

ESG

2025

Environmental,
Social and Corporate
Governance (ESG) Report



Deli Group Co., Ltd.

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Message from the President

Deli is committed to driving the industry's future through innovation and pursuing development amid changes. For over four decades, Deli has been dedicated to "developing products and services that meet the needs, exceeding the expectation of customers across the globe", evolving from a manufacturer of stationery & educational supplies to a provider of cultural, creative and technology products. With the global consumer market undergoing unprecedented changes, the cultural and creative industries face not only demands for meeting people's basic needs and promoting cultural exchanges, but also challenges in terms of digital transformation, green and low-carbon development, and social responsibilities. We're keenly aware that an enterprise's value lies in more than its commercial achievements, but more importantly how it establishes an industrial benchmark amid the global value chain restructuring by honoring its social responsibilities and driving innovation.

Being customer-oriented, we restructure user experience through relentless pursuit of the best. We always put user demands at the core of our R&D system, continuously increasing R&D input, vigorously attracting and cultivating excellent tech talents, and building an innovation mechanism that integrates demand insight, technological research, and scenario validation. As of the end of the reporting period, we have been authorized nearly 50 patents with prominent innovation features. The "Deli Cloud" intelligent office platform has served over 1.5 million corporate users, as well as over 6,000 employees and home users. Through a data-driven approach, it has achieved a 25% increase in the supply chain response efficiency, helping customers lower comprehensive operating cost by 17%.

Advancing with employees, we redefine values through growth. Employees are the most valued asset of Deli. We provide employees with career promotion paths in management, professional expertise, and technical skills. In 2024, we recorded a 98% coverage rate of vocational skill training, and input over RMB5 million in training. In terms of support for employees, we offer employees internal housing purchase discounts, and have in place a mental health support system, with the employee satisfaction rating kept at 92 points and above (a 100-point scale) for three consecutive years. Among our production line workers, the average length of service is nearly five years, longer than the average of the manufacturing industry.

Pursuing green and intelligent manufacturing, we shape the future through low-carbon initiatives. Deli views green transition as a systematic project, building a low-carbon ecosystem covering the whole lifecycle from product design to supply chain management. During the reporting period, by optimizing internal energy consumption, we reduced carbon emissions by more than 5,000 tons. Through process upgrade, the Guanbei Industrial Park, located in Ninghai, boosted the energy utilization efficiency to an industrial benchmark level. In terms of products, we have developed carbon-neutral products, such as gel pens and

loose-leaf notebooks. We actively adopt post-consumer recycled plastics, increase the use of green electricity in production, and drive the upgrade of office supplies from just satisfying consumer needs to being environment friendly.

Launching public welfare initiatives, we inspire hope through kindness. The values of commerce for good is deeply rooted in Deli's gene. It's our consistent belief that an enterprise's social values are measured not just by the amounts of donations, but more importantly by whether such donations can precisely meet the core needs of the people receiving the assistance. To promote education equity, we systematically carry out education initiatives in central and western China. To support education in county areas, we provide pairing assistance to nearly 200 underprivileged college students each year. To enhance the sense of happiness among community residents, we donated RMB7 million to empower the charitable education undertakings of Ninghai County, of which RMB1 million was earmarked exclusively for the rural revitalization and charitable projects in Huangtan Town.

The times bestow responsibility, and the responsibility calls us to action. Deli will continue to partner with stakeholders, upholding fundamental principles while breaking new ground through craftsmanship, and honoring responsibilities through actions, to paint together a scroll of sustainable development.

About the Report

This Report is the second sustainability (ESG) report released by Deli Group (hereinafter referred to as Deli), aiming to systematically summarize and disclose the Company's strategies and guidelines, management measures and practical results in the area of sustainable development, and respond to stakeholders' expectation for the Company's sustainable operation and CSR practice.

Scope of the Report

Timeframe: January 1, 2024, to December 31, 2024. Some contents are beyond the above timeframe, and will be noted accordingly where it occurs.

Publication cycle: Annual report.

Entity covered: The Report covers the Deli Group and all its subordinate stationery product companies.

Designation

For ease of presentation, the terms "Deli Group", "Deli", "Deli Group", "the Company" or "we" refer to Deli Group Co., Ltd. in this Report.

Basis of preparation

This Report is prepared with reference to the *GRI Standards issued by Global Sustainability Standards Board (GSSB)*, the United Nations Sustainable Development Goals (UN SDGs) and other relevant international and domestic standards, frameworks, and principles.

Access to the Report

This Report is published in both printed and electronic forms, with the electronic version accessible on the official website (<https://www.nbdeli.com/>) of the Deli Group.

This Report is published in both Chinese and English. In case of ambiguity, the Chinese version will prevail.

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Other statements

The President's Office of Deli Group warrants that there are no false records, misleading statements, or material omissions in the contents of this Report, and accepts individual and joint liability for the truthfulness, accuracy, and completeness of its contents.

About Deli - Company Profile

Deli Group started its journey in 1981. After 44 years of innovation-driven development, Deli has become a global cultural, creative and technology group. Deli Group has established a product ecosystem covering office equipment, digital printing devices, educational toys, premium tools, smart office solutions, office furniture, art supplies, stationery, and cultural & creative products, among others. Through a matrix of multiple sub-brands, including Deli Office, Deli Stationery, Agnite, Nusign, Deli Jishi, and Deli Tools, Deli delivers integrated smart office and green manufacturing solutions across more than 140 countries and regions worldwide.

Driven by innovation, Deli Group continuously provides global users with technologically leading, high-quality and user-friendly products and services, to build a deep emotional connection with consumers and ultimately make work and life more fulfilling.

Our products are sold in more than **140** countries and regions, including the US and those across Europe, South America, Middle East, and Southeast Asia, where we have established long-term and stable relationship with local partners.



Corporate Culture

Mission	To develop products and services that meet the needs, exceeding the expectation of customers across the globe
Vision	Gain the trust of customers worldwide with products and services accessible for everyone
Values	Love for society, the Company, products, customers, colleagues, and families
Gene	Pragmatic, steady, dedicated, innovative
Spirit	Responsibility, honor, courage, self-discipline

Awards and Honors

Awards	Awardee	Awarded by	Awarding date
Famous Export Brand of Zhejiang	Deli Group	Department of Commerce of Zhejiang Province	January 2024
National Cultural Industry Demonstration Base	Deli Group	Ministry of Culture and Tourism of China	March 2024
One of China's Top 500 Manufacturers	Deli Group	China Enterprise Confederation China Enterprise Directors Association	September 2024
One of Zhejiang's Top 100 Enterprises	Deli Group	Zhejiang Enterprise Confederation Zhejiang Enterprise Directors Association Zhejiang Federation of Industrial Economics	September 2024
One of China's Top 500 Private Enterprises	Deli Group	All-China Federation of Industry and Commerce	October 2024
One of the Top 100 Private Manufacturers in the Yangtze River Delta	Deli Group	Shanghai Enterprise Confederation Jiangsu Enterprise Confederation Zhejiang Enterprise Confederation, etc.	November 2024
Listed among the "Beautiful China, I am an Actor" Enterprise Climate Action Cases of 2024	Deli Group	Center for Environmental Education and Communications of Ministry of Ecology and Environment	November 2024
An Eagle Enterprise in Zhejiang Province	Deli Group	Office of the Leading Group for High-Quality Development of Manufacturing Industry (Digital Economy Development) of Zhejiang Province	December 2024

Milestones in 2024

Industry



To meet market trends and evolving consumer needs, Deli's digital printing business unit further expanded the product line, launching Deli Shanyin printer series in September.



A new start in a new environment: The R&D building in Deli's Ninghai headquarters complex was put into use in March; the Hangzhou headquarters building was moved to a new location in June; construction of the Intelligent Office Industrial Park was completed in October; renovation of Shanghai headquarters building was completed in December.

Industry



Several of Deli's products were honored with the 2024 iF Design Award.



R&D Summing-up & Commendation Conference: Themed "Innovation Knows No Bounds", the conference advocates a return to the essence of products and a consumer-centric approach, and calls for efforts to reshape brand power through values, quality, innovation and cost advantages, drive the growth of contents, forge a benchmark for brand communication, and upgrade brand strategies.

Brand



At the JD 3C Digital Partnership Conference, Deli won the "Influential Brand Award of the Year" and the "Outstanding Marketing Brand Award", which boosted Deli's brand influence and reputation in an all-round way.



On September 10, 2024, Deli Group stood out from hundreds of Tesco's suppliers worldwide as one of the best suppliers in 2024. Thanks to the honor, Deli gained stronger competitiveness in the global market and improved management internally, injecting new vitality into the sustainable development of the stationery industry.



On March 29, Deli Jishi, for its outstanding procurement services and advanced digital platform capabilities, was once again honored with the "Excellent Supplier Award" by the Procurement Department under the Chinese government. The award fully demonstrates Jishi, a digital service platform for government and enterprise procurement, has earned extensive recognition for its service capabilities in the area of government procurement.

About Deli

Governance

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ESG KPIs

Appendix



On June 5, Deli Jishi was invited to SiMPL Supply Chain Innovation Summit (ACE Summit) themed strategy, innovation and leadership, where Deli Jishi won the "2024 China Supply Chain Customer Service Pioneer" award.



Deli released two cultural & creative stationery brands, namely Dongfang Wencai and Moqianyan, which demonstrate the strength and responsibility of Deli as a national brand and make traditions bloom with new charm.

Globalization



Deli sped up its internationalization process, with marketing footprints across 145 countries worldwide.



Deli commenced construction of its plant in Hai Duong, Vietnam. Vietnamese Deputy Prime Minister Ho Duc Phoc spoke highly of Deli at the commencement ceremony. The move not only marked Deli's further expansion in the global market, but manifested Deli's resolve and strength to provide higher-quality products for global users.

Culture and spirit



Deli attended the United Nations Climate Change Conference. As the only enterprise in the industry listed among "Excellent Chinese Enterprise Cases", Deli shared China's carbon reduction experience and practice with the world at the site, garnering attention and praise from attendees.



Jinying Award – Growing with the Company: The report meeting first reviewed the 52 recipients of the Jinying Award in the past 11 years. Then, it encouraged young employees to refine expertise and pursue steady growth, and to carry forward the spirit and quality of the older generations, drive innovation and forge ahead.



Jishi ensured material support for the CPPCC meeting through swift response and full cooperation. After the meeting, CPPCC sent a letter of thanks to Deli Group.

01

Governance

Compliance and Anti-corruption
Information Security
ESG Management



Compliance and Anti-corruption

Compliance in operation and integrity in governance are the core cornerstones of our sustainable development. The Risk Control and Management Committee takes charge of building a risk governance framework covering strategic decision making, business operation, and employee conduct, and continuously improves the risk prevention and control system. With a dedicated cross-departmental working group set up under it, the committee works to develop ten risk modules, respectively about integrity and fight against fraud, fund security, and trade security, and build a three-tiered mechanism integrating penetrating verification through special audits, rapid collaboration for emergency response, and public disclosure of closed-loop handling for major risks, to ensure a closed loop for the early warning, assessment, and disposal of major risks.

To enhance the effectiveness of supervision, the Company has in place a dedicated hotline, an email box and a mailing address for whistleblowers. Those who provide key information or make significant contributions will be commended or rewarded. Meanwhile, to protect the complainants and whistleblowers, the Company requires all departments to jointly fulfill the responsibility of confidentiality and protection, and forbids discrimination or retaliation against complainants and whistleblowers or personnel involved in investigations, so as to ensure the smooth and effective operation of supervision channels.



Anti-corruption and Integrity

As the key aspects of compliance management, business integrity and anti-fraud are regarded as crucial to guiding sound and ethical values, as well as indispensable to driving overseas operations. Therefore, during the reporting period, the *Anti-Fraud Regulations of Deli* were revised to further clarify the accountability mechanism for non-compliant behaviors; moreover, the *"Five Prohibitions" for Deli's Employees* were updated, expanding the coverage of anti-fraud efforts from "relatives" to "relatives and friends". These revisions aim to further reduce the chances of fraud, strengthen compliant operations, prevent risks, and build an anti-fraud mechanism that ensures "no desire, courage or chance to commit corruption", supporting the endeavors to curb various fraudulent acts.



Various standards and policies



An anti-fraud mechanism



Curbing fraudulent acts

Overseas Compliance

Overseas compliance serves as the core support for Deli's "globalization" strategy. We avoid transaction risks in sensitive regions through a geopolitical risk prevention and control system, and put in place a systematic risk control framework. We adopt a cross-border data compliance management mechanism, to address the differentiated regulatory requirements of various countries, improve the information systems of and accounts receivable control over joint ventures, and guard against the risk of fund misappropriation. We implement country-specific policies, to align with local tax, labor and fund supervision rules, and support the robust and sustainable development of overseas operations with systematic compliance capabilities.

Integrity and Anti-fraud Mechanism

Dimensions	Measures
No desire to commit corruption	The Audit Department, Legal Department, and other key departments (including those for procurement, sales, and finance) publicize typical cases through various channels for the warning purpose, and regularly hold meetings to promote risk control. The coverage rate of anti-fraud training among employees reaches 100%.
No courage to commit corruption	The Company promotes integrity culture and positive models through internal platforms and publicity boards, to foster a corporate atmosphere where integrity is championed. The Company signs the <i>Integrity Commitment Letter</i> with employees, and provides integrity training courses for new hires, aiming to nurture the values of integrity and honesty and build an open and transparent corporate culture.
No chance to commit corruption	<p>Investigation by dedicated persons: The Company's Risk Control Committee is responsible for the anti-fraud work across Deli Group, to ensure the independence and objectivity of anti-fraud efforts at the governance structure level.</p> <p>Encouraging whistleblowing: The Company has in place a fraud whistleblowing mechanism, encouraging employees and partners to actively report duty crimes involving corruption and bribery, as well as non-compliant and fraudulent acts.</p> <p>Strict punishment: The Company makes a real-name disclosure of the information about the fraudsters identified through internal investigations via anti-fraud notices and the Trust and Integrity Enterprise Alliance blacklist, and transfers those involved in criminal offenses to judicial authorities for handling.</p> <p>Legal popularization: The Company regularly carries out publicity on the state's anti-fraud legislations targeting private enterprises, with the contents including but not limited to the crime of accepting bribes by non-state functionaries, crime of illegally operating similar businesses, and crime of illegally seeking profits for relatives and friends.</p> <p>Regulations and policies: Through strict regulations, policies and ethical standards, such as the <i>Anti-Fraud Regulations of Deli</i> and the <i>"Five Prohibitions" for Deli's Employees</i>, the Company clearly defines prohibited behaviors and corresponding penalty measures.</p> <p>Internal control improvement: The Company reviews investigated cases and risk-related matters, and analyzes, controls and addresses the loopholes in business and management processes, to ensure the compliance and effectiveness of business processes, strengthen constraints on power and improve the internal control system.</p> <p>Supervision procedures: The Company identifies potential fraud risks in a timely manner through financial monitoring, regular internal audits, risk assessments, and other means.</p>

Anti-fraud Results



Information Security

Information security is closely linked to the protection of the Company's core assets and business reputation. The Information Security Department coordinates the functioning of information security management, operation, and technology systems, which cover six modules including information data, physical areas, information systems, personnel, office terminals, and supply chains. It sorts out and grades the information across Deli Group, formulates corresponding management measures for each category, and further develops the *Sensitive Information Control Table* at Deli Group level and the system level, to prevent data leakage and compliance risks from the source.

