assessments of all our employees and take the key performance indexes (KPIs), key target indexes (KTIs) and daily work goal attainment as the assessment bases. With a focus on the assessment levels of sectors based on the *Performance Management System*, we communicate with our employees about and give feedback on performance in time, and propose the direction of and measures for improvement. If any employee demurs in respect of their performance assessment result, they may appeal such result to the final appraiser or the Human Resources Department and ask for reconsideration.

Benefits and Pays

Complying with laws and regulations as well as labor policies and strictly putting into practice the national and local social security mechanisms, we keep improving benefits and pays for our employees. The Company provides practical good benefits and pays to its employees and promises that such benefits and pays will not be affected due to employees' ethnicity, race, nationality, geographical region, gender, age, physical conditions, marital status, religious belief or other factors. We also offer our employees with daily necessities and fruits for relieving summer heat, issue festival gifts on Lantern Festival, Women's Day, Mother's Day and other festivals, and carry out summer camp activities for our employees' children.

Social insurances and housing provident fund, paid leave, minimum wage guarantee, rest and leave, etc. are put into practice, and a variety of subsidies are issued as required.

Guarantee benefits

Safety protection supplies, regular health examination, occupational health examinations of special people, special allowances, etc.

Protective benefits

Shuttle bus for commuters, development training, team dinners, festival gifts, birthday benefits, association activities, etc.

Our own benefits

Case | Ninestar carried out summer camp activities for employees' children

In 2022, Ninestar carried out summer camp activities for its employees' children, in which children had a good time drawing pictures, doing DIY handwork, watching movies, doing homework with help, etc., in the company of professional teachers, enabling children to learn more knowledge, broaden their horizons, grow and be happy when they were on leave.

In 2022, Lexmark International was evaluated by Seramount as one of the "Top 75 Companies for Executive Women", the "Best Companies for Dads", and the "100 Best Companies", commending its inclusive benefits for families and support to working parents.

Facilitation of Career Growth

Employees are the most valuable treasure in the development of the Company. Ninestar assists every employee in his or her long-term development through a perfect training system and unimpeded career growth path, so as to enable every employee to give full play to his or her ability in a suitable position and to achieve the common development of employees and the Company.

Optimization of Training System

Ninestar attaches great importance to talent training. With a view to effectively improving our employees' professional proficiency and building a scientific mechanism for talent team building, we have formulated five administrative measures for training, namely the *Training Management System*, the *Administrative Provisions on the Internal Lecturers*, the *Administrative Provisions on the Campus Recruitment of Fresh Graduates*, the *Administrative Provisions on the Pre-service Training of Employees*, and the *In-service Degree Education Management System*, and built perfect training systems including the training course system, training organization and implementation system, training evaluation system, training lecturer system, training budget system, etc., to create a good internal learning environment for its employees.

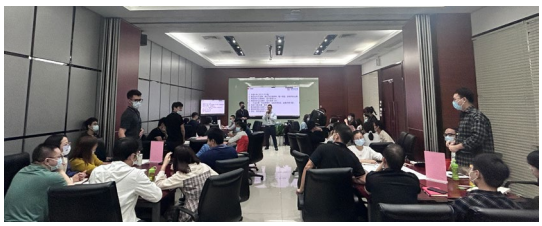
We provide diversified choices by defining two training paths for professional talents and management talents respectively, which cover five professional talent training programs including the researcher and developer training camp and the lecturer training camp for all employees of Ninestar and its subsidiaries, to focus on the improvement of employees' professional proficiency and management ability. We have also established the hierarchical training plan model, which adopts the Company's annual training plan as the outline and is aided by the training plans of business units, so as to make our training more effective and scientific.

As per job characteristics and business requirements, we sort out the professional abilities required for key jobs, and set up special job training to enhance professionals' abilities and to solve true business problems. In 2022, Ninestar organized a total of eight training camps including the internal lecturer training camp, lean production training camp, supply chain training camp, etc. Moreover, for active cooperation with suppliers, the Company arranged a total of more than 20 training sessions outside it, covering production management, marketing management, risk management, talent cultivation, etc.

"Navigation" series of leadership development	"Professional Talents" series of training camps	Construction of a team of internal lecturers	Excellent training courses	Talent training for technician skills
General manager class	Marketing training camp	Course development and design	*Replay*	Electrician class
Director class	Internal lecturer training camp	Make class charming	*Business Etiquette*	New apprenticeship system for enterprise
Reserve director class	R&D innovation training camp	Lecturers forum	*Mind Mapping*	Self-evaluation of occupational skill level
Manager class	Lean production training camp	Competition among internal lecturers	*Project Management*	
Reserve manager class	Supply chain training camp	Activity on Teachers' Day	*Structural Thinking*	
Supervisor class	HR elite training camp		*Business Negotiation Skills*	
	Finance elite training camp		*Management for Efficient Meetings*	
	English training camp		*Time and Objectives Management*	
	Project management training camp			

Case | "Navigation Engineering" management sequence training camp

In 2022, Ninestar organized and carried out the "Navigation Engineering" series of trainings, aiming to increase the management ability of reserve cadres and new cadres. In 2022, a total of 558 cadres participated in the Navigation Engineering training, involving 99 executives, 105 managers and 354 supervisors.



To help probation employees know and integrate into the Company quickly, we offer enterprise culture training, safety training, specialized department training, etc., to our new employees during their probation periods.

Case | "Ninestar Class" training camp for fresh undergraduates

Ninestar University carried out the "Ninestar Chasing Dream" training camp for the undergraduates of 2022, covering two stages, the "concentrated training" stage and the "advanced training" stage, helping undergraduates change their roles and improve their occupational skills and training undergraduates who joined Ninestar fresh from universities in multiple aspects. The project trained a total of 220 undergraduates in 2022.

Key Performances in 2022

In 2022, for Ninestar,

11,869 employees participated in trainings

Total hours of employee training **94,717** hours

Total investment in employee training CNY **5.76** million

University-Enterprise Cooperation

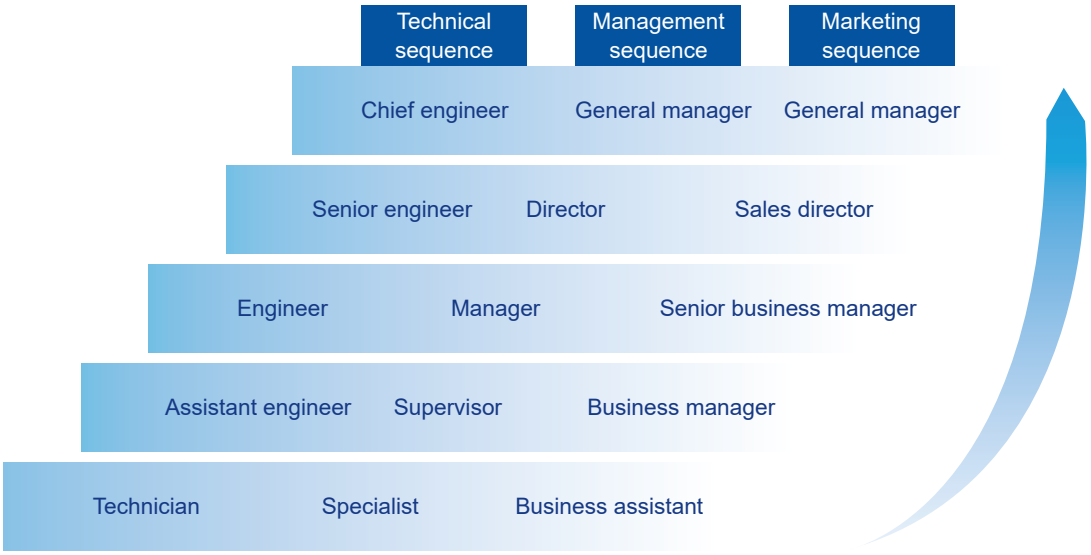
We actively sign the cooperation agreements on industry-university-research collaboration with Zhengzhou University, Xidian University, Lanzhou University, Zhaoqing Vocational and Technical Institute of Science and Technology and others to integrate advantageous resources of both sides and to cooperate with each other in depth in talent training, scientific and technological innovation, talent exchange, etc. In 2022, we provided corporate practical training opportunities to a total of 8,291 university and college students. Besides, we also signed preferential agreements with some English educational institutions in Zhuhai, under which our employees would be entitled to discounts if they applied for learning.

Case | Joint Talent Training Program with Zhaoqing Science and Technology School

Ninestar Information Technology established a cooperation relationship with Zhaoqing Science and Technology School in 2019 to start the Joint Talent Training Program, fully integrating both sides' respective advantages in talents and resources and building a platform between the Company and students for two-way choices. In 2022, 144 interns were developed under the program.

Perfection of Promotion Channels

To guarantee the openness, fairness and equity of the promotion system of the Company, the Company has developed the *Position Management System* and the *Management Mechanism for the Development of Cadre Positions*, standardizing job duties of employees at all levels strictly. In order to guarantee fairness and diversity in the assessment for promotion, the Company comprehensively examines and selects employees in multiple aspects instead of assessing them in terms of a single performance. In the meantime, to guarantee equity, the interviewers should strictly abide by the principle of restrictions to prevent nepotism, a clique formed to pursue personal interests, etc. For different characteristics of employees, the Company provides different career development accesses, so that every employee has his or her development direction and objectives. The main career paths involve technical development access, marketing development access and management development access.



