IEIT SYSTEMS

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2024

SUSTAINABILITY REPORT

IEIT SYSTEMS Co., Ltd.

CONTENT

ABOUT THIS REPORT

This document presents the fourth Sustainability Report published by IEIT SYSTEMS Co., Ltd. and its subsidiaries (hereinafter referred to as "IEIT SYSTEMS", "the Company", or "We"). It provides a comprehensive overview of the Company's performance and practices in key areas of responsibility, including economic, environmental, social, and corporate governance, for the year 2024. This report serves as a platform for effective engagement with our diverse stakeholders and systematically addresses their expectations and requirements.

Reporting Period

This report is an annual report, and covers the period from January 1, 2024, to December 31, 2024 (the "reporting period"). To facilitate comparison and provide forward-looking context, certain sections may include information from previous years or extend beyond this defined period.

Reporting Boundary

The organizational boundary for this report is determined based on the operational control law. This report encompasses IEIT SYSTEMS and its subsidiaries, consistent with the scope of the Company's annual financial report.

References

- *The United Nations Sustainable Development Goals (UN SDGs 2030)*
- *The Ten Principles of the United Nations Global Compact*
- *Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards)*
- *Guidelines No. 17 of Shenzhen Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*
- *International Organization for Standardization (ISO) 26000: Guidance on Social Responsibility (2010)*
- *China Enterprise Reform and Development Society Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprise (CASS-ESG 6.0)*
- *China National Standard Guidelines on the Preparation of Social Responsibility Reports (GB/T36001-2015)*

Data Description

The data utilized in this report are derived from various sources, including the Company's operational data, publicly available information, annual financial statements, internal statistical reports, third-party surveys, and third-party evaluation interviews. All financial data are presented in CNY. In the event of any discrepancy between the data presented herein and that in the financial report, the financial report shall prevail.

Report Assurance

The Company affirms that the content of this report is free from any false records, misleading statements, or material omissions, and assumes responsibility for the truthfulness, accuracy, and completeness of the information provided.

Report Access

This report is available for viewing and downloading on the official website of IEIT SYSTEMS (www.ieisystem.com) and the CNINFO website (www.cninfo.com.cn).

ABOUT IEIT SYSTEMS

IEIT SYSTEMS (stock code: SZ000977) stands as a globally leading provider of IT infrastructure products, solutions, and services. The Company operates eight R&D centers, 11 manufacturing bases, and 50 business branches, with its operations extending across major countries and regions worldwide to deliver high-quality products and services to its global customers.

Guided by the core philosophy that "Computing power fuels productivity and intelligent computing power drives innovation", the Company is dedicated to the innovation and application of intelligent computing technologies. By injecting high-quality computing power globally, IEIT SYSTEMS accelerates the integration of the digital and physical realms and unlocks intelligent potential. This endeavor ultimately contributes to enhancing the lives of individuals, boosting the operational efficiency of businesses, improving social governance, and fostering a more harmonious coexistence between humanity and nature.

IEIT SYSTEMS consistently pursues an open-integration business strategy, actively fostering a global computing industry built on openness and collaboration. Adopting an open-source model, the Company accelerates technological innovation and application, providing customers with cutting-edge innovative products and solutions in areas such as cloud computing, big data, artificial intelligence, and edge computing. This support assists customers in achieving transformation and upgrading in the digital era.

The Company remains firmly committed to an "application-driven and system-centric" technical philosophy, comprehensively advancing innovation in algorithms, computing power, data, and interconnection technologies to accelerate the implementation of "AI+" solutions. In the domain of algorithms, IEIT SYSTEMS actively explores various LLM algorithms, continuously enhancing model computing efficiency and pushing the boundaries of intelligence. Regarding computing power, the Company is developing a new generation of system-centric computing architecture, creating open, diversified, green, and intelligent meta brain® Intelligent Computing products and solutions to provide a robust computing platform for the innovation and application of artificial intelligence. For data, we continue to develop high-throughput, low-latency new-generation converged storage technology, offering essential storage platform support for managing massive datasets throughout the AI lifecycle. In terms of interconnection, the Company is innovating a new generation of super AI Ethernet with end-network synergy, providing efficient interconnection solutions for large-scale AI systems.

IEIT SYSTEMS is dedicated to the concept of green and sustainable development, actively promoting the enhancement of data center construction and operational models. These efforts aim to elevate the energy utilization efficiency of data centers and mitigate carbon emissions. All of the Company's servers support liquid cooling, and IEIT SYSTEMS has established Asia's largest liquid-cooled data center R&D and production base. Possessing industry-leading liquid-cooled data center delivery capabilities, the Company provides a strong assurance for the green and efficient operation of data centers.

Guided by the "Partners First" principle, the Company collaborates with a wide network of partners to cultivate a symbiotic computing industry ecosystem. Through close cooperation, IEIT SYSTEMS delivers full-stack, integrated intelligent computing solutions that accelerate intelligent transformation across industries. By empowering clients to seize opportunities in the AI era, we foster mutual success, drive innovation, and collectively advance the prosperity of the computing industry.

Mission

Lead the wave of information technology

Promote the progress of social civilization

IEIT SYSTEMS

Values

- Integrity
- Respect
- Pursuit of Excellence

ANNUAL HIGHLIGHTS

Release of Major Annual Products, Continuing to Lead the Intelligent Computing Field

IEIT SYSTEMS Launched the Enterprise Platform of AI (EPAI) Large Language Model Development Platform

Diverse and Multi-modal, Simple and Secure

Yuan 2.0-M32 Open-Source LLM

Significantly Improved Model Computing Efficiency, with Performance Benchmarked Against Llama3 and Computing Power Consumption Reduced to 1/19

8th Generation Meta Brain® Server New Products

Featuring a Multi-chip Design, Open and Diverse Architecture, and Intelligent Enhancements

42kW Intelligent Computing Air-cooled Computing Power Module

High Density, Low Consumption, Designed for AI

Super AI Ethernet Switch X400

Providing End-network Synergy Boosts Tens of Thousands of GPU Training Efficiency

Guiding High-quality Industry Advancement through Our White Paper Series and Research Reports

Report: *Evaluation Framework Report on High-Quality Growth of Artificial Intelligence Computing Power*

High Computing Efficiency, High Intelligent Efficiency, High Carbon Efficiency, Sustainability, and Accessibility—key Metrics for High-quality Computing Power Evaluation

White Paper: *A Guide to Computing Power Factory Construction*

Promoting the Efficient Planning, Construction, and Operation of Intelligent Computing Centers

Report: *OpenBMC Firmware Industry Report*

Accelerating Diverse Computing Power through Innovative OpenBMC Implementation

White Paper: *Reference Design and Verification of Full Liquid-cooled Cold-plate Systems*

World's First Fully Liquid-cooled Cold-plate Server Reference Design

Report: *Research Report on Multi-Core Computing Power Scheduling in Cloud Environment*

Proposing the First Reference Design for a Multi-chiplet Cloud Computing Power Scheduling Architecture

AI+X: Accelerating AI Adoption Across Industries

AI+ Education and Scientific Research

Westlake University X IEIT SYSTEMS: Empowering Scientists with Computing Power

AI+ Industry

Baidu AI Cloud Yijian X IEIT SYSTEMS: Reconstructing Visual Intelligence with Multimodal LLMs

AI+ Healthcare

Wuwei Tumor Hospital X IEIT SYSTEMS: Data-driven Heavy Ion Radiotherapy Precision

AI+ Manufacturing

FASTPRINT X IEIT SYSTEMS: PCB Leader's Personalized Customization Upgrade
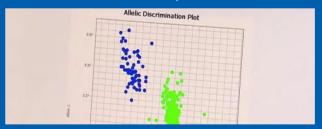
AI+ Agriculture

Beidahuang Kenfeng Seed Industry X IEIT SYSTEMS: Developing a Genetic Loci Map for Seeds

AI+ Transportation

Guangzhou Baiyun Airport X IEIT SYSTEMS: China's Busiest Airport Aces the Spring Festival Challenge

AI+ Energy

State Power Investment Corp. X IEIT SYSTEMS: "SPIC Cloud" Platform Won the IDC Future Enterprise Award

AI+ Finance

Hundsun Technologies X IEIT SYSTEMS: "Tailor-made" Financial LLM

MESSAGE FROM THE CHAIRMAN

In today's global business landscape, ESG (Environmental, Social, and Governance) has emerged as a pivotal benchmark for corporate sustainable development. More than just a responsibility, ESG is a strategic imperative that profoundly influences a company's long-term competitiveness and capacity for value creation. It serves as a fundamental driver for achieving high-quality corporate growth. As a leading global provider of IT infrastructure, IEIT SYSTEMS has committed to deeply embedding ESG and sustainable development principles into its corporate strategy, innovation, and operations. Our numerous innovative initiatives have achieved notable progress.

Amidst the global transition towards green practices and the pursuit of "carbon peaking and carbon neutrality" goals, energy consumption within data centers, recognized as significant energy users, has become a critical focus area. In 2024, IEIT SYSTEMS continued to execute its green development strategy by fully deploying liquid cooling technology across its portfolio, enabling sustainable data center infrastructure for digital transformation across industries. Our efforts are twofold: Firstly, at the product level, we launched a comprehensive range of liquid cooling products, ensuring that all server lines support cold-plate liquid cooling. We continue to drive innovation in liquid cooling products, a commitment reflected in IEIT SYSTEMS' liquid-cooled servers holding the top position in the Chinese market for three consecutive years. Secondly, from a system solution perspective, we deliver an end-to-end liquid cooling solution for data centers, covering the entire lifecycle from outdoor primary cooling sources to indoor secondary CDUs, liquid cooling connection systems, and liquid-cooled servers, providing users with complete green and energy-efficient data center turnkey projects. To date, IEIT SYSTEMS' liquid cooling products and solutions have been deployed at scale across prominent internet companies, as well as in sectors such as finance, telecommunications, education, and research.

Powered by the "AI+" initiative and rapid advancements in AI LLM technology, enterprises across all sectors are racing to embrace intelligent transformation. According to IDC research, 42% of Chinese enterprises have initiated preliminary testing and key proof-of-concept projects for LLMs, while 17% have advanced the technology to the production stage and are applying it in real-world business operations. In 2024, capitalizing on the opportunities presented by "AI+", IEIT SYSTEMS remains focused on its intelligent computing strategy. By prioritizing applications and centering on system innovation, we are building full-stack AI capabilities. Through systematic innovation in algorithms and computing power, we are accelerating the adoption of "AI+" solutions, transforming artificial intelligence into a new quality productive force that drives high-quality development across industries.

In terms of algorithms, IEIT SYSTEMS is driving innovation in model algorithms and enhancing computational efficiency to accelerate the widespread adoption of AI. In 2024, our "Yuan 2.0-M32" LLM, with its optimized model architecture, achieved a performance level comparable to Llama3 of 70 billion parameters with only 3.7 billion parameters activated, while consuming only 1/19 of the computing power of Llama3. It provides an efficient path with high precision model and low threshold of computing power for enterprises to develop and apply generative artificial intelligence. Furthermore, our enterprise LLM development platform, Enterprise Platform of AI (EPAI), designed for LLM application development, helps enterprises easily overcome the barriers to AI application development and deployment. Regarding computing power, IEIT SYSTEMS is integrating AI computing power into various computing platforms to build fast, highly efficient, green, and easy-to-use computing systems. We have also comprehensively upgraded our computing brand to "meta brain®", continuously driving the development of "AI+" with leading computing products. For instance, our new 8th generation meta brain® servers, released in 2024, feature more comprehensive intelligent capabilities and higher energy efficiency, providing better support for AI LLM development and application innovation.

While contributing to building a sustainable society by providing green computing and AI computing, IEIT SYSTEMS is also achieving its own sustainable development through green and intelligent transformation. We have integrated green development principles into every aspect of the Company's lifecycle, including product manufacturing, packaging, design, and supply chain management. We are leveraging AI to innovate our operating model, comprehensively promoting intelligent transformation in areas such as R&D, supply chain, production, services, and internal operations. For example, within internal management and operations, the empowerment provided by Enterprise Platform of AI (EPAI) has facilitated the implementation of applications in scenarios such as intelligent office management, intelligent programming, and intelligent operations.

Finally, I extend my sincere appreciation to our employees, customers, partners, and individuals across all sectors of society who have contributed to IEIT SYSTEMS' advancement in sustainable development. As we look ahead to 2025 and beyond, we will steadfastly adhere to the principle that "computing power fuels productivity and intelligent computing power drives innovation." By championing green computing and intelligent computing, we will empower the high-quality growth of the economy and society, forging a sustainable and intelligent future through extensive collaboration.

Peng Zhen,
Chairman of IEIT SYSTEMS Co., Ltd.

SUSTAINABLE DEVELOPMENT HIGHLIGHTS

ECONOMIC PERFORMANCE

Operating Income
CNY **114,767,366,800**

Total Profit
CNY **2,362,941,600**

R&D Investment
CNY **3,579,998,000**

Net Profit Attributable to Shareholders of the Listed Company
CNY **2,291,764,600**

Invention Patents Related to Liquid Cooling
Over 700

ENVIRONMENTAL PERFORMANCE

Holds approximately **200** invention patents for green design technologies

Led or participated in developing **21** liquid cooling standards

Obtained **85** China Energy Conservation Program (CECP) certifications

Secured **20** China Environmental Labelling certifications

Achieved **15** U.S. ENERGY STAR certifications

Earned **33** Korea E-standby energy efficiency certifications

Utilized **470,000** sets of air column cushion packaging

SOCIAL PERFORMANCE

Total employees: **6,968**

Proportion of R&D staff: **45.41** %

Training sessions conducted: **550**

Employee training coverage: **100** %

Industrial accidents: **0**

Suppliers with contracts including environmental and labor clauses: **100** %

New suppliers screened for environmental and social impact: **100** %

Suppliers undergoing environmental and social impact assessments: **66**

HONORS 2024

Outstanding Case for High-Quality Computing Power Services

2024 China Listed Company ESG Best Practice Award

Certificate of Philanthropic Enterprise

Computing Power Conference "Innovation Pioneer" Award

Yidong ESG+8 "Value 100"

2024 Annual Data Management Top 100 Outstanding Cases

2024 Annual Flash Product Innovation Award
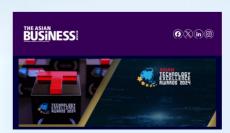
2024 Shanghai Securities News Golden Quality Award for ESG

JAZZYEAR 2024 China Technology Industry Leadership List

Asian Business Review

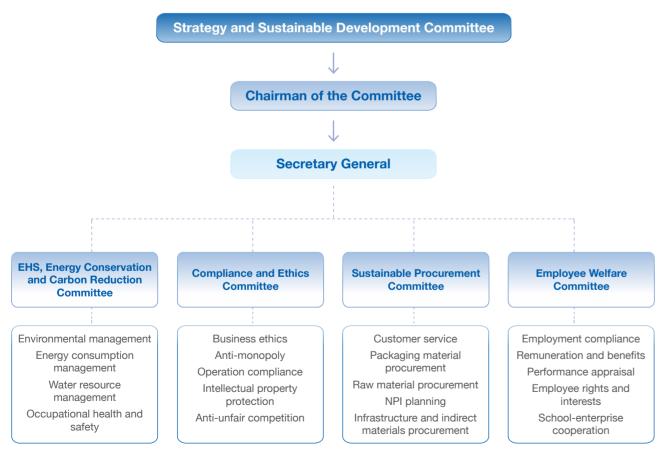Gartner Global Advanced Manufacturing Award

Trendforce AI Software and Hardware Platform Leadership Award

ESG MANAGEMENT

ESG principles introduce a new framework for assessing corporate value. This framework recognizes that a company's worth extends beyond financial performance to encompass its broader environmental and social impacts. Consequently, IEIT SYSTEMS actively engages with its diverse stakeholders, maintaining regular, two-way communication channels to understand their needs and expectations, and striving to optimize the Company's influence on them. Furthermore, to systematically improve its ESG performance, the Company monitors leading domestic and international rating agencies, including MSCI and WIND. This monitoring helps identify material ESG topics, which in turn inform the ongoing refinement of our ESG strategies and practices, thereby supporting the Company's sustainable development.