During the reporting period, Deli Group revised the *Confidentiality and Information Security Management Regulations* and *Information System Account and Permission Management Regulations*, and formulated the *Secure Operation Management Policy for Information Systems*, to further clarify confidentiality responsibilities and strengthen cybersecurity management, and completed risk grading and demarcation for 412 locations. Simultaneously, it advanced infrastructure construction, built a new data center and planned to complete migration in 2025. In 2024, over RMB10 million was invested in security operation and maintenance, video surveillance upgrades, IT system construction, and cybersecurity enhancement. For business system software development and software/hardware operation and maintenance, Deli Group successfully passed the annual reviews of the ISO 27001 Information Security Management System and the ISO 20000 Information Technology Service Management System, and obtained the ISO 27701 Privacy Information Security Management System certificate. No major information leakage incidents occurred during the reporting period.



Key Performance

Audit type	Audit frequency
Internal audit of the information security management system	Once a year
ISO/IEC 27001 certifications by third-party agencies	Once a year

Information Security Management Strategies

Strategy	Content
Rigid institutional constraints	Leverage the graded information asset protection mechanism to safeguard the Company's technological patents, customer data, and supply chain privacy, and avoid operational losses and legal disputes caused by information leakage.
Technical support	Build a "multi-level defense system" that covers the physical environment, digital systems and personnel behaviors based on the principles of "minimum permission + traceable operations".
Cultural consensus	Incorporate the concept that "everyone is an information guardian" into the Company's DNA, and enhance employees' awareness of risks through regular security training, warning with red-line cases, and the signing of confidentiality commitment letters.

Customer Privacy Firewall

Deli Group brings in external experts for training to enhance employees' awareness and abilities in information protection. It regularly organizes information security training for all employees, with the contents including cybersecurity protection knowledge, ransomware prevention, personal information protection, and anti-telecom fraud, effectively raising employees' awareness of cybersecurity and personal information protection. In addition, Deli Group also has in place an institutional framework to ensure the confidentiality of customer information at Deli Group, business line and authorized outlet levels.



During the reporting period, Deli Group did not experience any incidents related to the leakage of relevant private information.

CASE: Building a Strong Compliance Defense Line in Multiple Dimensions and Empowering Business Development by Combining Theory with Practice

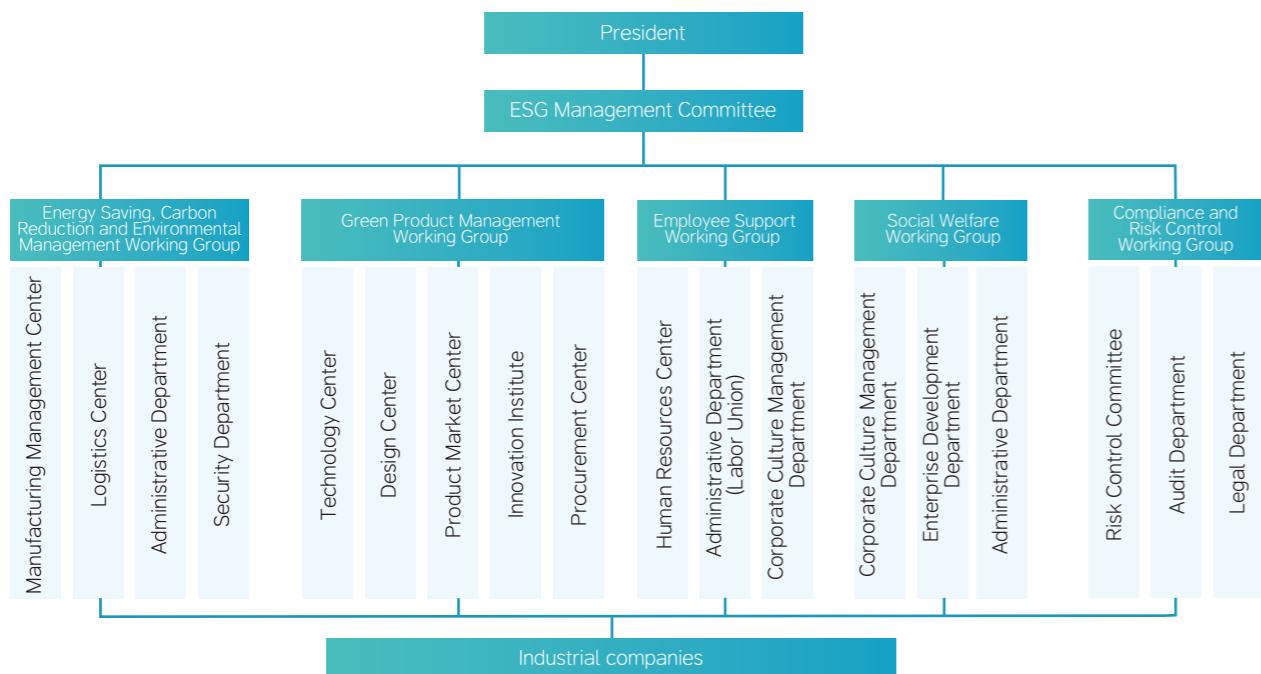
In the face of increasingly diverse information security threats, to better protect the privacy of customer data, we designed a customer information security training course framework combining theory and practice based on *Deli's Confidentiality and Information Security Management Regulations*. We invited external experts to interpret the core provisions of the *Personal Information Protection Law*, and illustrate them with typical industry cases for the warning purpose. Meanwhile, the internal information security department, based on the review of practical drills, presented to employees the key points of encryption tool usage and risk identification, organized simulation training covering scenarios such as phishing email identification and sensitive information masking, and completed risk assessment in accordance with the *Information Security Code for Employees*. Through systematic training, we have effectively reduced operational compliance risks, and driven the upgrading of information security awareness from "passive compliance" to "active defense".



A training session on customer privacy protection

ESG Management

ESG management grows increasingly important in the new cycle of commercial civilization with drastic restructuring of values. As a global cultural, creative and technology group, Deli has always responded reasonably to the demands of various stakeholders. Guided by the vision of "gaining the trust of customers worldwide with products and services accessible for everyone", Deli continuously advances sustainable and high-quality development across the Company. To integrate the ESG concept into all parts of operations, Deli Group's President oversees the formulation of ESG strategies; the ESG Management Committee takes charge of identifying key issues and formulating detailed ESG objectives; and the ESG working groups, comprising heads of relevant functional departments and product companies, respectively addresses specific matters such as energy saving, carbon reduction and environmental management, green products, employee support, social welfare, as well as compliance and risk control.



In the cultural and creative industries, a major ESG topic is how to consistently integrate "low carbon" into the three stages of product design, manufacturing, and logistics and transportation. It's also important to create a people-oriented, harmonious, and fair working environment for employees, enabling them to earn competitive incomes and access more career opportunities.

Consumers' perception of brands is undergoing a shift from "value exchange" to "value resonance". Deli recognizes that the concept of sustainability represented by ESG is evolving from a marginalized moral narrative to a strategic pillar of core competitiveness. Therefore, we strive to demonstrate engineering-level rigor in environmental data and maintain a delicate balance with a human touch in social issues, making ESG management not just an internal discipline for the Company, but a bridge to build trust with users.

Communication with and Response to Stakeholders

Stakeholders	Demands	Communication and response	Corresponding section
Customers and users	<ul style="list-style-type: none"> 1. Stable quality 2. Cost effectiveness 3. Strong scenario adaptability 4. Easily accessible after-sales service 5. Safe, non-toxic and harmless raw materials 	<ul style="list-style-type: none"> 1. Quality management throughout product lifecycles 2. Highly responsive after-sales service and diverse channels 3. Building carbon-neutral products to enhance trust 	Product Quality and Safety Green Products and Innovation Chemical Safety Intellectual Property Protection After-sales Service
Employees	<ul style="list-style-type: none"> 1. Highly competitive compensation and benefits 2. Clear career development paths 3. A harmonious working environment 4. A diverse and inclusive organizational culture 	<ul style="list-style-type: none"> 1. Promoting a learning-oriented organization and flexible work schedules 2. A diverse training system spanning online and offline scenarios and combining theory with practice 3. A clearly defined reward, punishment, and promotion system 	Occupational Health and Safety Ergonomics Employee Training and Development Employee Rights and Interests
Suppliers	<ul style="list-style-type: none"> 1. Stable orders 2. Reasonable payment terms 3. Technical upgrade support 4. Data sharing 5. Joint efforts to cut cost 	<ul style="list-style-type: none"> 1. Graded supplier management, and more support for strategic partners 2. Helping small and medium-sized suppliers optimize operation and advance digital transformation 3. Integrate ESG assessment into supplier access criteria 	Chemical Safety Sustainable Supply Chain
Dealers	<ul style="list-style-type: none"> 1. Stable product supply 2. Competitive prices 3. Robust after-sales support 	<ul style="list-style-type: none"> 1. Establishing a complete dealer management system 2. Providing market promotion support and training service 	Product Quality and Safety Green Products and Innovation Chemical Safety Intellectual Property Protection After-sales Service Sustainable Supply Chain

Stakeholders	Demands	Communication and response	Corresponding section
Communities and the public	<ul style="list-style-type: none"> 1. Pollution prevention during production 2. Creating job opportunities 3. Open and transparent disclosure of significant information 	<ul style="list-style-type: none"> 1. Including community demands into ESG strategy, and launching the "One Community, One Public Welfare Initiative" program 2. Hosting or sponsoring community-level cultural and creative activities 	<ul style="list-style-type: none"> Chemical Safety Digital Carbon Management Climate Change Response Green Manufacturing Emissions management Community Engagement
Governments and regulators	<ul style="list-style-type: none"> 1. Compliance with laws and regulations 2. Contribution to regional economy 3. Protection of data security 	<ul style="list-style-type: none"> 1. Actively communicating with governments and regulators 2. Participating in the formulation of industry standards, and providing reference for regulatory decisions 	<ul style="list-style-type: none"> Compliance and Anti-corruption Information Security Emissions management

During the reporting period, the Company updated and revised the *Deli Group Sustainability Management System*, the *Deli Group Carbon Verification and Climate Change Management Manual*, and the *Deli Group Greenhouse Gas Inventory Operation Guidelines* to further improve the ESG governance structure, standardize the carbon verification process, provide effective and timely feedback for energy management goals, and ensure effective actions are taken under the framework of the *Paris Agreement* and China's "dual carbon" strategy.

Employees are the key driving force behind the implementation and continuous enhancement of Deli's ESG initiatives. The Company has built a three-dimensional integrated ESG training system to create a sustainable development ecosystem with full employee participation. During the reporting period, ESG concepts were introduced into the onboarding training for university graduates, helping new employees understand Deli's practices and achievements in sustainable development, social responsibility, and green manufacturing. Through the Dedao Lixing online learning platform, ESG training achieved full employee coverage via online courses, video sessions, and interactive Q&As, delivering ESG concepts to every employee. Targeted training programs were conducted for key functional departments such as procurement, human resources, and manufacturing, providing professional tools and practical guidelines to help them achieve specific sustainability goals within their respective domains, ultimately forming a strong synergy at Deli Group level.



ESG sustainability pre-employment training for newly hired university graduates



学会如何阅读 ESG 报告

1071人学习 | 2580次浏览



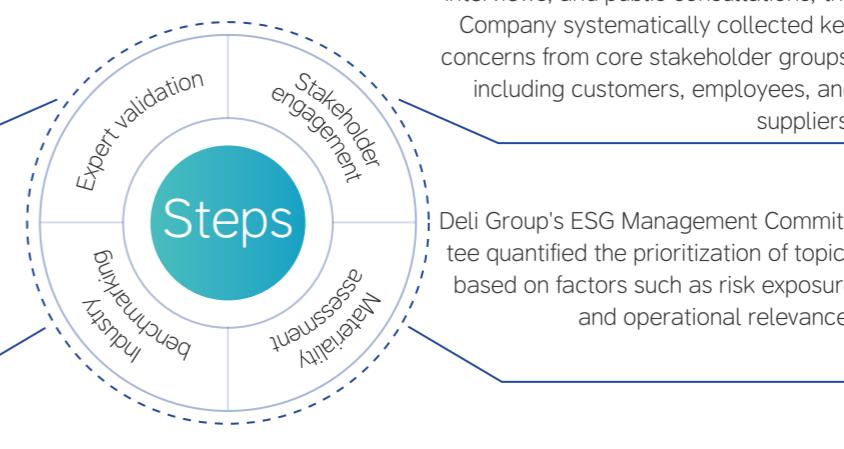
ESG Sustainability Channel on the Dedao Lixing Platform (left);
Hands-on ESG training for functional departments (right)

Materiality Assessment

To ensure that ESG efforts are focused and effective, Deli conducted a materiality assessment based on the *Global Reporting Initiative (GRI) Standards* and the *United Nations Sustainable Development Goals (SDGs)*. The Company also incorporated its group strategy and leadership insights, placing greater emphasis on topics such as after-sales service and chemical safety.

A third-party organization was invited to independently review the list of topics to ensure objectivity and scientific integrity.

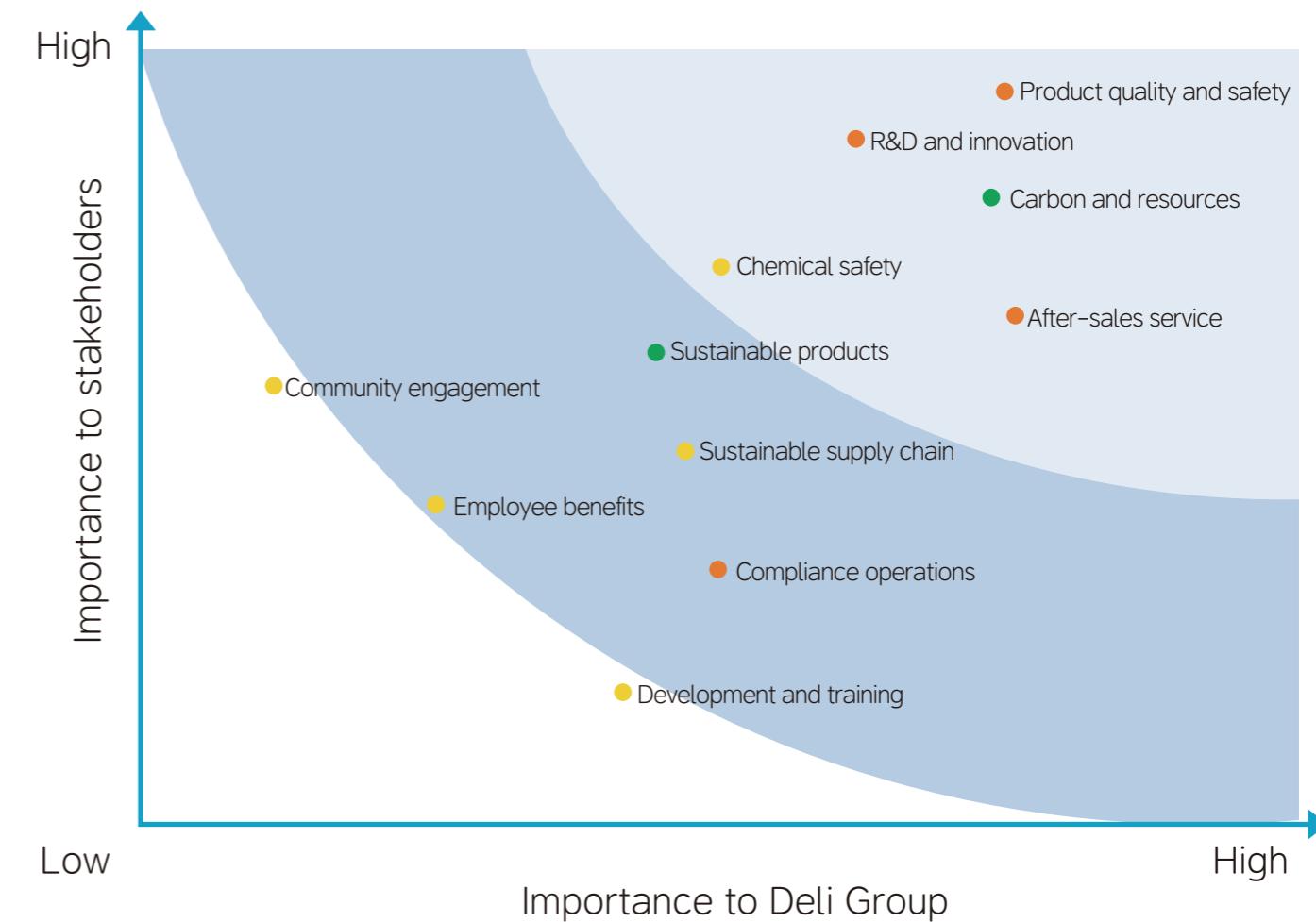
A third-party organization was invited to independently review the list of topics to ensure objectivity and scientific integrity.