We have established two development and promotion paths for professionals and management talents to provide our employees with diversified choices. Technicians can be promoted under the job qualification system, who should meet the job requirements for knowledge, skills, working achievements, etc., while the promotion of managerial staff members should meet the conditions for annual performance assessment results, trainings, understanding of cadre competency and experiences, reading notes, open reply for promotion, etc.

Incentives for Employee Development

To promote employees' knowledge and skills in fulfilling job duties, we keep implementing the *In-service Education Qualification Management System* to encourage all our regular employees to participate in professional certification training or further study for higher educational qualification, and give corresponding reimbursements and rewards to the employees who get qualification certificate of in-service education, professional technical title appraisal certificate or professional qualification certificate. In the current year, Ninestar motivated a total of 72 employees by giving a reward bonus of more than CNY170,000.

This year, Ninestar motivated a total of **72** employees by giving reward bonus of more than CNY **170,000**

To attract and retain excellent management talents and business backbone staff, allow employees to share the long-term value growth of the Company and arouse the passion of all staff for persistent contribution to the development of the Company, we have formulated the *2022 Restricted Stock Incentive Plan* for directors, senior managers, middle-level managers and core backbone staff of the Company as well as others for whom the Board of Directors deems incentives necessary, perfecting the medium- and long-term incentive mechanism. In the current year, we granted up to 5,109,578 restricted stocks to 444 registered people as incentives.

This year, we granted up to **5,109,578** restricted stocks to **444** registered people as incentives

Protection of Health and Safety

We have established and perfected our occupational health and safety management system, strengthened the safety training for our employees, and conduct daily inspection rounds and regular maintenance, so as to create a safe working environment, promote the physical and mental health of our employees and reduce safety and health risks at our workplace.

Safety Management System

In strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Work Safety Law of the People's Republic of China*, the *Provisions on the Administration of Occupational Health at Workplaces* and other applicable laws and regulations, the Company has formulated the *Occupational Health Management System*, the Occupational Health Management System, the *Work Safety Management System*, the *Occupational Hazards Management System* and other safety management system, to build a dual prevention mechanism for hierarchical control of safety risks and identification and management of hidden hazards, for effective prevention of extra serious safety accidents. Ninestar Corporation and Kingway have passed the Work Safety Standardization Level two Enterprise Certification. Zhuhai Saina Property Services Co., Ltd., the Consumables Business Unit of Lexmark and Pantum Electronics has passed ISO 45001:2018 Occupational Health and Safety Management System Certification.

Safety Management Measures

Safety culture is an important component of the cultural development of an enterprise as well as the basic guarantee for peoples' lives and health. In order to ensure the safety of employees, reduce the impact of the working environment on employees and effectively prevent work safety accidents, the relevant departments and subsidiaries of Ninestar take diversified measures according to their respective business features, to continuously make the management of employee health and safety more effective.

System Guarantee	We are cooperative in the external review for ISO 45001 system certification by improving the occupational health management system and implementing the occupational health management. For jobs that threaten health, employees may work by regular rotation, comprehensively guaranteeing environmental health and safety for employees. We have continuously built and improved the safety organization structure, improved the mechanism of appointment of persons in chief charge of safety and safety management personnel, and signed the statement of safety responsibilities with employees at all levels. Besides, we have implemented the responsibility system for all staff, and also bought various types of insurance such as work safety liability insurance, forklift insurance, etc.
Safety inspection	A third-party safety service institution is engaged to inspect the potential safety hazards, special equipment, occupational health and dust removal system of the Company and to assess the risks in some new equipment or change in the process on a regular basis, and we carefully carry out special rectifications and take corresponding measures for such risks.
Provision of safety equipment	To provide employees with a healthy and safe working environment, we set access control cards and face recognition for restriction in a bid to strictly control the use of facilities by employees; provide necessary labor protection supplies for employees who need them, and install 24-hour surveillance cameras to identify dangerous disciplinary violation; use ventilation facilities and noise-reducing facilities and take other technical measures for prevention of occupational hazards; and furnish a medical room, eyewash equipment and other emergency facilities for occupational hazards.
Health examinations	Being concerned about the health of our employees, we organize and carry out regular health examinations for our employees, providing our employees with occupational health checkups from before onboarding to departure.
Prevention and control of occupational diseases	We have invited professional testing organizations to the production sites for the detection and assessment of occupational hazards, and organized occupational disease examinations for employees holding posts exposed to occupational hazards.

Key performances in 2022

In 2022, for Ninestar,

Investment in work safety amounted to CNY**23,325,098.34**

There was **0** work safety accidents

The number of work-related deaths of employees was **0**

The number of work-related injuries was **0**

613 potential safety hazards were rectified

100% of potential safety hazards were rectified

Occupational health and safety training

In order to enhance employees' awareness of safety and strengthen staff's safe operation ability, we conduct the work safety month and work safety training, providing the three-level onboarding safety training for common workers, special regular monthly educational training for those employees in the positions exposed to occupational hazards, and ad hoc special occupational health training and education, in accordance with the *Administrative Provisions on Work Safety Education and Training and Employment with Certificates* as well as other documents; and we post posters about occupational safety to publicize national laws and regulations on work safety, work safety knowledge and work safety management system of the Company, increasing all staff's awareness of the importance of health and safety. 100% of our safety managers are trained for working as professional health managers with certificates every year.

Key performances in 2022

The work safety and occupational health training hours added up to

23,759 hours

Work safety and occupational health training was provided for

18,374 person-times

Care about Employees

We continuously perfect the employee care mechanism, care about employees' difficulties and demands in work and life to practically enhance our employees' well-being and perception of affiliation; and organize various forms of diversified recreational activities to create a happy workplace, enriching the leisure life of employees, leading employees to seek for a wonderful life, and helping them balance their work and life.

Help for Employees in Need

With a view to promoting the fine traditional Chinese virtue of solidarity and friendship and devotion to love, Ninestar has set up the "Love" fund and formulated the *Ninestar Administrative Measures for "Love" Charitable Fund* since 2007 to provide assistance to employees in need owing to serious illness or accident; and has bought relevant supplies for a visit to and care about employees in poverty, in addition to the support from the "Love" fund. As of the end of 2022, the "Love" charitable fund of Ninestar received a total of 110 individual donations and 13 group donations, totaling CNY285,380. In 2022, five Ninestar employees were funded, with an expenditure of CNY149,900 in total.

Care about Female Employees

We care about female employees and fully respect and protect their rights and interests of female employees. We're dedicated to offering the most thoughtful care to every female employee at daily work, including a special room for moms in office space, and paid leaves that female employees are entitled to according to law, such as prenatal check-up leaves, maternity leaves, breastfeeding leaves, etc. Moreover, valuing women's power, the Company has played the promotional video with the theme of "Women's Power" and held themed activities on Women's Day to encourage women in their career development and to promote gender equality in the workplace.

Enrichment of Employees' Lives

We organize and carry out rich and varied employee activities, and integrate elements of festivals, sports, celebrations, etc., in such activities, attracting more employees to participate with fun and diversity and helping employees keep a watchful eye on their physical and mental health and balance their work and life.

Case | Carried out special parent-child activities for sweet moments

On May 29th, Ninestar successfully held a "Fun on June 1st" parent-child campaign at the Transparent Factory of BYHEALTH Co., Ltd. to deliver sincere blessings to children. On that day 65 families participated in the campaign with more than 100 children. Parents and children were so joyful in games that they were full of happiness.

Case | Show Passion in "Badminton" Game

To encourage employees to do physical exercises and to be healthier, "Show Passion in 'Badminton' Game" was held at the headquarters of Ninestar Group for the first time in 2022, attracting nearly 50 employees participating.

Case | SCC held various activities for employees

SCC has held luncheon parties, activities for memorial days for veterans, summer picnics, ice cream and festival parties and other activities for employees monthly. In the meantime, SCC has also held luncheon parties for commendation regarding the certain length of service, to commend the employees who have worked for SCC for at least a certain number of years.

05

Working Together for a Resilient Ecosystem

Material Issues

- Responsible Supply Chain Management

Indicators in the chapter

Response to SDGs Indicators

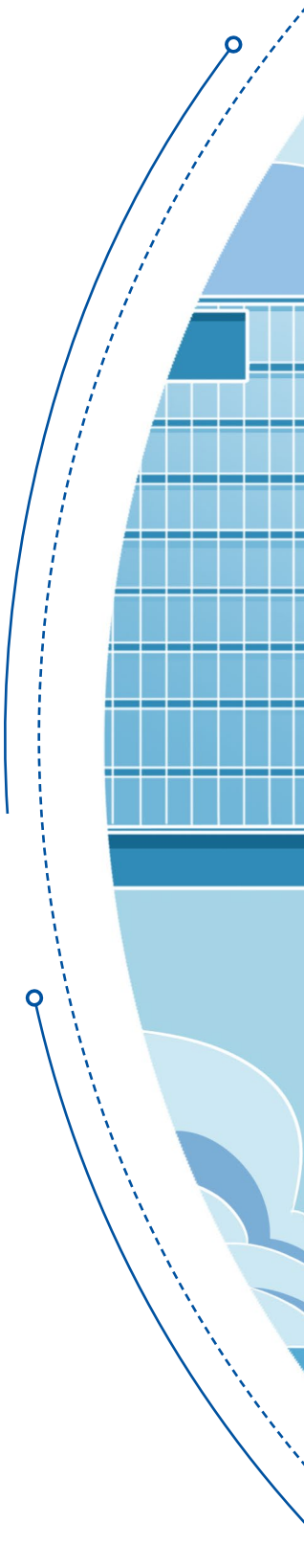
Response to GRI Indicators

GRI 204

GRI 308

GRI 414

Supply chain management is a key link in Ninestar's operation. In the whole process of supply chain management, we practice the concept of sustainable development, actively influence and empower supplier partners with our own practices, actively cooperate with external parties, and continuously promote the overall industry chain to fulfill its social and environmental responsibilities.