Sustainable Development Governance Framework

IEIT SYSTEMS actively embraces the philosophy of sustainable development by establishing a top-down, well-structured, and comprehensive ESG and sustainable development governance framework. The Company's ESG management team is composed of the ESG decision-making level, the ESG management level, and the ESG execution level.

```
Strategy and Sustainable Development Committee
                    ↓
        Chairman of the Committee
                    ↓
            Secretary General
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EHS, Energy Conservation and Carbon Reduction Committee	Compliance and Ethics Committee	Sustainable Procurement Committee	Employee Welfare Committee
Environmental management	Business ethics	Customer service	Employment compliance
Energy consumption management	Anti-monopoly	Packaging material procurement	Remuneration and benefits
Water resource management	Operation compliance	Raw material procurement	Performance appraisal
Occupational health and safety	Intellectual property protection	NPI planning	Employee rights and interests
	Anti-unfair competition	Infrastructure and indirect materials procurement	School-enterprise cooperation

IEIT SYSTEMS Sustainable Development Governance Structure

To ensure ESG management responsibilities are fulfilled at every level, the ESG management team comprises business leaders from each operational unit. This structure ensures that team members fully understand, support, and respect ESG principles, paying close attention to the specific ESG needs, risks, and opportunities within their business areas and the corresponding impact on operations. This approach enables the Company to effectively seize ESG opportunities, mitigate associated risks, and leverage the positive influence of ESG on business performance. It also guarantees that the Company's ESG strategy and objectives are integrated into core business processes, meeting both internal and external ESG requirements and driving the continuous optimization and improvement of the Company's ESG management.

IEIT SYSTEMS Sustainable Development Governance Structure - Principles of

Decision-making Level	It is headed by one Chairman, who oversees the overall quality and efficiency of the ESG management team's operations, with other directors serving as members. The Strategy and Sustainable Development Committee, established under the Board of Directors, serves as the decision-making body for the ESG management team. Chairman: Peng Zhen Members: Liu Yaohui, Guan Xin [Note 1]

Note 1 Mr. Guan Xin: Born in 1981, he holds a Doctor of Management degree and currently serves as an independent director of IEIT SYSTEMS. He is also the Vice Dean of the Graduate School of Capital University of Economics and Business, an Associate Professor, a Doctoral Supervisor, an Emerging Academic Leader, and a Postdoctoral Fellow at the Tsinghua University School of Economics and Management. Additionally, he holds concurrent positions as a Director of the China Industrial Economics Association, a Director of the China Management Modernization Research Association, a Standing Director of the Beijing Federation of Enterprises, and a Researcher at the China ESG Research Institute. He has long been committed to the study of corporate governance issues in China and published many academic monographs and textbooks.
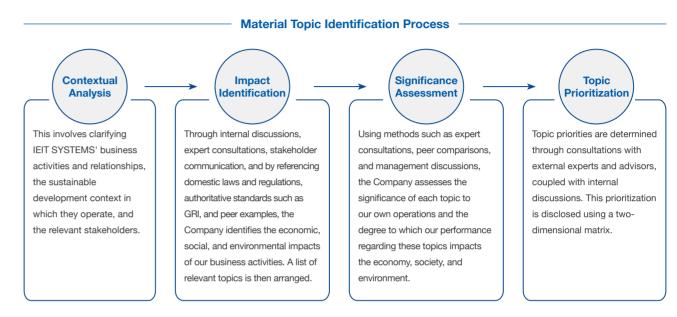
Stakeholder Communication

Recognizing the importance of open dialogue, IEIT SYSTEMS identifies its key stakeholders based on operational realities and maintains various channels for communication. The Company actively listens to stakeholder perspectives, responds promptly to significant concerns, and continuously develops its regular engagement mechanisms to enhance corporate governance and management.
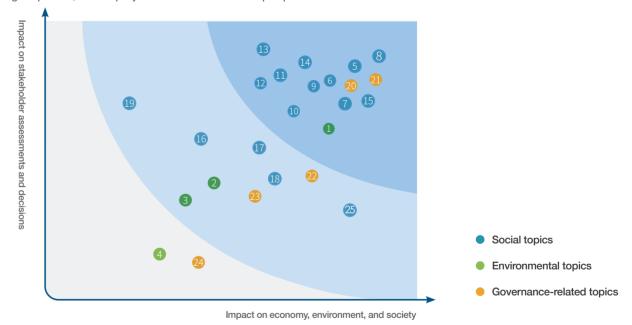
Stakeholder Role	Key Topics of Concern	Communication Channels
Shareholders and Investors	• Economic performance • Governance structure • Business ethics • Risk management • Compliance management	• General Meeting of Shareholders • Information disclosure • Performance briefing • Shenzhen Stock Exchange Easy Interaction (SSEEI) platform • Daily communication (phone calls, emails, and meetings)
Employees	• Labor management • Occupational Health and Safety • Employee Rights and Welfare • Employee Training and Development • Equality, Diversity and Inclusion	• Meetings with employee representatives • Employee satisfaction survey • Training and employee handbook • Employee performance appraisal • Trade union
Customers	• Product quality and safety • Product lifecycle management • Information management and privacy protection • Customer service • Intellectual property protection • Technological innovation	• Global Service Platform • Customer visit • Quarterly operational meetings • Customer satisfaction surveys
Suppliers, Contractors, and Other Business Partners	• Supply chain management • Sustainable procurement • Business ethics	• Periodic assessments • Supplier meetings • Daily communication (phone calls, emails, and meetings)
Regulators, Exchanges, and Rating Agencies	• Tax transparency • Technological innovation • Energy and resource management • Waste management • Response to climate change	• Information disclosure • Compliance training • Regular monitoring and compliance disposal • Questionnaires • Other activities
Non-Governmental Organizations (NGOs)	• Charity and public welfare • Better society fueled by technology	• Information disclosure • Daily communication (phone calls, emails, and meetings)
Industry Associations and Peer Companies	• Technological development • Intellectual property protection • Product quality and safety	• Exhibitions • Standard formulation • Academic activities • Industry association meetings
Communities, the Public, and Media	• Economic performance • Compliance management • Charity and public welfare • Better society fueled by technology	• Press conferences as needed • Community projects • Charity and public welfare activities • Daily communication (phone calls, emails, and meetings)

Analysis of Material Topics

We identify material topics and determine their priority using methods such as policy analysis, peer comparison, and management discussion.

Material Topic Identification Process

Contextual Analysis	Impact Identification	Significance Assessment	Topic Prioritization
This involves clarifying IEIT SYSTEMS' business activities and relationships, the sustainable development context in which they operate, and the relevant stakeholders.	Through internal discussions, expert consultations, stakeholder communication, and by referencing domestic laws and regulations, authoritative standards such as GRI, and peer examples, the Company identifies the economic, social, and environmental impacts of our business activities. A list of relevant topics is then arranged.	Using methods such as expert consultations, peer comparisons, and management discussions, the Company assesses the significance of each topic to our own operations and the degree to which our performance regarding these topics impacts the economy, society, and environment.	Topic priorities are determined through consultations with external experts and advisors, coupled with internal discussions. This prioritization is disclosed using a two-dimensional matrix.

Following this process, the Company has identified the material topics presented below:

Impact on stakeholder assessments and decisions

Impact on economy, environment, and society

● Social topics
● Environmental topics
● Governance-related topics

Very important

1. Response to climate change
5. Occupational health and safety
6. Supply chain management
7. Equality, diversity, and inclusion
8. Sustainable procurement
9. Technological innovation
10. Customer service
11. Better society fueled by technology
12. Product quality and safety
13. Information management and privacy
14. Product lifecycle management
15. Labor management
20. Business ethics
21. Economic performance

Relatively important

2. Energy management
3. Waste management
16. Employee rights and benefits
17. Intellectual property protection
18. Employee training and development
19. Charity and public welfare
22. Compliance management
23. Risk management
25. Rural revitalization

Fairly important

4. Water resource management
24. Governance structure

Governance

Consolidating Governance, Ensuring Stable Development

IEIT SYSTEMS is dedicated to cultivating a corporate environment distinguished by a robust governance structure, operational stability, high ethical standards, rigorous information security, and transparent investor relations. Regarding corporate governance, the Company ensures sound decision-making and effective execution through comprehensive decision-making mechanisms and supervisory systems. In internal control, compliance, and risk management, the Company implements thorough risk assessments and internal control measures to bolster its risk prevention capabilities. In business ethics, the Company adheres to integrity in operations, complies with all applicable laws and regulations, and upholds its corporate social responsibility. For information security and privacy protection, the Company employs strict technical and management measures to safeguard customer data. In investor relations, the Company prioritizes transparent and timely information disclosure, thereby strengthening communication and trust with investors.

1

Material Topics Addressed

- Corporate Governance
- Business Ethics
- Anti-unfair Competition
- Data Security and Customer Privacy Protection
- Stakeholder Communication
- Compliance Management
- Risk Management
- Governance Structure

Respond to United Nations Sustainable Development Goals (SDGs):

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

计算力就是生产力
智算力就是创新力

OPERATION OF KEY GOVERNANCE BODIES AND STANDARDIZED GOVERNANCE STRUCTURE

IEIT SYSTEMS strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and other pertinent laws and regulations. The Company continuously enhances its corporate governance framework, establishing a modern management system aligned with regulatory requirements to ensure the standardized and effective operation of internal management and control systems.

Operation of the General Meeting of Shareholders, Board of Directors, and Board of Supervisors

In accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and normative documents such as the *Code of Corporate Governance for Listed Companies*, the *Stock Listing Rules*, and the *Guidelines for Articles of Association of Listed Companies*, the Company has established a robust modern corporate governance structure. This structure comprises the General Meeting of Shareholders, the Board of Directors, and the Board of Supervisors, ensuring the Company's governance is both standardized and effective.

General Meeting of Shareholders

As the highest authority of the Company, the General Meeting of Shareholders is responsible for formulating the Company's business policy and investment plan, electing and replacing directors and supervisors, and deciding on important matters such as remuneration and budget plans. The Company strictly abides by the applicable laws and regulations, *Articles of Association*, and *Rules of Procedure for General Meeting of Shareholders* to ensure a legitimate and standardized decision-making process. In 2024, the Company held **3** General Meetings of Shareholders where **14** proposals were reviewed and approved.

Board of Directors

As the core decision-making body of the Company, the Board of Directors is responsible for reporting to and being accountable to the General Meeting of Shareholders. The Company strictly abides by the applicable laws and regulations, *Articles of Association*, and *Rules of Procedure for Board of Directors* to ensure a legitimate and standardized decision-making process. In 2024, the Company held **5** Board of Directors meetings where **33** proposals were reviewed and approved.

Board of Supervisors

As an important supervisory body within the Company, the Board of Supervisors is responsible for overseeing the duty fulfillments, financial activities, internal control, and risk management of members of the Board of Directors and other senior management executives. **During the reporting period, the Company held 5 Board of Supervisors meetings where 12 proposals were reviewed.**

Board of Directors: Composition and Operation

The Board of Directors plays a pivotal role in corporate operations, overseeing strategic planning and risk management. The Board is dedicated to continually improving governance effectiveness and operational efficiency through diversified representation, enhanced independence, strengthened audit and remuneration oversight, optimized talent selection processes, and robust strategic decision-making.

Diversity

The Company actively promotes diversity within its Board of Directors by bringing together directors with varied backgrounds and expertise, which provides a broader perspective for strategic decision-making and enhances its scientific rigor and forward-looking nature. Board diversity also fosters innovative thinking, enabling the Company to better navigate market challenges, meet varied stakeholder needs, improve its governance standards and public image, and provide strong support for sustainable development.

Type	Name	Professional Background		
		Industry Experience	Professional Qualification	Financial Management
Chairman	Peng Zhen	●		●
Vice Chairman	Hu Leijun	●		●
Director	Liu Yaohui	●		●
Independent Director	Wang Aiguo	●	●	
Independent Director	Guan Xin	●	●	
Independent Director	Liu Peide	●	●	

📋 Key Performance

Professional Expertise: Includes individuals with doctorates and experts in the following expertise: **Doctor of Management, Doctor of Finance, ESG Expert**

Age Distribution

- ● Age **30-49** 1
- ● Age **50-59** 3
- ● Age **60-69** 2

📋 Key Performance

The Board comprises **6** directors, including **3** independent directors, accounting for **50%**.

📋 Key Performance

During the reporting period:
Audit Committee Meetings: **5**
Nomination Committee Meetings: **2**
Compensation and Evaluation Committee Meetings: **2**
Strategy and Sustainable Development Committee Meetings: **1**

Independence

Ensuring the independence of Board members is crucial for a company, as it safeguards neutrality, fairness, and efficiency in the decision-making process. An independent Board can objectively assess and oversee corporate strategy, risk control, and financial health without undue influence from management or other stakeholders.

Professionalism

The Board has established four specialized committees: the Audit Committee, the Nomination Committee, the Compensation and Evaluation Committee, and the Strategy and Sustainable Development Committee. Each committee performs its own duties with full commitment, leveraging their professional expertise and experience to support the Board's decision-making, thereby ensuring that decisions are well-informed, scientifically sound, and rational.

INTERNAL CONTROL, RISK MANAGEMENT, AND COMPLIANCE

To ensure stable operations and enhance market competitiveness, IEIT SYSTEMS has implemented systematic measures concerning internal control, compliance and risk management. The establishment of a rigorous internal control system and risk assessment mechanism allows the Company to continuously optimize management processes and enhance its risk response capabilities. These practices not only bolster corporate governance transparency and standardization but also provide a solid foundation for sustainable growth and stakeholder confidence.

Internal Control and Compliance

IEIT SYSTEMS has established an independent Audit Department primarily responsible for audit oversight and anti-fraud supervision. By employing systematic and standardized methodologies, it examines and evaluates the adequacy and effectiveness of the organization's business activities, internal controls, and risk management. The audit scope covers key areas including subsidiary audits, overseas audits, post-investment audits, audits related to import/export Authorized Economic Operator (AEO) advanced certification, procurement audits, internal control evaluation audits, economic responsibility audits, and anti-fraud audits. With the exception of anti-fraud audits, which are conducted as needed, all other audit types are carried out at least once annually.

The Company has established a comprehensive internal control system in accordance with relevant regulations, including the *Basic Standards for Enterprise Internal Control*, the *Application Guidelines for Enterprise Internal Control*, and the *Evaluation Guidelines for Enterprise Internal Control*. This system clearly defines the responsibilities of the Board of Directors in establishing, maintaining, and effectively implementing internal controls, as well as evaluating their effectiveness.

The Audit Department has developed over 10 management regulations, including the *Internal Audit Management Specification*, the *Anti-fraud Policy*, and the *Internal Audit Operation Guidelines*, providing clear guidance and standards for audit processes to ensure consistency and transparency in audit operations.

Knowledge Sharing: The Core of Effective Internal Control Operation - Control Environment

The Core of Effective Internal Control Operation - Control Environment

Internal Audit Process

Audit Management → Audit Project Management →

- Project Initiation
- Audit Planning
- Audit Execution
- Audit Reporting
- Audit Conclusion

Moreover, the Audit Department has formulated specific operational guidelines for internal audits of import/export business and construction projects, further strengthening internal control and compliance procedures in certain key areas. Through the implementation of these systems, the Company has significantly enhanced the standardization of its internal management, effectively prevented potential fraud risks, and improved governance transparency and credibility.

To ensure the effective execution of internal control systems, the Company has adopted multiple measures, including but not limited to strengthening internal audits, optimizing business processes, enhancing risk management, and improving employees' awareness and competency in internal controls. The Company conducts regular evaluations and testing of its internal control framework to promptly identify and rectify potential deficiencies, ensuring adaptability to evolving external environment and internal demands. Additionally, the Company emphasizes collaboration with external auditors, further enhancing the transparency and credibility of internal controls through professional third-party professional audits.

2024 Legal/Compliance Team of the Year

Case Study: IEIT SYSTEMS Compliance Culture Day

To enhance employees' understanding of the importance of compliance, the Company launched a series of compliance culture initiatives themed "Proactive Compliance, Effective Compliance, Compliance for All." On September 6, 2024, the Company organized an interactive "Risk Sandbag Toss" game, integrating compliance knowledge into fun activities, allowing employees to learn about compliance in a relaxed and enjoyable atmosphere. The event also featured compliance information boards, which detailed the fundamentals of compliance, its significance, and the Company's compliance policies. Additionally, compliance banners were displayed across office areas to further reinforce compliance awareness. Through these initiatives, employees gained a deeper understanding of compliance, significantly strengthening their awareness and fostering a strong culture of compliance within the Company.

Compliance Awareness Campaign

Key Performance

As of the end of the reporting period, the Company conducted **over 10** export control compliance training sessions for **all employees** and specific business units, effectively equipping staff with job-specific compliance knowledge.

Risk Management

To optimize the comprehensive risk management framework and foster the Company's sustained, healthy, and stable growth, IEIT SYSTEMS has formulated policies such as the *Comprehensive Risk Prevention and Control Measures and the Comprehensive Risk Prevention and Control Operational Guidelines*. These were formulated in strict accordance with relevant laws and regulations to further standardize the Company's approach to risk management.

IEIT SYSTEMS employs a robust risk prevention and control architecture involving the Board of Directors, the Board of Supervisors, the Executive Management, the General Counsel, the Compliance and Legal Department, and various operational departments. This comprehensive structure forms the basis of the Company's risk management system, with every department holding specific responsibilities for preventing and controlling risks.

The Three Lines of Defense in Risk Prevention and Control

First Line of Defense
Departments implement effective self-implemented risk controls.

Second Line of Defense
The Compliance and Legal Department implements professional risk control measures both proactively and throughout the process.

Third Line of Defense
The Audit Department conducts post-process supervision and evaluation.

Board of Directors	Executive Management	Compliance and Legal Department	General Counsel	Company Departments
■ Acts as the highest governing body within the risk management architecture. ■ Responsible for overseeing and monitoring the Company's overall risk profile and making decisions on significant risk matters.	■ Directs the day-to-day execution of the Company's risk prevention and control activities.	■ Serves as the central coordinating department for overall risk prevention and control. ■ Charged with monitoring, assessing, and reporting on the Company's aggregate risk level.	■ Bears overall responsibility for the Company's risk prevention and control framework. ■ Responsible for overseeing and coordinating legal matters related to corporate decision-making, operations, and management.	■ Function as essential units within the full-scale risk control system. ■ Primarily responsible for proactively identifying and self-assessing major risk points within the department.

Responsibilities within the Company's Risk Prevention and Control System

The Company conducts periodic risk management reviews on a monthly, quarterly, and annual basis. Each month, on the 20th, the Compliance and Legal Department initiates a comprehensive risk assessment. This involves distributing the monthly risk assessment form via the "IEIT SYSTEMS Legal Affairs" email address to risk control and management contacts within each department. The key procedures are as follows:

Relevant Leaders
- The monthly overall risk assessment form and corresponding report require review and approval from respective responsible leaders.
- The Compliance and Legal Department submits a consolidated report to Company leadership.

Compliance and Legal Department
- Notifies risk control and management contacts in the latter half of each month to commence the monthly overall risk assessment.
- Risk control and management contacts then initiate the risk assessment process within their respective departments, ensuring appropriate delegation.

Risk Control & Management Contacts
- Responsible for tracking the progress of risk management and control measures and for timely information sharing and consolidation.
- In the event of emergency risk incidents, they are required to report and provide feedback within 24 hours.

BUSINESS ETHICS, PROMOTING SUSTAINABLE COOPERATION

To foster a fair and transparent business environment and advance sustainable development, IEIT SYSTEMS has implemented rigorous anti-bribery and anti-fraud systems, established whistleblowing channels, enhanced integrity education and training, and diligently enforced measures against monopolies and unfair competition. These efforts ensure the compliance and transparency of our corporate operations. Concurrently, the Company has set up a Compliance and Legal Department staffed with a professional team, along with multiple internal control and compliance systems, encompassing compliance training, record-keeping, and compliance audits. These measures enable comprehensive risk assessment of business activities, regular review of transaction processes and enhanced risk prevention capabilities. These initiatives have effectively mitigated business risks, enhanced the Company's social credibility and market competitiveness, and fortified the foundation for long-term development.

Anti-bribery and Anti-fraud

By refining its institutional framework and streamlining reporting channels, the Company has comprehensively strengthened its defenses against bribery and fraud. These initiatives have reinforced standardized internal management, laid a solid foundation for sustainable development, and further elevate the Company's social reputation and market competitiveness.

Building a Regulatory System

The Company has instituted a comprehensive anti-bribery and anti-fraud system designed to ensure the integrity and transparency of corporate operations. Within this framework, our independent Audit Department assumes the core duties of audit supervision and anti-fraud oversight. To bolster the standardization and effectiveness of anti-fraud measures, the Company has also formulated policy documents such as the *Anti-fraud Guidelines*. This document provides a clear governance framework for anti-fraud efforts, detailing critical aspects including responsibility allocation, investigation procedures, and disciplinary mechanisms, thereby ensuring efficient and well-structured implementation of anti-fraud initiatives.

Regarding anti-bribery and anti-fraud policies applicable to suppliers, the Company has likewise adopted stringent measures. During the supplier onboarding process, the Company requires suppliers to sign an *Anti-Commercial Bribery Agreement*, which explicitly prohibits any form of commercial bribery, including, but not limited to, the provision of cash, gifts, entertainment, travel, or other improper benefits. When executing contracts with external customers and suppliers, the Company incorporates self-discipline clauses and details reporting channels for illegal or unethical behavior. This serves to remind our partners of their obligation to adhere to the principles of business ethics.