Through questionnaires, face-to-face interviews, and public consultations, the Company systematically collected key concerns from core stakeholder groups, including customers, employees, and suppliers.

Deli Group's ESG Management Committee quantified the prioritization of topics based on factors such as risk exposure and operational relevance.

Topic	Importance of the Topic
Product quality and safety	Product quality and safety have always been at the core of Deli's operations. The Company ensures that its products meet or exceed relevant standards to prevent harm or loss caused by quality issues.
Carbon and resources	Resource management, emission disposal, and carbon emission management are closely linked. By optimizing resource use and improving waste management, the Company reduces carbon emissions and minimizes environmental impact.
R&D and innovation	Innovation is the source of vitality for corporate development. Through technological breakthroughs, model iterations, and management optimization, innovation continuously drives value creation, serving as a core momentum for the Company to address ESG challenges and achieve sustainable growth.
After-sales service	In response to the Company's commitment to high-quality service and stakeholder expectations, Deli has strengthened its focus on after-sales service, continuously enhancing customer care, repair, and return/exchange services.
Chemical safety	In response to customer, industry, regulatory, and internal management needs, Deli has enhanced its focus on chemical safety by strictly controlling the use and storage of chemicals to reduce potential risks to human health and the environment and prevent environmental and safety accidents.
Sustainable products	Driven by the trends of promoting a circular economy, reducing resource waste, and meeting consumer demand for green products, the Company adopts systematic design to minimize environmental impact throughout the product lifecycle.
Sustainable supply chain	Aligned with policy and market expectations, Deli strengthens requirements for supply chain sustainability by integrating environmental responsibility, social equity, and economic efficiency, aiming to enhance resource efficiency, minimize risks, and promote long-term value co-creation.
Community engagement	Upholding the "Six Loves" values, Deli contributes to local economic and social development by investing in community infrastructure, supporting education, and engaging in public welfare initiatives.
Compliance operation	Deli ensures all operations comply with laws, regulations, industry standards, international norms, and internal policies, protecting intellectual property and trade secrets while preventing fraud and strengthening risk management.
Employee benefits	The Company provides systems, resources, and services to protect basic rights and interests of employees, enhance their well-being, foster professional growth, and strengthen their sense of belonging, including legally mandated basic benefits and voluntarily provided supplementary benefits.
Development and training	Deli ensures fair opportunities for career development and promotion, offering ample training resources to unlock employee potential and promote mutual growth of individuals and the Company.



02

Business Operations

Green Products and Innovation

Product Quality and Safety

Chemical Safety

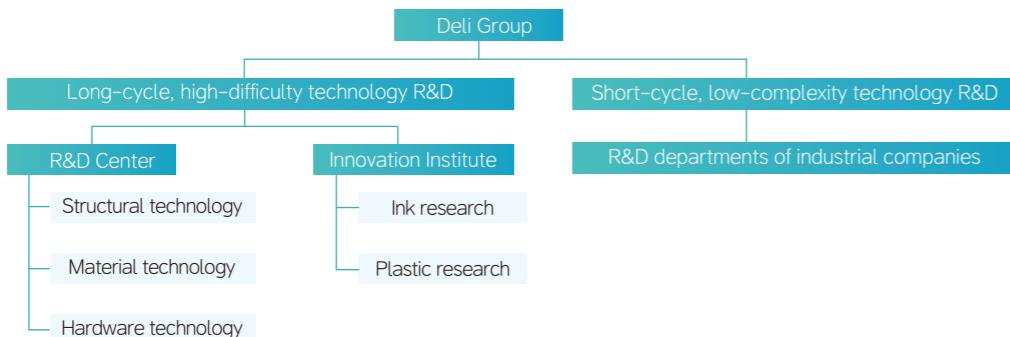
Intellectual Property Protection

After-sales Service

Sustainable Supply Chain



Green Products and Innovation



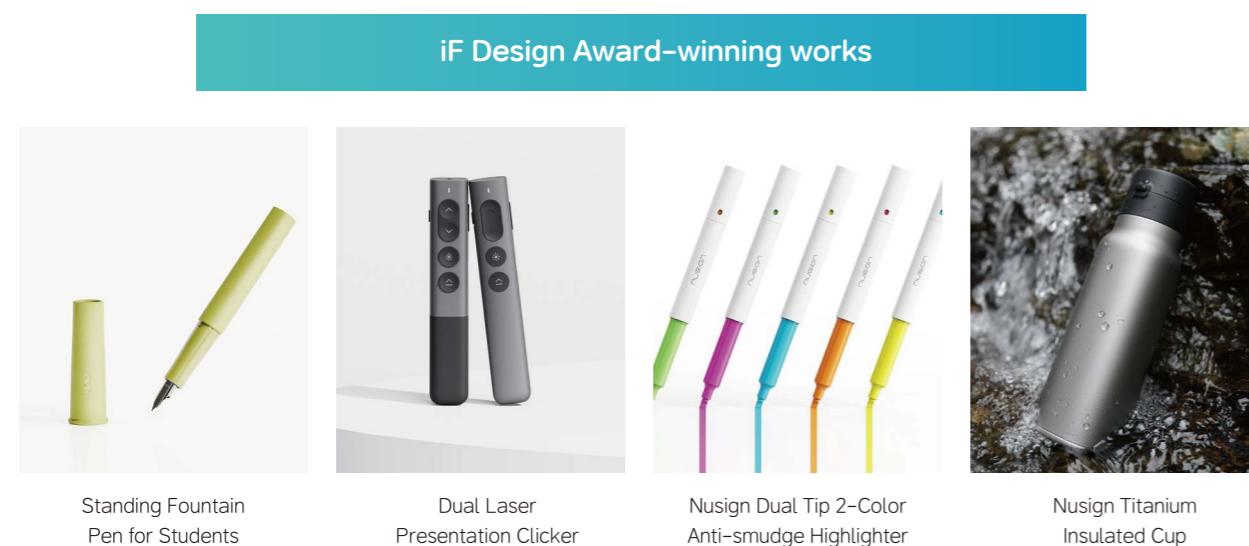
Structural diagram of the innovation system

Institutional Guarantee

Deli is committed to establishing and improving management systems related to technological innovation to standardize Deli Group's innovation and R&D activities. Deli Group has formulated standard documents including the *New Product Development Management Procedures*, the *Innovation Proposal Management Regulations*, the *Key Technology Research Management Regulations*, and the *Design Change Management Regulations*. These documents cover all stages of R&D projects throughout their lifecycle, including the concept stage, planning stage, verification stage, technical appraisal stage, and review of the transformation of technological achievements as well as corresponding procedures for project changes, project suspension, and reward issuance, providing an institutional guarantee for the regular implementation of innovation activities.

Innovation Achievements

By the end of 2024, Deli Group had accumulated 1,566 utility model patents and 139 invention patents. During the reporting period, four product projects won the iF Design Award.



Case: Innovative PET Transparent Shoe Box Structure Enhances User Experience

Due to material and structural constraints, some transparent shoe box products are prone to deformation, difficult to assemble or disassemble, and inconvenient for item access. Focusing on user experience, we adopted high-toughness PET material combined with a 180° rotating door design, a door buffer mechanism, and a modular stackable structure to launch the industry's first PET transparent shoe box. The product allows one-handed opening and closing, flexible stacking, and quick assembly/disassembly, effectively addressing the common pain points of fragile and inconvenient traditional shoe boxes and greatly enhancing the long-term user experience.



PET transparent shoe boxes

Case: Innovation Proposal Conference and R&D Platform to Build a Digital Innovation Ecosystem

To accelerate the implementation of Deli Group's innovation-driven development strategy and promote deeper integration between R&D and manufacturing systems, Deli combined the Innovation Proposal Conference with the Lean Production Monthly Meeting, and subsequently launched the R&D Innovation Management Platform, sharing outstanding innovation cases, recognizing exemplary teams and individuals, and fostering a robust innovation management culture. These initiatives effectively promote cross-departmental sharing of innovation achievements, enhance R&D-manufacturing collaboration efficiency, and significantly strengthen the effectiveness of innovation resource integration across Deli Group.



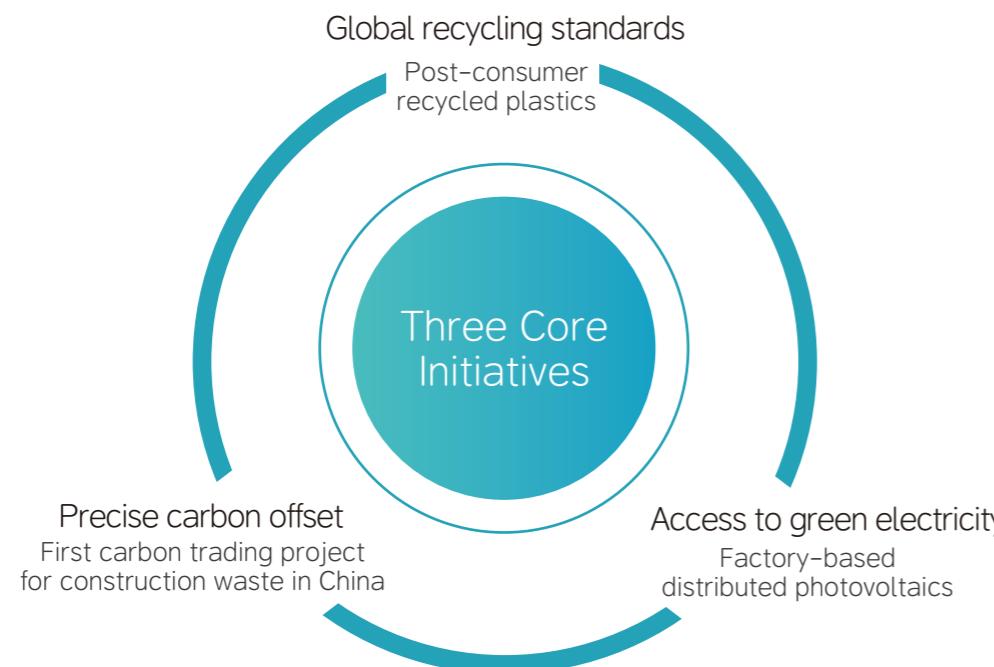
Innovation Proposal Conference

During the reporting period, Deli Group made significant progress in sustainable product development: over 13 million new green products were developed, covering diverse application scenarios; 10% of materials in existing product lines now use renewable or recyclable resources, laying the groundwork for a low-carbon production system. Meanwhile, sales of sustainable products reached RMB26 million, up 15% year-on-year, further meeting market demand for green and sustainable products.

For engineering plastic waste such as ABS, PS, and PC contaminated during factory R&D prototyping and trial production, the Company commissioned third-party professional recycling institutions to process the contaminated plastics using contaminant separation and removal, high-pressure water circulation cleaning, low-temperature crushing, and temperature-controlled melting and pelletizing, converting them into recycled pellets that meet ISO/GB standards. Additionally, to further support the low-carbon transition and reduce plastic use, Deli Group actively sources post-consumer recycled plastics certified by GRS, RCS, and other professional standards, using them as raw materials in its sustainable product lines.

Case: Full-Chain Carbon-Neutral Stationery Practice to Set a Benchmark for Carbon-Neutral Products

To explore a carbon-neutral path for the stationery industry, Deli Group partnered with a beverage brand to launch a carbon-neutral stationery series covering six frequently used categories: gel pens, correction tapes, glue dots, binders, rulers, and geometry sets. The series advances carbon neutrality through three core initiatives: (1) the main product body is made from post-consumer recycled plastics, promoting a circular use of resources; (2) production is powered by green electricity, replacing part of the grid electricity; (3) remaining carbon emissions from production processes are precisely offset through the purchase of the country's first carbon trading project for construction waste (recycled bricks), certified by third-party institutions to achieve full lifecycle carbon neutrality. This cooperation innovatively integrates raw material substitution, production consumption reduction, and carbon offset mechanisms, establishing a low-carbon product development model in the stationery industry that is "measurable, traceable, and replicable." Moving forward, Deli will deepen collaborative innovation across the supply chain by building a materials database, developing low-carbon ink formulas, and deploying distributed photovoltaics, accelerating the creation of a green office ecosystem with transparent carbon footprints, modular emission reduction technologies, and coordinated ecological partnerships.



Three core initiatives form a closed-loop carbon reduction system

Product quality and safety

Deli always regards quality as the fundamental cornerstone of its survival and development. The Company is committed to providing customers with high-quality products, services, and solutions, responding quickly to customer needs, and continuously creating maximum value. To enhance the sense of independent management among industrial companies and stimulate their initiative and creativity in quality management, thereby improving the overall efficiency of quality management across Deli Group, Deli delegated key functions—such as training, product improvement, and research on standards and technical regulations—to its industrial companies during the reporting period, making them the primary entities responsible for quality management.

By the end of the reporting period, Deli Group had seven testing laboratories, 51 professional testing technicians, 13 internal quality exposure cases, all of which were closed with an average handling period of 11 days.

Quality Management Committee

Formulate Deli Group's quality management strategy
Supervise and guide the work of the Quality Management Center and industrial companies
Make decisions on and coordinate major quality-related incidents

Quality Management Center

Oversee and manage quality inspection centers
Lead cross-departmental efforts to address serious quality incidents
Monitor market quality data
Promote quality culture development and performance management

Industrial companies

Implement routine quality management
Handle general quality incidents
Carry out continuous product quality improvement
Execute the quality data reporting mechanism

Quality management organizational structure

System Construction

Deli Group, based on the ISO 9001 quality management system, has systematically established a full-process quality management system through the development of 29 core quality management policies. During the reporting period, Deli Group actively promoted industry-wide quality initiatives, participating in the formulation, revision and issuance of 9 industry standards, and optimized its internal control network by completing the development and revision of 22 quality policies, achieving the synchronous iteration of management standards and business development.