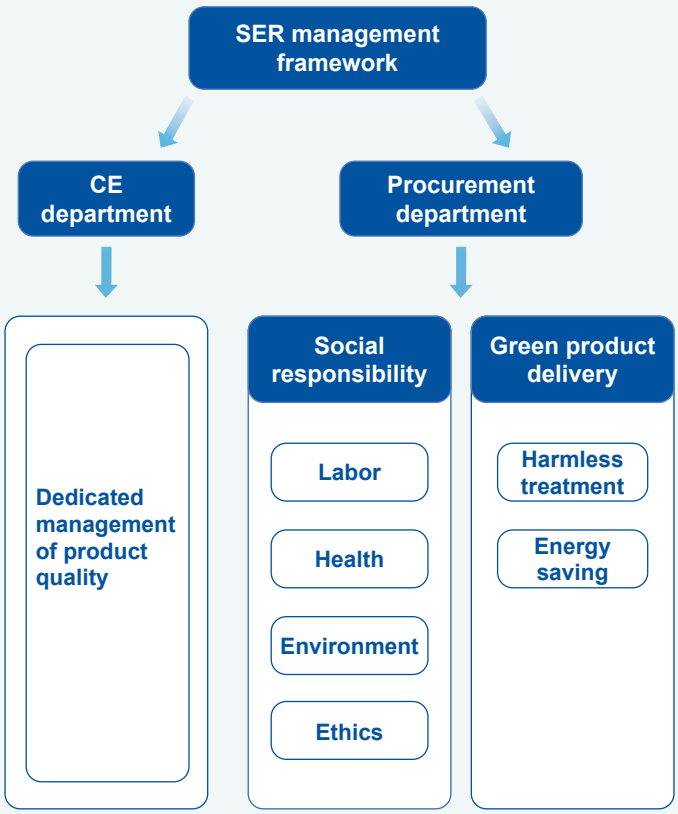


Creating a Responsible Supply Chain

Ninestar attaches great importance to supplier management, strictly abides by the *Contract Law of the People's Republic of China, Responsible Business Alliance (RBA) Code of Conduct* and other laws and regulations and international conventions, has formulated the *Supplier Management System,* the *Supplier Selection, Certification and Introduction Process* and other systems, improves the supplier management structure and process, performs responsible procurement, and works together for the sustainable development of the supply chain.

Supply Chain Management Framework

Based on functional departments, Ninestar Information Technology has built a supply chain management system framework, in which the Components Engineering Department (CE Department) is responsible for the special management and supervision of product quality, and the Procurement Department has set up two management themes, namely social responsibility and green product delivery. Social responsibility includes specific topics such as labor, health, environment and ethics, and green product delivery includes specific topics such as harmless treatment and energy saving, so as to improve the supply chain management framework from multiple angles and implement the responsible supply chain.



Supply Chain Management Framework

Supply Chain Management Process

In 2022, Ninestar revised *the Management Process of Productive Material Suppliers* to further improve the management process of each step, such as supplier introduction, assessment, evaluation, rectification and withdrawal. We carry out strict hierarchical and classified management of suppliers, establish differentiated supplier management strategies, and implement quality control and scientific management of suppliers.

Supplier Introduction

Ninestar has strict control over the introduction of suppliers. We define the supplier development and introduction process, standardize the operation of each link, and evaluate business information, clean procurement, labor rights, environmental safety, green procurement and other aspects according to standardized documents such as *the Management Regulations on Supplier Development and Introduction*. We require suppliers to pass ISO 9001 and other quality certifications. In 2022, Ninestar had 725 new suppliers and did not introduce any suppliers with actual or potential significant negative environmental and social impacts.

In 2022, Ninestar had

725 new suppliers

Supplier assessment and evaluation

We standardize the assessment criteria of suppliers according to *Regulations on the Management of Supplier Performance Appraisal*. We conduct monthly and regular reviews according to *the Supplier Quality Performance Evaluation Report* and *the Periodic Supplier Review Form,* comprehensively evaluate the supplier's product quality, delivery, service and price, and review the quality, environment and hazardous substance management systems and so on, so as to promote the continuous improvement and promotion of suppliers. Geehy Microelectronics evaluates suppliers every six months through on-site audits and questionnaire audits. Ninestar Information Technology focuses on the on-site inspection activities of active suppliers, classifies suppliers according to material grade, and conducts an on-site review to ensure the stability of supply quality of mainstream materials.

We conduct annual compliance audits of our suppliers. During the Reporting Period, the Company completed 36 internal audits and 97 external audits, auditing a total of 411 suppliers, covering the vast majority of tier 1 suppliers, some tier 2 suppliers and tier 3 suppliers, of which five suppliers failed to pass the audit, with an audit pass rate of 98.78%.

During the Reporting Period, the Company completed **36** internal audits

The Company completed **97** external audits

411 suppliers were audited in total

The audit pass rate was **98.78%**

During the Reporting Period, each subsidiary audited its suppliers, and the scope of audit is as follows:

Supplier Audit

Subsidiaries	Tier 1 supplier audit coverage ratio	Tier 2 supplier audit coverage ratio	Tier 3 supplier audit coverage ratio
Pantum Smart Manufacturing	100%	N/A	N/A
Pantum Electronics	100%	N/A	N/A
Ninestar Information Technology	100%	100%	100%
Geehy Microelectronics	83%	N/A	N/A

At the same time, based on the review results, we evaluate the suppliers. Pantum Smart Manufacturing classifies suppliers into grades A, B, C, D and E according to their comprehensive performance. Geehy Microelectronics scores suppliers' supply risks every quarter, mainly assessing their operational risks and supply capacity, classifying suppliers into low-risk, medium-risk and high-risk levels, sending out risk warning information in time for suppliers of high-risk levels, and immediately terminating cooperation and changing supply channels.

Case | Pantum Smart Manufacturing conducts annual supplier review

Pantum Smart Manufacturing classifies suppliers into grades A, B, C, D and E, and gives priority to the suppliers of grade A for purchasing, and refuses to cooperate with the suppliers of grade D.

Annual Supplier Review of Pantum Smart Manufacturing

Assessment dimension	Assessment scope and criteria	Audit Results
Comprehensive evaluation of suppliers' product quality, delivery, service and price to promote continuous improvement and upgrading Audit contents include: audit of the suitability and effectiveness of quality, environmental and hazardous substance management systems	Scope of assessment: suppliers on the list of approved suppliers Evaluation criteria/grade: A: score ≥ 90 B: 90 > score ≥ 80 C: 80 > score ≥ 70 D: 70 > score ≥ 60 E: score < 60	Suppliers to be audited: 49 Suppliers actually completing the audit: 49 0% of suppliers rated as Grade A, 79% of suppliers rated as Grade B, 21% of suppliers rated as Grade C, 0% of suppliers rated as Grade D, 0% of suppliers rated as Grade E. Overall, the current supplier resources of the approved supplier list are at a good level

Supplier rectification and withdrawal

We strictly control suppliers' violations, and formulate a general statement on suppliers' violations. For suppliers who had non-compliance or violations of Code of Conduct, we take actions to address issues of non-compliance, give warnings and notifications or immediately interrupt the cooperation based on the severity, and set corresponding penalties such as fines. Pantum Smart Manufacturing implements monthly rewards and punishment measures for suppliers. If suppliers violate the rules, they should submit improvement reports according to *the Supplier Audit Problem Improvement Action Sheet*, and follow up on the feedback in time until the rectification is completed. Ninestar Information Technology initiates the penalty of contract volume deduction for suppliers with abnormal delivery or overdue delivery in the cooperation; for suppliers who fail to pass the assessment and do not meet the rectification conditions, the elimination system shall be adopted. During the Reporting Period, no supplier was had non-compliance or violations of Code of Conduct, we take actions to address issues of non-compliance.

Supplier Incentive

We reward quality suppliers to encourage them to continue to provide quality materials and abide with policies. According to the Supplier Development and Management Process, we give preferential rewards to the A-level suppliers in the previous year, such as preferential payment, preferential order placement and preferential inspection, and award the top-ranked suppliers with an "Excellent Supplier" medal. At the same time, we evaluate suppliers in terms of integrity procurement, labor rights, environmental safety and green procurement in supplier introduction, evaluation, audit and continued cooperation, and give priority to suppliers with good performance in labor management, so as to encourage suppliers to fulfill their social responsibilities. For suppliers with excellent annual assessment results, Pantum Electronics increases the purchasing proportion of the materials they provide and gives priority to them for new project participation opportunities. Apart from that, Pantum Electronics gives written praise to suppliers for excellent performance in consecutive assessments and issues excellent supplier certificates. Ninestar Information Technology holds commendation meetings and provides rewards for outstanding suppliers.