12.3 Party B agrees that it will not collude with any personnel of Party A, or with any third party designated by Party A, in any manner detrimental to Party A's interests. Party B shall not engage in bribery, directly or indirectly, to obtain any unlawful benefit or to adversely affect Party A's rights and interests. If Party A incurs any loss or damage arising from or connected with any act of bribery by Party B, Party B shall indemnify and hold harmless Party A against all such losses and damages. Furthermore, Party A is entitled, at its sole discretion, to demand that Party B pay either: (a) liquidated damages equal to twenty percent (20%) of the total contract value, or (b) all illicit profits obtained by Party B as a result of such act(s), whichever amount is greater.

Self-discipline Clauses in Contracts with External Parties

Streamlining Reporting Channels

IEIT SYSTEMS places high importance on the development of whistleblowing mechanisms. Dedicated reporting mailboxes and telephone lines have been established, encouraging employees, suppliers, and other stakeholders to report any illegal or non-compliant activities. Meanwhile, various communication tools, including digital displays and bulletin boards, are used to publicize these channels widely, ensuring all employees are fully informed of the reporting procedures. Moreover, the Company has established a robust whistleblowing mechanism tailored to its operational context, guaranteeing that reported information is addressed promptly and effectively. In handling whistleblower reports, the Company strictly enforces confidentiality protocols, implementing rigorous measures to safeguard whistleblowers' personal information. We maintain zero tolerance for any breaches or leaks, ensuring full protection of whistleblowers' legal rights and interests.

Channels for Reporting Unethical Behavior, Including Malpractice:
Tel.: 0531-85104098
Email: jubao@ieisystem.com

Business Ethics Training

The Company drives a culture of self-discipline with creative strategies. It has launched the "Exemplary Path to Excellence" column, utilizing the IEIT e-learning platform and digital posters to conduct in-depth publicity and interpretation of laws and regulations. This approach allows employees to naturally internalize ethical principles and self-discipline education in their daily work. The Company also prioritizes the role of warning education by regularly organizing mid-level managers to receive on-site training at disciplinary education bases. These programs use impactful case studies to underscore the serious consequences of corrupt practices. To complement this training and diversify educational approaches, the Company also produced 12 monthly issues of "Clear Wind News", six editions of the "Risk Management, Internal Control, and Anti-fraud" series, and four "Workplace Legal Insights" bulletins. Through these efforts, the Company continuously enhances ethical awareness among its managers and employees, reinforces integrity safeguards, and cultivates a positive and ethical corporate environment.

Anti-Bribery Compliance Education

Company-wide Risk Management and Anti-fraud Training

Anti-monopoly and Anti-unfair Competition

The Company recognizes that a fair, transparent, and orderly market environment is fundamental to its long-term development. To this end, we strictly comply with antitrust laws and regulations applicable in all jurisdictions where we operate. The Company has established internal policies, such as the *Fair Competition Management Measures* and the *Market Order Management Rules*, which are regularly reviewed and updated to reflect market dynamics and evolving legal requirements. Furthermore, the Company maintains a comprehensive anti-monopoly compliance management framework to ensure all business activities are conducted lawfully and ethically.

In day-to-day operations, the Company champions fair competition and firmly opposes any unethical business competitive practices. IEIT SYSTEMS also emphasizes regulating sales personnel conduct, reinforcing market order management, and promoting sound and ethical sales activities to fully safeguard the legitimate rights and interests of its partners and customers.

For overseas operations, the Company explicitly requires employees to be proactive in understanding and rigorously complying with local anti-monopoly laws and regulations. When navigating complex international legal frameworks, employees are encouraged to seek professional guidance from the Company's relevant departments or external anti-monopoly specialists to ensure the compliance of overseas activities.

📋 Key Performance

By the end of the reporting period, the Company has provided risk and anti-fraud training for **all employees**, with a total of **5,886.33 training hours** dedicated to anti-fraud and anti-bribery education. The audit department investigated **zero** corruption cases during this period. The Company faced no litigation or significant administrative penalties resulting from unfair competition practices.

Leveling the Playing Field for Small and Medium-sized Enterprises

While implementing its sustainable development strategy, the Company steadfastly upholds the principle of fair cooperation. IEIT SYSTEMS strives to build and sustain long-term, stable partnerships with small and medium-sized enterprises (SMEs), aiming to cultivate a business environment characterized by fairness, transparency, and vitality.

The Company strictly follows fair and reasonable guidelines for contract execution, ensuring contractual terms are equitable and transparent, and refraining from imposing unfair conditions on SMEs. Additionally, the Company leverages its technological capabilities and resources to provide technical assistance and training programs to SMEs, helping them improve their technical expertise and management skills. IEIT SYSTEMS also places importance on communication and dialogue with SMEs, regularly soliciting and considering their feedback and promptly resolving any issues that arise during collaboration to ensure partnerships proceed smoothly and effectively. Furthermore, the Company is dedicated to fostering supply chain diversity by increasing engagement with SMEs, thereby offering them wider market access and enhanced development opportunities.

INFORMATION SECURITY AND PRIVACY PROTECTION

Integrating security into our business strategy, the Company follows a core philosophy of prevention first, backed by active protection, continuous enhancement, and a commitment to information security. This has led to the development of a strong and efficient security posture. This framework is designed to prevent the unauthorized disclosure of sensitive information, encompassing personal data, trade secrets, and critical technical materials. To achieve this, the Company has formed a specialized leadership team for cybersecurity and informatization to oversee and direct information security initiatives. Furthermore, the Company has adopted "zero major information security incidents" as a key management objective to ensure the comprehensive protection of its information assets.

Information Security Management

Systems and Policies

The Company adheres strictly to the ISO/IEC 27001 Information Security Management System and ISO 38505 Data Governance Management System standards, alongside applicable laws and regulations including the *Cybersecurity Law* and the *Data Security Law*. Based on these, we have established a comprehensive management system that remains actively certified. This system ensures that our information security and data governance measures extend across all product lines, upholding high standards and consistency. In accordance with the management system's requirements, our IT Information Security team conducts quarterly audits to assess the implementation of information security policies. Through this information security audit mechanism, we systematically implement security measures, enhance protective capabilities, promote the effective execution of security policies, and continuously improve the sophistication and efficacy of our information security management system. This systematic approach guarantees the effective application of information security management and data governance security throughout all business processes, meeting the most stringent security requirements.

Company Management System Certifications

Privacy Information Management System (PIMS) Certification

Information Security Management System (ISMS) Certification

Data Security Governance System Certification

Management Measures

The Company has established an independent office network and email infrastructure. Built upon this foundation is a three-tiered technical defense system designed to enhance the depth and breadth of network security protection and ensure network stability and security. To further enhance the security of R&D terminals, the Company utilizes terminal control software for fine-grained management of R&D terminal access to external networks and use of external devices. This approach strengthens the monitoring and protection of business data flow. Furthermore, the Company has increased its auditing efforts for the transmission of business data between different networks to prevent the leakage of sensitive information.

The Company has established a robust information security technology framework that covers office, production, and R&D networks. By enhancing capabilities in industrial control security, data protection, and security operations, the Company mitigates external threats and maintains manageable overall information security risks. The deployment and promotion of the industrial control security system for the production network have enhanced the overall operational management and integrated protection and response capabilities within our domestic factories. This initiative has achieved full coverage of the industrial control security protection system across all company-owned domestic facilities. The data security monitoring and protection system effectively manages risk scenarios, including non-compliant data operations. Leveraging the data security management platform, the Company classifies and grades important data assets while monitoring and providing early warnings for risks like data leakage and cross-border data transmission. Data risk analysis models are employed to continuously optimize this system, enabling more precise risk identification and alerting. The establishment of a Security Operations Center (SOC) provides 7x24 hour alert monitoring. As a result, threat response efficiency has improved by 60%, and the timeliness of vulnerability patching has increased by 50%. Techniques such as correlation analysis, false positive reduction, and coordinated response further enhance the efficiency and quality of security operations.

The Company has taken proactive measures for information security training and emergency response. In 2024, focusing on key themes such as information security behavior standards, the Company organized a special campaign to enhance information security awareness. It effectively utilized various display resources (large and small screens) to communicate security reminders and management requirements. Cumulatively, three information security training sessions were conducted, and informational materials including 36 security tip bulletins, four electronic posters, and three themes for office computer screensavers and lock screens were produced. Through comprehensive, multi-angle, and frequent communication and training, an atmosphere of pervasive information security awareness was fostered, effectively enhancing the information security awareness of all personnel. To further improve information security management capabilities, the Company also organized two anti-phishing simulated attack drills during the same period. These exercises tested and enhanced employees' ability to identify and respond to security threats like phishing. Through these combined measures, the Company aims to cultivate a more secure and reliable information environment, thereby protecting its business data and intellectual property from emerging threats.

Key Performance

As of the end of the reporting period, the Company experienced **no** information security incidents and achieved Level 4 certification for Data Management Capability Maturity (DCMM).

Data Privacy and Security

The Company consistently prioritizes the protection of personal information and adheres to relevant international and domestic laws and regulations, such as the *General Data Protection Regulation (GDPR) and the Personal Information Protection Law of the People's Republic of China*, to ensure the lawful and compliant management of personal information. To this end, aligning with the laws and regulations of the countries where it operates and the ISO/IEC 27701 Privacy Information Management System, the Company has established a privacy information management system tailored to its business operations. This system incorporates policies including the *Personal Information Management Guidelines* and the *Personal Information Protection Policy and Strategies*, aiming to standardize personal information processing and ensure its security. The Company has also published its *Privacy Policy* on its official website, which clearly outlines the rules governing the collection, use, disclosure, access, and modification of personal information, thereby increasing transparency.

DCMM Certificate

Furthermore, the Company adheres to the principle of data minimization, strictly limiting the scope of personal information processing based on business necessity. The Company implements a series of physical, administrative, and technical safeguards to ensure the security of personal information, preventing unauthorized access, disclosure, use, modification, damage, or loss, thereby protecting personal privacy and data security. Through these measures, the Company demonstrates its firm commitment to personal information protection, laying the groundwork for building and maintaining public trust.

《网络数据安全管理条例》解读

智能化转型部

Interpretation of the Regulations on Network Data Security Management

INVESTOR RELATIONS MANAGEMENT WITH STREAMLINED COMMUNICATION

To strengthen communication and build trust with the investment community, the Company is dedicated to establishing robust systems for investor relations management and information disclosure. By holding regular investor engagement events, releasing transparent disclosure reports, and promptly addressing investor concerns, the Company actively fosters positive relationships with its investors. These practices not only bolster the Company's transparency and credibility in the capital markets but also provide investors with clearer informational support, thereby advancing the Company's sustainable development and the creation of long-term value.

Investor Relations Management

Investor Relations Activities

The Company's investor relations activities are governed by its *Investor Relations Management Policy*. This policy seeks to foster engagement with investors through standardized and transparent communication, ensuring the protection of the rights and interests of all investors, especially minority shareholders. The Company employs a comprehensive investor relations process that includes regular earnings briefings, targeted investor outreach, analyst conferences, media interviews, press conferences, roadshows, and site visits. These efforts ensure that information disclosure is truthful, accurate, timely, and fair.

Throughout 2024, the Company conducted numerous investor relations events, including results briefings, one-on-one meetings with specific investors, and on-site visits. These initiatives were designed to provide investors with detailed insights into the Company's business development, financial performance, R&D investments, and market strategies, helping them gain a deeper understanding of its operations and future outlook.

> **Case Study: Investor Event – "New Journey, Renewed Commitment: Investor Education Relaunch"**
>
> On October 17, 2024, the Company successfully hosted an investor communication event themed "New Journey, Renewed Commitment: Investor Education Relaunch". The event drew 33 participants, comprising institutional and individual investors. The program included a tour of the Company showroom, a presentation on the Company's fundamentals, insights from industry analysts, and an interactive Q&A session with investors. Throughout the event, the Company rigorously complied with all applicable regulations, ensuring information disclosure was truthful, accurate, timely, and fair, and preventing any leakage of undisclosed material information. This event allowed IEIT SYSTEMS to underscore its commitment to investor rights protection and demonstrate its ongoing efforts to improve corporate governance and transparency.

Protecting Minority Shareholder Rights

Minority shareholders are integral to the capital market, their trust and support are essential for the Company's long-term success. Accordingly, the Company strictly adheres to relevant laws and regulations to ensure timely, accurate, and complete information disclosure. Furthermore, IEIT SYSTEMS actively champions the equal exercise of shareholder rights, ensuring all shareholders, particularly those with minority stakes, have a voice in the Company's decision-making.

Information Disclosure Management

IEIT SYSTEMS places a high priority on managing its information disclosures effectively. Through robust institutional frameworks and standardized operational practices, the Company ensures transparency and regulatory compliance, providing investors and other stakeholders with accurate and timely information support.

To govern its disclosure activities, the Company has formulated the *Information Disclosure Management Policy*. This policy defines the core principles, content, and standards applicable to all disclosures. It covers the preparation and release requirements for various documents—including prospectuses, periodic reports, and interim reports—guaranteeing that all information released is truthful, accurate, and complete.

In its operational execution, the Company strictly adheres to these policy mandates, ensuring the timeliness and accuracy of information disclosure through systematic process management. Regular internal audits and evaluations of information disclosure processes are conducted to promptly identify and address any potential shortcomings. Concurrently, the Company maintains active engagement with regulatory bodies to ensure full compliance with all legal and statutory requirements. These rigorous measures significantly enhance the quality of the Company's disclosures, improve market transparency, provide a stronger basis for investor decision-making, and ultimately bolster the Company's market standing and public reputation.

2

Environment
Clean Opportunities and Resource Utilization

IEIT SYSTEMS remains committed to the principles of sustainable development, focusing on environmental protection and the efficient use of resources. Through rigorous environmental management and compliant operations, the Company effectively reduces emissions of " three wastes" (waste gas, wastewater, and solid waste) and significantly mitigates environmental risks. The Company proactively adopts clean technologies, optimizes production processes, and enhances energy efficiency. Furthermore, the Company employs systematic approaches to manage electronic waste, facilitating resource recycling, reuse, and value regeneration. These strategic initiatives and their results drive the Company's green transformation, enhance market competitiveness, and serve as a benchmark for sustainable practices within the industry. They bolster the Company's social image and underscore its commitment to responsibility. In the context of the global green economic transition, the Company actively leverages its technology and experience to support the development of sustainable environmental governance systems and advance global green development.

Material Topics Addressed

- Environmental Management
- Pollutant Emissions
- Waste Management
- Clean Technology Opportunities
- Response to Climate Change
- Circular Economy
- Energy and Water Resource Management

Respond to United Nations Sustainable Development Goals (SDGs)

6 CLEAN WATER AND SANITATIO

MANAGING "THREE WASTES" EMISSIONS AND ENSURING ENVIRONMENTAL COMPLIANCE

IEIT SYSTEMS ensures environmental compliance and effectively reduces pollutant emissions by improving its environmental management system, strengthening emergency environmental response measures, and strictly controlling waste discharge (waste gas, wastewater, and solid waste). This commitment to environmental protection and sustainable development minimizes the operational impact on the environment, improves environmental risk management capabilities, and demonstrates the Company's dedication to environmental stewardship. These efforts contribute to broader societal sustainable development while enhancing the Company's reputation and market competitiveness.

Environmental Management

IEIT SYSTEMS demonstrates a strong commitment to environmental management. Strictly adhering to the environmental management principle of "Innovation for Shared Success," the Company strives to minimize adverse impacts on society, the environment, and natural resources throughout its production and operational processes, while safeguarding public health and safety. The Company has formulated environmental management policies focusing on pollution control, energy conservation and emissions reduction, and product environmental protection. Each year, environmental management objectives are set. The General Manager oversees the implementation and supervision of these objectives. The Quality and Security Management Department leads the primary efforts to achieve them, with support from relevant departments in executing, fulfilling, and updating these environmental goals. Furthermore, the Company has established an environmental management system and has obtained ISO 14001 certification.

General Manager	Directs all company operations, including the appointment of department heads and the delegation of responsibilities and authority. Holds ultimate accountability for management system effectiveness.
Quality Department	Mandate includes the establishment, operation, maintenance, and internal auditing of the company's management system. Supports the management representative in defining system objectives, metrics, and strategic plans, and monitors plan execution.
Procurement Department	Scope encompasses supply planning management, coordination of production scheduling, and risk control pertaining to purchase order processing and fulfillment tracking.
R&D Department	Accountable for new product and solution development lifecycle, including maintenance. This includes conducting risk assessments for hazardous substances within raw and process materials.
Production Department	Responsible for overseeing the manufacturing operations for software and system-level hardware, including the management of production and ancillary equipment and ensuring quality control throughout the production cycle.

Environmental Management Responsibilities

2024 Environmental Management Objectives	Status of 2024 Objectives
Increase the use of renewable energy, such as solar and wind power	Completed
Develop and promote environmentally friendly products	Completed
Formulate environmental risk emergency response plans	Completed
Regularly conduct employee environmental protection training activities	Completed

IEIT SYSTEMS 2024 Environmental Management Objectives and Completion Status

📋 Key Performance

In **2024,**

Total environmental operating costs were approximately **CNY 1.2 million**, primarily covering exhaust gas treatment facility operation and maintenance, hazardous waste disposal, activated carbon replacement, and compliance with the "Three Simultaneities" policy (simultaneous design, construction, and commissioning of environmental protection facilities)

Held approximately **200** invention patents for green design technologies

Led or participated in developing **21** liquid cooling standards

The General Manager of the Production Department serves as a committee member on the National Technical Committee for Green Manufacturing Standardization for a **5-year term**

Obtained **85** China Energy Conservation Program (CECP) certifications

Secured **20** China Environmental Labelling certifications

Achieved **15** U.S. ENERGY STAR certifications

Earned **33** Korea E-standby energy efficiency certifications

Emissions Management

Three Wastes Management System

IEIT SYSTEMS strictly adheres to the environmental protection and waste emission laws and regulations applicable in its operating locations, having established relevant regulations and management processes. Regarding waste treatment, the Company has defined a management structure addressing waste gas, wastewater, and solid waste, ensuring that all waste disposal achieves 100% compliance.

Indicator	Unit	2022	2023	2024
Hazardous waste generated	t	78.78	88.3	94.60
General recyclable waste generated	t	2,038.65	1,488.75	2,193.92

Waste Generation Over Three Years

Solid Waste Disposal Process

Regarding waste management procedures, the Company categorizes and manages waste as either general or hazardous. It maintains *Hazardous Waste Management Ledger*, detailing the type, quantity, destination, storage, utilization, and disposal methods for hazardous waste, ensuring full traceability and accountability. This practice ensures effective waste management and maximizes resource utilization, thereby preventing environmental pollution and resource depletion.

♻️ **General Recyclable Waste**	Stored centrally in designated recycling areas	Collected regularly, ensuring the area is kept clean
♲ **General Non-Recyclable Waste**	Sent to designated waste disposal points	Ensured collection occurs before the end of the workday
☠️ **Hazardous Waste**	Promptly sealed to prevent leakage	Safely transferred to the hazardous waste warehouse for centralized storage
		Handed over to a qualified third party for professional disposal once a certain quantity has accumulated

General and Hazardous Waste Disposal Process Flow

Waste Treatment Measures

IEIT SYSTEMS actively supports environmental protection policies and is dedicated to achieving green sustainable development. By formulating and implementing a range of waste treatment measures—including the systematic management of waste gas, wastewater, and solid waste—along with clear waste reduction targets and regular training activities, these initiatives have reduced the Company's environmental impact. This approach enhances employees' environmental awareness and professional capabilities, establishing a solid foundation for the Company's long-term sustainable development.