Participation in the formulation, revision and issuance of standards in 2024:

Category	Name	
Industry standards	Electrician's Knife	QB/T2208-2024
	Office Equipment Noise Test Method	JB/T 7476-2024
Group standards	Children's Acrylic Paint and Acrylic Markers	T/SLIA 0003-2024
	Safety Technical Specification of Flame Resistance for Furniture	GB 17927-2024
National standards	Green Product Assessment—Printers and Multifunction Devices	GB/T 44447-2024
	Household and Similar Use Single-phase Plugs and Socket-outlets – Types, Basic Parameters and Dimensions	GB 1002-2024
	Cord Extension Socket-outlets for Household and Similar Purposes – Safety Technical Specification	GB 2099.7-2024
	Fountain Pens and Nibs	GB/T 26717-2024
	General Rules on Quality Grading of Consumer Products	GB/T 44164-2024

Intelligent Quality Construction

Deli drives the digitalization of quality management with quality big data as the core engine.



Case: Establishing a Paper Products Laboratory to Drive Technological Breakthroughs and Lead the Market

To address the lag in quality control caused by varying technical standards in the global paper products market, Deli strategically invested RMB4 million during the reporting period to build a paper products laboratory, aiming to overcome the pain points of traditional quality management, which relies heavily on experience and reacts passively to risks. The laboratory systematically collects over 300 technical parameters from target markets such as the EU, North America, and Southeast Asia, establishing a quantitative indicator database covering raw material composition (e.g., FSC-certified fiber content), process characteristics (e.g., coating penetration rate), and quality thresholds (e.g., tear strength and folding endurance). During the R&D phase, parametric models are used to predict product compliance risks. A real-time data monitoring system was developed for the production process, performing dynamic benchmarking analysis of critical process nodes (e.g., pulp furnish, drying temperature). When measurements deviate from preset parameter ranges, an early warning will be triggered. As a result, the timeliness of quality anomaly detection was improved by 72% compared with traditional sampling methods. Currently, the laboratory is advancing the full lifecycle data loop for paper products, deepening the application of digital twin technology in paper-making processes, and building a fully traceable system covering everything from raw material procurement to end-of-life recycling.



Paper Products Laboratory

Quality Culture Development

The Company has built a three-tier quality empowerment system covering awareness enhancement, professional skill improvement, and practical capability competitions. 31 Quality Culture Seminars reached a total of 2,230 participants, 2 discussion salons were held using 13 typical quality cases, and 12 quality knowledge competitions were organized.

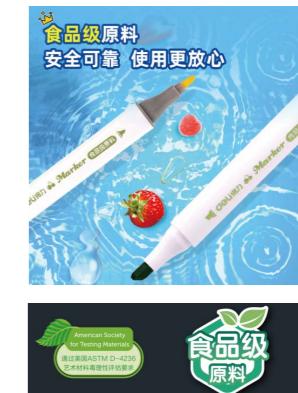
Chemical Safety

Deli places great emphasis on the lifecycle management of chemicals, fully ensuring the right of users and employees to be informed and protecting the health rights of stakeholders. In accordance with REACH, ISO 14001, ISO 45001 standards and management frameworks, the Company has established management systems such as the *Supplier Chemical Safety Audit Checklist* and the *Chemical Spill Handling Procedures*, and prioritizes the use of safer raw materials while ensuring product performance compliance.

Link	Measures
R&D	Adhering to the core principle that "safety is the top priority," Deli proactively increased chemical restrictions for scenarios involving sensitive groups such as children and pregnant women, in accordance with national standards (GB 6675, GB 21027, etc.) and European standards (EN71-3, etc.) based on product classification. Third-party testing agencies are engaged to conduct chemical safety tests during lab-scale trial, pre-pilot run, and pre-commercial production stages.
Procurement	Deli has established the <i>Supplier Chemical Safety Audit Checklist</i> , and requires suppliers to provide Safety Data Sheets (SDS) and third-party test reports. Product safety requirements are incorporated into mutually signed product standards. Batch sampling inspections are conducted for high-risk raw materials and products, such as inks and coating agents.
Storage	Hazardous chemical warehouses are set up independently and organized by flammability (e.g., alcohol solvents) and corrosiveness (e.g., acidic adhesives), with Globally Harmonized System (GHS) warning labels posted. Explosion-proof ventilation systems and gas leak alarms are installed. "Dual-person, dual-lock" management with regional networked monitoring is implemented for substances that can be used to produce drugs or explosives.
Production	At the production site, operators wear compliant protective equipment according to raw material characteristics. Closed production lines are used to reduce Volatile Organic Compounds (VOC) emissions, with activated carbon adsorption devices installed to treat exhaust gases.
Waste	Temporary storage areas for hazardous waste are established, with waste stored by category and assessed for recyclability. Waste that cannot be recycled is disposed of in compliance with regulations.

Case: Child-Safe Food-Grade Ink, Redefining Safety Standards for Children's Stationery

With growing attention to the safety of children's stationery, common watercolor inks may pose health risks if accidentally touched or ingested. For 3 - 12-year-old children's drawing scenarios, Deli introduced the concept of "safety under normal conditions of use and handling" and developed non-edible, food-grade inks. The core ink components (colorants, stabilizers, etc.) are selected from the approved lists of Regulation (EC) No. 1333/2008 and Commission Regulation (EU) No. 231/2012 and validated across the supply chain, with 19 migratable elements fully compliant with EN71-3 standards. By applying food-grade safety standards to the stationery industry, Deli established a safety system combining ingredient transparency with international standards, redefining the safety benchmark for children's stationery and providing parents with "visible safety."



Child-safe food-grade ink markers

Case: Innovative Eco-Friendly Tape: Reshaping the Product Core with Degradable Materials

Traditional packing tape uses Biaxially Oriented Polypropylene (BOPP) as its substrate, which is difficult to degrade and may cause environmental pollution if discarded in soil. To retain strong adhesion and tensile strength while improving environmental friendliness, Deli replaced the BOPP substrate with degradable cellulose film and produced the tape using degradable adhesives. According to aerobic composting verification, the tape achieved a 95.7% relative biodegradability after 180 days of simulated testing. This approach improves the tape's full lifecycle environmental performance, promotes the concept of reducing plastic pollution, and drives dual transformation in consumer habits and materials innovation across the industry chain.



Degradable packing tape

Intellectual Property Protection

Proactive intellectual property (IP) management enables consumers to purchase genuine Deli-branded products in the market, avoiding economic losses or health risks caused by counterfeit goods. It also serves as an important measure to combat unfair competition such as "free-riding" and to foster a healthy industry ecosystem.

The Intellectual Property Department is responsible for coordinating Deli's IP management. In 2024, Deli Group passed the annual supervision audit of its IP management system, meeting the requirements of the GB/T 29490-2023 standard and maintaining effective operation. An IP identification mechanism is activated at the early stage of R&D and product design. Technical solutions, appearance designs, and brand logos are systematically classified and documented, and IP registration applications are submitted at the appropriate time based on business needs. For product development projects, Deli conducts comprehensive risk identification and screening related to IP protection. Differentiated design strategies are formulated for high-risk projects, ensuring that innovation and R&D activities comply with legal and regulatory requirements through methods such as design-around, licensing, and invalidity analysis.

After product launch, Deli implements a multi-party infringement reporting mechanism that covers employees, partners, and consumers, in accordance with the *Counterfeit, Trademark Infringement, and Patent Infringement Detection Mechanism*. This creates a collaborative governance network with broad participation. Supported by a digital platform, the system enables rapid response to infringement leads and tiered handling of infringement cases. During the reporting period, 48 valuable leads were collected, 15 of which were formally filed for rights protection.

IP Indicators in 2024

Authorized patents with strong environmental attributes

7

Number of participants covered by IP training

600+

Authorized patents with strong innovation attributes

47

IP training sessions organized internally

39

IP training sessions conducted by external instructors

24

Case: Combating Unfair Competition to Protect Consumers' Legitimate Rights and Interests

As Deli's market scale continues to expand, some market entities attempt to imitate the "deli" brand logo by applying for similar trademarks. Such actions may cause confusion among consumers regarding product origin and potentially affect brand recognition. To preserve the distinctiveness of its brand logo and protect consumer rights, Deli systematically manages trademark registration risks. Through legal similarity analysis, likelihood of confusion assessments, and precedent studies, the Company formulates differentiated opposition strategies and collaborates with the China National Intellectual Property Administration and industry experts to conduct compliance reviews. Lawful oppositions are filed against trademark applications likely to cause confusion, ensuring fair market competition. During the reporting period, Deli filed oppositions against 137 high-risk trademark applications, 103 of which were declared invalid or voluntarily withdrawn after review — achieving an invalidation success rate of 75.18%. Based on this performance, Deli was listed among the "2023 Top 100 Companies in Trademark Opposition and Rights Protection" published by a third-party institution, demonstrating its compliance and governance capability in brand protection.



Rights protection actions carried out for some of the above trademark oppositions

After-sales Service Comprehensive Service Standard Development

Deli remains customer-centric and continuously improves its customer service system. During the reporting period, it formulated the *Deli After-Sales Service Agreement* and the *Operational Management Regulations for Authorized Outlets of the Department of Customer Service*. These policies together with six existing ones (*Customer Complaint Management Procedures*, *Market Emergency Incident Processing Procedures*, *Call Center Service Processing Procedures*, *Customer Complaint Processing Procedures of the Department of Customer Service*, *Information Processing Procedures of the Department of Customer Service*, and *Abnormal Complaint Processing Principles*) form a "2+6+N" service policy matrix, covering all scenarios from service commitments to the handling of abnormal incidents, continuously enhancing customer experience and effectively resolving customer issues.

From 2020 to 2024, Deli received the five-star certification under GB/T 27922-2011 (Evaluation System for After-sales Service of Commodity) for five consecutive years. In 2024, the Company obtained the ten-star certification under the *Implementation Rules for After-Sales Service Management Maturity Certification*, representing a leading level nationwide across all industries.



Five-star certification for after-sales service (left);
Ten-star certification for after-sales service management maturity (right)

Digital Customer Service

Deli Group centrally manages customer complaints through a digitally driven customer service system, covering the full lifecycle from recording and investigating issues, transferring them to relevant departments for resolution, to following up on progress and providing feedback. This ensures a closed-loop management of customer service and effectively protects customer rights and interests.

400 Call System: The system is composed of AI-powered online customer service and human agents. The AI-powered online customer service relies on a comprehensive product knowledge base to provide 24/7 support. When users submit inquiries, the system first responds through intelligent Q&A; if the issue is not resolved after two rounds of interaction, it will be automatically transferred to a human agent. In 2024, the AI service successfully resolved 69.7% of inquiries independently.

CRM (Customer Relationship Management) System: It systematically manages all customer touchpoints from initial contact to final follow-up. Information sharing across all business nodes frees customers from providing the same evidence repeatedly, improving process continuity and customer experience.

WMS (Warehouse Management System): Once an outlet places an order, the system automatically matches and allocates materials from the nearest warehouse, improving after-sales material distribution efficiency and ensuring timely supply. In 2024, 94% of spare parts were dispatched within two days.

Number of customers served

846,776 → 928,567 **↑ 9.66%**

Average handling time per customer

2 min 13 sec → 2 min 25 sec **↑ 9.02%**

Telephone customer satisfaction

95.5% → 95.7% **↑ 0.20%**

Complaint resolution rate

100% → 100% **Stable**

User self-service rate

45.5% → 62.6% **↑ 17.10%**

Dealer after-sales satisfaction

88.5% → 90.8% **↑ 2.30%**

User repair satisfaction

97.8 → 98.0 **↑ 0.02%**

Repair timeliness at outlets

38.40 hours → 36.71 hours **↓ 4.40%**

Number of outlets

996 → 1,106 **↑ 11.04%**

Outlet engineer training sessions

458 → 501 **↑ 9.39%**

Case: Knowledge Base and All-in-one QR Code Enhance After-Sales Service Efficiency

To address common pain points such as difficulty in verifying authenticity, lack of operating instructions, and time-consuming problem resolution after purchasing multiple product categories, Deli established a comprehensive self-service system covering all scenarios to reduce post-purchase concerns. Based on real user feedback and channel service data, a standardized product knowledge base was built, covering over 8,000 high-frequency cross-category issues and more than 2,700 instructional videos. At the same time, Deli equips its full range of products with a dedicated "Customer Service All-in-one QR Code", allowing users to verify authenticity and directly access unboxing guides, installation tutorials, troubleshooting solutions, and related knowledge base content. The system enables most routine issues to be resolved by scanning the QR code or accessing the knowledge base, which improves user inquiry response efficiency, reduces technical support burdens for dealers, and significantly enhances user experience and channel service cost while ensuring standardized service across multiple categories.



All-in-one QR Code interface

Sustainable Supply Chain

Deli Group places high importance on the sustainable development of its supply chain and has strengthened ESG requirements in supplier audits. During the reporting period, Deli Group revised supplier onboarding and assessment rules, thoroughly investigated the supply chain status and stakeholder expectations, and audited suppliers' performance across six dimensions: resource and energy, pollution prevention, employee rights and interests, occupational health, business ethics, and supply chain management. It implements tiered supplier management, with non-core suppliers subject to rolling sample audits in addition to the annual quality system review, while core suppliers undergo comprehensive compliance evaluation.

Prudent Procurement

Deli Group has established a full-lifecycle dynamic monitoring system and uses authoritative third-party data platforms to conduct annual risk assessments of suppliers in the database. By collecting key indicators such as tax compliance, litigation records, and business credit ratings, it has constructed a risk warning model. Suppliers triggering a red alert are subject to transaction freezes, while other at-risk suppliers are required to submit improvement reports with supporting evidence in a timely manner. Those failing to rectify issues as scheduled will be placed on the elimination list and gradually phased out, which optimizes the supply chain through a phased exit mechanism.

For high-risk product categories, such as exclusively supplied large-volume products, Deli Group conducts annual reviews, guides industrial companies to optimize procurement strategies, introduces new suppliers, explores alternative product categories, and maintains an alternative supplier pool to mitigate supply risks and control costs.

Supply Chain System Development

Guided by sustainable development, Deli Group continuously improves its supply chain policies. During the reporting period, a new version of the *Supplier Management Regulations* was issued, and the *Supplier Risk and Integrity Management Regulations* were revised, explicitly incorporating ESG performance into the quantitative evaluation system and raising the ESG audit weight to 10% of the total score. Core indicators such as suppliers' quality systems, environmental systems, quality culture, safety, and fire protection are assessed annually, ensuring full coverage for both new supplier onboarding and core supplier re-evaluation.

During the reporting period, 3,804 suppliers were audited in accordance with these regulations.

Case: Targeted Training Deepens Practical Understanding, Collaborative Mechanism Strengthens Management Foundation

To support the implementation of the sustainable development strategy and foster deeper understanding of green supply chain transformation, Deli Group's Procurement Center collaborated with the ESG Department to organize a focused exchange event. Through industry case analyses and discussions on green procurement and chemical safety management, the event systematically enhanced the team's understanding of sustainable supply chains. Following the event, the supply chain team incorporated ESG concepts into the procurement decision-making framework, developed a tiered supplier management plan, provided a clear path for core suppliers to strengthen their sustainability capabilities, and established a preliminary consensus on green supply chain management.



Sustainable supply chain training

Supplier Capability Development

Deli Group acts as the "chain leader" to advance supply chain strategic collaboration. Through technical standard export, resource coordination, and the supplier manufacturing capability enhancement program, Deli Group drives technological innovation and ecological value co-creation across the entire supply chain, fulfilling its chain-leader responsibilities. Through the supplier manufacturing capability enhancement program, Deli promotes technical upgrades and fosters win-win outcomes across the supply chain.