Supplier Communication and Training

Ninestar actively communicates with suppliers and helps them grow through training. In the integrated circuit business, Geehy Microelectronics holds monthly communication meetings on suppliers' quality, technology and delivery, and regularly carries out communication and exchange, such as monthly communication meetings, annual replay meetings, annual on-site audits, and annual summary meetings. In the printer business, Pantum Smart Manufacturing organized a total of 15 meetings on supplier quality, delivery improvement and technical communication for key suppliers. Ninestar Information Technology regularly organized supplier training activities, such as EU regulations training. In the consumables business, Kingway carried out five visits and exchanges between suppliers and personnel of the procurement, engineering and technology departments. Lianchuang Smart Manufacturing carried out a total of three training sessions in quality assurance, honesty and anti-corruption, labor safety and management, covering 25 people. The Consumables Business Unit of Lexmark regularly held component quality meetings and weekly supplier quality meetings, promoted key quality improvement projects and quality prevention projects before and after the Chinese New Year, and inspected and visited suppliers. In 2022, a total of 80 supplier visits were conducted.

Case | EU regulation training by Ninestar Information Technology

In October 2022, Ninestar Information Technology conducted a training activity for suppliers on the theme of "Interpretation of Environmental Requirements for Printing Equipment", introducing the content of RoHS and REACH regulations and directives in detail, explaining the restricted materials and current control requirements, with 232 participants, which effectively improved the quality awareness of suppliers.

Supply Chain Responsibility Management

Ninestar actively builds a fair, open, transparent and sustainable supply chain, and works with suppliers to make sustainable development an important part of procurement strategy. We have formulated and publicly disclosed *the Sustainable Development Management Policy of Supply Chain* on our official website, which sets out the following four principles of supplier management.

Enhance the weight of sustainable development in supplier certification, performance evaluation and procurement decision-making, and deepen cooperation with customers, suppliers and industry organizations.

Strictly comply with all important laws and regulations, international norms and other stakeholder requirements in the areas of society, economy, human rights and environmental protection, such as *the Social Accountability Standard (SA 8000)*, *the Universal Declaration of Human Rights*, *OHSAS 18001*, ISO 14001 and *the Responsible Business Alliance (RBA) Code of Conduct.*

Continuously focus on and reduce the environmental impact of operations in the supply chain, focus on improving environmental protection management capabilities in the supply chain, the rights and interests of employees in the supply chain, and employee ethics education in order to raise the awareness of the importance of compliance among employees.

Inform all suppliers of all sustainability management and compliance requirements, help suppliers improve their sustainability management capabilities and values, and promote socially and environmentally responsible operations of all suppliers.

Based on the concept and principles of *the Supply Chain Sustainability Management Policy*, we set down requirements for environmental safety, social responsibility and health and safety of our suppliers, and put into place assessment standards to ensure the effective operation of each supply chain.

Based on the *Supplier Selection, Certification, and Introduction Process*, *Supplier Assessment Management Process, Environment, Health, and Safety EHS (hereinafter referred to as "EHS") Questionnaire*, and *Social Responsibility Evaluation Form*, we select suppliers based on labor management and work safety performance. Meanwhile, in the process of cooperation, we continuously assess indicators of responsibility management, , conduct regular surveys on the management of occupational health and safety and the environment of suppliers, carry out supplier self-evaluation on child labor, prohibit of forced labor, health and safety, freedom of association and collective bargaining, prohibition of discrimination, prohibition of disciplinary measures, compliance in business ethics, wages and labor hours, and make rectification or adopt direct elimination in case of non-compliance with labor ethics and other guidelines.

According to *the HSF Management Program*, *Declaration of Conformity of Suppliers for Restricted Use of Hazardous Substances*, it is required to meet the requirements of REACH, RoHS, attestation of Chinese Environment Labelling (ten rings), packaging and waste gas emission directives, etc.

According to the *Declaration on Non-Use of Conflict Minerals* and the *Responsible Business Alliance Code of Conduct Declaration of Conformity* (RBA Declaration of Conformity), fulfill the commitment of not using conflict minerals, and abide by some provisions of the Declaration of Conformity of Responsible Business Alliance Code of Conduct.

According to the *Agreement on Business Ethics* and the *Agreement on Integrity and Self-discipline*, sign an agreement on honesty, law-abiding and fair competition.

Social, Environmental and Governance Requirements of Pantum Electronics for Suppliers

Category	Issues	Requirements
Environmental	Environment Protection	• Establish or certify HSF management system • Required to sign the *Declaration of Conformity of Materials Containing Chemical Substances*
Social	Quality Safety	• ISO 9001 certification, ISO 14001 certification required • Required to sign the *Purchase Framework Agreement, Entrusted Processing Contract, Mold Processing Framework Agreement* and *Product Quality Assurance Agreement*
	Occupational safety	• Required to sign the *Environmental and Safety Notice for Cooperative Organizations*
	Labor rights	• Required to sign the *Responsible Business Alliance Code of Conduct Declaration of Conformity (RBA Declaration of Conformity)* • Satisfy the supply chain labor management requirements • Satisfy the Conflict minerals management requirements
	Information Safety	• Required to sign the *Non-Disclosure Agreement*
Governance	Anti-corruption	• Required to sign the *Agreement on Integrity and self-discipline.*

Meanwhile, the Company provides suggestions, training and other support for suppliers to achieve sustainable development goals, promotes all suppliers to operate in a socially and environmentally responsible way, and ensures that products and services meet the requirements of sustainable development at the source. The Company undertakes to conduct quality improvement training for all suppliers on a regular basis every year to assist them in solving pain points in product or service quality and to improve their quality management level. The Company supervises and urges suppliers to develop quality certification plans and obtain ISO 9001, IATF 16949 and other quality system certifications.

Integrity in Procurement

In accordance with *the Control Procedure of Business Ethics and Integrity*, Ninestar requires suppliers to sign agreements such as *the Company's Statement on Anti-Commercial Bribery* or *the Agreement on Integrity and Self-discipline*, which clearly stipulate that employees shall not solicit or accept money, goods and any form of gifts from suppliers in any name, and require suppliers not to give cash gifts, goods and securities directly or indirectly to any employees of Ninestar in private or provide illegitimate benefits by other disguised means. We require that all contracts with a value of more than CNY50,000 should be signed along with the *Agreement on Integrity and Self-discipline*. In 2022, the number of integrity and self-discipline agreements signed was 1,574, with a 100% agreement signing rate.

At the same time, the Company is committed to improving and developing its corporate culture through supplier training to ensure the best practices and standards of responsible business practices, including those in the field of anti-corruption compliance. In 2022, the Company actively organized a total of 16 training sessions for suppliers on business ethics development or anti-corruption compliance, covering 413 person-times.

Case | Ninestar Information Technology conducted anti-corruption training for suppliers

In October 2022, Ninestar Information Technology conducted online and offline integrity and self-discipline training for suppliers, including anti-corruption, business ethics development and other basic knowledge and negative case warnings, with 132 participants.

Ninestar Information Technology Conducted Supplier Integrity Training

Supplier Labor Management

Ninestar pays close attention to the human rights practices of suppliers and abides by the BSCI Code of Conduct. Ninestar Information Technology abides by the requirements of the BSCI Code of Conduct and RBA Code of Conduct, which constrain suppliers in terms of social responsibility and health, requiring suppliers to respect the right of workers to form unions in a free and democratic manner, not to discriminate against workers on the basis of joining labor unions, to respect workers' freedom of association, and to fulfill the responsibilities of anti-discrimination, fair remuneration, minimum wage, paid overtime decent working hours, occupational health & safety, prohibition of child labor, protection of young workers, no forced labor and environmental protection, etc.

Ninestar Information Technology requires suppliers to submit environmental safety information and labor management performance to select suppliers, and refuses to cooperate with suppliers who have non-decent working hours, lack occupational health and safety, etc. At the same time, they are required to conduct RoHS certification every year. In 2022, 90% of suppliers passed RoHS certification.

We audit suppliers' labor practices and commitments and practices, and ask non-compliant suppliers to make rectifications in time or eliminate them directly. In 2022, Ninestar Information Technology, Pantum Electronics and Pantum Smart Manufacturing audited by questionnaire research on supply chain labor management and compliance with Code of Conduct for direct suppliers. Some suppliers have formulated written labor and ethics rules and regulations, and at the same time, they have appointed dedicated personnel to supervise the implementation and conduct internal and external assessments regularly. The findings are as follows:

Findings of Supply Chain Labor Management and Corporate Ethics Survey

Company	Ninestar Information Technology	Pantum Electronics	Pantum Smart Manufacturing
Written labor and ethics rules and regulations in place	29.10%	52.94%	87.50%
Dedicated personnel assigned to supervise and guide the implementation of labor laws and regulations	61.63%	97.10%	100%
Regular inspection and evaluation of labor and ethics management	38.37%	64.70%	100%
Received review or investigation by customers or external agencies within the past year regarding labor and ethics management systems	25.58%	35.29%	87.50%

In the meantime, Ninestar and its subsidiaries actively carry out labor management training for suppliers. In 2022, Ninestar conducted two labor management training sessions for cooperative suppliers, with 146 participants.