2024 Waste Reduction Objectives	Status of 2024 Objectives
Build a green digital factory	Completed
Improve the material recycling rate	Completed

2024 Waste Reduction Objectives and Status

Case Study: Air Column Cushion Packaging

In 2024, IEIT SYSTEMS utilized 470,000 sets of air column cushion packaging, reducing foam plastic consumption by 176 tons. The reduced foam padding, if laid end-to-end, would span 240 kilometers, and if stacked 1 meter high, could cover an area of 6,700 square meters—approximately the size of a football field. Based on data from the past six years, the company has cumulatively utilized 2.97 million sets of air column cushion packaging, reducing foam plastic consumption by 1,256 tons. This amount of foam padding, laid end-to-end, spans over 1,590 kilometers, and if formed into a solid 1m x 1m wall, it would extend approximately 48 kilometers. The environmental benefit is equivalent to planting over 6,500 trees, reflecting the Company's significant contribution to environmental protection and resource conservation.

Air Column Cushion Packaging

Safety Emergency Management

IEIT SYSTEMS strictly complies with the laws and regulations related to emergency management in the countries where it operates. The Company has formulated relevant policies, including the *Emergency Response and Disaster Recovery Management Specifications,* to regulate the handling of emergencies, potential incidents, and urgent situations such as fires, explosions, and other disasters. IEIT SYSTEMS implements effective emergency measures and recovery actions to ensure personnel safety, minimize losses, and reduce environmental pollution and other potential hazards.

📋 Key Performance

In **2024,** IEIT SYSTEMS had no major environmental impacts; a total of **188** emergency drills and **123** emergency training sessions were completed.

Initial Response

Immediate Action: In the event of an emergency, all involved personnel (including external individuals on-site) and relevant departments must take immediate actions.
Reporting Severe Incidents: If an incident is severe and cannot be managed internally, emergency services must be contacted immediately, and the incident must be reported through appropriate channels.

Ensuring Safety

Prioritizing Personnel Safety: In emergencies threatening personal safety, ensuring the well-being of all individuals is the foremost priority.
Rapid Evacuation: Personnel must be organized for swift evacuation from hazardous areas to minimize casualties.
Taking Emergency Measures: Once safety is secured, emergency measures should be taken to mitigate property damage and environmental impact.

Incident Handling and Analysis

Incident Management: The emergency incident must be managed effectively to control its development and prevent escalation.
Cause Analysis: Following the resolution of the emergency, the head of the affected department convenes relevant personnel to analyze the incident's root cause.
Developing Corrective Actions: Based on the cause analysis, practical corrective and preventive measures are developed to avert recurrence.

Follow-up Actions

Implementing Corrective Measures: Implement the formulated corrective measures, improving existing emergency response plans and operating procedures.
Continuous Improvement: Regularly review and update emergency response plans to ensure their effectiveness and adaptability to cope with potential future emergencies.

IEIT SYSTEMS Emergency Response Process

Emergency Drill Activities

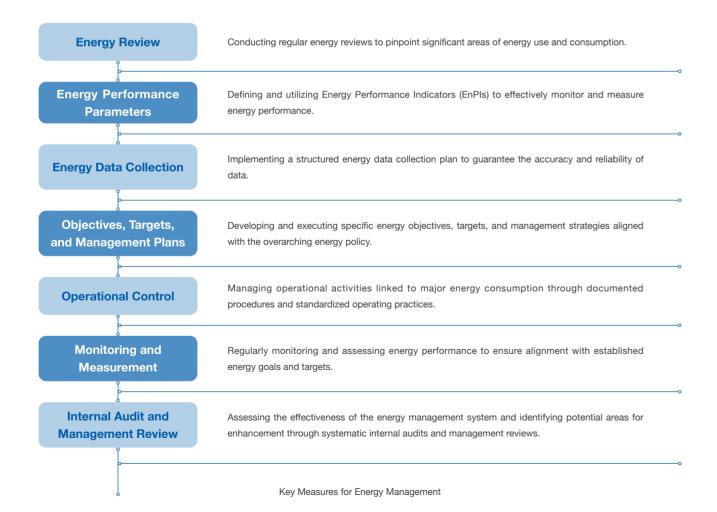# CLEAN TECHNOLOGY AND CLIMATE CHANGE RESPONSE

IEIT SYSTEMS is dedicated to advancing energy management alongside energy conservation and emission reduction through clean technology. By refining its energy management framework, promoting the adoption of clean energy sources, and implementing energy-saving technological upgrades, the Company strives to lower both energy consumption and carbon emissions, thereby increasing overall energy efficiency. Furthermore, capitalizing on its designation as a "Green Factory," IEIT SYSTEMS continues to bolster its green and low-carbon development capabilities. This initiative sets an industry benchmark for sustainability and enhances the Company's reputation for social responsibility and its competitive edge in sustainable development.

Improving Energy Management

IEIT SYSTEMS strictly complies with all relevant energy management laws and regulations in the jurisdictions where it conducts business. We have established comprehensive internal policies, including *the Management Regulations on Energy Baselines and Energy Performance Parameters*, the *Rules for Data Collection and Monitoring & Measurement Management*, and the *Operating Procedures for Energy Review*. These policies ensure standardized and systematic energy management across all operations.

The *Management Regulations on Energy Baselines and Energy Performance Parameters* ensure that the established Energy Baselines (EnB) and Energy Performance Indicators (EnPIs) remain aligned with the Company's actual operational conditions, while driving continuous improvement in energy performance across all departments.

Under the *Rules for Data Collection and Monitoring & Measurement Management*, a dedicated energy management team has been formed. This team is tasked with the collection of energy data across the Company's primary energy-consuming areas, equipment, systems, and production processes, focusing on energy consumption and efficiency metrics. The team evaluates and provides feedback on opportunities for enhancing energy performance, ensuring that energy-saving measures are effectively implemented and consistently refined. This provides robust support for achieving energy management objectives and improving energy efficiency.

Energy Review	Conducting regular energy reviews to pinpoint significant areas of energy use and consumption.
Energy Performance Parameters	Defining and utilizing Energy Performance Indicators (EnPIs) to effectively monitor and measure energy performance.
Energy Data Collection	Implementing a structured energy data collection plan to guarantee the accuracy and reliability of data.
Objectives, Targets, and Management Plans	Developing and executing specific energy objectives, targets, and management strategies aligned with the overarching energy policy.
Operational Control	Managing operational activities linked to major energy consumption through documented procedures and standardized operating practices.
Monitoring and Measurement	Regularly monitoring and assessing energy performance to ensure alignment with established energy goals and targets.
Internal Audit and Management Review	Assessing the effectiveness of the energy management system and identifying potential areas for enhancement through systematic internal audits and management reviews.

Key Measures for Energy Management

During the reporting period, IEIT SYSTEMS successfully maintained its ISO 50001 Energy Management System certification. Additionally, the Company commissioned an independent third-party organization to verify its greenhouse gas emissions.

ISO 50001 Energy Management System Certification

Greenhouse Gas Verification Statement

Indicator	Unit	2022	2023	2024
Scope 1 Emissions	tCO$_2$e	40.53	45.63	59.12
Scope 2 Emissions	tCO$_2$e	36,718.55	42,442.26	59,256.76
Total Greenhouse Gas Emissions	tCO$_2$e	36,759.08	42,487.89	59,585.87
Diesel	L	5923.15	6690.02	3,494.31
Natural Gas	GJ	447.5	386.0	751.3
Total Comprehensive Energy Consumption	tce	3,895.33	4,244.05	5,307.09
Comprehensive Energy Consumption Intensity	tce/CNY 10,000 output	0.56	1.27	1.20
Purchased Electricity	kWh	61,798,782.0	66,401,480.5	89,552,474.09
Water Resource Consumption	m^3	225,398.05	268,230.65	204,895.94

Energy and Water Resource Usage from 2022-2024

Energy Conservation and Consumption Reduction Measures

In its pursuit of sustainable development, IEIT SYSTEMS actively implements its green development philosophy. Through a range of efforts, including green factory construction, green operations, green offices, and energy-saving technological renovations, the Company comprehensively optimizes energy utilization efficiency, reduces energy consumption, minimizes carbon emissions, and supports the achievement of its green development targets.

Building Green Factories

IEIT SYSTEMS actively supports the national "carbon peaking and carbon neutrality" policy and is dedicated to establishing green factories. Through intelligent transformation and the application of green technologies, the Company implements green and low-carbon operational practices across production, internal management, and daily office activities, achieving both energy conservation, emission reduction, and enhanced production efficiency. Simultaneously, IEIT SYSTEMS focuses on developing eco-friendly campuses, continuously promoting energy efficiency and emission reductions in its buildings through smart facilities and energy-saving retrofits.
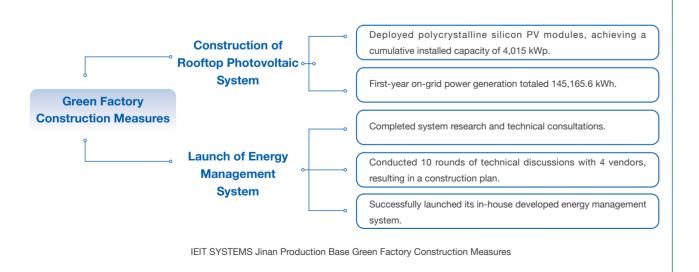
Green Factory Photograph

Case Study: Jinan Production Base Green Factory

During the reporting period, the IEIT SYSTEMS Jinan production base was recognized as a Jinan Municipal Green Factory, following the construction of a rooftop photovoltaic power generation system and the launch of an energy management system. These initiatives effectively advanced the plant's energy saving, emission reduction, and overall green transformation.

Green Factory Construction Measures

Construction of Rooftop Photovoltaic System
- Deployed polycrystalline silicon PV modules, achieving a cumulative installed capacity of 4,015 kWp.
- First-year on-grid power generation totaled 145,165.6 kWh.

Launch of Energy Management System
- Completed system research and technical consultations.
- Conducted 10 rounds of technical discussions with 4 vendors, resulting in a construction plan.
- Successfully launched its in-house developed energy management system.

IEIT SYSTEMS Jinan Production Base Green Factory Construction Measures

Practicing Green Operations

Regarding green operations, the IEIT SYSTEMS stress testing center improved energy efficiency through the introduction of heat recovery technology, thereby reducing its environmental footprint and strengthening the foundation for sustainable development.

Initiatives

Heat recycling: Use specialized equipment to collect residual heat from the stress testing center and use it to heat the office areas and preheat equipment rooms in winter, thereby improving energy utilization.

Benefits

Environmental benefits: It reduces pollutant emissions from coal combustion, aligns with green development goals, and strengthens the Company's environmental reputation.

Stable operations guarantee: Green transformation ensures a reliable energy supply for stable operations of the stress testing center over the long term.

Energy efficiency improvement: Heat recycling enhances the energy utilization of the stress testing center, cutting down the operating costs.

Energy-Saving Initiatives for Green Operations at the IEIT SYSTEMS Stress Testing Center

Improving Green Offices

In its offices, IEIT SYSTEMS is comprehensively reducing the energy consumption and environmental impact associated with its operations through initiatives such as promoting paperless workflows, optimizing equipment energy management, implementing resource recycling programs, encouraging green commuting, and p conducting energy-saving awareness campaigns. These efforts are guiding the Company's office operations towards a greener, lower-carbon, and more efficient model.

IEIT SYSTEMS Green Office Initiatives

| Double-Sided Printing | Electricity Conservation | Water Conservation | Closing the Door upon Leave |

Energy-Saving Technological Renovation

In the area of energy-saving technological renovation, IEIT SYSTEMS implemented an intelligent upgrade of its Automated Storage and Retrieval System (AS/RS) warehouse, encompassing system development and debugging, hardware operational adaptation, and goods move-in and operations. This initiative enhanced the warehouse's operational efficiency and equipment reliability, yielded significant energy savings, and promoted the intelligent and green evolution of the AS/RS warehouse.

System Development and Debugging	Hardware Operation Adaptation	Goods Move-in and Operation
Measures Content		
Following six months of multi-system development and debugging, 18 core business processes have been successfully launched.	Conducted real-scenario and extreme stress testing on four key hardware types (stacker cranes, conveyor lines, hoists, and AGVs) to ensure stable operation from the moment of deployment.	Successfully transferred over 9,500 PNs—including finished products, cables, self-developed boards, motherboards, and chassis—into the AS/RS warehouse, bringing it to full operational capacity.
Energy-Saving Significance		
The development and application of intelligent systems optimized warehouse operational procedures, reducing unnecessary equipment run-time and energy use. For instance, the intelligent scheduling system allows for more precise scheduling of goods storage and retrieval paths, minimizing equipment idle time and energy consumption.	Adaptation and optimization ensure hardware operates efficiently under various load conditions, minimizing energy waste resulting from equipment failures or suboptimal performance. For example, optimizing conveyor line speeds and stacker crane paths can reduce equipment energy consumption.	Optimizing goods storage and handling processes reduces manual intervention and repetitive equipment usage, improves warehouse space utilization, thereby lowering the energy consumed per unit for storage and handling. For instance, rational storage location allocation and optimized goods layout minimize unnecessary equipment travel, enhancing overall operational efficiency.

Measures for the Intelligent Transformation of the IEIT SYSTEMS AS/RS Warehouse

Clean Technology Opportunities

IEIT SYSTEMS upholds the philosophy of green and sustainable development and is dedicated to promoting the deeper integration and innovative application of clean technologies across its entire operational value chain.

Clean Technology Development Strategy

The Company anchors its clean technology development strategy with a forward-looking vision. Through sustained investment in R&D and innovation, IEIT SYSTEMS consistently optimizes product designs, production processes, and data center operational models, striving to achieve significant improvements in energy efficiency and substantial reductions in environmental impact. Simultaneously, the Company actively collaborates with upstream and downstream partners throughout the industrial chain to foster a green industrial ecosystem. By sharing advancements in clean technology, IEIT SYSTEMS leads the industry's green transformation, contributes to global sustainable development, demonstrates corporate social responsibility, and empowers the enterprise to achieve high-quality development and value creation in the green economy era.

Key Performance

In **2024,** the Company utilized a total of **1,234,700 kWh** of clean energy, representing a **66%** increase compared to **2023**.

Clean Technology Projects

The Company promotes the adoption of clean technologies within the industry through initiatives such as releasing the world's first reference design for fully liquid-cooled cold-plate servers, developing air-cooled computing power modules, and commissioning the "Computing Power Factory". Specific to liquid cooling technology, the Company has established five group standards and one industry standard, leading the optimization of data center energy efficiency and fostering green development. These efforts enhance the Company's capabilities in clean technology innovation and set an industry benchmark for technological advancement and environmental responsibility, steering the data center sector towards greater sustainability and resource efficiency.

Clean Technology Projects	Project Content	Key Performance
Fully Liquid-cooled Cold-plate Server Reference Design	In collaboration with Intel, IEIT SYSTEMS released the world's first reference design for fully liquid-cooled cold-plate servers, providing a model for the global liquid cooling industry. This initiative promotes the adoption of all-liquid-cooling solutions in data centers, contributing to greener, lower-carbon operations, and includes the launch of fully liquid-cooled cold-plate servers.	Achieved nearly 100% liquid cooling for server components, enabling a Power Usage Effectiveness (PUE) approaching an optimal level close to 1.0.
Air-Cooled Computing Power Module Solution Development	The Company developed an air-cooled computing power module solution featuring a single-cabinet power density up to 50 kW. This significantly boosts power density while reducing the required module deployment footprint and land use for data centers. The solution utilizes contained hot/cold aisles and dual-group air conditioning control strategies to effectively manage heat dissipation challenges associated with high-density deployments.	Increased single-cabinet power density to 50 kW; reduced module deployment needs and land requirements; improved cooling system energy efficiency ratio by over 10%.
Prefabricated Construction and Operation of "Computing Power Factory"	The Company's "Computing Power Factory" employs a prefabricated Artificial Intelligence Data Center (AIDC) solution, which drastically reduces the construction time for intelligent computing centers and facilitates rapid deployment. These centers feature high-density intelligent computing power modules (both air-cooled and liquid-cooled) to enable high-density configurations while ensuring green energy savings.	Reduced construction timelines by nearly 80%; enabled rapid delivery of intelligent computing centers; deployed high-density intelligent computing power modules; achieved green energy savings.

IEIT SYSTEMS Clean Technology Projects

As of 2024, IEIT SYSTEMS has led and contributed to the development of 21 technical standards pertaining to cold-plate and immersion liquid cooling. The Company spearheaded the creation of China's first group standard for core components of cold-plate liquid cooling, the inaugural technical standard for liquid-to-air heat exchange type liquid cooling data centers, and led the establishment of the first national standard for liquid cooling components, titled *Information Technology - Technical Specification for Liquid Cooling Components for Servers and Storage Equipment.* To date, the Company has been granted over 700 invention patents related to liquid cooling, adding nearly 200 in 2024 alone. These efforts provide crucial guidance for the rapid advancement of the liquid cooling industry and the widespread adoption of this technology.

Case Study: New Energy Vehicle Application Practice

To advance the green development in logistics transportation, IEIT SYSTEMS actively promotes the adoption of new energy vehicles within its logistics and distribution operations. In last-mile delivery and cargo collection, the Company is systematically replacing traditional fuel-powered vehicles with electric box trucks, thereby significantly reducing carbon emissions during transit. The Company has developed a network of intelligent charging facilities to ensure the efficient operation of these new energy vehicles, diminish reliance on traditional fuels, and improve overall transportation efficiency. This initiative establishes a benchmark for sustainable urban logistics, showcasing the Company's commitment to innovation and social responsibility in the realm of sustainable development.

Case Study: Intelligent Monitoring and Transportation Optimization Practice

IEIT SYSTEMS leverages Internet of Things (IoT) technology and intelligent monitoring systems for efficient logistics management and energy optimization. The Company equips its transportation fleet with GPS trackers and sensors, enabling real-time monitoring of routes and vehicle conditions. By leveraging big data analytics, it optimizes delivery paths. The intelligent system allows for dynamic route adjustments based on real-time traffic information, effectively shortening distances, lowering fuel consumption, enhancing transport efficiency, and reducing both energy consumption and carbon emissions throughout the transportation process.

WASTE MANAGEMENT, PROMOTING RESOURCE CIRCULATION

IEIT SYSTEMS utilizes a comprehensive electronic waste management system to enhance the sustainable handling of electronic waste (e-waste) and promote efficient resource utilization. This system improves resource recovery and utilization rates, minimizes the environmental impact of e-waste, reinforces the principles of the circular economy, contributes to environmental protection and resource conservation, and strengthens the Company's corporate image and capacity for sustainable development.

Electronic Waste Management

IEIT SYSTEMS employs a dual-track operating model, combining its internal resources with those of specialized third-party recyclers, to establish a comprehensive e-waste recycling system that covers a broad range of products. Leveraging reverse logistics, the Company provides convenient door-to-door collection services. Furthermore, the Company strictly adheres to the Basel Convention, prohibiting the export of e-waste to non-OECD countries. It offers a one-stop service that includes asset inventory, data erasure, and environmentally sound disposal, prioritizing data security assurance throughout the process. Through customized solutions, multi-channel communication, and maximizing the residual value of equipment, the Company aims to enhance the customer service experience and satisfaction. In terms of collaboration management, the Company partners with certified enterprises and implements end-to-end process management. This ensures professional and standardized recycling practices while elevating overall operational quality.

Key Performance

In 2024,
a total of over **7,000** units (pieces/sets) were recycled, remaining relatively stable compared to the 2023 baseline.

Recycling system advantages

Dual-track operation mode: IEIT SYSTEMS has established a dual-track recycling system that combines in-house operations with third-party recycling service providers. This system integrates internal and external resources, broadens channel and customer group coverage, and boosts recycling efficiency.

Reverse logistics advantages: Utilize the reverse logistics of sales channels and maintenance outlets to deliver convenient door-to-door recycling services, improving both timeliness and ease of recycling.

Service content advantages

Comprehensive services: Offer one-stop solutions, including asset inventory, data erasure, and environmentally responsible disposal, to address diverse customer needs and establish a complete service chain.

Data security assurance: Professional data erasure services reduce the risk of customer data leakage to cater to customers with stringent data security requirements.

Compliance and responsibility fulfillment advantages

International conventions compliance: Abide by the Basel Ban Amendment to the Basel Convention, prohibit the export of electronic waste to non-OECD countries, and exhibit strong compliance and social responsibility.

Customer service advantages

Customized solutions: Offer tailored solutions for handling waste IT assets to meet customers' specific needs through offline door-to-door confirmation.

Diversified communication channels: Customers can access services through hotlines, official websites, and local offices to facilitate consultations and issue resolution.

Customer interests protection: Enhance the customer's IT operational capabilities, maximize the equipment's residual value, and boost customer loyalty and satisfaction.

Cooperative management advantages

Professional partners: Collaborate with enterprises certified in the disposal of waste electrical and electronic products to ensure that recycling process is professional and standardized.

Full process management: Adhere to the supplier onboarding guidelines, on-site service standards, tool preparation procedures, and goods loading/unloading service standards to ensure strict control of all stages in the recycling process, thereby improving the management and operational quality.

Advantages of IEIT SYSTEMS Electronic Waste Management

Resource Recovery and Reuse

IEIT SYSTEMS actively supports the "Two New" policy by launching a trade-in program that promotes resource recycling and reduces electronic waste pollution. These efforts improve equipment utilization and resource recycling rates, extend the lifespan of devices, provide convenient upgrade pathways, reduce customer procurement costs, and ultimately boost the Company's market competitiveness and customer loyalty.

Effectively Extending Equipment Lifespan

Failure Period Management:
By performing original manufacturer hardware upgrades before equipment reaches its wear-out failure phase, IEIT SYSTEMS mitigates potential failures and business disruptions caused by the natural degradation of electronic components.

Warranty and After-sales:
Upgraded components receive the same original manufacturer warranty coverage as the complete system, ensuring continuous protection and seamless after-sales support.

Green Solutions Help Reduce Computing Energy Consumption

Green Computing Power Design:
Revitalizing server systems with innovative green computing power designs leads to lower overall system power consumption.

Carbon Emission Reduction:
This significantly lowers the equipment's total carbon emissions, contributing to the sustainable development goals.

Minimal Cost Assists Enterprises in Reducing Costs and Increasing Efficiency

Cost Minimization:
Through in-depth analysis of clients' underlying operational demands and identification of opportunities for equipment optimization, the Company applies industry best practices to address capacity challenges driven by business growth, all while minimizing costs.

Avoiding Direct Replacement:
Instead of full replacements, upgrades are utilized to cut costs and boost efficiency, reducing the financial burden on customers.

IEIT SYSTEMS Trade-in Value Proposition

Case Study: "Premium Renewal" Service