Case: Collaborative Supply Chain Quality Control Upgrade Enhances Both Efficiency and Quality

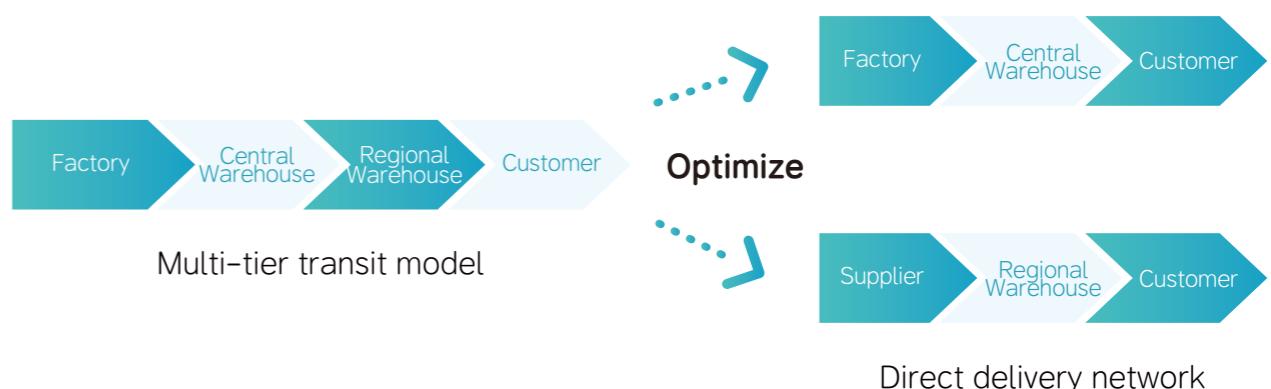
To continuously optimize supply chain collaboration efficiency and upgrade full-process quality control for key components, Deli Group provides systematic support to its suppliers. Cross-departmental expert teams are stationed at core supplier sites to implement production line optimizations and capability training. Additionally, a dedicated "Deli Line" is established to enforce strict internal control standards, enhancing supplier production efficiency and yield.



Deli professional team visits the dedicated "Deli Line"

Supply Chain Logistics Optimization

Based on the concept of collaborative supply chain innovation, Deli Group has established a coordinated logistics network with suppliers. Leveraging warehousing resources of both sides in key economic regions such as North, East, and South China, Deli Group innovatively implemented a bidirectional circular transportation mechanism. This logistics model effectively reduces empty haul rate, shortens loading and unloading wait time, and optimizes transportation costs across the entire supply chain. In addition, Deli Group innovatively restructured its finished goods distribution system. The original multi-tier transit model (Factory → Central Warehouse → Regional Warehouse → Customer) has been optimized into direct delivery networks (Factory → Central Warehouse → Customer and Supplier → Regional Warehouse → Customer), which improves overall supply chain responsiveness by reducing intermediate steps.



03

Society

Occupational Health and Safety

Employee Training and Development

Employee Rights and Interests

Community Engagement



Occupational Health and Safety

Deli Group always places employees' occupational health and safety as a top priority and is committed to providing all employees with a safe, healthy, and comfortable working environment. Deli Group strictly complies with the *Law of the People's Republic of China on Work Safety* and relevant laws and regulations applicable to its overseas operations. It has established and implemented a comprehensive set of safety management systems and risk identification procedures to ensure a safe workplace and protect employees from occupational hazards through multiple preventive measures.

In addition, Deli Group makes social insurance contributions for employees in strict accordance with the law, arranges regular occupational health check-ups, and promptly addresses potential health risks to effectively safeguard employees' physical well-being and enhance their work efficiency and quality of life.

During the reporting period, six factories under Deli Group obtained ISO 45001 Occupational Health and Safety Management System certification.

The Security Department regularly communicates identified risk points with regional management and issues *Hidden Hazard Rectification Notices* to specify corrective requirements and technical recommendations. Responsible units are required to submit rectification reports with supporting evidence within three working days. Depending on the urgency, on-site reviews of the rectification progress are conducted in the same or following month.

In fire safety management, Deli has innovatively established an "all-hour, scenario-based" evaluation system. Recognizing the high frequency and unpredictability of nighttime fire incidents, the Company replaces traditional daytime inspections with nighttime assessments. Every six months, it conducts realistic fire drills simulating complex scenarios such as power outages and equipment failures at night. Smoke-release devices are used to recreate authentic fire conditions and test employees' emergency response capabilities. During the reporting period, the pass rate for each assessment remained stable at over 85%.

To strengthen the capabilities of the safety management team, the Company regularly organizes empowerment training sessions for safety management personnel, inviting outstanding representatives from subsidiaries to share management experience and professional expertise. During the reporting period, total training hours on work safety across factories reached 122,254, with a 100% coverage rate.

Management Approach

To effectively strengthen the defense line for employees' occupational health and safety, the Company has established a multi-level safety management system tailored to its operational realities. A dedicated Security Department has been set up to oversee environmental protection, fire prevention, hazardous chemicals, production, and food safety. Deli rigorously enforces a three-tier control mechanism that encompasses factory management, departmental management, and site supervisors, ensuring safety responsibilities are clearly defined and executed at every level through hierarchical responsibility lists and individual safety commitment letters signed by all employees.



System Development

To promote a systematic approach to safety and shift from passive response to proactive prevention, each business unit has continuously improved the occupational health and safety management system, building a long-term work safety governance mechanism.

Occupational Health and Safety Management Framework



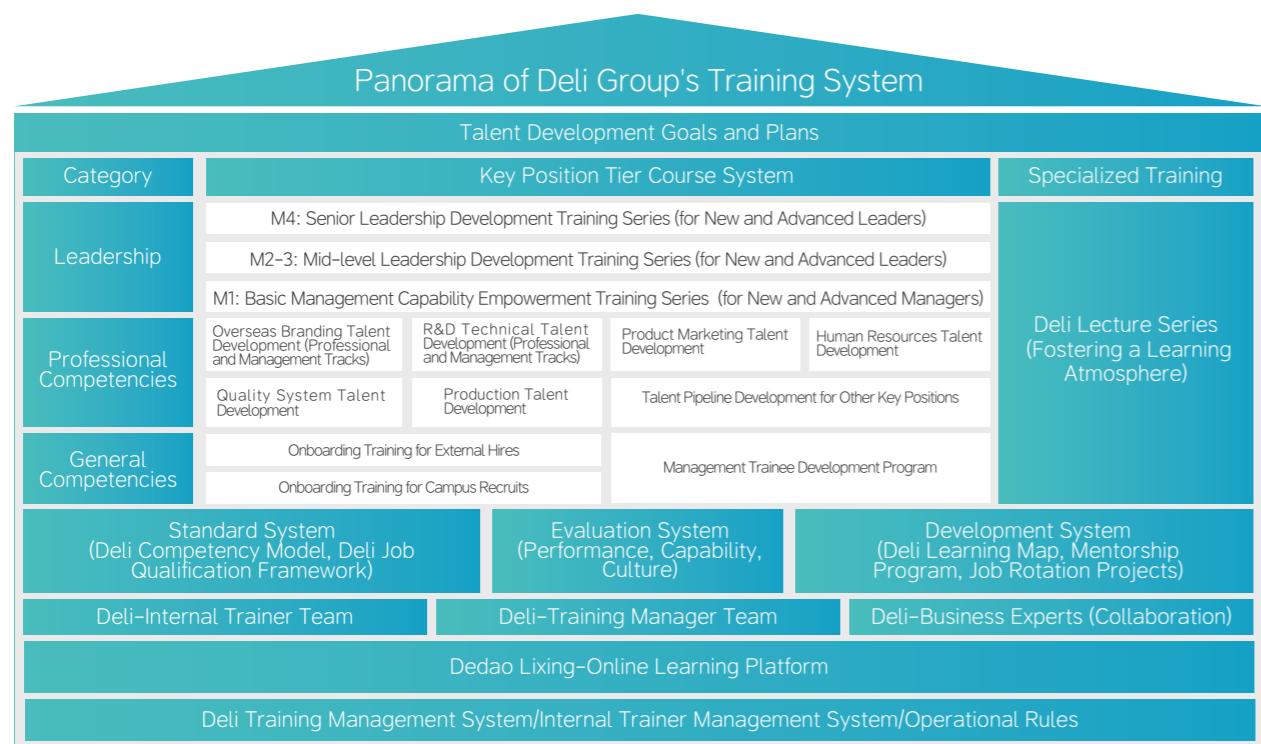
Employee Training and Development

Adhering to the core philosophy of “talent drives long-term value”, we have built a talent development system closely aligned with the Company's strategic goals. A mechanism for the exceptional appointment of young managers has been established, breaking age and seniority barriers. Through experience in strategic projects and cross-departmental rotations, we accelerate the growth of versatile talents, injecting innovation and vitality into the organization.

Regarding talent standards, we advocate a three-dimensional competency model: mindful character as the foundation, forward-looking thinking as the guide, and practical capability for execution. This ensures talent development resonates with the Company's values. In shaping corporate culture, we continuously optimize a healthy and transparent workplace ecosystem, strengthening organizational character defined by pragmatism, steadiness, purity, and integrity. Integrity, self-discipline, and a sense of responsibility are embedded in the code of conduct for all employees, laying a solid talent foundation for the Company's sustainable growth.

Employee Training

During the reporting period, Deli continued to deepen its employee training system, establishing an integrated mechanism combining training management, training courses, and training delivery. Tailored solutions were designed to meet the training needs of new employees, fresh graduates, current staff, and successors, covering general, professional, and on-the-job practical training. The Company also proactively builds an internal trainer team, promoting training that is standardized, well-organized, effective, and data-integrated.



Indicators	Unit	2024
Number of male employees trained	person	10,505
Number of female employees trained	person	6,405
Number of frontline employees trained	person	16,017
Number of mid-level managers trained	person	728
Number of senior managers trained	person	165
Average training hours per employee	Hour	25.3

Dedao Lixing—Deli's Online Learning Platform

During the reporting period, the Company launched the Dedao Lixing online learning platform. Leveraging digital tools, the platform improves employee learning efficiency, meets individualized learning needs, supports self-selected courses, and provides an open channel for sharing course materials, effectively consolidating Deli's internal knowledge and experience. By the end of the reporting period, a total of 11 monthly recommended courses had been pushed, with over 40,000 cumulative views and more than 20,000 cumulative learners, making the platform an important bridge between the Company and its employees.



Deli Group pushes one premium course to all employees each month, promoting regular and continuous learning.

Deli Group pushes one premium course to all employees each month, promoting regular and continuous learning.

Case: "Smart Deli, Empowering Business" — The First Micro-course Competition

Micro-courses are lightweight learning resources delivered via digital platforms. They are short and efficient (typically 5 – 15 minutes) and focus on specific topics, enabling structured consolidation of business experience, technical methods, and management wisdom. To address the initial resource gap of the online learning platform, in 2024, Deli Group launched its first Micro-course Competition. By integrating competition and training, encouraging company-wide co-creation, and leveraging a closed-loop digital operation process, the competition produced 108 standardized micro-courses covering over 20 business scenarios, including process optimization, customer service, and compliance management. The 76 finalist courses had an average learning duration of 8.2 minutes, and 70 courses have been applied in practical learning. The competition also developed 12 internal course development mentors, strengthening the Company's professional capacity for knowledge management. The competition employed a "horse-race" mechanism to stimulate individual creativity, using lightweight learning products to achieve efficient circulation of knowledge assets, providing a replicable benchmark model for building a corporate learning ecosystem in digital transformation.



Pre-competition training for micro-course design and development (top);
group photo at the award ceremony (bottom)

Case: From "Experience-Dependence" to "Systematic Empowerment" — Standardization of the Product Manager Course System

Traditionally, product manager training relied heavily on apprenticeships or fragmented training, often resulting in unclear competency definitions, inconsistent training outcomes due to individual experience differences, long development cycles for new hires, and uneven quality. In 2024, Deli Group launched the Product Manager Course System Construction Project. By combining standardized content with process-driven training, the project created a replicable talent "production line," achieving a shift from "experience-dependent" to "scientifically structured development." By the end of the reporting period, the project had developed 7 standardized courses and 28 practical cases, forming a three-in-one knowledge asset system of Course Library + Toolkits + Scenario Manuals. A total of 50 product managers were trained, covering 80% of business lines, and the cycle for new product managers undertaking independent projects was reduced from 12 months to 6 months.



On-site training of the Product Manager Course System

Talent Development

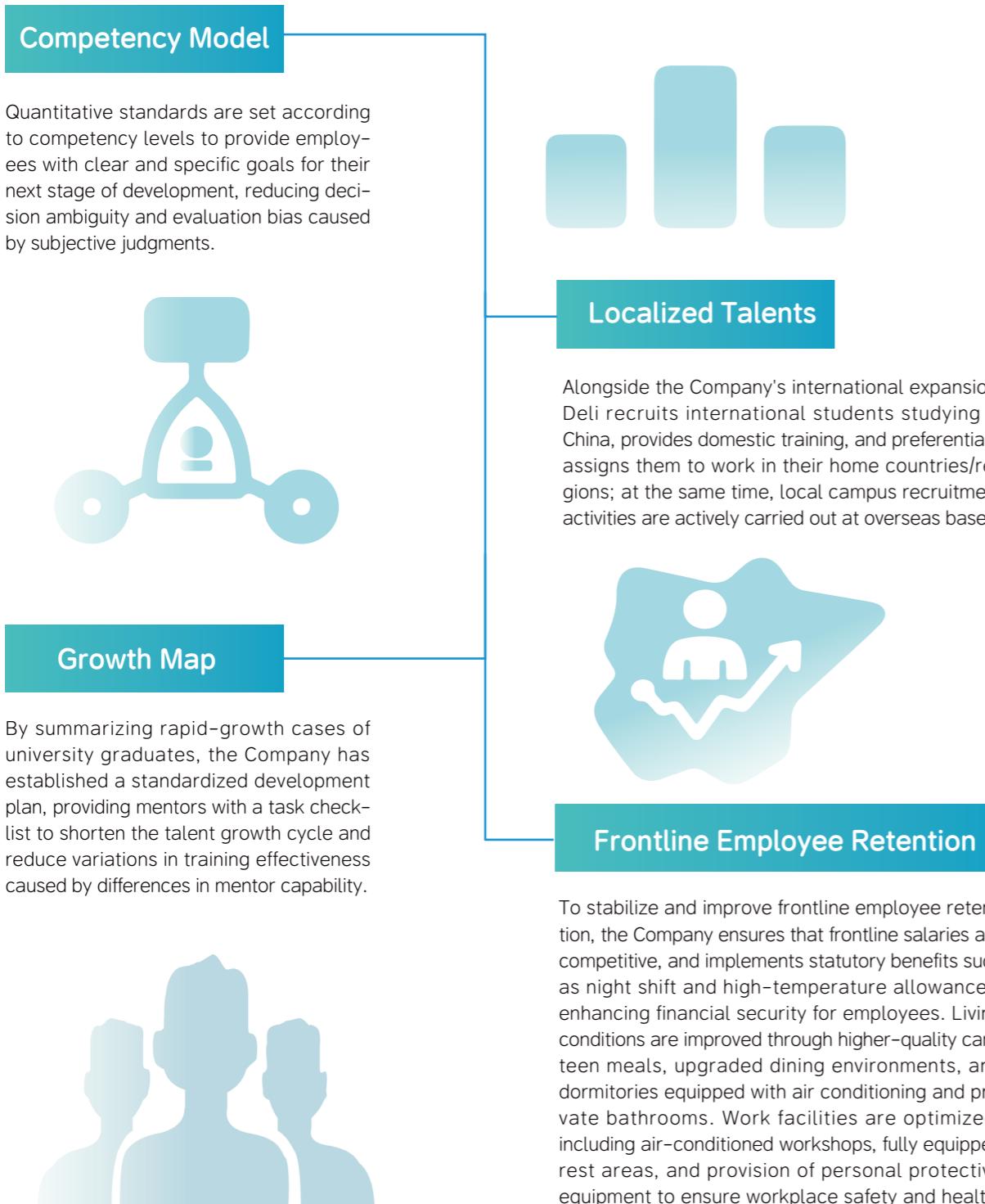
In its pursuit of high-quality and sustainable development, Deli considers talent development both a core driver for strategic execution and a key vehicle for mutual value creation between the organization and its employees. The Company provides employees with development approaches such as customized training, diverse career pathways, practical job rotation, and project-based initiatives, promoting forward-looking alignment between talent capabilities and business needs. Breaking traditional hierarchical barriers, the Company builds a three-dimensional development pathway combining lateral mobility and vertical advancement, implements function-oriented management, removes silos across industrial companies, and creates multidimensional value realization opportunities for employees.