Green Procurement

Ninestar strictly abides by external policies, regulations and codes of conduct, such as the *Law of the People's Republic of China on Import and Export Commodity Inspection (Amendment 5, 2021)*, *Measures for the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment, Implementation Arrangements for RoHS Qualified Suppliers Assessment System of China*, and *Responsible Business Alliance Code of Conduct (RBA)*, and has formulated internal policies and procedures, such as *Specification for the Control of Hazardous Substances* and *Declaration of Conformity of Suppliers with the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment*, to practice management responsibilities in terms of suppliers' environmental protection and safety.

According to the *Regulations on the Control of Hazardous Substances*, Ninestar Information Technology has divided the responsibilities for the identification, evaluation and control of hazardous substances and standardized the inspection and control of hazardous substances, as well as the incoming material inspection control procedures, process control management procedures, warehousing and delivery inspection management procedures, and RoHS nonconforming product management procedures. According to the *Supplier EHS Management Requirements*, Ninestar Information Technology requires suppliers to provide qualification certificates such as *Declaration of Conformity for Hazardous Substances* and *Production and Sales License for Highly Polluting Industries and Special Dangerous Goods*, and consciously abide by the requirements of EHS laws and regulations; regularly supervises the upstream EHS process control, risk assessment and supervision of rectification, and requires suppliers to prepare EHS management manuals and establish corrective and preventive mechanisms. Geehy Microelectronics requires suppliers to sign RoHS and REACH compliance agreements, and requires products to comply with relevant environmental laws and regulations. During the Reporting Period, all the suppliers of Geehy Microelectronics met RoHS and REACH requirements.

Conflict Minerals Management

Ninestar fully recognizes the risks of potentially significant negative impacts associated with mining, transporting, trading, processing or exporting minerals in conflict-affected and high-risk areas, and is aware of the corporate obligation to respect human rights and not to have negative impacts on society. We abide by domestic and international laws and guidelines, such as *China Due Diligence Management Guide for Responsible Mineral Supply Chain*, *OECD's Due Diligence Management Guide for Responsible Supply Chain of Minerals from Conflict-Affected and High-Risk Areas*, and *Dodd-Frank Wall Street Reform and Consumer Protection Act*, and are committed to adopting the requirements for conflict minerals therein. In addition, we formulate the internal policy of *Due Diligence Management Policy for the Responsible Mineral Resource Supply Chain*, publicly disclose it on the official website, and incorporate it into the contracts or agreements signed with mineral resource suppliers. The scope of application is the supply chain of tungsten, tin, tantalum, gold, nickel, cobalt, manganese, lithium, graphite, mica, copper, aluminum and other minerals of Ninestar and its subsidiaries and holding companies, and the following aspects are stipulated:

- Serious violations related to mineral exploitation, transportation, or trading and their risk management.
- Direct or indirect support to non-state armed groups and their risk management; public or private security forces and their risk management.
- Fraudulent misrepresentation of bribery and mineral origin.

- Money laundering; taxes, fees and royalties paid to the government.
- Occupational health and safety and its risk management; child labor and its risk management.
- Land rights, emissions and small workshops and their risk management.

In addition to the *Due Diligence Management Policy for Responsible Mineral Resources Supply Chain*, each subsidiary has also formulated its own policies related to conflict mineral management. Ninestar Information Technology has formulated the *Declaration on Non-Use of Conflict Minerals*, and Pantum Electronics and Geehy Microelectronics require suppliers to promise that all delivered products do not contain conflict minerals according to the *Management Regulations on Supplier Development and Introduction*.

At the same time, each subsidiary manages the risk of conflict minerals in various ways. Ninestar Information Technology requires suppliers to strengthen supply chain management and formulate relevant management systems and regulations to effectively identify and trace the source of raw materials and ensure the legitimacy of raw materials source; requires suppliers to truthfully fill in and reply to the investigation on "conflict minerals" and provide other information; implements and has passed the evaluation of *the Responsible Business Alliance (RBA) Code of Conduct* and the environmental labelling certification, and requires compliant suppliers to provide *the Responsible Business Alliance Code of Conduct Declaration of Conformity (RBA Declaration of Conformity)*. Pantum Electronics requires suppliers to sign a statement that they will not use conflict minerals from 10 countries including Congo when they are introduced. Geehy Microelectronics requires suppliers to sign relevant agreements on "export control" and conduct traceability identification and evaluation of smelteries and refineries responsible for products. In 2022, Geehy Microelectronics's tier 1 and tier 2 suppliers did not have smelteries or refineries.

According to the final rule of *Dodd-Frank Act* on conflict minerals, each subsidiary conducts annual supplier conflict mineral surveys. In 2022, Pantum Smart Manufacturing mass-produced PCP-AVL\ PCP materials for printers, and Ninestar Information Technology and Geehy Microelectronics conducted conflict minerals research on materials supplied by suppliers. The results showed that none of the suppliers were engaged in conflict minerals.

Ninestar has the right to require suppliers to provide evidence of relevant material sources, so as to promote the capacity development of conflict mineral management of suppliers. We urge suppliers to formulate and implement conflict mineral policies for their internal management, formulate corrective procedures for the use of conflict minerals, and publicly disclose them; and communicate with the upstream suppliers and work together to ensure that the relevant materials can be traced back to the smeltery at least, so as to confirm that the purchased metal originates from the smeltery of non-conflict minerals.

Promoting Industry Development

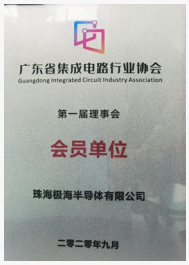
Ninestar attaches great importance to communication with industry partners to achieve synergistic development, while actively promoting cooperation of the industry, university and research to drive technological innovation and boost industry growth.

Participating in industry exchanges

We have joined a number of industry associations, actively participated in the formulation of industry standards and systems, and promoted the development of the industry. Geehy Microelectronics has joined the Global Semiconductor Industry Association, China Communication Industry Association IOT Application Branch, China Association of Automobile Manufacturers, Guangdong Electronic Digital Industry Association, Guangdong Integrated Circuit Industry Association, and is also the executive vice president of Zhuhai Internet of Things Industry Association. Pantum Electronics has joined Airprint Organization, International Wi-Fi Alliance Organization, China National Information Technology Standardization Technical Committee, China Computer Industry Association Printer Professional Committee, Zhuhai Science and Technology Development Promotion Association and other associations. At the same time, it is the director of China Information Industry Trade Association Integrated Ecological Work Committee and the vice president of China Modern Office Equipment Association. Topjet has joined the Consumables Association and participated in the drafting and review of group standards.

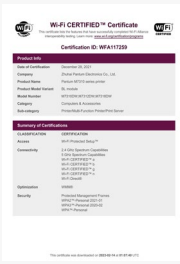
Geehy Microelectronics

Member of Guangdong Electronic Digital Industry Association



Member of Guangdong Integrated Circuit Industry Association

Pantum Electronics



Certificate of Wi-Fi Alliance

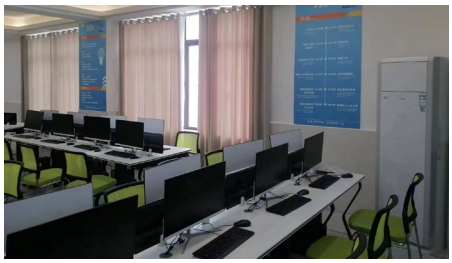
Member unit of Zhuhai Science and Technology Development Promotion Association

Diversified Industry Cooperation

We focus on cooperation with industry partners, promote R&D and innovation, and grow together with the industry. Pantum Electronics has collaborated with suppliers to develop a new PTFE powder plastic process to replace the original PFA injection molding process. Geehy Microelectronics cooperates with several foundries (FAB) in process technology, such as the high-pressure BCD EFLASH process. Topjet cooperates with customers in intellectual property products, including patents such as ink cartridges, ink bottles and rubber stoppers. Lexmark Consumables Business Unit cooperates with automation design companies and lean training institutions to achieve a win-win situation for enterprises and partners. Also, we actively cooperated with research institutions. Geehy Microelectronics cooperates with Zhengzhou University in MCU research in three technical directions: test and verification platform, vehicle control scheme and BLE indoor positioning, and jointly applied for nine patents. Lexmark Consumables Business Unit conducted the industry-university-research cooperation with Zhaoqing Vocational and Technical Institute of Science and Technology and Zunyi Vocational and Technical College to help industry-university-research transform.

Case | **Lexmark Consumables Business Unit cooperated with Zunyi Vocational and Technical College to set up a titled class**

Lexmark Consumables Business Unit and Zunyi Vocational and Technical College set up a titled class to implement three-year full-time secondary vocational education enrollment, and authorized each other to hang out shingles, set up a talent training base and a school-enterprise cooperation base, jointly carry out various teacher training activities, improve and upgrade supporting teaching materials for talent training, study and formulate talent training programs, build an integrated comprehensive e-commerce training course system, and deepen the integration of production and education, and realize refined talent training.