In 2024, IEIT SYSTEMS effectively mitigated risks and enhanced service efficiency by offering trade-in upgrades for customers, expanding capacity on existing equipment. The entire process—from client visits and solution discussions to approvals, parameter pre-configuration, bidding, and final delivery—was supported by dedicated account managers. Execution and verification were conducted in parallel, with delivery confirmed via the official website. The project achieved significant outcomes, meeting new business demands while ensuring stable, uninterrupted operations. The revitalization solution proved highly compatible with existing business processes. Furthermore, the Company maximized the reuse of original components, resulting in considerable cost savings. Resources were reallocated effectively to meet new demands, boosting the resource recovery rate and delivering both cost reductions and efficiency gains.

Equipment Renewal Service

Case Study: Reuse of Warehouse Spare Parts Packaging Boxes

To address the issue of high material costs associated with purchasing a large number of packaging boxes for warehouse spare parts procurement—and in line with the Company's cost-reduction objectives—IEIT SYSTEMS decided to implement the reuse of previously used packaging boxes.

However, reused packaging boxes could lead to issues such as identification confusion and failure to meet appearance and quality requirements. The Company addressed these issues by repairing box surfaces and applying kraft paper coverings, achieving favorable outcomes.

Improvement Effect 1: Annual cost savings of CNY 195,000.
Improvement Effect 2: Resource conservation, reducing paper usage by approximately 14 tons annually.

Before and After Improvement

3

Society
A People-Oriented Approach to a Harmonious Society

IEIT SYSTEMS recognizes talent development as fundamental. We are committed to safeguarding employee health, guaranteeing product quality, and optimizing our supply chain. The Company leverages the power of technology to empower society and drive industry progress, contributing significant momentum to sustainable social development. Valuing our talent, IEIT SYSTEMS upholds principles of equal opportunity in recruitment and provides diverse platforms for employee advancement. Through comprehensive training resources, we support employee growth, focusing holistically on both professional development and personal progress. In health and safety, the Company allocates resources to cultivate a secure and comfortable working environment, thereby protecting the physical and mental well-being of our employees. Regarding quality assurance, IEIT SYSTEMS maintains stringent control over product quality. By utilizing advanced technologies and rigorous processes, we deliver high-quality products and services. Within supply chain management, the Company has established stable and efficient collaborative systems to ensure supply reliability and foster synergistic development across the industry.

Material Topics Addressed

- Occupational Health and Safety
- Community Relations
- Employee Rights and Benefits
- Employee Training and Development
- Supply Chain Management
- Employment Compliance

- Human Rights Protection and Security Practices
- Customer Rights Protection
- Product Quality and Safety
- R&D and Innovation
- Intellectual Property Protection
- Equality, Diversity, and Inclusion

Respond to United Nations Sustainable Development Goals (SDGs):

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AN ECONOMIC GROW
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

TALENT DEVELOPMENT AND EMPLOYEE GROWTH

IEIT SYSTEMS recognizes that employees are central to the Company's progress. Guided by a "people-oriented" development philosophy and the principles of fairness and justice, the Company actively recruits diverse talent, builds a dynamic workforce, and energizes the enterprise. The Company has implemented a comprehensive training framework, offering tailored development programs aligned with employees' career stages to support skill enhancement and professional advancement. Furthermore, IEIT SYSTEMS actively fosters open communication, establishes clear career pathways, safeguards employees' participation rights, and cultivates an inclusive work environment. We continuously encourage employees to pursue personal and professional growth, harnessing their collective strength to drive the Company's sustainable development forward.

Employee Employment

IEIT SYSTEMS upholds values of multiculturalism and has established internal management systems and policies focused on anti-discrimination and diversity, including the *Diversity, Equity, and Inclusion Policy*. This initiative is overseen by the Company's General Manager, implemented in coordination with the Human Resources Department and all other departments, and involves the participation of the entire workforce. The Company clearly defines roles and responsibilities, sets targets for workforce diversity, and takes a three-pronged approach—focusing on policy, practice, and behavior—to fully embed the principles of diversity, equality, and inclusion throughout the organization.

To fulfill its social responsibilities and pursue long-term growth, the Company employs multiple strategies to continuously refine its employment practices. IEIT SYSTEMS consistently enhances its policies and procedures related to recruitment, motivation, performance evaluation, and employee management. We strictly adhere to compliance requirements and ethical standards, recruit a diverse range of talent, and strengthen our foundation for future development.

Employment Compliance

The Company strictly adheres to all applicable labor laws and regulations in the countries where it operates, including those governing labor protection and relations management. We have formulated employment policies, such as the *Recruitment Management Measures*, with the Human Resources Department overseeing their implementation. IEIT SYSTEMS is fully dedicated to establishing robust labor relations. We ensure labor contracts are signed with employees in strict accordance with legal requirements, comprehensively safeguarding their legal rights and interests. We actively promote workforce diversity, rigorously oppose all forms of discrimination, and cultivate an equitable and inclusive workplace where every employee can reach their full potential.

The Company follows recruitment principles of openness, fairness, competition, and merit-based selection. We are dedicated to fostering and promoting a culture of diversity, equality, and inclusion by developing and implementing corresponding policies. IEIT SYSTEMS upholds stringent ethical principles and legal requirements, maintaining a zero-tolerance policy towards forced labor and any form of mistreatment. The Company strictly prohibits discrimination against candidates based on race, color, age, gender, sexual orientation, ethnicity, religion, physical appearance, marital or parental status, disability, place of origin, nationality, political affiliation, or any other protected characteristic. These principles are integrated throughout the entire employee lifecycle—from hiring and onboarding to compensation, training and development, and promotion. We are committed to fully safeguarding employees' equal rights, ensuring every individual can thrive in a fair and supportive environment.

Talent Development
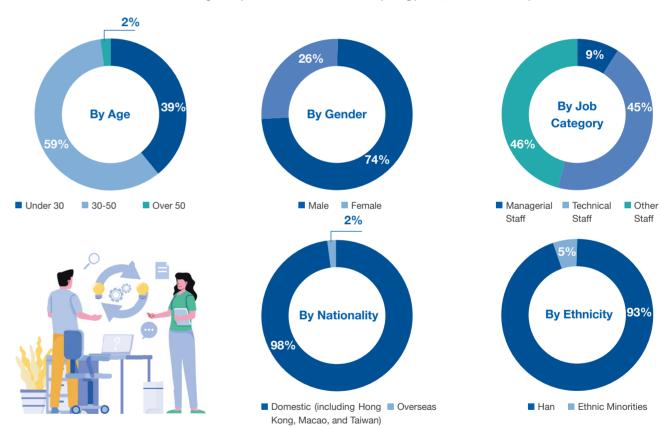
The Company places significant emphasis on talent development and is dedicated to cultivating a high-caliber workforce. Regarding talent acquisition, we proactively optimize our talent structure using a multifaceted approach. We actively recruit skilled professionals, particularly for senior-level positions, continuously strengthening our intake of industry experts to bring critical expertise to the Company. Concurrently, we consistently expand recruitment efforts for individuals with doctoral degrees, corporate-level talent,

senior professionals, sales experts, and international talent to broaden the scope and depth of our talent reserves. Furthermore, IEIT SYSTEMS continually refines its internal referral and job rotation programs to actively engage employees, identify potential talent within the organization, and enable the Company to maintain a competitive edge through its workforce in a dynamic market. We comprehensively strengthen the development of high-level talent through robust internal programs, encouraging and supporting employees in obtaining professional accreditations, participating in major projects, enhancing their professional and technical skills, and fostering a greater sense of personal accomplishment.
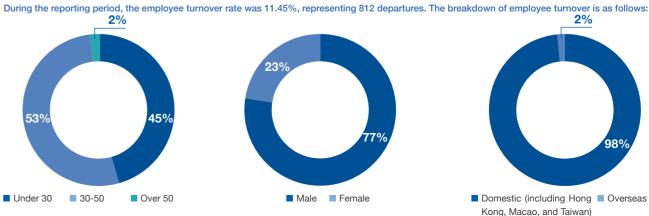
Workforce Composition

To continuously strengthen its talent pipeline, the Company analyzes workforce data and employs a multi-channel recruitment strategy. In 2024, we successfully attracted significant professional talent, including high-end experts, through various recruitment avenues. We continued to build our future workforce by establishing a robust pipeline from campus recruitment, bringing new talent into foundational roles. Furthermore, internal transfers and promotions were utilized to fill vacancies, optimizing the deployment of existing talent resources within the organization.

During the reporting period, the Company's total workforce comprised 6,968 employees. New hires totaled 990 people, including 347 employees from ethnic minorities. Women held 18% of management positions. As of the end of the reporting period, the workforce composition was as follows:

By Age — Under 30, 30-50, Over 50 — 2%, 39%, 59%

By Gender — Male, Female — 26%, 74%

By Job Category — Managerial Staff, Technical Staff, Other Staff — 9%, 45%, 46%

By Nationality — Domestic (including Hong Kong, Macao, and Taiwan), Overseas — 2%, 98%

By Ethnicity — Han, Ethnic Minorities — 5%, 93%

During the reporting period, the employee turnover rate was 11.45%, representing 812 departures. The breakdown of employee turnover is as follows:

Under 30, 30-50, Over 50 — 2%, 45%, 53%

Male, Female — 23%, 77%

Domestic (including Hong Kong, Macao, and Taiwan), Overseas — 2%, 98%

Employee Participation in Management

IEIT SYSTEMS places significant emphasis on employee participation in management. We foster an open and transparent corporate atmosphere, promote the mutual growth of the Company and our employees, and actively embed participatory practices. These efforts enhance employees' sense of belonging and strengthen corporate cohesion.

Employee Communication Channels

IEIT SYSTEMS considers employee participation in management a cornerstone of corporate development and has established a comprehensive, multi-level structure to support this engagement. A key communication platform is the Employee Representative Congress, which serves as a vital channel for employees to participate in the Company's democratic decision-making, management, and supervision. IEIT SYSTEMS values the balanced participation of different genders within this congress, ensuring fair representation for female employees so that diverse perspectives are fully expressed. The Company also actively broadens communication channels to improve interaction between management and employees. In daily operations, respect for communication and collaboration among employees is consistently upheld to cultivate a positive working atmosphere.

To ensure the voices of grassroots employees are heard, the Company's Human Resources Department has developed a comprehensive employee care system. This includes an HR employee hotline (phone and email) and an updated employee handbook. Employees facing questions or difficulties can call the hotline anytime to receive patient assistance from dedicated specialists, significantly streamlining the process for voicing concerns.

Additionally, the Company offers diverse communication and grievance channels. A dedicated appeal/reporting hotline is available for employees who need to file appeals or reports. Employees can also submit feedback via a designated email address, which is handled by the Audit Department, ensuring consolidation and prompt feedback. Through these initiatives, the Company ensures employee concerns are gathered and handled promptly and accurately, effectively boosting employee morale and corporate unity, and facilitating mutual progress for the Company and its workforce.

Employee Representative Congress	**HR Employee Hotline**	**Other Channels**
Holds regular meetings to listen to employee feedback and foster communication and cooperation.	Offers all employees an HR hotline (phone and email) and maintains an updated employee handbook to facilitate open channels for employee feedback.	Suggestion boxes for written feedback; Direct communication with management; Feedback via employee or union representatives; Feedback via the Administration Department or the Human Resources Department; Feedback through the appeal/reporting hotline.

Employee Communication Channels

Employee Satisfaction

The Company established an internal employee satisfaction survey mechanism. Regular employee surveys allow the Company to gain valuable insights into employees' genuine needs and take prompt action to address their concerns, thereby enhancing the overall employee experience. Surveys, conducted via email, phone, and other methods, cover multiple areas, including administrative services. Detailed feedback covers areas such as office supplies, facilities, benefits, courier and catering services, health check-ups, travel arrangements, and administrative staff efficiency. This feedback enables the identification of needs, continuous improvement of administrative services, and enhancement of the overall employee work experience.

Key Performance

In 2024,
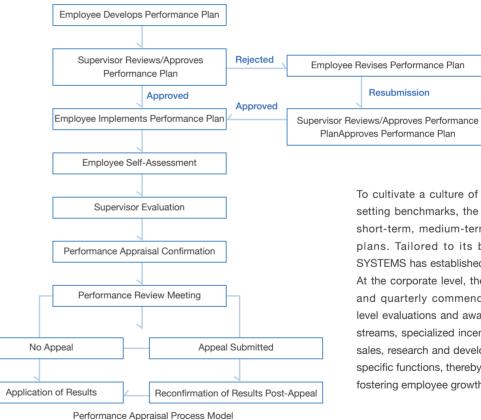
the Company received **2,364** valid responses to its employee satisfaction surveys. Employee satisfaction with administrative services averaged **4.59** out of **5**.

Employee Development

IEIT SYSTEMS is dedicated to supporting the career advancement of its employees. To this end, the Company implements comprehensive employee promotion and performance appraisal systems. By defining clear career paths and establishing a fair assessment mechanism, IEIT SYSTEMS motivates employees to pursue excellence while ensuring rational talent mobility and optimal resource allocation. Furthermore, the Company has established a systematic employee training plan designed to continuously enhance the professional skills and overall competencies of its workforce throughout their career progression. This approach facilitates mutual growth for both employees and the Company, aligning individual career aspirations with the Company's strategic objectives.
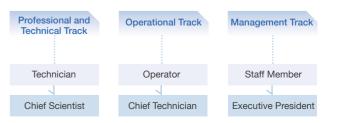
Assessment and Promotion

IEIT SYSTEMS is dedicated to establishing an equitable and rational evaluation framework and consistently refining its performance appraisal system. The Company emphasizes a goal-oriented approach and values performance assessment. Through rigorous performance management, IEIT SYSTEMS motivates and directs employees towards the achievement of these targets. The Company has instituted a mechanism that aligns organizational performance with individual performance, linking remuneration, salary, rank adjustments, cadre promotions, and commendations for excellence to the attainment of organizational objectives, thereby fostering mutual growth for both the organization and its employees.

Employee Develops Performance Plan

Supervisor Reviews/Approves Performance Plan — Rejected → Employee Revises Performance Plan

Approved / Approved / Resubmission

Employee Implements Performance Plan ← Supervisor Reviews/Approves Performance PlanApproves Performance Plan

Employee Self-Assessment

Supervisor Evaluation

Performance Appraisal Confirmation

Performance Review Meeting

No Appeal / Appeal Submitted

Application of Results / Reconfirmation of Results Post-Appeal

Performance Appraisal Process Model

To cultivate a culture of recognizing excellence and setting benchmarks, the Company has implemented short-term, medium-term, and long-term incentive plans. Tailored to its business orientation, IEIT SYSTEMS has established diverse incentive programs. At the corporate level, the Company conducts annual and quarterly commendations, alongside system-level evaluations and awards. For various professional streams, specialized incentive plans are formulated for sales, research and development, key talent, and other specific functions, thereby establishing role models and fostering employee growth.

Moreover, we provide employees with diverse and clear career advancement channels, covering professional/technical, operational, and managerial tracks. Biannual rank assessments, linked to individual employee performance appraisal results, are conducted to acknowledge employee growth. The selection of cadres adheres to principles of fairness, impartiality, and openness, with appointments and promotions carried out in accordance with management regulations, thereby supporting the continuous development of employees.

Professional and Technical Track	Operational Track	Management Track
Technician	Operator	Staff Member
Chief Scientist	Chief Technician	Executive President

Case Study: Recognizing Excellence to Drive Employee Career Development

Throughout 2024, IEIT SYSTEMS organized 12 distinct activities dedicated to commending outstanding performance. Notably, the Excellence Project Awards honored eight exceptional teams, significantly enhancing proactivity and innovation within the R&D teams. The annual commendations featured an expanded scope for acknowledging outstanding talent, resulting in incentives for 900 individuals. Additionally, the Company convened three company-wide quarterly commendation meetings for excellence, recognizing a cumulative total of 232 employees with incentives. Moreover, individual departments conducted their own quarterly commendations, identifying and honoring distinguished individuals and teams from their respective operational areas. Collectively, these initiatives celebrated the achievements of 594 exemplary individuals and 162 outstanding teams, with the awarded incentives serving to invigorate employees and foster overall team progress.

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Annual Commendations

📋 Key Performance

During the reporting period, **190** employees were internally reassigned or successfully applied for internal vacancies. **100%** of employees underwent regular performance and career development reviews.

| Employee Training

The Company regards talent cultivation as the core driving force for corporate development, attaching great importance to the implementation of employee training and has established comprehensive training management standards. Based on the individualized development needs of employees, the Company has constructed an integrated "Operations-Resources-System" training framework, ensuring that training is targeted and continuously effective. Through a blended learning model integrating online and offline methods, the Company breaks the limitations of time and space, promotes knowledge sharing and exchange, and is fully committed to building a learning-oriented organization, enabling every employee to continuously achieve self-breakthroughs on their path to growth.

Category	Description
New employee training (apprenticeship program)	A dedicated training program (Chao Xiaoxi) assigns new employees hired through campus recruitment 1-on-1 mentors and class teachers, complemented by learning and guidance manuals to aid in their swift integration into the Company.
	An upgraded training system for new employees hired through social recruitment integrates "core system processes" with "position-specific knowledge and essentials", providing a strong foundation and accelerating the growth of the new employees.
General competency training	Develop an e-learning platform to establish a consistent weekly learning mechanism. Introduce external training courses to comprehensively enhance employees' general skills, with an emphasis on occupational health and safety, business ethics, and compliance with laws and regulations through in-depth training.
	The Company conducts corporate social responsibility and ESG awareness training to continuously improve employees' general competency.
Professional competency training	The Company partners with external consulting organizations to deliver the latest industry trends, theories, and practices to employees, continuously enhancing their professional competency.
	The Company encourages all employees to participate in qualification certification training and examinations that align with its strategy and job requirements. It covers the costs of materials, training, and examinations to support employees in improving their professional skills.For example, employees achieved a 100% pass rate in PMP certification.
Leadership training	The Company has set up a hierarchical manager training system and launched leadership improvement camps to enhance senior managers' management awareness, strengthen middle managers' management capabilities, and improve grassroots managers' overall skills. In 2024, a total of 13 leadership training sessions were conducted to bolster the management capabilities of the manager team.
	The Company systematically delivers targeted training programs to enhance managers' expertise in critical areas such as production safety and compliance management.

Training System

The Company regularly conducts internal training for employees, inviting internal senior experts and key business personnel to share practical experience and crucial skills, promoting the efficient circulation and transfer of professional knowledge within the enterprise. At the same time, the Company actively organizes external training, including but not limited to inviting industry authorities and pioneering scholars, to bring the latest concepts and technologies to employees. Through a training model that combines internal and external resources, the Company comprehensively enhances employees' business capabilities, covering multiple dimensions such as professional skills, communication, and collaboration. This supports the steady improvement of employees' overall quality and lays a solid foundation for their career development and the long-term progress of the enterprise.

Case Study: "Crafting Dreams with Ingenuity, Moving Forward" Teachers' Day Commendation and Themed Event

In October 2024, on the occasion of the 40th Teachers' Day, the Company held a special "Crafting Dreams with Ingenuity, Moving Forward" Teachers' Day commendation and themed event. Outstanding courses, excellent mentors, and exceptional instructors were commended on-site for their contributions to the Company's talent cultivation and development. Concurrently, senior instructor representatives were invited to share their experiences. Interactive activities such as a "TTT Knowledge Auction and Scenario Q&A" and "Book Gifting" were organized. While strengthening the resource sharing and co-construction of the instructor team, these activities also expressed gratitude for the hard work of all instructors throughout the year, with the hope that all instructors will continue to contribute to the organization's talent cultivation and development.

Teachers' Day Event

Case Study: "Pioneering Waves, Rising Tides" Mentorship Program Series

In December 2024, the company launched the "Pioneering Waves, Rising Tides" mentorship program series for all mentors and mentees. The event was divided into two parts: a Mentor-Mentee Corner sharing session and OJT (On-the-Job Training) Management and Capability Enhancement training. During the Mentor-Mentee Corner sharing session, the Company released the Mentor Guidance Handbook, organized sharing sessions by outstanding mentors and mentees, and conducted interactive activities to strengthen mentor-mentee relationships. Simultaneously, OJT Mentor Management and Capability Enhancement training was organized. Through a combination of training and practical application, participants continuously reinforced various mentoring and coaching skills in immersive on-the-job training scenarios.

Mentorship Program Activity Scene

The "mentorship system" is one of the core mechanisms for the Company's talent cultivation and development, carrying the mission of passing on the Company's valuable experience and wisdom. Themed mentor-mentee activities will be held regularly in the future to continuously strengthen the capability building of the mentor team, laying a foundation for the Company's development.

📋 Key Performance

During the reporting period, the Company conducted a total of **550** employee training sessions. The total number of employees who received training reached **115,000**. The training coverage rate among employees was **100%**, with an average training duration of **56** hours per person.
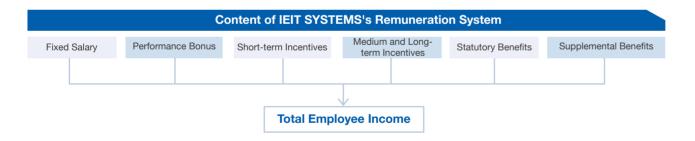
Employee Remuneration and Welfare

To enhance employee well-being and cultivate a harmonious and efficient work environment, the Company is dedicated to developing a competitive remuneration system. This system aligns salaries with leading industry standards, ensuring employees are appropriately compensated for their contributions. Concurrently, grounded in a philosophy of humanistic care, the Company strives to deeply understand employee needs. We are dedicated to comprehensively enhancing our welfare system, creating a supportive environment that fosters a strong sense of belonging and happiness among employees, thereby strengthening team cohesion.

Employee Remuneration and Incentives

To attract, motivate, and retain exceptional talent, IEIT SYSTEMS is dedicated to offering a market-competitive remuneration and benefits system. We actively cultivate a fair, equitable, and dynamic work environment, enabling every employee to achieve their full potential and realize their value within the Company. Our remuneration system is founded on position value and oriented towards performance. It closely links employee compensation to individual capabilities, contributions in their roles, and overall Company performance. Salary standards are meticulously formulated to align with prevailing market conditions. The Company also emphasizes a synergistic approach to long-term and short-term incentives. Short-term incentives provide timely recognition for current achievements, while medium and long-term incentives are designed to support the sustained development of both our employees and the Company. We are committed to continuously optimizing these performance-related incentives to foster and maintain high levels of employee engagement and enthusiasm.