Promoting forward-looking alignment
between talent capabilities and business needs

Multidimensional value
realization opportunities

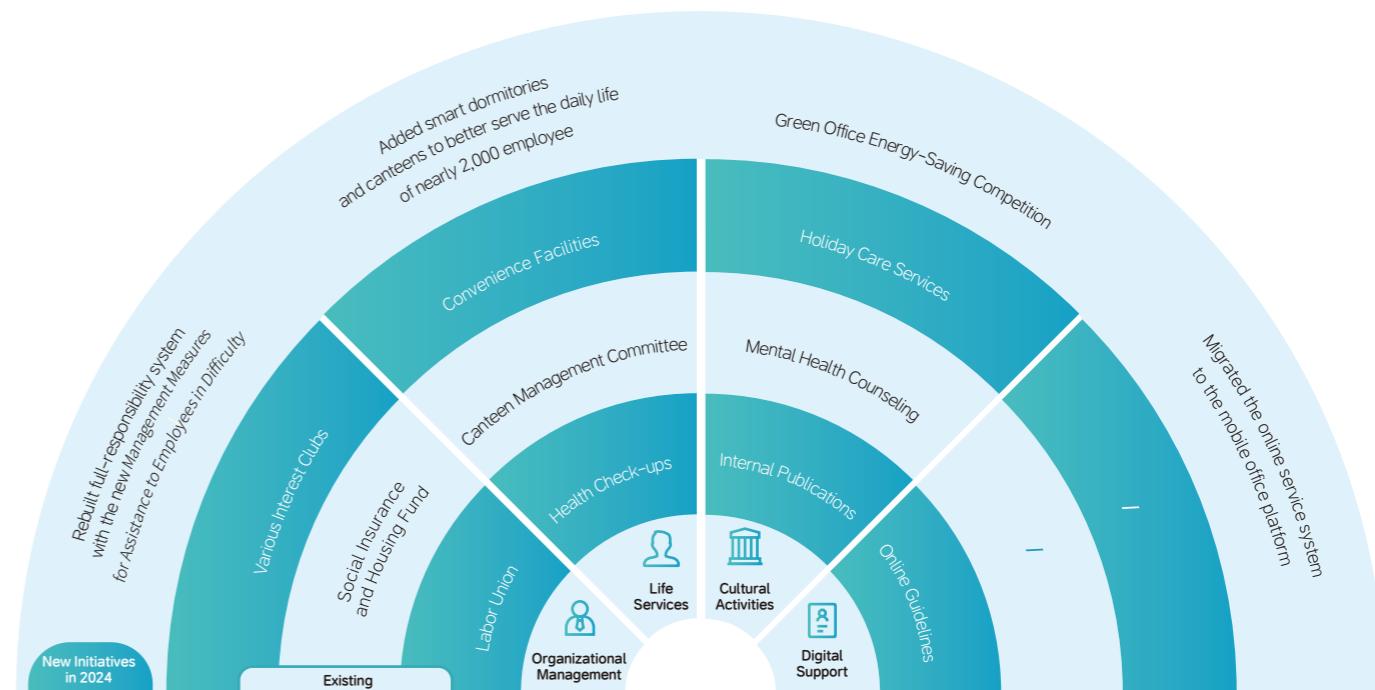
Key Measures to Support Talent Development



Employee Rights and Interests

Deli Group is committed to building a diverse workforce. Deli Group and its industrial companies strictly comply with national laws and regulations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, establish and implement the Human Resources Management Regulations. Recruitment practices are free from discrimination based on age, gender, sexual orientation, race, religion, political affiliation, nationality, marital status, pregnancy, medical condition, physical characteristics, or other social or health-related attributes. Daily processes for fair recruitment and employment practices are standardized to safeguard employee rights and interests.

Employee Benefits



In 2024, Deli systematically upgraded its employee care and benefits system, focusing on four dimensions: organizational management, living services, cultural activities, and digital support.

case

- **Holiday Care for Women in the Workplace: Building a People-Oriented Corporate Culture**

To address the health management and personal growth needs of women in the workplace, Deli Group's Administrative Department took the 2024 International Women's Day as an opportunity to launch a women-focused care program under the theme "Empower Her, Celebrate New Style." A spring-themed light refreshments station was set up, offering specially curated low-sugar pastries and seasonal fruit platters alongside a herbal tea bar, and professional manicurists providing services. Through the "Four-in-One" exclusive gifts, including a bouquet of flowers, a beauty drink, a low-sugar dessert, and a manicure session, for each female employee, the program deeply integrated health management, aesthetic experience, and a sense of ceremony. A Women's Growth Declaration Wall and a themed photography area were set up to capture confident moments of female employees, highlighting the Company's respect for women's value and its cultural commitment to empowering women, allowing the warmth of the holiday to permeate the daily lives of every employee.



Celebration Female Employees on the International Women's Day

case

- **Unlocking Youths' Innovation Potential to Build an Efficient Collaboration Ecosystem for E-commerce**

Against the backdrop of rapid iteration in the e-commerce industry and a predominantly young workforce, Deli's e-commerce company established a culture team to invigorate organizational vitality. Through company-wide co-creation and deep employee engagement, the team launched a series of cultural initiatives under the theme "Everyone deserves to be seen," focusing on the spirit of "innovative and enterprising youth." Activities included monthly culture newsletters, spotlight on outstanding figures, and e-commerce topic ranking. Upholding the belief that "opinions aren't the problem—ignoring them is," the Company established employee message boards and suggestion boxes to identify and resolve issues promptly. These initiatives strengthened team collaboration and continuously infused youthful creativity into business growth.



Deli E-commerce Cultural Month, Spotlight on Outstanding Figures, and Culture Wall

case

- **Lanterns Light up the Night, Warmth Fills the Lantern Festival**

As Deli Group continues to deepen its corporate culture, it actively explores innovative ways to integrate traditional culture with team cohesion. During the Lantern Festival, Deli Group organized an event themed "Joyful Lantern Festival, Temple Fair Market" to promote traditional culture and strengthen team cohesion. Through festive decorations, folk experiences, food sharing, and interactive games, the event seamlessly blended traditional customs with the joyful spirit of the festival, attracting enthusiastic participation from employees. Participants gained a deeper understanding of the traditions and characteristic culture of the Lantern Festival while feeling the Company's warmth and care, fostering a stronger sense of belonging and happiness. As the first cultural event of the year, the celebration not only spread joy and blessings through innovation and creativity but also infused the culture of dedication and perseverance into every aspect of corporate growth—serving as an energy hub that inspires young employees to pursue their dreams.



Riddle Guessing at the Lantern Festival

case

- **The Inaugural General Meeting of Employee Representatives at Smart Manufacturing Company Opens a New Chapter in Democratic Management**

During the reporting period, the smart manufacturing company of Deli Group held its first general meeting of employee representatives, issuing an implementation plan covering representative responsibilities, proposal mechanisms, and cultural corner construction. 49 cross-department representatives were selected to form a communication network. By establishing standardized feedback channels and an employee care hotline, management is continuously encouraged to listen to employee concerns, improve work mechanisms, and foster innovative practices. This initiative effectively safeguards employees' legitimate rights and interests, significantly enhances system oversight, promotes a fair and open workplace environment, and supports mutually beneficial growth for both the Company and its employees.



General Assembly of Employee Representatives

Community Engagement

Deli Group actively assumes social responsibility, promoting high-quality development of charity and public welfare initiatives. Deli Group has established the Deli Charity Fund and Deli Education Fund, and donated to public funds such as the Dongrun Fund. Domestically and internationally, it actively participates in poverty alleviation and assistance to disadvantaged groups, financial support to education, support for the sick and the disabled, care for the elderly and the orphaned, rural revitalization, emergency relief, voluntary blood donation, ecological preservation, and cultural heritage protection. Through acts of compassion, Deli Group contributes to common prosperity and charitable causes nationwide and globally, earning recognition such as National Charitable and Caring Enterprise, Zhejiang Charity Award, Zhejiang Green Leaf Award, and Zhejiang Business Heroes with Great Love against Epidemic.

Educational Support

Deli Group strongly supports educational development, contributing to the national strategy of invigorating China through science and education. Deli Group has established the Deli Education Fund, Deli Student Aid, and Deli Scholarship, covering students and teachers across all educational levels. It continuously carries out flagship public welfare initiatives, including Children's Day visits, support for children with autism, care for left-behind children, financial aid for underprivileged college students, awards for outstanding college students, dream fulfillment programs for children in central and western China, and rewards for municipal-level or higher education and research achievements. During the reporting period, Deli invested approximately RMB10 million in education, receiving widespread social recognition.

case

- **Art Education Takes off: Children's Painting and Calligraphy Contest Opens New Paths for Cultural Heritage**

In response to policy guidance and societal needs for youth art education, Deli Group partnered with professional institutions to launch a national children's painting and calligraphy contest. Starting with the opening competition in Guangzhou, the event attracted over 150 participants and generated 128 valid works through dual-track creation, expert guidance, and interactive experience. Combined with media coverage and brand operations, the event provided a platform for youth artistic expression, promoted cultural heritage, and strengthened Deli Group's image as a cultural enabler, enhancing the synergy between art education practice and brand value.



Deli Art Lab National Children's Painting and Calligraphy Contest (Season 1) Guangzhou Opening Competition

case

- **Lighting the Path of Education: Supporting Rural Students with Love**

Centering its efforts on educational assistance, Deli Group systematically carried out educational public welfare initiatives in remote counties such as Puge, Ganluo, Minle, Leibo, and Ninglang in Sichuan, Yunnan, and Gansu provinces. By donating stationery and advanced teaching equipment, Deli Group promoted modern educational concepts, improved teaching conditions in central and western regions, and helped children in mountainous areas feel the care and love of society. These efforts sow hope, inject vitality into rural education, and continuously support the strategy of invigorating China through science and education and the rural revitalization strategy.



Deli donated to schools in Minle County (Gansu), Ganluo County (Sichuan), Liangshan (Sichuan), and Puge County (Sichuan)

case

- **Financial Aid for Underprivileged College Students**

During the reporting period, Deli Group collaborated with Ninghai County Education Bureau and Ninghai County Education Foundation, providing financial aid to nearly 200 underprivileged students for the new academic year. Over the past decade, Deli has maintained pairing support programs, helping over 200 students annually, enabling youth in difficult circumstances to pursue education, transform family futures, and build promising lives. Officials from the County Education Bureau highly praised Deli's charitable efforts and expressed heartfelt thanks for Deli Group's strong support of education. Representatives of the assisted students also conveyed sincere gratitude, acknowledging Deli's timely assistance, which allowed them to pursue their university dreams, and pledging to excel academically to give back to society and honor Deli's support.



Financial Aid for Underprivileged College Students

International Assistance

As a model of Chinese private enterprises participating in global development, Deli Group incorporates the Eastern wisdom of "universal harmony" into its globalization strategy. In Southeast Asia, Deli Group conducts regular educational assistance, library construction support, and care for vulnerable groups. During the reporting period, these initiatives benefited over 80,000 elementary and middle school students (including kindergartners). Following the devastating Typhoon "Mojie," Deli Group promptly dispatched aid teams to affected areas, coordinating with local organizations to donate mold-resistant paper and waterproof teaching supplies.



Deli donated 40,000 stationery kits to students in Indonesia (left); Deli donated teaching supplies to teachers and students in areas affected by Typhoon "Mojie" (right)

Educational Assistance

During the reporting period, Deli Group donated 7,800 stationery kits to schools in Hải Dương province in Vietnam, and collaborated with Indonesian charitable organizations to provide 40,000 stationery kits to schools in underprivileged areas.

Library Construction Support

Deli Group Donated 500 stationery kits to the library of Trường Tiểu học Yên Hương in Yên Phú, Hàm Yên, Tuyên Quang, Vietnam.

Disaster Relief

In September 2024, Typhoon "Mojie" struck Southeast Asia. To support the reconstruction of the local education system, Deli Group donated VND 2 billion in cash and 30,000 stationery kits.

Care for Vulnerable Groups

Deli Group supported a charity marathon in Hanoi, raising funds for children's heart surgeries, launched a wish wall activity, and provided stationery supplies, with a total of 3,000 participants.

case

• Lunar New Year Support for Disadvantaged Individuals

On January 15, Deli Group, together with the Party Committee and government of Huangtan Town, launched a targeted assistance program, providing cash and essential supplies to disadvantaged families in Lianxi, Banzhuyuan and other villages. Deli Group also donated RMB1 million via the Ninghai County Charity Federation to provide targeted assistance for individuals with serious illnesses, disabilities, single-parent households, and other special difficulties.

To ensure effective assistance, Deli Group accompanied the dedicated working group of Huangtan Town and conducted a one-month survey of all disadvantaged families in the town. Following village-level applications, town-level review, and public disclosure procedures, 200 priority households were identified and provided targeted support.