06

Caring about Society while Bringing forth Goodness and Beauty

Material issues

- Public welfare and charity

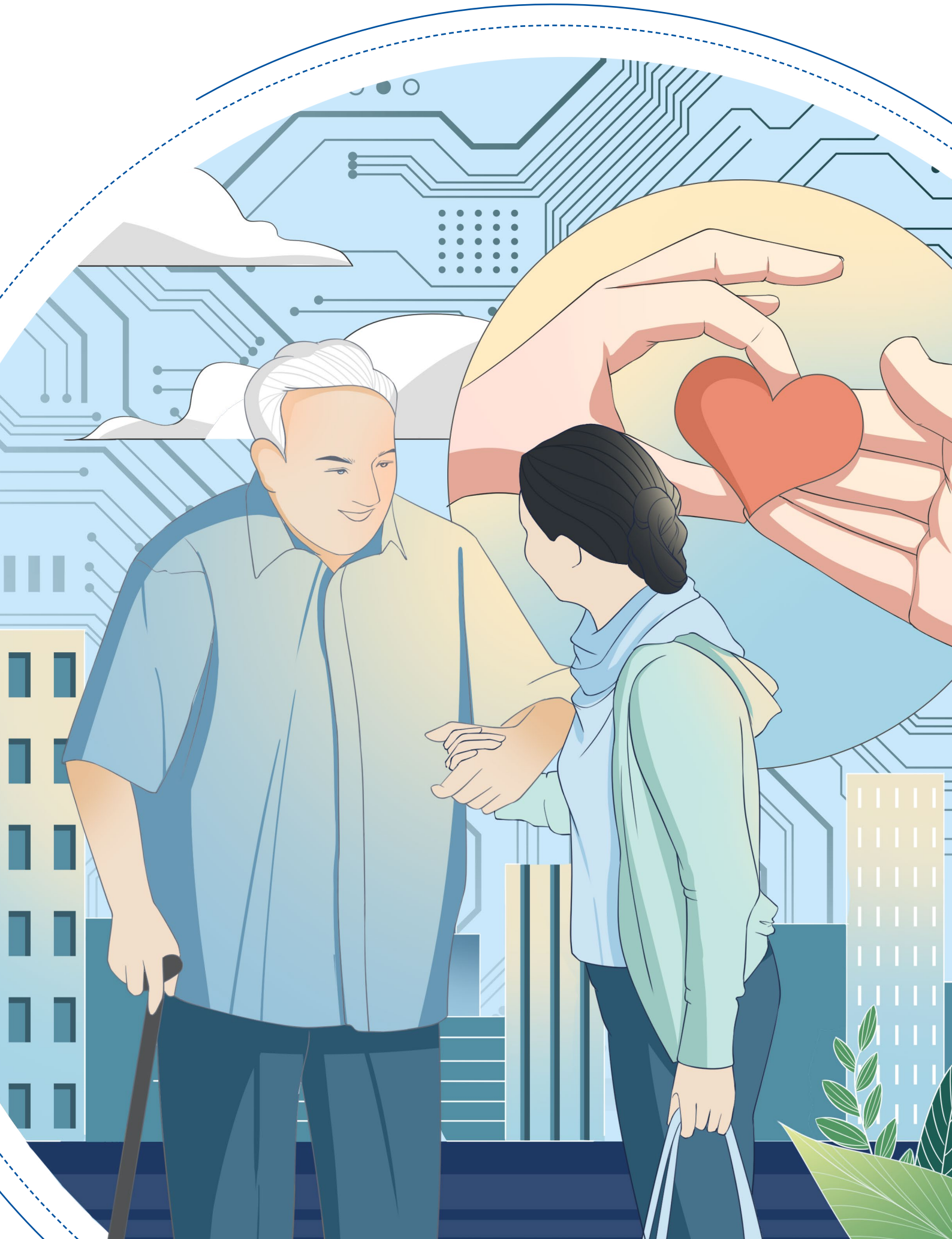
Indicators in the chapter

Response to SDGs Indicators

Response to GRI Indicators

GRI 413

The growth of an enterprise relies on the engagement and support of the community, and in turn, its achievements and contribution can stimulate the development of the community. While achieving its own steady operation and development, Ninestar adheres to its social responsibilities and supports public service. We actively respond to the national strategies and have formulated the *Ninestar Social Responsibility System*, forming institutionalized, systematic, process-oriented and professional social responsibility management measures to provide institutional guarantees for public welfare activities. We also pay attention to the hot issues in social development and carry out charitable and public service activities using our own expertise and resource strengths. We are always grateful and strive to live in harmony with society.



Giving Back to Society

With a strong sense of responsibility and mission to the country and the nation, Ninestar considers active practice on corporate social responsibility as its long-term strategy. In recent years, it has actively carried out public service activities in the fields of medical assistance, student aid, and environmental protection, striving to contribute to the effective link of consolidating and expanding the achievements of poverty alleviation and rural revitalization, as well as social development. During this year, we invested CNY10.1849 million in social assistance.

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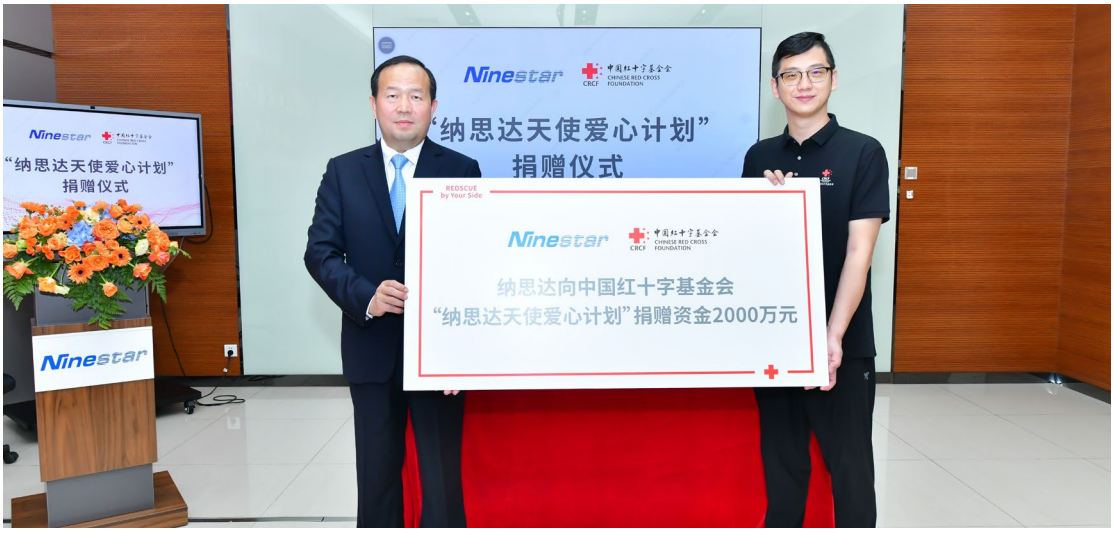
in social assistance

Public Welfare and Charity

Case | Ninestar Angel Care Program

China Red Cross Foundation "Ninestar Angel Care Program" (formerly "Ninestar Angel Love Fund") was established with a donation by Ninestar Corporation (formerly "Zhuhai Ninestar Technology Co., Ltd.") in 2007, committed to assisting children suffering from leukemia and congenital heart disease in families with financial difficulties. In 2015, the scope of funding expanded to other public welfare areas such as severe illness aids, educational assistance, and environmental protection, to provide support for more people in need.

On September 2nd, 2022, Ninestar Group confirmed to the China Red Cross Foundation "Ninestar Angel Care Program" a donation of CNY20 million, of which CNY10 million was actually donated in 2022, and the remaining amount will be allocated in batches, to support related public welfare projects in the fields of severe illness aids, health interventions, student aid, and environmental protection.



Rural Revitalization

In 2022, we focused on helping paired-up areas with education support, assistance in workforce transfer and employment, and assistance through consumption in these regions. More than CNY2.8 million has been invested in education support in total for more than 1,200 people. In terms of assistance in workforce transfer and employment, a total of CNY162,400 was invested, benefiting 1,709 people. By the end of 2022, we had donated CNY50,000 to the "10,000 Enterprises Revitalizing 10,000 Villages" program for village-enterprise targeted assistance. We helped the targeted Fenggang County in Zunyi, Guizhou, by donating CNY100,000 to the greenhouse maintenance program in Guizhou. We purchased special local products worth a total of CNY332,500 from the assisted area in Zhuhai. In support of designated assistance programs, the Company invested a total of CNY73.74 million.

Educational assistance

In order to implement the paired-up coordinated programs of Zhuhai and Zunyi to realize the effective link of consolidating and expanding the achievements of poverty alleviation and rural revitalization, Ninestar, working with vocational schools in Zunyi, has carried out in-depth integration of industry and education, school-enterprise cooperation, for cultivating professional and technical talents. During this year, we built training rooms worth more than CNY1.8 million for three schools, Fenggang County Secondary Vocational School, Wuchuan County Secondary Vocational School and Zunyi Vocational and Technical College.

In addition, the Company actively responds to the education assistance policy and carries out scholarship and assistance programs in combination with rural revitalization.