IEIT SYSTEMS is continuously refining its long-term incentive mechanisms, including opportunities for employees to directly hold Company shares. This fosters a tangible connection between individual efforts and the Company's success, encouraging employees to take initiative, explore innovative work methodologies, enhance their personal value, and contribute to mutual growth and a win-win outcome for both themselves and the Company.

Content of IEIT SYSTEMS's Remuneration System

| Fixed Salary | Performance Bonus | Short-term Incentives | Medium and Long-term Incentives | Statutory Benefits | Supplemental Benefits |

Total Employee Income

Formulation of Remuneration Plans or Schemes

The Remuneration and Appraisal Committee formulates remuneration plans considering the primary scope, responsibilities, and significance of director and senior management positions, benchmarked against remuneration levels at peer enterprises. Sustainable development indicators are integral to these appraisals.

These plans primarily encompass performance evaluation standards, procedures, the core evaluation framework, and key reward and disciplinary mechanisms.

Approval of Remuneration Distribution Schemes

The remuneration distribution schemes for the Company's senior management must be submitted to the Board of Directors for approval.

Supervision of the Implementation of the Remuneration System

The Remuneration and Appraisal Committee is responsible for supervising the implementation of the Company's remuneration system.

Executive Remuneration Policy

Employee Rights and Benefits

IEIT SYSTEMS consistently prioritizes the quality of work and life for its employees. We strictly adhere to all applicable labor rights laws and regulations in the jurisdictions where we operate. Internally, we have established policies such as the *Labor Human Rights Policy and Labor Contract Management Measures* to safeguard employee rights against infringement. These measures provide comprehensive, institutional-level protection, ensuring our employees can work with peace of mind and enjoy a comfortable life. Furthermore, the Company has published an *Allowances, Subsidies, and Benefits Handbook*. This handbook details our commitment to a comprehensive and thoughtful welfare system that includes health protection, living assistance, team-building activities, holiday observances, accommodation support, and resources for employee development. Beyond statutory requirements, the Company provides supplemental benefits, such as special leave for employees whose children are pursuing higher education. These offerings are designed to meet the diverse needs of our workforce and further enhance their sense of belonging and overall well-being.

Prohibition of discrimination, harassment, and abuse

The Company upholds strict non-discrimination policies in recruitment, remuneration, training, promotion, dismissal, retirement, and other personnel matters, ensuring no bias based on race, religion, gender, social status, origin, sexual orientation, marital status, or similar factors, fostering a fair and just workplace.

It is strictly forbidden for the Company's management to engage in any form of harassment or abuse when exercising official powers related to recruitment, remuneration, training, promotion, dismissal, or retirement.

Prohibition of forced or compulsory labo

The Company prohibits the collection of deposits or the withholding of documents during recruitment to protect job applicants' rights and ensure a fair and transparent recruitment process.

The Company shall not mandate overtime, ensuring employees get off on time. Employees are free to choose their work, act without restrictions, and have their legal rights fully protected.

Freedom of association and collective bargaining

The Company protects the legitimate rights and interests of its employees, respecting their freedom, irrespective of nationality or region, to join or form trade unions and to engage in or opt out of collective bargaining.

Scope of Labor Rights Protection of the Company

Statutory Benefits

Social Insurance and Housing Fund
Paid Annual Leave
Parental Leave

Company Benefits

Special Benefits

Festival Benefits
Regular Medical Check-ups
Special Leave for Children's Further Education
Supplemental Medical Insurance
Enterprise Annuity

IEIT SYSTEMS places significant emphasis on team building and employee integration, recognizing these as crucial for strengthening team cohesion and fostering employee vitality. Through a program of regular cultural and sports activities, along with festive celebrations, the Company promotes communication and interaction among employees. These initiatives effectively enhance the sense of belonging, encouraging a collaborative and supportive atmosphere where everyone can thrive and advance together.

Case Study: "Blooming Self, Shining Bright" Theme Activity, Caring for the Development of Female Employees

In March 2024, the Company simultaneously launched the "Blooming Self, Shining Bright" theme activity in six locations, extending sincere care to female employees. At the event sites, the Company meticulously prepared rose bouquets and various gifts, and organized DIY handicraft experiences and interactive games, conveying respect for the work and life of female employees.

Scene from the International Women's Day Event

Case Study: Youth Social Event, Caring for Employees' Lives

In June 2024, the Company held a youth social event themed "I-ttraction, E-nchantment at First Sight". The event catered to the social needs of young employees, bringing together over 40 single young individuals for a romantic and engaging experience aimed at fostering new friendships. The activities effectively enhanced cohesion and engagement among young employees, injecting vitality into the Company and increasing their sense of accomplishment, belonging, and happiness.

Scene from the Youth Social Event

Case Study: Engineer Culture Festival, Enhancing Employee Sense of Belonging

In October 2024, the Company organized an Engineer Culture Festival specifically for its R&D employees. At the event site, the Company expressed its respect for engineers through meticulously designed decorations, adorable mascot parades, and thoughtful welfare initiatives, allowing engineers to feel unique warmth and strengthening their sense of belonging. On the online platform, the Company solicited stories to showcase the professional craftsmanship of engineers, comprehensively enhancing their professional identity.

Scene from the Engineer Culture Festival Event

Case Study: Optimizing Office Common Areas, Caring for Minority Groups

Intelligent lighting systems have been installed in office buildings. By setting up sensor systems in lunch break areas, functional zones, and other areas, the Company achieves energy-saving and noise-reducing illumination. Facilities such as mother-and-child rooms, accessible restrooms, and accessible elevators have also been established. The mother-and-child rooms are fully equipped, creating private and convenient spaces for nursing mothers, helping employees balance work and life. There is an adequate number of accessible facilities, providing barrier-free access and a comfortable user experience for employees with accessibility needs, underscoring the Company's consideration for diverse employee requirements.

Mother-and-Child Room

Health and Safety, Ensuring Occupational Development

IEIT SYSTEMS is consistently dedicated to the occupational health and safety of its employees. The Company maintains a steadfast commitment to preventing occupational injuries and optimizing the working environment, fully recognizing their critical importance for the sustainable growth and stability of the enterprise and the fulfillment of its social responsibilities. To achieve this, the Company has established a dedicated safety management organizational structure, developed a comprehensive safety management system and associated regulations, and initiated a range of occupational health and safety activities aimed at continuously elevating safety standards.

Occupational Health and Safety Management

The Company places the highest priority on the occupational health and safety of its employees, strictly adhering to all applicable laws, regulations, and official standards concerning occupational health and safety management in its operating locations. Drawing upon key references such as the *Basic Norms for Work Safety Standardization of Enterprises,* the Company has established a robust and comprehensive occupational health and safety management system.

The Workplace Safety Committee serves as the Company's primary governing body for safety management, overseeing the strategic direction and implementation of all occupational health and safety initiatives. In parallel, the Company has formulated an extensive suite of 51 safety management regulations. These include critical frameworks such as the *Production Safety Accountability Guidelines*, the *Safety Training and Education Guidelines*, the *Safety Inspection Guidelines*, and the *Production Accident Management Guidelines*. Collectively, these regulations underpin the Company's commitment to compliance and operational efficiency in production safety and occupational health.

Workplace Safety Committee

Workplace Safety Office

Heads of Departments

Safety Management Organizational Structure Chart

📋 Key Performance

During the reporting period, as a result of its robust management measures, the Company successfully achieved recertification for its ISO 45001 Occupational Health and Safety Management System. This certification encompasses IEIT SYSTEMS headquarters, as well as its production bases in Jinan, Guiyang, and Suzhou, demonstrating the Company's tangible commitment to ensuring a safe and healthy working environment for all employees.

Occupational Health and Safety Management Goals and Policy

The *Company's System Management Manual* explicitly underscores the paramount importance of employee occupational health and safety. It sets forth the management policy to "provide health and safety assurance for employees," a commitment actualized through the diligent execution of responsibilities by all relevant departments, thereby showcasing the Company's dedication to employee occupational health.

The Company has established a core occupational health and safety goal: "zero incidence of occupational diseases." To achieve this, IEIT SYSTEMS proactively mitigates occupational health risks by implementing and maintaining a comprehensive occupational health and safety management system, delivering targeted employee training programs, providing standard-compliant personal protective equipment, and continuously monitoring the working environment. In formulating these goals, the Company undertook a comprehensive assessment of multiple factors. These included the legal and regulatory frameworks of its operating countries, the specific health conditions and needs of its employees, prevailing industry best practices, the Company's unique business characteristics, and its available resources and capabilities. This meticulous approach ensures the established goals are well-grounded, attainable, and impactful.

🗒 Key Performance

During the reporting period, the Company recorded zero suspected or confirmed cases of occupational diseases. The total number of workdays lost due to work-related injuries amounted to **352**. The lost time injury frequency rate (representing lost workdays per million hours worked) stood at **0.28%**, and the Company maintained its record of **zero** production safety accidents.

Occupational Health and Safety Risk Assessment and Investigation

The Company adheres to its *Hazard Identification and Evaluation Management Specification*, consistently conducting hazard identification activities. This includes regular comprehensive inspections and the completion of detailed risk identification assessments. Concurrently, the Company operates a dual prevention system focused on hierarchical risk control alongside the potential risk identification and management. This system involves the comprehensive identification of risks, classification of control levels, and development of detailed inspection plans. Daily on-site supervision by management personnel, coupled with regular patrols by safety officers and technicians, ensures continuous oversight. These routine checks are augmented by special, seasonal, and comprehensive inspections, creating an all-encompassing and meticulous inspection program. Moreover, the Company undertakes regular investigations to uncover hidden dangers, ensuring that any identified issues are promptly rectified. A system of hidden danger tracking and closed-loop management is in place. These coordinated measures work in concert to effectively uphold the operational integrity of the Company's occupational health and safety management system.

Identification of hazards	Risk assessment of hazards	Risk rating of hazards	Analysis and control of hazards
Identify and determine hazards based on scope, nature, and time.	Assess the possibility of hazard occurrence and the severity of the consequences.	Determine the risk severity of hazards and complete risk classification.	Identify and list major hazards, specify facility requirements based on the list, assess training needs, enforce operational controls, and develop emergency or management plans.

Hazard Identification and Risk Assessment Process

Safety Emergency Management and Drills

To continually strengthen its safety emergency management capabilities, the Company has formulated a suite of internal regulations and prevention plans. Key among these are the *Emergency Preparedness and Response Management Specifications and the Production Safety Accident Emergency Plan*. These frameworks provide comprehensive coverage for occupational health emergency management, focusing on the prevention, control, and elimination of occupational disease hazards. Furthermore, we actively organize training on emergency plans and safety management systems, alongside conducting regular emergency response drills, all designed to support the achievement of our occupational health and safety objectives.

🗒 Key Performance

During the reporting period, the Company achieved a **100%** rectification completion rate for all identified safety hazards. A total of **45** safety hazard investigations were conducted.

First Aid Drill

Fire Drill

Occupational Health and Safety Culture

To foster a robust occupational health and safety culture and heighten employee safety awareness, the Company has implemented a comprehensive safety training program. This program is designed to impart fundamental safety knowledge, thereby strengthening employees' overall understanding of safety protocols. The training framework is structured across three distinct levels: Company-wide, Departmental, and Team/Group. This tiered and categorized approach ensures that training is precisely tailored and effectively delivered to all employees, establishing a solid groundwork for the successful execution of safety management initiatives. The Company steadfastly adheres to the principle of "Prevention First, Full Participation." Centered on the objectives of "Understanding Safety, Mastering Safety, and Enabling Safety," IEIT SYSTEMS undertakes a variety of initiatives. These include a three-tier safety education system, safety awareness campaigns and training, safety competitions, dissemination of accident case studies and warnings, and the cultivation of a strong safety culture within individual teams and groups. These responsibilities are systematically integrated at every level of the organization, ensuring comprehensive coverage and forging a corporate safety culture that is a distinctive hallmark of IEIT SYSTEMS.

🗒 Key Performance

During the reporting period, the occupational health and safety training initiatives engaged **30,331** participants, accounting for a total of **246** training hours.

📝 Case Study: Health and Safety Training

Throughout 2024, the Company persistently advanced its safety training programs for all personnel. As part of this, Cardiopulmonary Resuscitation (CPR) and Automated External Defibrillator (AED) first aid skills training sessions were conducted across its various operational campuses.

Training Session on CPR and the Use of AEDs for First Aid

IEIT SYSTEMS Safety Training Program

CUSTOMER RIGHTS ASSURANCE THROUGH QUALITY CONTROL

Guided by sustainable development goals, IEIT SYSTEMS harnesses R&D innovation as its growth engine, strengthened by consistent investments, intellectual property protection efforts, and a comprehensive management framework. The Company is dedicated to high-quality growth by delivering best-in-class products and services, with improvements in customer management, service excellence, and product quality control.

Technological Innovation Leadership

Innovation fuels the growth of IEIT SYSTEMS. As a leading IT player, the Company consistently invests in cutting-edge research based on its technical expertise and robust R&D capabilities. Driven by innovation, the Company leverages digital technology as the cornerstone for ushering in a new era of personalized server customization. By delivering dedicated intelligent computing products and advanced solutions tailored to diverse customer needs, the Company propels industry advancement and stays at the forefront of technological innovation.

R&D Innovation Management

Aligned with the "intelligent computing" strategy and the vision of "computing power drives productivity, and intelligent computing power drives innovation", the Company is consistently intensifying its efforts to develop technological innovation platforms. Multiple innovation platforms and a comprehensive innovation system have been established, ranging from foundational technology research to industry solutions. These underpin IEIT SYSTEMS' innovations in server, storage, AI, and other fields, maintaining the Company's leadership in the industry.

📋 **Key Performance**

In 2024,

the Company won a total of **seven** science and technology awards.

📋 **Case Study: Enterprise Platform of AI (EPAI) Empowers Application Innovations for Enterprises**

In April 2024, the Company launched its enterprise-level LLM development platform, Enterprise Platform of AI (EPAI), at the IEIT SYSTEMS PARTNER FORUM. EPAI tackles LLM implementation challenges by automatically generating high-quality data to create enterprise data assets, fine-tuning LLMs to optimize application performance, supporting various formats and modes to cut down adaptation costs, offering three usage options to facilitate development, and safeguarding data security.

Within the Company, EPAI has been successfully implemented in multiple business scenarios. For example, non-technical employees from the pre-sales department use EPAI to independently perform advanced tasks such as fine-tuning LLMs, creating knowledge bases, implementing RAG, and developing an AI assistant (Yuan Xiaozhi) specialized in pre-sales operations support. In another example, the marketing department uses EPAI to develop and deploy a writing assistant in less than a month. This assistant (Yuan Xiaomo) can generate titles and summaries for official WeChat tweets, helping the account operator finish work 30 minutes earlier on average each day.

Outside the Company, we are actively collaborating with our customers and partners to drive the widespread adoption of EPAI across various industries.

EPAI Launch Event (Left), Platform Overview (Right)

📋 **Case Study: 8th-gen meta brain® Server Platform Establishes a New Computing Ecosystem with an Innovative Architecture**

In October 2024, the launch event for the 8th generation of meta brain® servers took place in Beijing. Designed with an open architecture, this cutting-edge computing platform sets a new industry standard by achieving "multi-chip integration in a single system". It supports various types of processors and fosters a diverse ecosystem. Additionally, it has broken multiple international benchmarking records.

The Company's 8th-generation computing platform includes 23 new products with upgrades in early warning, heat dissipation, and management. Through deep OS-level optimization, it significantly boosts LLM deployment efficiency. Additionally, the new products feature an innovative liquid cooling design to support environmentally friendly, energy-efficient data centers, meet the diverse AI application requirements across industries, and accelerate progress toward the intelligent era.

On-Scene: Launch Event of the 8th-generation Meta Brain® Server Platform

Incentive Mechanism for R&D Innovations

To fully mobilize employees' innovative spirit and enhance the Company's R&D capabilities, the Company introduced the *R&D Project Incentive Management Measures*, establishing a comprehensive incentive system. During project team-building activities, funds are allocated to foster a lively team atmosphere. Generous material rewards are offered at key milestones, after project completion, and upon product launch. Additionally, extra rewards are provided for completing projects ahead of schedule.

Tailored for doctoral talents, the Company has conducted four rounds of R&D incentive initiatives, rewarding a total of 95 research projects. Through this diversified innovation incentive mechanism, we fully mobilize employee engagement, stimulate creativity, and continuously fuel the Company's technological innovation efforts.

📋 Key Performance

During the reporting period, the Company has extensively invested **CNY 3,579,998,000** and **3,164 engineers** (45.4% of the total) in R&D innovations.

Those include **18** postdoctoral fellows, who graduated from prestigious institutions such as Tsinghua University, Peking University, University of Chinese Academy of Sciences, and University of Manchester. They conduct research in fields such as server, storage, heterogeneous computing, and interconnection networks to support the Company's business development.

Intellectual Property Protection

IEIT SYSTEMS attaches great importance to intellectual property protection and ensures efficient management through a dedicated intellectual property team and a comprehensive intellectual property management system. In addition, the Company actively conducts intellectual property training to raise employees' awareness of intellectual property protection, foster a corporate culture centered on innovation and respect for intellectual property, and establish itself as an industry benchmark.

Intellectual Property Management

The Company always complies with applicable laws, regulations, and normative documents on intellectual property management in regions where it operates. It has established a scientific and efficient intellectual property management system and continuously refines it based on the GB/T29490-2013 standard to bolster intellectual property protection. The Company has set up a dedicated intellectual property management team and defined phased milestones to achieve its intellectual property objectives. By leveraging a three-tier operational model, the Company ensures that intellectual property protection work is systematically implemented with comprehensive support from systems to personnel.

To further standardize intellectual property management, the Company formulates patent management regulations and encourages high-quality patent applications and conversions, thereby promoting steady and sustainable innovation-driven development. For R&D projects involving patented technologies, the Company's IP team is deeply involved throughout the entire development process. They assist researchers in conducting thorough patent searches and designing comprehensive intellectual property protection plans for R&D outcomes. This maximizes the value of IP safeguards and ensures in-depth protection of R&D outcomes. The Company has successfully passed the annual supervisory audit for its certified intellectual property management system and also achieved recertification as a national high-tech enterprise.

📋 Key Performance

As of the end of the reporting period, the Company held over **16,000** valid patents, with invention patents accounting for more than **80%**. In 2024 alone, the Company has secured over **3,000** valid patents globally, of which more than **90%** being invention patents.

Intellectual Property Training

The Company conducts a variety of training sessions and cultural initiatives to embed intellectual property awareness across all levels of the organization, elevating its strategic importance in corporate development. The Company has organized training sessions led by industry experts for intellectual property management professionals, R&D staff, and executives, focusing on professional expertise and state-of-the-art strategies. This multi-dimensional training framework has significantly enhanced company-wide awareness of intellectual property compliance, offering solid support for the Company's intellectual property management efforts and innovation initiatives.

📝 Case Study: Intellectual Property Training

In September 2024, to enhance patent drafting quality and foster awareness of standardization efforts, the Company organized the "2024 Quality Month Empowerment Initiative - Patent Quality Improvement Training" and the "2024 Quality Month Empowerment Initiative - Standards and Patent Knowledge Training".

In November 2024, to further enhance awareness of intellectual property protection and foster creative thinking, the Company hosted the "2024 Patent Search Skills Competition". Through training sessions and competitive challenges, the event effectively strengthened employees' patent search capabilities while supporting intellectual property protection and innovation.

📋 Key Performance

During the reporting period, the Company conducted **18** intellectual property training sessions, engaging a cumulative audience of more than **2,800** participants.

Product Quality Management

Quality is the cornerstone of our Company's existence. We uphold the principle of "high standards, zero defects" and embed our quality policy into every stage of operation—from product conception and design to manufacturing and after-sales service. By maintaining strict discipline, the Company safeguards its quality baseline, maintaining the most stringent standards for both products and services. Beyond internal quality commitments, the Company plays an active role in formulating industry standards to drive quality improvements in the entire industry.

Quality Management System Development