Deli donated RMB1 million to the government of Huangtan Town

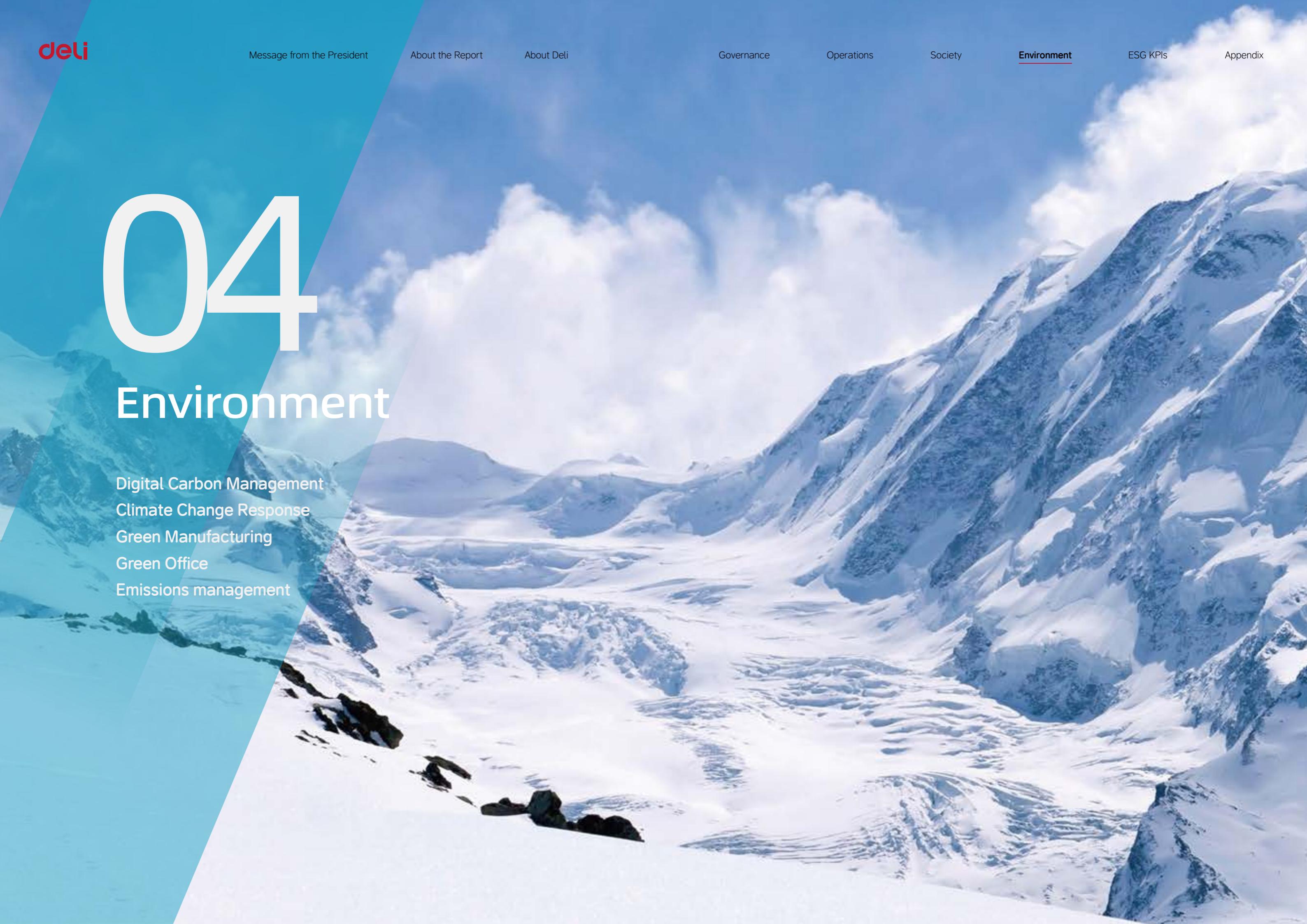
Charity and Public Welfare

Guided by the "Six Loves" values—love for society, the Company, products, customers, colleagues, and families—Deli Group actively assumes social responsibility. In 2024, Deli Group donated over RMB10 million to projects including financial support to education, poverty alleviation and assistance to disadvantaged groups, elder care, and cultural development, contributing to a harmonious enterprise and society while supporting the nation's common prosperity strategy.

04

Environment

Digital Carbon Management
Climate Change Response
Green Manufacturing
Green Office
Emissions management



Digital Carbon Management

During the reporting period, in accordance with ISO 14064 and the GHG Protocol, Deli effectively applied digital tools to conduct quarterly carbon inventories covering Scopes 1, 2, and 3 emissions of all self-operated factories. Through data analysis, Deli Group precisely identified major carbon emission sources and key operational links, providing a scientific basis for formulating targeted carbon reduction measures.

Another benefit of leveraging digital tools lies in bringing "carbon management" beyond the ESG department, mobilizing broader employee participation. Since the project's launch, over 800 employees have received training, and nearly 10,000 have participated in related activities. Based on energy consumption statistics and improvement outcomes, carbon emission administrators at various factories have published nearly 20 posts on energy-saving and consumption-reduction initiatives on Deli Group's internal ESG sustainability information platform, and around 10 fun energy-saving competitions have been held in locations such as Ningbo and Hangzhou.



Active and enthusiastic internal exchanges

Strategy

The Company actively responds to China's "dual carbon" strategy and enhances carbon management by formulating a climate response strategy from three perspectives: sustainable products, factory energy conservation, and green office.

- Gradually increase the proportion of eco-friendly materials used in the design and manufacturing stages, offering consumers who prioritize environmental performance products made from post-consumer recycled (PCR) and biodegradable materials.
- Conduct regular energy audits of factories, upgrade production equipment, and promote the electrification of internal transport vehicles. Continue to reduce carbon emission intensity at self-owned factories, maximize distributed photovoltaic deployment, and increase the share of clean energy usage.
- Implement hierarchical energy management with a focus on monitoring energy-intensive equipment such as air compressors and central air-conditioning systems, and shut down unnecessary lighting and devices during holidays. Gradually replace traditional petrol and diesel shuttles with electric business vehicles to reduce dependence on fossil fuels.



Sustainable products



Factory energy conservation



Green office

Risk Management

Physical risks: Deli's self-operated factories are concentrated in the Yangtze River Delta region, where, in the context of global warming, regional and seasonal flooding during the rainy season has become more pronounced, extreme weather events are occurring more frequently and with greater intensity, and the risk of meteorological disasters is high. Sudden incidents such as heavy rainfall, typhoons, and floods could damage infrastructure like factories and warehouses, disrupt production, and increase repair and maintenance costs. Rising sea levels due to global warming could also force coastal factories to suspend or relocate production. However, based on communications with suppliers, climate pattern shifts have not yet shown foreseeable negative impacts on the stability of raw material and energy supplies in the short term.

- Mitigation measures: Enhance the climate resilience of infrastructure by reinforcing and flood-proofing factories and warehouses to improve their ability to withstand extreme weather. Optimize supply chain management and diversify raw material sourcing to reduce the risk of supply disruptions caused by climate change.
- Transition risks: Deli's globalization strategy faces increasing compliance costs due to regional policies on carbon taxes and carbon trading. Meanwhile, as consumers' environmental preferences evolve, Deli must continue product innovation and technological upgrading to meet market demands, or it will risk losing market share.
- Mitigation measures: Continue to increase the proportion of sustainable product lines in the overall portfolio.

Climate Change Response

Governance

- The President's Office serves as the highest authority and decision-making body responsible for formulating the ESG strategic direction, overseeing ESG implementation, and making major ESG decisions. Quantitative ESG targets are set for the three core segments—manufacturing, logistics, and administration—with performance against these targets linked to management bonuses to jointly promote ESG advancement.

- Internally, core management indicators currently include carbon emission intensity, electricity intensity, natural gas intensity, water intensity, and diesel intensity. Annual targets for the following year are set based on the previous year's data.

Key Data¹

Indicators	2023	2024	2025 Target
 Direct greenhouse gas emissions ² (tCO ₂ e)	8,259	9,180	9,000
 Indirect greenhouse gas emissions from purchased energy ² (tCO ₂ e)	61,544	65,138	65,000
 Renewable electricity consumption (MWh)	14,160	15,007	20,000
 CO ₂ reduction from energy-saving retrofit projects ³ (t)	1,180	1,848	/

Notes:

1. In 2024, greenhouse gas accounting was expanded to include Ningbo Deli Kebei Co., Ltd., Ningbo Deli Logistics Co., Ltd., Deli Smart IoT Technology Co., Ltd., and Suzhou Deli Technology Co., Ltd.

2. Direct and indirect greenhouse gas emissions for 2023 were corrected according to the carbon verification certificates.

3. Refers to electricity avoided through equipment upgrades or energy optimization while completing the same work. As the potential for further internal energy saving is limited, the 2025 target has not been disclosed so as to provide stakeholders with accurate and reasonable information.

Green Manufacturing

Green manufacturing is one of the core principles of Deli's sustainable development philosophy. Adhering to the principles of energy conservation and efficient resource utilization, it combines manual data collection with digital energy monitoring platforms in certain factories to achieve precise monitoring and management of energy consumption. It also continuously innovates production processes to improve resource efficiency and reduce waste emissions. With the goal of making "green" a defining feature of corporate development, Deli Group continues to promote efficient factory layouts, harmless raw materials, and low-carbon energy use.



Deli Group received ISO 50001 Energy Management System certification

Case: Advancing Refined Energy Management

During the reporting period, Deli Guanbei Industrial Park in Ninghai County, Zhejiang Province, officially commenced operations. To further advance refined energy management, the park implemented a newly designed smart energy management system. Leveraging smart sensors and IoT technology, it enables second-level collection and visualization of electricity, gas, and water data across production, office, and public facility scenarios. Historical energy usage data is analyzed to optimize the operation of equipment such as air compressors and injection molding machines, reducing unnecessary energy consumption. The system integrates photovoltaic generation, energy storage systems, and grid power, achieving multi-energy complementarity and effective load shifting, with off-peak electricity utilization exceeding 30%.



Aerial view of Deli Guanbei Industrial Park (Phase II)

Case: Improved Management Capability Reduces Energy Consumption in Production

Management optimization is an essential pillar for improving energy efficiency. During an energy audit of workshops, Ningbo Educational and Cultural Products Company found that the heating equipment in the production workshop consumed high energy under normal operation, and the heat radiated from its surface increased the workshop temperature, indirectly adding to the air conditioning load, especially during hot weather. After careful analysis and bold assumptions, the heating equipment was wrapped with high-temperature-resistant, corrosion-resistant insulation materials, reducing heat loss and its impact on the workshop temperature. As a result, the overall workshop temperature rise decreased, and air conditioning energy consumption dropped year-on-year, annual electricity savings exceeded 130,000 kWh, and carbon emissions were reduced by approximately 80 tons.



Exposed heating equipment (left) and heating equipment with insulation layer (right)

Indicators	2023	2024
Number of internally initiated energy-saving projects	36	79
Energy savings achieved (10,000 kWh)	212	332

Green Office

During the reporting period, the concept of sustainable development was further integrated into daily office operations. By optimizing office layouts, making full use of natural lighting and ventilation, gradually upgrading to energy-efficient lighting, and promoting waste sorting and resource recycling, Deli strengthened employees' environmental awareness and sense of responsibility, fostering a healthy and low-carbon office culture.

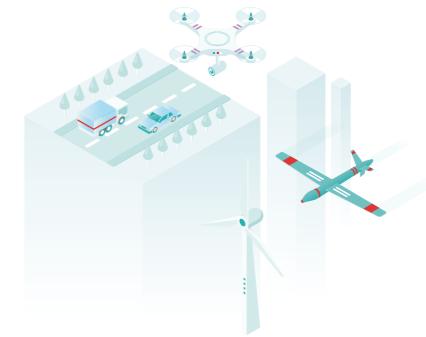


Employee welfare activities launched during the reporting period under the theme of "Low-Carbon Office"

Green Office Initiatives

Reducing emissions from business travel

During the reporting period, the Vehicle Management Department conducted "Low-Carbon Driving Techniques" training covering core skills such as accelerator control, predictive braking, and engine idling management, accompanied by the *Fuel-Saving Operation Manual*. Fuel-saving performance was incorporated into driver performance assessments, with recognition and rewards for excellence. Additionally, the department guides employees to prioritize high-speed rail and metro for travel, consolidates departmental business vehicle needs, and reduces empty-loaded rate through route optimization, resulting in a 15.4% year-on-year reduction in total annual mileage.

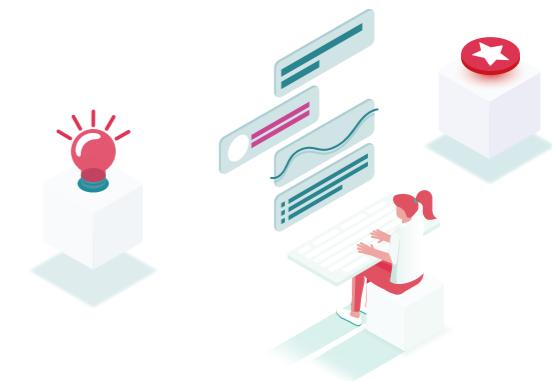


Employee behavior guidance

For high-energy-consuming devices like air conditioners and projectors, as well as low-power appliances such as small fans and power strips, the principle of "turn off when leaving" was emphasized. The Administrative Department, in coordination with the Security Department, conducted routine carbon-reduction inspections of the Administration and R&D buildings daily, rewarding floors with outstanding performance.

Office environment adjustment

During the reporting period, office areas implemented a "temperature control lock + intelligent adjustment" approach, which primarily relies on the OA system to send scheduled reminders 20 minutes before the end of work to turn off the air conditioning, leveraging the thermal inertia of indoor temperature to maintain comfort. Heating temperature in winter was set to $\leq 24^{\circ}\text{C}$, and cooling temperature in summer $\geq 26^{\circ}\text{C}$.



Emissions Management

Deli strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Promotion of Clean Production*, the *Regulations of Zhejiang Province on Ecological and Environmental Protection*, and other applicable laws and regulations. The Company systematically manages environmental impacts across the entire production process, continuously improves clean production practices, and actively expands the application scenarios of green technologies.

Wastewater Discharge Management

The Company strictly follows national, local, and industry-specific wastewater discharge laws, regulations, and standards, standardizing the treatment and discharge of wastewater. In accordance with the discharge permit requirements, an online wastewater monitoring system has been installed to monitor and manage wastewater generated from the spraying process in real time, ensuring compliance in wastewater treatment and discharge.

Indicator	Unit	2023	2024
Total wastewater	Tons	112,128	71,193
Chemical Oxygen Demand (COD)	Tons	10.11	4.27
Ammonia Nitrogen	Tons	1.44	0.12

Exhaust Gas Emission Management

The Company strictly follows relevant laws and regulations, standardizing the management of exhaust gas emissions to prevent environmental pollution and ensure that both emission concentration and total emission control targets are met. It has made targeted investments in environmental protection facilities, and employed advanced technologies and equipment to treat exhaust pollutants, thereby reducing both their concentration and total emissions.

Indicator	Unit	2023	2024
Particulates	Tons	3.20	2.15
Volatile Organic Compounds (VOCs)	Tons	12.12	12.45
Nitrogen Oxides (NOx)	Tons	0.19	0.0485

Waste Management

Following Deli Group's principle of "prioritizing recycling and ensuring compliant disposal," Deli implements refined classification and control of waste generated during production and operations in strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relevant regulations.

Environmental impact is minimized through source sorting and recycling. General waste from production is comprehensively recycled wherever possible, while hazardous waste that cannot be recycled is handled by qualified third-party institutions in compliance with legal requirements. Office and domestic waste is regularly collected by relevant departments to prevent secondary environmental impacts.