Educational assistance program of Zhaotong City and Nujiang Lisu Autonomous Prefecture in Yunnan Province

Set up four titled classes with the scholarship and student subsidy of CNY20,000 provided

Cooperation program of Zhaoqing Commercial and Technical School

Jointly set up three titled classes, sponsored 105 students with their three-year miscellaneous fees paid and free school supplies provided

Cooperation program of Hengnan County Secondary Vocational School

Jointly set up one titled class, sponsored 49 students with all three-year miscellaneous fees paid

Workforce transfer and employment assistance

In order to promote the economic development of the place where we operate, we actively practice the corporate mission of "creating value for the society". Leveraging on the employment advantages of the high-end manufacturing industry, the Company gives priority to recruiting the migrant population of the Zhuhai assistance program for paired-up counties and cities in the eastern and western regions, and to expand and empower the achievements of the cause. During this year, the Company recruited migrant workers from Zunyi region of Guizhou Province (the paired-up assistance target outside Zhuhai City in the eastern and western regions), Nujiang Lisu Autonomous Prefecture of Yunnan Province, Yangchun City and Gaozhou City in Guangdong Province, totaling 1,331 person-times, which further consolidates and expands the achievements of poverty alleviation and boosts rural revitalization.

Environmental Public Warfare

Since Ninestar became a member of the SEE Conservation Ecological Association in 2014, we have been strongly supporting its "One Hundred Million Ammodendron Trees" program, which is committed to planting one hundred million ammodendron trees in the Alxa region to restore 329,473.84 acres of vegetation, as a way to improve the local ecological environment and curb desertification while enhancing the living standards of herdsmen with the economic value derived from ammodendron trees. As at the end of the Reporting Period, Ninestar had donated 29,000 ammodendron trees in total, covering an area of 95.54 acres.

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Ammodendron Forest Donated by Ninestar

Community Inclusion

A sound community environment is a guarantee for the stable development of the Company. A core part of Ninestar's mission is to make a contribution to society. A basic part of Ninestar's corporate culture is to give back to society. By actively engaging with communities and gaining insight into their development needs, we work with our stakeholders to take effective actions to improve the life quality of local residents and develop together with the community.

Case | Voluntary blood donation

As the number of voluntary blood donors has decreased compared to the same period in previous years, the situation of blood collection and supply nationwide is severe. To meet the needs of medical clinical blood, on February 16th and February 23rd, 2022, Ninestar teamed up with Zhuhai Blood Station to organize voluntary blood donation activities, donating a total of 37,200ml of blood to facilitate medical work in practical ways.

Appendix

Appendix I Key Performance Indicators of 2022 ESG Report

Environmental Indicator[8]			
ESG Indicator Category		Unit	Data of 2022
Emissions[9]	Direct GHG emissions (Scope 1)	tCO_2e	421.23
	Indirect GHG emissions (Scope 2)	tCO_2e	21,692.70
	Total GHG emissions	tCO_2e	22,113.93
	GHG emission intensity	tCO_2e/CNY10,000 revenue	0.008553
	Chemical oxygen demand(COD)	Ton	19.19
	Suspended solids	Ton	14.33
	Petroleum	Ton	0.44
	Animal and vegetable oil	Ton	0.43
	Anilines	Ton	0.16
	Five-day biochemical oxygen demand (BOD_5)	Ton	5.51
	Particulate matter (PM)	Ton	2.79
	Total VOCs	Ton	0.73
	Total water consumption	Ton	404,637.35
	Total industrial wastewater	Ton	266,610.00
Material	Usage of packaging materials	Ton	25,720.00
	Usage of sustainable packaging materials	Ton	16,938.42
	Total hazardous waste disposal	Ton	126.17
	Total general waste disposal[10]	Ton	3,131.55
	Office waste	Ton	1,159.30
	Production waste (unrecyclable)	Ton	1,972.25

[8] Environmental data were collected from January 1, 2022 to December 31, 2022. The scope of the collection includes:

- Energy use in the office area and production area of the Company's headquarters and subsidiaries;
- Energy use of official vehicles and transportation vehicles of the Company's headquarters and subsidiaries;
- Traveling of employees from the Company's headquarters and business segments;
- In 2022, we optimized the statistical scope and methodology of data, and the statistical scope has covered the Company's headquarters and subsidiaries.

[9] The disclosed values of greenhouse gas emissions include consumption of gasoline, diesel, pipeline gas, natural gas and outsourced electricity. Scope 1 emission factors are calculated with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Public Construction Operators (Enterprises) (Trial) issued by the General Office of the National Development and Reform Commission of China; Scope 2 greenhouse gas emissions data are derived from outsourced electricity, and greenhouse gas emission factors of the power grid in Mainland China refer to the Notice on the Management of Greenhouse Gas Emission Reporting of Enterprises in the Power Generation Industry from 2023 to 2025.

[10] The Company's non-hazardous waste consists of office waste generated in the office area and production waste from each subsidiary.

Environmental Indicator			
ESG Indicator Category		Unit	Data of 2022
Energy[11]	Outsourced electricity usage	10,000 kWh	3,803.73
	Photovoltaic power generation (non-utility)	10,000 kWh	201.00
	Gasoline usage	Litre	141,128.50
	Diesel usage	Litre	41,115.86
	Total comprehensive energy consumption	Ton of standard coal equivalent	4,877.90
	Direct energy consumption	Ton of standard coal equivalent	203.11
	Indirect energy consumption	Ton of standard coal equivalent	4,674.79
	Comprehensive energy consumption intensity	tce/CNY10,000 revenue	0.001887
Social Indicator			
ESG Indicator Category		Unit	Data of 2022
Employment[12]	**Number of employees by gender, profession, age group and geographical region**		
	Total number of employees	Person	22,336
	Number of male employees	%	59.00
	Number of female employees	%	41.00
	Junior College or below	%	64.50
	Undergraduate	%	28.50
	Graduate or above	%	7.00
	Employees aged 29 and below	%	43.00
	Employees aged 30-49	%	46.00
	Employees aged 50 or above	%	11.00
	Mainland China	%	62.80
	Hong Kong, Macao and Taiwan	%	0.10
	Overseas	%	37.10
	Employee turnover[13]		
	Employee turnover	%	15.05

[11] The energy consumption values include the consumption of gasoline, diesel, natural gas and outsourced electricity, the relevant factors of which are calculated with reference to GB 2589-2020 General Principles for Calculation of the Comprehensive Energy Consumption of China.

[12] Due to local laws and regulations, some overseas subsidiaries could not provide age and gender data of the employees, accounting for about 0.3% of the total global employees of Ninestar.

[13] Employee turnover statistics include the functional staff from Ninestar Corporation headquarters, Pantum Electronics, Pantum Smart Manufacturing, Ninestar Information Technology, Lexmark Consumables Business Unit, and Lyman.

Social Indicator			
ESG Indicator Category		Unit	Data of 2022
Occupational Health and Safety	Number of employee deaths related to work in the past three years (2020-2022)	Person	0
	Number of working days lost due to work-related injury during the year	Day	0
	Safety incidents	Case	0
	Training hours of production safety and occupational health	Hour	23,759.00
	Cumulative trainees of production safety and occupational health training during the year	Person-time	18,374
Training and Education	**Total number of trained employees by gender and employment type**		
	Total Number of trained employees	Person	11,869
	Trained male employees	Person	8,077
	Trained female employees	Person	3,792
	Total training hours of employees	Hour	94,717.00
	Average training hours of male employees	Hour	7.97
	Average training hours of female employees	Hour	8.00
Supplier Management	Total suppliers	Supplier	1,911
	Overseas suppliers	Supplier	163
	Suppliers from Mainland China	Supplier	1,748
	Number of internal assessments for suppliers	Time	36
Customer Service	Received cases of product and service complaints	Case	2,813
	Cases of handled product and service complaints	Case	2,767
Anti-corruption	Number of concluded corruption lawsuits brought against the issuers or employees	Case	0
Local Community	Total person engaged in voluntary activities	Person	1,320
	Total hours accumulated in voluntary activities	Hour	5,280.00

Economic Performance			
ESG Indicator Category		Unit	Data of 2022
Training and Education	Total amount invested in employee training[14]	CNY10,000	576.00
Local Community	Accumulated amount invested in social assistance	CNY10,000	1,018.49
	Accumulated amount invested in designated public welfare programs	CNY10,000	7,374.00
Production Safety	Total amount invested in production safety	CNY10,000	2,332.51

[14] The statistical range does not include Geehy Microelectronics.