To continuously enhance quality management capabilities, the Company has established internal documents such as the *Quality Improvement Management Standards* and the *Decision-Making Process for Batch Product Quality Issues*. These measures aim to improve the standardization, scientific rigor, and efficiency of our quality management practices. Moreover, the Company has implemented a quality management system that aligns with international standards, maintaining consistent ISO 9001 certification. Starting from its organizational structure, the Company has established a robust quality management framework that clearly defines responsibilities of each department. This structure covers every phase of the product lifecycle, from business planning and R&D to supply chain management, ensuring consistent implementation of the quality policy and objectives throughout the process.

In terms of product quality control, the Company implements full lifecycle inspection, adhering to stringent quality standards and reliability testing protocols to continuously refine product excellence. In response to customer feedback, the Company has established a closed-loop issue management mechanism to quickly track and resolve issues, thereby enhancing product quality management through practical actions.

Top-level Manager (General Manager) — Responsible for overall quality management.

Management Representative (Deputy General Manager) — Reports directly to the General Manager and is responsible for promoting the establishment and maintenance of the quality management system.

Departments and Subsidiaries — Responsible for tasks related to the quality management system, with the Quality and Security Management Department serving as the core and other departments providing support.

Quality Management Organization Structure

📋 Key Performance

In 2024,
the Company achieved a **100%** resolution rate for complaints received through its hotline, while also maintaining a record of **0** product recalls.

Quality Management Practices

The Company is steadfast in its conviction that excellent quality arises from organization-wide engagement and meticulous process control. Building on this, it fosters a culture of quality awareness at all levels. Through specialized training and diverse quality-focused initiatives, the Company empowers every employee to understand the importance of quality and internalize its pursuit as a personal commitment.

📋 Key Performance

During the reporting period, the Company conducted nearly **20** training sessions on quality management, with an average **5** training hours per employee.

Case Study: Quality Backtracking - Root Cause Management Training

Quality backtracking is an effective methodology to avoid issue recurrence. This systematic approach involves process playback, issue identification, root cause analysis, countermeasure formulation, and effectiveness validation. Guided by the "80/20 rule", organizations can pinpoint management deficiencies and implement targeted improvements. To strengthen managers' skills in tracking and analyzing quality management issues, the Company has organized a seminar themed "Quality Backtracking - Root Cause Management Training and Zero-Defect Case Studies". This seminar introduced the "quality backtracking" methodology to help mangers better understanding the importance of "management root cause" identification and analysis, thereby improving the quality management level.

Themed Seminar "Quality Backtracking - Root Cause Management Training and Zero-Defect Case Studies"

Customer Service

Guided by the principle of "wholehearted dedication and professional excellence", the Company leverages an ever-evolving service model to empower customers to thrive in the digital era. We are committed to becoming a globally leading provider of IT infrastructure products, solutions, and services, driving the industry to new heights.

Customer Service Strategic Objectives

The Company is dedicated to delivering efficient, high-quality customer services based on the tenet of "integrity, professionalism, and efficiency" and philosophy of "wholehearted dedication and professional excellence", thereby establishing a trustworthy brand image defined by expert-level professionalism. We are proactively upgrading our service model by harnessing the Internet of Everything (IoE) to provide intelligent digital services that drive transformation in all scenarios. We have further set five-year strategic goals aimed at strengthening the synergy between services and markets, positioning services as a competitive edge in product marketing.

Goal 1 — Establish an agile and industry-leading global service system to accelerate the Company's globalization process.

Goal 2 — Improve AI service capabilities, setting a benchmark for intelligent services.

Goal 3 — Become a leader in product-level and solution-level services.

Five-year Strategic Goals for Customer Services

Customer Service Management

To further enhance our customer service management standards, the Company has established internal processes such as the after-sales service process and the Issue to Resolution (ITR) process. The ITR process is integrated with other key workflows, including the Integrated Product Development (IPD) process, to guarantee that complex issues are resolved across all platforms and product lines in a closed-loop manner. This approach enables efficient resolution of customer issues, timely escalation of complex issues, and continuous standardization of customer service management practices. Additionally, the Company has developed a comprehensive customer service system to provide end-to-end support encompassing pre-sales, during-sales, and after-sales services. The pre-sales services provide professional consultation to help customers make precise model selections. The during-sales services focus on quality and progress control. The after-sales services ensure quick responses to customer inquiries, timely resolution of technical issues, and prompt rectification of hardware failures. By establishing a full-process, high-quality service system, the Company not only fulfills its commitments to customers but also consistently enhances service effectiveness through its professional expertise.

Service principle	Service content
Customer first	**Pre-sales:** Provide professional consultation to assist companies in choosing suitable products and services.
Service team	**During-sales:** Ensure timely and efficient delivery.
An intelligent service platform centered on the call center	**After-sales:** Deliver complete after-sales support to resolve technical and hardware challenges for customers.

Customer Service System

The Company always prioritizes privacy and data security throughout our customer service process. In strict compliance with relevant policies and regulations, we adhere to commercial confidentiality agreements. No specific client details or cooperation terms will be disclosed to third parties without explicit consent. Additionally, we continuously seek technological innovation to fortify privacy protection and ensure robust safeguards for our clients.

Customer Complaint Management

The Company has established efficient customer complaint channels and developed the *Customer Satisfaction Complaint Management Process*. Clear departmental responsibilities have been defined and complaints are categorized by severity for closed-loop management. These measures ensure all complaints are resolved effectively, achieving a 100% closure rate.

Complaint Reception → Preliminary Evaluation → Responsibility Assignment → Solution Formulation → Recording and Archiving → Data Analysis and Improvement → Management Review

Customer Complaint Management Process

Service Channel:

- 24/7 customer service hotline: 400-860-0011
- Technical support service email: lckf@ieisystem.com
- WeChat account: IEIT SYSTEMS Expert Service
- Dedicated API troubleshooting contact for KAs
- Customer service robot
- Intelligent O&M platform

Customer Satisfaction Improvement

To improve customer satisfaction, the Company's Quality and Security Management Department conducts thorough customer satisfaction surveys targeting both end-users and sales channels. These surveys evaluate key areas including product quality, pre-sales support, delivery performance, after-sales service, and brand recognition. Customer feedback gathered from surveys are analyzed to develop improvement initiatives, which are then tracked throughout implementation to ensure closed-loop management. This process drives continuous enhancements across all business units.

In 2024, the Company collected 426 valid responses from satisfaction surveys, achieving a customer satisfaction score of 90.06. Furthermore, it received about 30 letters of appreciation, showcasing customers' recognition of the Company and motivating continuous improvement in its products and services.

SUPPLY CHAIN MANAGEMENT FOR RISK MITIGATION

As a trailblazer in the industry, IEIT SYSTEMS embraces the values of "openness, collaboration, and win-win" to cultivate a sustainable supply chain ecosystem, contributing to the industry's green transformation. Internally, the Company creates a robust supplier management framework, integrating thorough strategies and strict protocols to ensure compliance with sustainable procurement goals based on material certification and responsible sourcing. Externally, the Company promotes equitable and collaborative relationships with suppliers, delivering ESG training to improve their skills and jointly advance a sustainable future.

Supplier Management System and Regulations

The Company has formulated internal documents including the *Supplier Code of Conduct and Supplier Onboarding Management* Process to fulfill its sustainability commitments. These documents define clear behavioral expectations for suppliers on human rights, environmental responsibility, and business ethics. Key performance indicators are embedded across all stages of supplier management from supplier onboarding, bidding, performance evaluation, and routine supervision. The Company mandates its suppliers to strictly comply with these guidelines in accordance with local laws and regulations, fostering sustainable supply chain growth through improved management and assessment. As of the end of the reporting period, the Company maintained its ISO 28000 certification.

In addition, the Company requires its suppliers to sign agreements including the *Supplier Product Safety Agreement, Supplier Corporate Social Responsibility Agreement, Anti-Bribery Agreement, and Non-Disclosure Agreement*. It conveys *Suppliers Corporate Social Responsibility* requirements through notifications and signed agreements, encourages suppliers to report any violations while ensuring the confidentiality of whistleblowers, continues to standardize procurement practices, and remains committed to enhancing the environmentally friendly supply chain.

IEIT SYSTEMS places human rights and environmental stewardship at the heart of its supply chain governance. The Company prohibits the use of minerals and materials of unknown origins (including tin, tantalum, tungsten, gold, and cobalt) to ensure that all raw materials used in its products are sourced ethically. The Company strictly abides by international conventions such as RMI and industry initiatives, and has formulated the *Supplier Corporate Social Responsibility Due Diligence Management Standards and Commitment on Not Using Conflict Minerals*, which clearly outline supplier requirements across mining, transportation, processing, trade, smelting, machining, and export activities. IEIT SYSTEMS maintains a zero-tolerance policy against activities that may exacerbate conflict, contribute to environmental degradation, violate human rights, or involve materials that directly or indirectly led to conflict.

IEIT SYSTEMS requires all suppliers to commit that the supplied materials are sourced from environmentally and socially responsible origins. New suppliers must fill in the *Supplier Social Responsibility Management Evaluation Form upon onboarding and sign the Commitment on Not Using Conflict Minerals*. The Company conducts annual investigations on conflict minerals and requires suppliers to provide evidence for the sources of their materials. Suppliers are required to establish and enforce a conflict minerals policy in accordance with applicable laws while committing to responsibly sourcing relevant materials. They should work with upstream suppliers to trace materials to the smelter level and ensure that metals are sourced exclusively from smelters in conflict-free regions.

Supplier onboarding criteria	According to the Supplier Onboarding Process, standardize the process of supplier onboarding, ensure traceability of materials to their origin, thoroughly control quality, and manage supplier quality from the source.
Supplier risk management	Develop a robust risk assessment system that harnesses the power of big data to comprehensively evaluate suppliers. This system audits all suppliers and certifies or tracks all materials, encompassing management certifications, social responsibility, safety, and financial performance. By screening out high-risk suppliers, it ensures the supply chain security.
Procurement code of conduct	The Company organizes suppliers to sign documents such as the *Business Agreement* to regulate their behavior during the procurement process.
Supplier evaluation	The Company centers on a comprehensive evaluation system, regularly assessing suppliers from the perspectives of technology, quality, supply, cost, and other aspects. Based on the evaluation results, it implements a tiered management system and establishes long-term cooperative relationships.
Supplier performance management	The Company has formulated the *Supplier Penalty Management Guidelines* to drive suppliers to consistently improve their management capabilities and performance.

Supplier Management System

Supplier Code of Conduct

To advance sustainable development, IEIT SYSTEMS has formulated the *Supplier Code of Conduct* based on global standards and regulations. The code obligates suppliers to assume social responsibilities, protect workers' fundamental rights, ensure occupational health and safety, prioritize environmental stewardship, and adhere to ethical business practices. Through full compliance with applicable laws, IEIT SYSTEMS and its suppliers collaboratively foster a resilient, environmentally friendly, and fair supply chain ecosystem.

Fundamental Rights

Prohibition of child labor: Child labor shall not be used, and support children's right to education.

Prohibition of forced labor: Forced or compulsory labor shall not be used, and the workers' personal documents shall not be withheld to restrict their freedom of movement.

Working hours: Total working hours not exceed 60 hours in a week, with at least one day off a week.

Minimum wage: Pay compensation at a rate not less than the local minimum wage rate, with statutory benefits provided. Non-discrimination: Prohibit employment discrimination based on race, sex, religion, etc. in the workplace.

Non-discrimination: Prohibit employment discrimination based on race, sex, religion, etc. in the workplace.

Freedom of association: Respect the right of all workers to freedom of association and collective negotiation.

Health and Safety

Safe working environment: Provide a safe and healthy workplace to minimize safety hazards.

Emergency readiness: Establish an emergency mechanism to respond to potential emergencies.

Occupational injuries and illnesses: Develop procedures to prevent and manage occupational injuries and illnesses.

Public health and accommodation: Provide clean restrooms, drinking water, food, and dormitory facilities.

Environmental Protection

Pollution control: Comply with environmental regulations to reduce pollutant emissions.

Energy conservation and carbon reduction: Promote energy- and material-saving and decrease greenhouse gas emissions.

Eco-friendly products: Ensure products comply with environmental protection regulations such as RoHS and WEEE.

Business Ethics

Business integrity: Prohibit unethical practices such as corruption and bribery.

Transparency: Truthfully disclose business activities and financial information.

Intellectual property: Respect intellectual property rights and protect technology and production experience.

Privacy protection: Safeguard the personal information of all relevant parties.

Responsible mineral sourcing: Ensure that mineral sources comply with international standards.

Supplier Code of Conduct

ESG Training System for Suppliers

Driving the industry towards a sustainable supply chain, the Company prioritizes supplier ESG training as a strategic lever. Through communication platforms, targeted training programs, and performance-based incentives, it fosters industry-wide adoption of responsible practices. The Company prioritizes internal supplier management by regularly providing social responsibility training to its procurement staff. In 2024, twenty-four training sessions were organized for Tier-II and Tier-III suppliers. The Company actively collaborates with upstream suppliers to raise awareness and deliver training on fair working conditions and compliance with RBA Code of Conduct. It also requires Tier-I suppliers to monitor their own suppliers and subcontractors to implement end-to-end environmentally friendly supply chain management.

📋 Key Performance

As of the end of the reporting period, the Company had a total of **512** suppliers. Most of them are located in the Chinese mainland, distributed as follows: **136** in Guangdong, **63** in Jiangsu, **62** in Beijing, **50** in Shanghai, and **100** in other provinces. **101** suppliers are located outside the Chinese mainland.

Case Study: Responsible Business Alliance (RBA) Code of Conduct Training

To align with international supply chain responsibility requirements, IEIT SYSTEMS conducted targeted training sessions on the latest RBA Code of Conduct, engaging personnel from all levels of core suppliers. Over 20 core suppliers participated, covering 300 person-times and receiving a satisfaction rate of 98%. Following the training, suppliers' understanding of the RBA increased to 95%. The majority of participating suppliers pass their initial RBA audit, with critical non-conformances significantly reduced. Several suppliers have been encouraged to establish internal RBA training systems, improving their ESG (Environmental, Social, and Governance) ratings and forming a collaborative and sustainable supply chain ecosystem among multiple stakeholders.

Advocacy of *Supplier Code of Conduct*

Key Performance

In 2024,
training sessions were successfully completed for over **20** core suppliers, covering **300** participants in total. In addition, we regularly publish ESG-related materials, case studies, and policy interpretations to help suppliers better understand and implement the principles of ESG.

Key Performance

During the reporting period,
68 of the Company's Tier-I suppliers completed RBA Validated Audit Process (VAP), achieving a **100%** correction rate.

Supply Chain Risk Management

The Company considers sustainable development and legal compliance of its supply chain as the cornerstone to its long-term success. To effectively manage risks, the Company applies a scientifically designed risk assessment system that utilizes big data to conduct thorough supplier evaluations and rigorous audits. The evaluation spans a wide range, including management system certification and social responsibility performance, to ensure suppliers meet standardized management requirements. After detailed assessments, high-risk suppliers are filtered out to maintain stability and sustainability of the supply chain.

The Company regularly assesses supplier risks and evaluates suppliers based on their performance in labor rights, occupational health and safety, and business ethics. The social responsibility scorecard consists of 26 prioritized criteria, with preference given to suppliers excelling in social responsibility. High-risk suppliers are required to make corrections within a set time frame, and those who fail to comply will face penalties.

The Company's supplier onboarding process involves stringent evaluation criteria encompassing environmental, social, and compliance dimensions. Environmental responsibility assessment focuses on the supplier's performance in energy conservation and carbon reduction, resource efficiency, and adoption of environmentally friendly technologies. Social responsibility evaluation centers on labor rights protection, employee welfare, and standardized employment practices. Compliance responsibility scrutiny emphasizes the supplier's legal and regulatory compliance, business ethics policies, and risk prevention mechanisms. By conducting rigorous and meticulous assessments, the Company selects suppliers excelling in all criteria. This approach not only guarantees supply chain resilience but also actively promotes an environmentally friendly, ethical, and legally compliant industrial value chain, effectively laying the groundwork for sustainable development initiatives.

Governance responsibility and social responsibility management system

Business ethics policies

Risk prevention mechanism and performance

Compliance management and risk control

Internal and external audits and evaluations

Organizational structure of social responsibility management

Social responsibility goals and implementation plans

Remediation and corrective mechanisms

Environmental responsibility

Environmental policies and goals

Use of renewable energy and materials

Chemical safety management

Wastewater and waste management

Green technologies and products

Social responsibility

Labor health and safety training

Workplace health and safety regulations
Safety risk identification and management process

Occupational diseases prevention and control
Safety protective supplies and equipment requirements

Prohibition of child labor and forced labor

Prohibition of employing underage workers and protection of female workers
Prohibition of discrimination

Employee working hours and rest

Basic salary guarantee and social insurance

Respect for employee rights

Sustainable procurement policies

Sustainable procurement actions

Conflict minerals control

Scope of Supplier Social Responsibility Assessment

ESG PERFORMANCE

Environmental Performance				
KPI	**Unit**	**2022**	**2023**	**2024**
Greenhouse Gases				
Scope 1 Emissions	tCO$_2$e	40.53	45.63	59.12
Scope 2 Emissions	tCO$_2$e	36,718.55	42,442.26	59,526.76
Total Greenhouse Gas Emissions	tCO$_2$e	36,759.08	42,487.89	59,585.87
Waste Management				
General Recyclable Waste	t	2,038.65	1,488.75	2,193.92
Hazardous Waste	t	78.78	88.30	94.60
Total Waste	t	2,117.43	1,577.05	2,288.52
Direct Energy Consumption				
Diesel	L	5,923.15	6,690.02	3,494.31
Gasoline	L	—	3,330	—
Natural Gas	GJ	447.50	386.04	751.30
Indirect Energy Consumption				
Purchased Electricity	kWh	61,798,782.02	66,401,480.53	89,552,474.09
Purchased Heat	GJ	15,562.69	41,577.23	20,407.55
Water Consumption				
Total Water Consumption	t	225,398.05	268,230.65	204,895.94

Social Performance

KPI	2022		2023		2024	
	Count	Proportion (%)	Count	Proportion (%)	Count	Proportion (%)
Total Employees	7,495	100	7,212	100	6,968	100
Number of Employees by Gender						
Male	5,459	72.84	5,326	73.85	5,122	73.51
Female	2,036	27.16	1,886	26.15	1,846	26.49
Number of Employees by Category						
Managerial Staff	629	8.39	604	8.37	614	8.81
R&D Staff	3,153	42.07	3,170	43.95	3,164	45.41
Other Staff	3,713	49.54	3,438	47.67	3,190	45.78
Number of Employees by Age						
Under 30	2,786	37.17	2,509	34.79	2,684	38.52
30-50	4,549	60.69	4,538	62.92	4,138	59.39
Over 50	160	2.14	165	2.29	146	2.10

Turnover Rate

KPI	Unit	2022	2023	2024
Total Employee Turnover	/	772	834	812
Turnover Rate	%	10.35	11.40	11.45

Occupational Health and Safety

KPI	Unit	2022	2023	2024
Workplace Fatalities	/	0	0	0
Workplace Fatality Rate	%	0	0	0
Number of Lost Working Days	/	113	275	352

Parental Leave

KPI		Unit	2022	2023	2024
Number of Employees Eligible for Parental Leave	Male	/	5,459	5,326	5,122
	Female	/	2,036	1,886	1,846
Number of Employees on Parental Leave	Male	/	207	195	267
	Female	/	108	136	163
Employees Returned from Parental Leave in the Reporting Period	Male	/	207	193	267
	Female	/	71	122	162
Employees Who Retained 12 Months after Returning from Parental Leave	Male	/	205	183	253
	Female	/	70	119	156
Return-to-Work Rate	Male	/	100	100	100
	Female	/	98.60	100	99.39
Retention Rate	Male	/	99.00	94.82	94.76
	Female	/	98.60	97.54	96.30

Supplier Management

KPI	Unit	2022	2023	2024
Percentage of Suppliers with Contracts Including Environmental and Labor Requirements	%	100	100	100
Number of Suppliers Undergoing Environmental and Social Impact Assessments	/	44	66	81
Application of Environmental and Social Impact Assessments for New Supplier Selection	%	100	100	100
Tier-I Supplier Facilities Audited through the RBA Validated Audit Process (VAP) or An Equivalent Standard	/	44	66	68
Number of Non-conformances in Tier-I Supplier Facilities Audited in the RBA Validated Audit Process (VAP) or Equivalent	/	244	105	107
Critical Non-conformances Corrected Rate	%	100	100	100

Business Ethics

KPI	Unit	2022	2023	2024
Number of Corruption Lawsuits Against the Company and Employees	/	0	0	0
Economic Losses Incurred	CNY	0	0	0

GLOBAL REPORTING INITIATIVE (GRI) STANDARDS INDEX

Statement of Use	We hereby declare that this report contains the information referenced in the GRI Standards Index applicable to the period from January 1, 2024, to December 31, 2024.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Section
GRI 1: Foundation 2021	GRI 1 Requirements and guidelines for the use of GRI standards	
GRI 2: General Disclosures 2021	GRI 2-1 Organizational details	About IEIT SYSTEMS
	GRI 2-2 Entities included in the organization's ESG reporting	About IEIT SYSTEMS
	GRI 2-3 Reporting period, frequency and contact point	About This Report
	GRI 2-4 Restatements of information	/
	GRI 2-5 External assurance	/
	GRI 2-6 Activities, value chain and other business relationships	About IEIT SYSTEMS
	GRI 2-7 Employees	Talent Development and Employee Growth
	GRI 2-8 Workers who are not employees	Talent Development and Employee Growth
	GRI 2-9 Governance structure and composition	Operation of Key Governance Bodies and Standardized Governance Structure
	GRI 2-10 Nomination and selection of the highest governance body	Operation of Key Governance Bodies and Standardized Governance Structure
	GRI 2-11 Chair of the highest governance body	Operation of Key Governance Bodies and Standardized Governance Structure
	GRI 2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management
	GRI 2-13 Delegation of responsibility for managing impacts	ESG Management
	GRI 2-14 Role of the highest governance body in sustainability reporting	ESG Management