Indicator	Unit	2023	2024
Waste plastic and rubber products	Tons	172	499
Waste metals	Tons	358	534

Indicator	Unit	2023	2024	Treatment Method
Sludge	Tons	7.34	12.11	Incineration
Spent activated carbon	Tons	7.05	7.24	Incineration
Used filter cotton	Tons	2.81	8.17	Incineration
Waste adhesive products	Tons	281.27	255.78	Incineration
Waste rags	Tons	0.33	3.64	Incineration
Used solvent drums	Tons	4.46	1.22	Incineration
Waste emulsion	Tons	36.40	57.31	Incineration
Used toner cartridges	Tons	0.01	16.54	Incineration
Waste oil	Tons	30.12	54.44	Recycling
Used paint drums	Tons	20.10	11.25	Incineration
Waste ink	Tons	131.52	81.64	Incineration
Paint sludge	Tons	10.88	13.88	Incineration

ESG KPIs

| Environmental Performance¹

	KPIs	Unit	2023	2024
Exhaust Gas Emissions	Volatile Organic Compounds (VOCs)	Tons	12.12	12.45
	Nitrogen Oxides (NOx)	Tons	0.19	0.0485
	Total Non-Methane Hydrocarbons	Tons	2.68	1.42
	Particulates	Tons	3.20	2.15
Wastewater Discharge	Ammonia Nitrogen	Tons	1.44	0.12
	Chemical Oxygen Demand (COD)	Tons	10.11	4.27
	Total wastewater	Tons	112,128	71,193
	Sludge	Tons	7.34	12.11
Wastewater Discharge	Spent activated carbon	Tons	7.05	7.24
	Used filter cotton	Tons	2.81	8.17
	Waste adhesive products	Tons	281.27	255.78
	Waste rags	Tons	0.33	3.64
	Used solvent drums	Tons	4.46	1.22
	Waste emulsion	Tons	36.40	57.31
	Used toner cartridges	Tons	0.01	16.54
	Waste oil	Tons	30.12	54.44
	Used paint drums	Tons	20.10	11.25
	Waste ink	Tons	131.52	81.64
General Waste	Paint sludge	Tons	10.88	13.88
	Total hazardous waste	Tons	532.29	523.22
	Waste plastic and rubber products	Tons	172	499
	Waste metals	Tons	358	534
Total general waste		Tons	530	1,033

	KPIs	Unit	2023	2024
Energy consumption	Electricity consumption	MWh	117,284	130,611
	Clean energy consumption	MWh	14,161	15,007
	Diesel consumption	kg	113,191	1,039,409
	Gasoline consumption	kg	34,544	24,996
	Liquefied petroleum gas consumption	kg	86,254	109,593
	Purchased steam	m ³	0	0
	Natural gas consumption	m ³	2,251,035	2,972,381
	Total energy consumption	tce	17,772	21,745
Water consumption	Water consumption	10,000t	42.63	88.22

| Social Performance²

Number and percentage of operations assessed for risks related to corruption

	KPIs	2023	2024
	Number of operations	58	62
	Number of operations assessed for risks related to corruption	56	59
	Percentage of operations assessed for risks related to corruption	96.55%	95.16%

Confirmed incidents of corruption and actions taken

	KPIs	2023	2024
	Number of confirmed incidents of corruption	2	4
	Number of employees dismissed or disciplined due to corruption	2	4
	Number of contracts with business partners terminated or not renewed due to corruption-related incidents	0	0

1. Environmental statistics were expanded to include Ningbo Deli Kebei Co., Ltd., Ningbo Deli Logistics Co., Ltd., Deli Smart IoT Technology Co., Ltd., and Suzhou Deli Technology Co., Ltd.

2. In 2024, the Company had four new operational sites.

Communication about anti-corruption policies and procedures

KPIs	2023	2024
Percentage of employees covered	100%	100%

Incidents of discrimination and corrective actions taken

KPIs	2023	2024
Number of incidents of discrimination during the reporting period	0	0

Occupational health and safety

KPIs	2023	2024
Number of work-related fatalities	0	0

Occupational health and safety drills and inspections

KPIs	2023	2024
Safety drills	193	212
Safety training hours ³	113,724	122,254
Safety awareness campaigns	174	186
Safety promotion activities	21	26
Planned safety inspections	7,851	7,851
Unplanned safety inspections	811	900

Customer service data

KPIs	2023	2024
Number of customer service cases	846,776	928,567
Average Handling Time (AHT)	2 minutes 13 seconds	2 minutes 25 seconds
Phone customer satisfaction	95.5%	95.7%
Complaint resolution rate	100%	100%
Self-service usage rate	45.5%	62.6%
Dealer after-sales satisfaction	88.5%	90.8%
Customer service training sessions	244	177
User repair satisfaction	97.8	98.0
Average response time to customer complaints	20.39 minutes	18.65 minutes
Number of outlets	996	1,106
Training sessions for outlet engineers	458	501
Outlet repair turnaround time	38.40 hours	36.71 hours

Incidents of non-compliance related to marketing (including advertising, promotion, and sponsorship)

KPIs	2023	2024
Number of incidents resulting in fines or penalties due to non-compliance	0	0
Number of incidents resulting in warnings due to non-compliance	0	0
Number of incidents of non-compliance with voluntary codes	0	0

3. In 2023, the total hours of safety training were revised to include all the safety training hours actually conducted across every factory

Appendix GRI Index

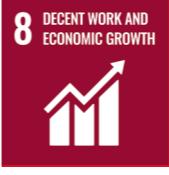
GRI Standard	Disclosure	Corresponding Section
GRI 2: General Disclosures 2021	2-1 Organizational details	Company Profile
	2-2 Entities included in the organization's sustainability reporting	Scope of the Report
	2-3 Reporting period, frequency and contact point	Scope of the Report/ Contact Information
	2-4 Restatements of information	/
	2-5 External assurance	External Assurance
	2-6 Activities, value chain and other business relationships	About Deli
	2-7 Employees	Society
	2-8 Workers who are not employees	/
	2-9 Governance structure and composition	Company
	2-10 Nomination and selection of the highest governance body	/
	2-11 Chair of the highest governance body	Message from the President
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG Management
	2-13 Delegation of responsibility for managing impacts	ESG Management
	2-14 Role of the highest governance body in sustainability reporting	ESG Management
	2-15 Conflicts of interest	/
	2-16 Communication of critical concerns	ESG Management
	2-17 Collective knowledge of the highest governance body	ESG Management
	2-18 Evaluation of the performance of the highest governance body	/
	2-19 Remuneration policies	/
	2-20 Process to determine remuneration	/
	2-21 Annual total compensation ratio	/
	2-22 Statement on sustainable development strategy	Message from the President
	2-23 Policy commitments	Company Profile
	2-24 Embedding policy commitments	Company Profile

GRI Standard	Disclosure	Corresponding Section
GRI 2: General Disclosures 2021	2-25 Processes to remediate negative impacts	/
	2-26 Mechanisms for seeking advice and raising concerns	Company
	2-27 Compliance with laws and regulations	/
	2-28 Membership associations	/
	2-29 Approach to stakeholder engagement	Communication with Stakeholders
GRI 3: Material Topics 2021	2-30 Collective bargaining agreements	/
	3-1 Process to determine the material topics	Materiality assessment
	3-2 List of material topics	Materiality assessment
GRI 203: Indirect Economic Impacts 2016	3-3 Management of material topics	Materiality assessment
	203-1 Infrastructure investments and services supported	Educational Support/ International Assistance
	203-2 Significant indirect economic impacts	Educational Support/ International Assistance
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	ESG KPIs-Social Performance
	205-2 Communication and training about anti-corruption policies and procedures	ESG KPIs-Social Performance
	205-3 Confirmed incidents of corruption and actions taken	ESG KPIs-Social Performance
GRI 301: Materials 2016	301-1 Materials used by weight or volume	/
	301-2 Recycled input materials used	/
	301-3 Reclaimed products and their packaging materials	Green Products and Innovation
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Energy consumption
	302-2 Energy consumption outside of the organization	/
	302-3 Energy intensity	ESG KPIs
	302-4 Reduction of energy consumption	Green Manufacturing/ Green Office
	302-5 Reductions in energy requirements of products and services	/
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	/
	303-2 Management of water discharge-related impacts	Wastewater Discharge Management
	303-3 Water withdrawal	Water Consumption
	303-4 Water discharge	Total Wastewater
	303-5 Water consumption	Company Profile

GRI Standard	Disclosure	Corresponding Section
GRI 305: Emissions 2016	305-1 Direct (Scope 1) Greenhouse Gas (GHG) emissions	Climate Change Response
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Response
	305-3 Other indirect (Scope 3) GHG emissions	/
	305-4 GHG emissions intensity	/
	305-5 Reduction of GHG emissions	Climate Change Response
	305-6 Emissions of ozone-depleting substances (ODS)	/
	3305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Exhaust Gas Emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Emissions Management
	306-2 Management of significant waste-related impacts	Emissions Management
	306-3 Waste generated	Waste Management
	306-4 Waste diverted from disposal	/
	306-5 Waste directed to disposal	Waste Management
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	/
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	/
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits
	401-3 Parental leave	/
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Occupational Health and Safety
	403-6 Promotion of worker health	Occupational Health and Safety/Ergonomics
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety/Ergonomics

GRI Standard	Disclosure	Corresponding Section
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	/
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Employee Training and Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training and Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Training and Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Employee Training and Development
	405-2 Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	ESG KPIs
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Employee Training and Development/Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Training and Development/Sustainable Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	/
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety/Chemical Safety
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety/Chemical Safety
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Intellectual Property Protection
	417-2 Incidents of non-compliance concerning product and service information and labeling	Intellectual Property Protection
	417-3 Incidents of non-compliance concerning marketing communications	/
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy Firewall

SDGs Alignment Table

SDGs	Relevant Content	Corresponding Section	SDGs	Relevant Content	Corresponding Section
	Goal 1: No Poverty	Community Engagement		Goal 8: Decent Work and Economic Growth	Community Engagement/Employee Rights and Interests
	Goal 3: Good Health and Well-being	Community Engagement/Employee Rights and Interests		Goal 9: Industry, Innovation and Infrastructure	Green Products and Innovation/Product Quality and Safety/After-sales Service
	Goal 4: Quality Education	Community Engagement		Goal 10: Reduced Inequalities	Employee Rights and Interests
	Goal 5: Gender Equality	Employee Training and Development		Goal 12: Responsible Consumption and Production	About Deli/Environment
	Goal 6: Clean Water and Sanitation	Occupational Health and Safety/Waste Management		Goal 13: Climate Action	Environment
	Goal 7: Affordable and Clean Energy	Climate Change Response		Goal 16: Peace, Justice and Strong Institutions	Message from the President/About Deli/Governance/Operations/Society/Environment

Independent Assurance Statement



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., a member of TÜV Rheinland Group (hereinafter "TÜV Rheinland" or "We"), was entrusted by Deli Group Co., Ltd. (hereinafter "Deli Group" or "the company") to conduct an independent third-party assurance of 2024 Environmental, Social and Corporate Governance (ESG) of Deli Group (hereinafter "the report"). The report disclosed sustainability information for the fiscal year 2024 (1 January 2024 to 31 December 2024) of Deli Group.

Responsibilities

Deli Group is not only responsible for the preparation of ESG report and the collection and submission of sustainability information in accordance with applicable reporting standards but also has the obligation to implement and maintain effective internal control of information and data to support the report compilation process.

TÜV Rheinland is a global service provider that provides CSR and sustainability services in more than 65 countries, with experienced and technical expertise in the areas of environment, CSR, sustainability and stakeholder engagement. TÜV Rheinland Assurance team follows the TÜV Rheinland Global Business Ethics Compliance Policy and Procedures, covering the principles of integrity compliance and conflict of interest. Therefore, our assurance services are based on the principles of independence and impartiality, and we do not participate in the writing and preparation of the report of Deli Group. It is the duty of TÜV Rheinland to carry out independent assurance in accordance with the assurance agreement and the agreed scope of assurance work, and to make independent and impartial judgments on ESG reporting.

Assurance Standard

TÜV Rheinland undertook assurance work for the sustainability information disclosed in ESG report of Deli Group in accordance with the AccountAbility AA1000 Assurance Standard v3 (AA1000AS v3), Type 1 and Moderate level.

Assurance Objectives

The purpose of the assurance was to provide management of Deli Group, and stakeholders concerned with the company's sustainability information and performance to provide an independent view of the assurance, including assessment of whether the content of the report adhered to the AA1000AP (2018) Assurance Principles (including inclusivity, materiality, responsiveness and impact), and verification of sustainability information disclosure.

Assurance Criteria

The following assessment criteria were used in undertaking the work:

- GRI Sustainability Reporting Standards (GRI Standards) of Global Sustainability Standards Board (GSSB)
- United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AP AccountAbility Principles, i.e., *Inclusivity, Materiality, Responsiveness, and Impact*

Methodology

Our assurance activities and procedures include:

- Inquiring management and those personnel responsible for collecting and aggregating sustainability performance information to understand the management processes, systems, and controls for sustainability performance information.
- Reviewing and assessing the availability, adequacy, and relevance of performance information based on sampling principles.
- Applying analysis program to assess the accuracy of the information available for performance data.
- Collecting and examining the supporting evidence of available performance information to assess the extent to which the relevant evidence and information related to the scope of the assurance in the ESG report supports and adheres to the AA1000AP AccountAbility Principles.
- Reporting assurance observations or recommendations to give the company's management an opportunity to correct errors before the assurance process is completed.

Limitations

TÜV Rheinland planned and executed the verification in accordance with the scope of the assurance agreed upon in order to obtain all the information, evidence and necessary explanations to provide the basis for the conclusion of the assurance in accordance with the moderate level of AA1000AS v3.

The information and performance data relating to the assurance is limited to the disclosure of the contents of this report. Our assurance work did not include financial report and its financial data, as well as other information not related to the topic of sustainability.

Conclusions

Based on the above assurance procedures and methodology performed and the evidence obtained, we conclude that there are no instances or information that would be contrary to the following statements:

- 2024 ESG Report of Deli Group and its content adhere to the AA1000AP AccountAbility Principles.
- Deli Group has implemented relevant systems or processes to collect and aggregate key performance data related to material issues within the reporting boundary. At the same time, the company has identified, assessed and determined materiality issues.
- The sustainability information and performance disclosed in the report have been evaluated and supported by documentary evidence.

TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Deli Group based on this Assurance Statement.

Adherence to the AA1000AP AccountAbility Principles

Inclusivity

The key stakeholders identified by Deli Group included customers and users, employees, suppliers, distributors, the community and the public, as well as government and regulatory. Evidence showed that in 2024, the company's main functional departments consulted core stakeholder groups such as customers, employees, and suppliers on ESG issues, providing relevant reference for the evaluation of materiality issues. We recommend that Deli Group build and implement a stakeholder engagement strategy and measure the results of stakeholder engagement.

Materiality

Based on the analysis of peer benchmarking, domestic and foreign ESG standards, and the company's industry development strategy, Deli Group has evaluated and prioritized materiality issues from two dimensions: importance to stakeholders and importance to the group, and high-importance issues included but not limited to product quality and safety, after-sales service, carbon and energy, chemical safety, etc. ESG Management Committee of the Group reviewed and approved the results of the assessment of the above materiality issues.

Responsiveness

The channels for communication with key stakeholders are diverse, including customer service and satisfaction surveys, employee training, supplier audits and training, mechanisms of complaints and whistleblowing, participation in industry standards development, community welfare activities, etc. The report disclosed data on how stakeholder requests have been responded to, as well as key performance indicators (e.g., pollution emissions and wastes, energy use, greenhouse gas emissions, customer service, anti-corruption, etc.), and these performance data are historically comparable.

Impact

Deli Group focused on risk management in key areas (such as compliance and anti-corruption, product quality, environment and climate, supply chain, etc.), and could combine operation management and implementation of internal control systems to manage major ESG risks. We recommend that Deli Group disclose the ESG targets and indicators it has set, and conduct sustainability impact assessments, including social themes (e.g. employee employment).

Daniel Pan
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