Appendix II Content Index of Global Reporting Initiative (GRI) Standards

Instructions for use	Ninestar reports the information referenced in this GRI Content Index by reference to GRI standards for the period January 1, 2022 through December 31, 2022.
GRI 1	GRI 1: Foundation 2021

No.	Indicator	Disclosure Item	Sections
1	GRI 2: General Disclosures	2-1 Organizational details	About This Report
2		2-2 Entities included in the organization's sustainability reporting	About This Report
3		2-3 Reporting period, frequency and contact point	About This Report
4		2-4 Restatements of information	About Ninestar
5		2-5 External assurance	/
6		2-6 Activities, value chain and other business relationships	About Ninestar
7		2-7 Employees	Make Joint Efforts for a Brilliant Life
8		2-8 Workers who are not employees	Make Joint Efforts for a Brilliant Life
9		2-9 Governance structure and composition	Responsible Governance and Steady and Far-reaching Development
10		2-10 Nomination and selection of the highest governance body	Responsible Governance and Steady and Far-reaching Development
11		2-11 Chair of the highest governance body	/
12		2-12 Role of the highest governance body in overseeing the management of impacts	Responsible Governance and Steady and Far-reaching Development
13		2-13 Delegation of responsibility for managing impacts	Responsible Governance and Steady and Far-reaching Development
14		2-14 Role of the highest governance body in sustainability reporting	Responsible Governance and Steady and Far-reaching Development
15		2-15 Conflicts of interest	N/A
16		2-16 Communication of critical concerns	Responsible Governance and Steady and Far-reaching Development
17		2-17 Collective knowledge of the highest governance body	/
18		2-18 Evaluation of the performance of the highest governance body	/
19		2-19 Remuneration policies	/
20		2-20 Process to determine remuneration	/
21		2-21 Annual total compensation ratio	/
22		2-22 Statement on sustainable development strategy	ESG Governance
23		2-23 Policy commitments	/

No.	Indicator	Disclosure Item	Sections
24	GRI 2: General Disclosures	2-24 Embedding policy commitments	/
25		2-25 Processes to remediate negative impacts	/
26		2-26 Mechanisms for seeking advice and raising concerns	About Ninestar
27		2-27 Compliance with laws and regulations	/
28		2-28 Membership associations	N/A
29		2-29 Approach to stakeholder engagement	ESG Governance
30		2-30 Collective bargaining agreements	/
31	GRI 3: Material Topics	3-1 Process to determine material topics	ESG Governance
32		3-2 List of material topics	ESG Governance
33		3-3 Management of material topics	ESG Governance
34	GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	/
35		201-2 Financial implications and other risks and opportunities due to climate change	/
36		201-3 Defined benefit plan obligations and other retirement plans	/
37		201-4 Financial assistance received from government	/
38	GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
39		202-2 Proportion of senior management hired from the local community	/
40	GRI 203: Indirect Economic Impact	203-1 Infrastructure investments and services supported	/
41		203-2 Significant indirect economic impacts	/
42	GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Working Together for a Resilient Ecosystem
43	GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Responsible Governance and Steady and Far-reaching Development
44		205-2 Communication and training about anti-corruption policies and procedures	Responsible Governance and Steady and Far-reaching Development
45		205-3 Confirmed incidents of corruption and actions taken	Responsible Governance and Steady and Far-reaching Development
46	GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Responsible Governance and Steady and Far-reaching Development
47	GRI 207: Tax	207-1 Approach to tax	/
48		207-2 Tax governance, control, and risk management	/
49		207-3 Stakeholder engagement and management of concerns related to tax	/
50		207-4 Country-by-country reporting	/
51	GRI 301: Materials	301-1 Materials used by weight or volume	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix
52		301-2 Recycled input materials used	Green Intelligent Manufacturing Leads to a Wonderful Future
53		301-3 Reclaimed products and their packaging materials	Green Intelligent Manufacturing Leads to a Wonderful Future
54	GRI 302: Energy	302-1 Energy consumption within the organization	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
55		302-2 Energy consumption outside of the organization	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I

No.	Indicator	Disclosure Item	Sections
56	GRI 302: Energy	302-3 Energy intensity	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
57		302-4 Reduction of energy consumption	Green Intelligent Manufacturing Leads to a Wonderful Future
58		302-5 Reductions in energy requirements of products and services	Green Intelligent Manufacturing Leads to a Wonderful Future
59	GRI 303: Water and Effluents	303-1 Interactions with water as a shared Resource	Green Intelligent Manufacturing Leads to a Wonderful Future
60		303-2 Management of water discharge-related impacts	Green Intelligent Manufacturing Leads to a Wonderful Future
61		303-3 Water withdrawal	Green Intelligent Manufacturing Leads to a Wonderful Future
62		303-4 Water discharge	Green Intelligent Manufacturing Leads to a Wonderful Future
63		303-5 Water consumption	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
64	GRI 304: Biodiversity	304-1 Operational sites owned, leased,managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
65		304-2 Significant impacts of activities, products and services on biodiversity	N/A
66		304-3 Habitats protected or restored	N/A
67		304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
68	GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
69		305-2 energy indirect/Scope 2 GHG emissions	Green Intelligent Manufacturing Leads to a Wonderful Future
70		305-3 Other indirect/Scope 3 GHG emissions	/
71		305-4 GHG emissions intensity	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
72		305-5 Reduction of GHG emissions	/
73		305-6 Emissions of ozone-depleting substances (ODS)	/
74		305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	/
75	GRI 306: Effluents and Waste	306-1 Waste generation and significant waste-related impacts	Green Intelligent Manufacturing Leads to a Wonderful Future
76		306-2 Actions taken to prevent waste generation	Green Intelligent Manufacturing Leads to a Wonderful Future
77		306-3 Composition of waste generated	Green Intelligent Manufacturing Leads to a Wonderful Future; Appendix I
78		306-4 Recovery operations used to divert waste from disposal	Green Intelligent Manufacturing Leads to a Wonderful Future
79		306-5 Disposal operations	Green Intelligent Manufacturing Leads to a Wonderful Future

No.	Indicator	Disclosure Item	Sections
80	GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Working Together for a Resilient Ecosystem
81		308-2 Negative environmental impacts in the supply chain and actions taken	Working Together for a Resilient Ecosystem
82	GRI 401: Employment	401-1 New employee hires and employee Turnover	Make Joint Efforts for a Brilliant Life; Appendix I
83		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Make Joint Efforts for a Brilliant Life
84		401-3 Parental leave	Make Joint Efforts for a Brilliant Life
85	GRI 402: Labor/Management Relations	402-1 Minimum notice periods regarding operational changes	Make Joint Efforts for a Brilliant Life
86	GRI 403: Occupational Health and safety	403-1 Occupational health and safety management system	Make Joint Efforts for a Brilliant Life
87		403-2 Hazard identification, risk assessment, and incident investigation	Make Joint Efforts for a Brilliant Life
88		403-3 Guidance for Disclosure	Make Joint Efforts for a Brilliant Life
89		403-4 Worker participation, consultation, and communication on occupational health and safety	Make Joint Efforts for a Brilliant Life
90		403-5 Worker training on occupational health and safety	Make Joint Efforts for a Brilliant Life; Appendix I
91		403-6 Promotion of worker health	Make Joint Efforts for a Brilliant Life
92		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Make Joint Efforts for a Brilliant Life
93		403-8 Workers covered by an occupational health and safety management system	Make Joint Efforts for a Brilliant Life
94		403-9 Work-related injuries	Make Joint Efforts for a Brilliant Life; Appendix I
95		403-10 Work-related ill health	Make Joint Efforts for a Brilliant Life
96	GRI 404: Training and Education	404-1 Average hours of training per year per employee	Make Joint Efforts for a Brilliant Life; Appendix I
97		404-2 Programs for upgrading employee skills and transition assistance programs	Make Joint Efforts for a Brilliant Life
98		404-3 Percentage of employees receiving regular performance and career development reviews	Make Joint Efforts for a Brilliant Life
99	GRI 405: Diversity and Equal Opportunity	405-1 Disclosure 405-1 Diversity of governance bodies and employees	Make Joint Efforts for a Brilliant Life; Appendix I
100		405-2 Ratio of basic salary and remuneration of women to men	/

No.	Indicator	Disclosure Item	Sections
101	GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Make Joint Efforts for a Brilliant Life
102	GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Make Joint Efforts for a Brilliant Life
103	GRI 408: Child Labor	408-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Make Joint Efforts for a Brilliant Life
104	GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of child labor	Make Joint Efforts for a Brilliant Life
105	GRI 410: Security Practices	410-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	/
106	GRI 411: Rights of indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	N/A
107	GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	/
108		413-2 Operations with significant actual and potential negative impacts on local communities	/
109	GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Working Together for a Resilient Ecosystem
110		414-2 Negative social impacts in the supply chain and actions taken	Working Together for a Resilient Ecosystem
111	GRI 415: Public Policy	415-1 Political contributions	N/A
112	GRI 416: Customer Health and Safety	416-1 Political contributions	Ingenuity in Technology Creates Excellence
113		416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Ingenuity in Technology Creates Excellence
114	GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	/
115		417-2 Incidents of non-compliance concerning product and service information and labeling	/
116		417-3 Incidents of non-compliance concerning marketing communications	/
117	GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ingenuity in Technology Creates Excellence

Feedback Form

Valued readers,

Thank you for reading this Report. This is our Environmental, Social and Governance (ESG) Report 2022. We sincerely hope that you could evaluate this Report and provide valuable comments to help us make continuous improvement.

Should you have any comments or suggestions on the ESG Report of the Company, please feel free to email us by sec@ggimage.com.

Feedback Form of 2022 ESG Report of Ninestar Corporation

Name:	Tel:
Work Unit:	Email:
Position:	

Your comments on this Report: (please tick √ where appropriate)

1. Do you think this Report has highlighted the important information about the Company in terms of environment, society and governance?

Very Good ☐ Good ☐ Average ☐

2. Do you think the information and indicators disclosed in this Report are clear, accurate and complete?

Very Good ☐ Good ☐ Average ☐

3. Do you think the content arrangement and style design of the Report are convenient for reading?

Very Good ☐ Good ☐ Average ☐

Do you think the content arrangement and style design of the Report are convenient for reading?

What information you think you need to know is not reflected in the Report?

Do you have any other suggestions for us to issue the environmental, social and governance report in the future?

Ninestar Corporation

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