	GRI 2-15 Conflicts of interest	/
	GRI 2-16 Communication of critical concerns	ESG Management

GRI Standards	Disclosure	Section
GRI 2: General Disclosures 2021	GRI 2-17 Collective knowledge of the highest governance body	Business Ethics, Promoting Sustainable Cooperation
	GRI 2-18 Evaluation of the performance of the highest governance body	Talent Development and Employee Growth
	GRI 2-19 Remuneration policies	Talent Development and Employee Growth
	GRI 2-20 Process to determine remuneration	/
	GRI 2-21 Annual total compensation ratio	/
	GRI 2-22 Statement on sustainable development strategy	ESG Management
	GRI 2-23 Policy commitments	ESG Management
	GRI 2-24 Embedding policy commitments	ESG Management
	GRI 2-25 Processes to remediate negative impacts	/
	GRI 2-26 Mechanisms for seeking advice and raising concerns	ESG Management
	GRI 2-27 Compliance with laws and regulations	Internal Control and Risk Compliance
	GRI 2-28 Membership associations	About IEIT SYSTEMS
	GRI 2-29 Approach to stakeholder engagement	ESG Management
	GRI 2-30 Collective bargaining agreements	Talent Development and Employee Growth
GRI 3: Material Topics 2021	GRI 3-1 Process to determine material topics	ESG Management
	GRI 3-2 List of material topics	ESG Management
GRI 201 Economic Performance 2016	G201-1 Direct economic value generated and distributed	/
	G201-2 Financial implications and other risks and opportunities due to climate change	/
	G201-3 Defined benefit plan obligations and other retirement plans	/
	G201-4 Financial assistance received from government	/
GRI 202: Market Presence 2016	G202-1 Ratios of standard entry level wage by gender compared to local minimum wage	/
	G202-2 Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016	GRI 3-3 Management of material topics	/
	G203-1 Infrastructure investments and services supported	/
	G203-2 Significant indirect economic impacts	Customer Rights Assurance through Quality Control

GRI Standards	Disclosure	Section
GRI 204: Procurement Practices 2016	GRI 3-3 Management of material topics	Supply Chain Management for Risk Mitigation
	G204-1 Proportion of spending on local suppliers	Supply Chain Management for Risk Mitigation
GRI 205: Anti-corruption 2016	GRI 3-3 Management of material topics	Business Ethics, Promoting Sustainable Cooperation
	G205-1 Operations assessed for risks related to corruption	/
	G205-2 Communication and training about anti-corruption policies and procedures	Business Ethics, Promoting Sustainable Cooperation
	G205-3 Confirmed incidents of corruption and actions taken	/
GRI 206: Anti-competitive Behavior 2016	GRI 3-3 Management of material topics	/
	G206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/
GRI 207: Tax 2019	GRI 3-3 Management of material topics	/
	G207-1 Approach to tax	/
	G207-2 Tax governance, control, and risk management	/
	G207-3 Stakeholder engagement and management of concerns related to tax	/
	G207-4 Country-by-country reporting	/
GRI 301: Materials 2016	GRI 3-3 Management of material topics	/
	G301-1 Materials used by weight or volume	Waste Management, Promoting Resource Circulation
	G301-2 Recycled input materials used	Waste Management, Promoting Resource Circulation
	G301-3 Reclaimed products and their packaging materials	Waste Management, Promoting Resource Circulation
GRI 302: Energy 2016	GRI 3-3 Management of material topics	Clean Technology and Climate Change Response
	G302-1 Energy consumption within the organization	Clean Technology and Climate Change Response
	G302-3 Energy intensity	Clean Technology and Climate Change Response
	G302-4 Reduction of energy consumption	Clean Technology and Climate Change Response
	G302-5 Reductions in energy requirements of products and services	Clean Technology and Climate Change Response

GRI Standards	Disclosure	Section
GRI 303: Water and Effluents 2018	GRI 3-3 Management of material topics	/
	G303-1 Interactions with water as a shared resource	/
	G303-2 Management of water discharge-related impacts	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	G303-3 Water withdrawal	/
	G303-4 Water discharge	/
	G303-5 Water consumption	/
GRI 304: Biodiversity 2016	GRI 3-3 Management of material topics	/
	G304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
	G304-2 Significant impacts of activities, products, and services on biodiversity	/
	G304-3 Habitats protected or restored	/
	G304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
GRI 305: Emissions 2016	GRI 3-3 Management of material topics	Clean Technology and Climate Change Response
	G305-1 Direct (Scope 1) GHG emissions	Clean Technology and Climate Change Response
	G305-2 Energy indirect (Scope 2) GHG emissions	Clean Technology and Climate Change Response
	G305-3 Other indirect (Scope 3) GHG emissions	Clean Technology and Climate Change Response
	G305-4 GHG emissions intensity	Clean Technology and Climate Change Response
	G305-5 Reduction of GHG emissions	Clean Technology and Climate Change Response
	G305-6 Emissions of ozone-depleting substances (ODS)	Clean Technology and Climate Change Response
	G305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Managing "Three Wastes" Emissions and Ensuring Environmental
GRI 306: Waste 2020	GRI 3-3 Management of material topics	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	G306-1 Waste generation and significant waste-related impacts	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance

GRI Standards	Disclosure	Section
GRI 306: Waste 2020	G306-2 Management of significant waste-related impacts	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	G306-3 Waste generated	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	G306-4 Waste diverted from disposal	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	G306-5 Waste directed to disposal	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
GRI 308: Supplier Environmental Assessment 2016	GRI 3-3 Management of material topics	Supply Chain Management for Risk Mitigation
	G308-1 New suppliers that were screened using environmental criteria	Supply Chain Management for Risk Mitigation
	G308-2 Negative environmental impacts in the supply chain and actions taken	Supply Chain Management for Risk Mitigation
GRI 401: Employment 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G401-1 New employee hires and employee turnover	Talent Development and Employee Growth
	G401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Development and Employee Growth
	G401-3 Parental leave	Talent Development and Employee Growth
GRI 402: Labor/ Management Relations 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G402-1 Minimum notice periods regarding operational changes	/
GRI 403: Occupational Health and Safety 2018	GRI 3-3 Management of material topics	Health and Safety, Ensuring Occupational Development
	G403-1 Occupational health and safety management system	Health and Safety, Ensuring Occupational Development
	G403-2 Hazard identification, risk assessment, and incident investigation	Health and Safety, Ensuring Occupational Development
	G403-3 Occupational health services	Health and Safety, Ensuring Occupational Development
	G403-4 Worker participation, consultation, and communication on occupational health and safety	Health and Safety, Ensuring Occupational Development
	G403-5 Worker training on occupational health and safety	Health and Safety, Ensuring Occupational Development
	G403-6 Promotion of worker health	Health and Safety, Ensuring Occupational Development

GRI Standards	Disclosure	Section
GRI 403: Occupational Health and Safety 2018	G403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety, Ensuring Occupational Development
	G403-8 Workers covered by an occupational health and safety management system	Health and Safety, Ensuring Occupational Development
	G403-9 Work-related injuries	Health and Safety, Ensuring Occupational Development
	G403-10 Work-related ill health	Health and Safety, Ensuring Occupational Development
GRI 404: Training and Education 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G404-1 Average hours of training per year per employee	Talent Development and Employee Growth
	G404-2 Programs for upgrading employee skills and transition assistance programs	/
	G404-3 Percentage of employees receiving regular performance and career development reviews	/
GRI 405: Diversity and Equal Opportunity 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G405-1 Diversity of governance bodies and employees	Operation of Key Governance Bodies and Standardized Governance Structure
	G405-2 Ratio of basic salary and remuneration of men and women	/
GRI 406: Non-discrimination 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G406-1 Incidents of discrimination and corrective actions taken	/
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
GRI 408: Child Labor 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G408-1 Operations and suppliers at significant risk for incidents of child labor	/
GRI 409: Forced or Compulsory Labor 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	/
GRI 410: Security Practices 2016	GRI 3-3 Management of material topics	Talent Development and Employee Growth
	G410-1 Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples 2016	GRI 3-3 Management of material topics	/
	G411-1 Incidents of violations involving rights of indigenous peoples	/
GRI 413: Local Communities 2016	GRI 3-3 Management of material topics	/
	G413-1 Operations with local community engagement, impact assessments, and development programs	/
	G413-2 Operations with significant actual and potential negative impacts on local communities	/

	GRI 3-3 Management of material topics	Supply Chain Management for Risk Mitigation
GRI 414: Supplier Social Assessment 2016	GG414-1 New suppliers that were screened using social criteria	Supply Chain Management for Risk Mitigation
	G414-2 Negative social impacts in the supply chain and actions taken	/
GRI 415: Public Policy 2016	GRI 3-3 Management of material topics	/
	G415-1 Political contributions	/
GRI 416: Customer Health and Safety 2016	GRI 3-3 Management of material topics	Customer Rights Assurance through Quality Control
	G416-1 Assessment of the health and safety impacts of product and service categories	Customer Rights Assurance through Quality Control
	G416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	/
GRI 417: Marketing and Labeling 2016	GRI 3-3 Management of material topics	/
	G417-1 Requirements for product and service information and labeling	/
	G417-2 Incidents of non-compliance concerning product and service information and labeling	/
	G417-3 Incidents of non-compliance concerning marketing communications	/
GRI 418: Customer Privacy 2016	GRI 3-3 Management of material topics	Customer Rights Assurance through Quality Control
	G418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	/

GUIDELINES NO.17 OF SHENZHEN STOCK EXCHANGE

Level-1 Topics	Level-2 Topics	Level-3 Topics	Section
Environment	Response to Climate Change	① Management of risks and opportunities related to climate change	Clean Technology and Climate Change Response
		② Evaluation of the Company's strategy and business model adaptability to climate change	/
		③ Transformation plans, measures, and progress to address climate-related risks and opportunities	Clean Technology and Climate Change Response
		④ Disclosure of GHG emissions information in different ranges by category	Clean Technology and Climate Change Response

Level-1 Topics	Level-2 Topics	Level-3 Topics	Section
Environment	Response to Climate Change	⑤ Disclosure of GHG emissions information by category	/
		⑥ GHG emissions accounting method of	/
		⑦ GHG emissions reduction practices	Clean Technology and Climate Change Response
		⑧ New technologies, products, and services that help reduce carbon emissions and achieve carbon neutrality	Clean Technology and Climate Change Response
	Pollutant Emissions	① Pollutant information	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
		② Pollutant disposal	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
		③ Emission reductions objectives	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
		④ Impact on the group	/
		⑤ Administrative penalties	/
	Waste disposal	① Quantity of waste	Waste Management, Promoting Resource Circulation
		② Disposal situation	Waste Management, Promoting Resource Circulation
		③ Emission reductions objectives	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
	Ecosystem and biodiversity conservation	① Withdraw activities	/
		② Protection measures within the area	/
		③ Protection and recovery measures	/
		④ Biological genetic resources	/
		⑤ Impact on the entire product lifecycle	/
	Environmental compliance management	① Risk management	Managing "Three Wastes" Emissions and Ensuring Environmental Compliance
		② Emergencies	/
		③ Administrative penalties	/
	Energy utilization	① Utilization	Clean Technology and Climate Change Response
		② Clean energy	Clean Technology and Climate Change Response
		③ Reduction objectives	Clean Technology and Climate Change Response
	Water resources utilization	① Utilization	/
		② Reduction objectives	/
	Circular Economy	① Target plan	Waste Management, Promoting Resource Circulation
		② Specific measures	Waste Management, Promoting Resource Circulation
		③ Progress and achievements	Waste Management, Promoting Resource Circulation

Level-1 Topics	Level-2 Topics	Level-3 Topics	Section
Social	Rural revitalization	① Company strategy	/
		② Specific measures	/
		③ Work results	/
	Social contribution	Contributions	/
	Innovation driven	① Strategic objectives	Customer Rights Assurance through Quality Control
		② Details	Customer Rights Assurance through Quality Control
		③ R&D achievements	Customer Rights Assurance through Quality Control
		④ Impact of innovations	Customer Rights Assurance through Quality Control
	Science and technology ethics	① Field of work	/
		② Internal management	/
		③ Violations	/
		④ Training and promotion	/
	Supply chain security	① Risk management	Supply Chain Management for Risk Mitigation
		② Protection measures	Supply Chain Management for Risk Mitigation
		③ Improvement measures	Supply Chain Management for Risk Mitigation
	Equal treatment of SMEs	① Unpaid amount	Business Ethics, Promoting Sustainable Cooperation
		② Details	Business Ethics, Promoting Sustainable Cooperation
	Safety and quality on products and services	① Management system	Customer Rights Assurance through Quality Control
		② Quality certification	Customer Rights Assurance through Quality Control
		③ Major incidents	/
		④ After-sales services	Customer Rights Assurance through Quality Control
		⑤ Accessibility	/
	Data Security and Customer Privacy Protection	① Management system	Customer Rights Assurance through Quality Control
		② Security incidents	/
		③ Customer privacy protection	Customer Rights Assurance through Quality Control
		④ Leakage incidents	/
	Employees	① Employment	Talent Development and Employee Growth
		② Occupational health and safety	Health and Safety, Ensuring Occupational Development
		③ Career development and training	Talent Development and Employee Growth
Governance	Due diligence	Implementation of due diligence	/
	Stakeholder Communication	① Communication system	ESG Management
		② Feedback channels	ESG Management
	Anti-commercial bribery and anti-corruption	① Management system	Business Ethics, Promoting Sustainable Cooperation
		② Risk assessment	Internal Control and Risk Compliance
		③ Training performance	Business Ethics, Promoting Sustainable Cooperation
		④ Occurred incidents	/
	Anti-unfair competition	① Management system	Business Ethics, Promoting Sustainable Cooperation
		② Administrative penalties	/

IEIT SYSTEMS'S COMMITMENT TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

SDGs	IEIT SYSTEMS's Actions
3 GOOD HEALTH AND WELL-BEING	IEIT SYSTEMS attaches great importance to the occupational health and safety of its employees and partners by identifying potential hazards, implementing closed-loop management to address them, and establishing an occupational health and safety management system. In 2024, the Company achieved a 100% remediation rate for identified safety risks.
4 QUALITY EDUCATION	IEIT SYSTEMS is dedicated to offering employees comprehensive and diverse training opportunities. It has developed an integrated "operation-resource-system" training framework to ensure all training programs are targeted, continuous, and effective. In 2024, the Company conducted a total of 550 training sessions, covering 115,000 person-times and 100% of its workforce, with an average of 56 training hours per employee.
5 GENDER EQUALITY	IEIT SYSTEMS upholds a zero-tolerance policy against discrimination and unfair competition, firmly opposing gender bias and harassment. The Company strives to ensure equal pay for equal work, safeguard the legal rights and interests of female employees, and provide benefits such as job protection and maternity leave for their well-being both at work and in life.
6 CLEAN WATER AND SANITATION	IEIT SYSTEMS actively supports environmental protection policies and remains dedicated to achieving sustainable, eco-friendly development. By implementing systematic waste treatment measures encompassing waste gas, wastewater, and solid waste management, the Company has significantly reduced its environmental footprint, fosters employees' environmental awareness and professional growth, and lays a solid foundation for long-term sustainability.
8 DECENT WORK AND ECONOMIC GROWTH	IEIT SYSTEMS has created a safe, comfortable, and non-discriminatory working environment for its employees, ensuring equal opportunities for employment and promotion while establishing a clear and fair salary and welfare management system.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	IEIT SYSTEMS enhances its core competitiveness through innovation-driven independent R&D. As of 2024, it has led or participated in formulating 21 technical standards for cold-plate liquid cooling and liquid immersion cooling, and has accumulated over 700 liquid cooling-related invention patents—more than 200 patents added in 2024.
11 SUSTAINABLE CITIES AND COMMUNITIES	As a trailblazer in the industry, IEIT SYSTEMS embraces the values of "openness, collaboration, and win-win" to cultivate a sustainable supply chain ecosystem, contributing to the industry's green transformation. To foster sustainable development, IEIT SYSTEMS requires its suppliers to assume their social responsibilities, commit to environmental protection, and work together to create a safe, eco-friendly, and equitable supply chain system in compliance with local laws and regulations.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	IEIT SYSTEMS advocates responsible business practices and adheres to the principle of "high standards, zero defects". In 2024, the Company conducted nearly 20 quality management training sessions, covering over 1,000 person-times. The total training duration exceeded 100 hours, with an average of 5 hours per participant.
13 CLIMATE ACTION	IEIT SYSTEMS is dedicated to advancing energy management and reducing carbon emissions through clean technologies. The Company actively responds to climate change by enhancing its energy management system, promoting clean energy adoption, and implementing energy-saving technological upgrades. Furthermore, being selected as a "green factory" motivates the Company's affiliated factories to continue striving for environmentally friendly and low-carbon advancements.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	IEIT SYSTEMS is dedicated to fostering a fair, transparent, and well-regulated market environment. It operates with integrity, upholds business ethics, complies with international conventions, and adheres to laws and regulations of the regions where it operates. It opposes any form of corruption, bribery, and unfair competition, and strictly follows trade compliance regulations. In 2024, the Company reported zero instances of child labor or forced labor and did not face any lawsuits or major administrative penalties related to unfair competition.

INDEPENDENT ASSURANCE AND STATEMENT OF OPINION

InFaith Group (hereinafter referred to as "InFaith"), as entrusted by IEIT SYSTEMS CO., LTD. (hereinafter referred to as "IEIT SYSTEMS"), has conducted independent limited assurance of the environmental, social and governance information and data disclosed in IEIT SYSTEMS *2024 Sustainability Report* (hereinafter referred to as "Report"), and disclosed the assurance result and conclusion to readers of the Report in the form of independent assurance and statement of opinion.

Independence and Capability

1. All the assurance team members of InFaith have no business relationship with IEIT SYSTEMS that leads to conflicts of interest; The team of InFaith has performed this assurance work independently;

2. The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

Assurance Statement

1. IEIT SYSTEMS management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to the Report readers and stakeholders.

2. Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.

3. If you have any questions about the contents contained herein or related matters, IEIT SYSTEMS will reply in a lump sum.

4. In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

Assurance Standard

InFaith adopts AA1000AS v3 type-1 medium assurance level, which includes IEIT SYSTEMS's evaluation of the compliance situation and degree of the four AA1000AS v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

Assurance Scope

1. The assurance scope is limited to the information and data of IEIT SYSTEMS and its affiliated companies covered by the Report, excluding the data and information of IEIT SYSTEMS suppliers, contractors and other third parties.

2. InFaith adopts AA1000AS v3 type-2 moderate assurance level to evaluate IEIT SYSTEMS's compliance nature and degree of the four assurance principles in AA1000AS v3.

3. IEIT SYSTEMS and InFaith have reached an agreement to select specific performance information in the Report as part of the assurance contents. The selected specific performance indicators are as follows:

- Number of Employees
- Management Female Ratio
- Employee Turnover Rate
- Purchased Electricity
- Total Water Consumption
- Total Waste Generated
- Total Duration of Anti-fraud and Anti-bribery Training

Assurance Process and Work

In order to collect evidence related to the conclusion, Infaith Group has carried out the following work:

1. Interview with the senior management team and employees of IEIT SYSTEMS to understand the overall situation and related processes of IEIT SYSTEMS in fulfilling its corporate environmental, social and governance responsibilities;

2. Verify the key development and policy implementation of relevant organizations of IEIT SYSTEMS, and the supporting evidence of the announcement made in the verification report;

3. Through interviews and inspection of relevant documents, understand the expectations and needs of major stakeholders and stakeholders of IEIT SYSTEMS, the specific communication channels between the two parties, and how IEIT SYSTEMS responds to the expectations and needs of stakeholders;

4. Select the information related to environment, society and governance in this report, carry out analytical verification procedures and overall performance of this information, and evaluate and verify whether it is consistent with the contents of the report;

5. Verify the process management of the principles of inclusiveness, materiality, responsiveness and impact in the report and its related AA1000AS v3 to confirm the appropriateness of this statement;

6. Sampling inspection on supporting evidence of data reliability and quality of selected specific performance information;

7. Recalculate and verify the selected specific performance information;

8. Perform other procedures deemed necessary by Infaith Group.

Assurance Conclusions

1. According to the information provided by IEIT SYSTEMS and the sample test, there is no material misrepresentation in the Report.

2. For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows:

Inclusiveness	According to the Report, IEIT SYSTEMS has taken important measures including continuously seeking the participation of stakeholders in the business operation, understanding their expectations and concerns, communicating about and confirming substantive issues in a timely manner, etc., to respond responsibly and strategically to stakeholders related to the social responsibilities of the Company.
Substantiality	IEIT SYSTEMS has announced major topics that will have substantial influence and impact on the evaluation, decision-making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues.
Responsiveness	IEIT SYSTEMS has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner.
Impact	IEIT SYSTEMS has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner.

3. Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

Limitation

The assurance process was carried out at the location within the scope of the Report;

Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:

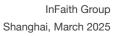Tel: 021-20740303

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信公股份
INFAITH GROUP

InFaith Group
Shanghai, March 2025

READER FEEDBACK

Dear readers,

Thank you for taking the time to read the 2024 Sustainability Report of IEIT SYSTEMS Co., Ltd. To better serve you and other stakeholders by providing more valuable information and to effectively enhance our Company's sustainable development practices, we sincerely welcome your feedback and suggestions.

Please tick (✓) at the appropriate box.

1. Your role for IEIT SYSTEMS:

☐ Employee   ☐ Customer   ☐ Supplier   ☐ Regulator   ☐ Media   ☐ Other (please specify)

2. You overall evaluation on this report:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

3. Your evaluation on the content quality of this report:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

4. Your evaluation on the structure of this report:

☐ Very reasonable   ☐ Relatively reasonable   ☐ Fair   ☐ Poor   ☐ Very poor

5. Your evaluation on the layout design and presentation of this report:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

6. Your evaluation on IEIT SYSTEMS's overall performance on environmental issues:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

7. Your evaluation on IEIT SYSTEMS's overall performance on social issues:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

8. Your evaluation on IEIT SYSTEMS's overall performance on governance issues:

☐ Very good   ☐ Good   ☐ Fair   ☐ Poor   ☐ Very poor

Open questions:

1. What additional information do you want this report to include?

2. What are your opinions and suggestions for IEIT SYSTEMS's ESG efforts?

If possible, kindly share your information with us.

Name: Phone: