

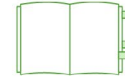
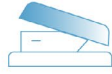
Deli Group Co., Ltd.

Environmental, Social and Corporate Governance Report



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About this report

Deli Group Limited has released its first Environmental, Social and Corporate Governance Report (the "Report"), aiming to disclose the company's ESG-related management measures and performance, in order to respond to stakeholders' expectations on the company's sustainable development information, and to help stakeholders understand the opportunities, challenges, and efforts made by the company in pursuing sustainable development, and to create value together with stakeholders.

| Basis of preparation

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

| Scope of the report

Timeframe: January 1, 2023, to December 31, 2023. Some contents are beyond the above timeframe.

Publication cycle: Annual report.

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

| Access to reports

This report is published in both printed and electronic forms, and you can access the electronic version of the report 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, please refer to the Chinese version.

| Designation

For ease of presentation, the terms "Deli Group", "Deli", "the group", "the company" or "we" refer to Deli Group Co., Ltd. in this report.

| Feedback

If you have any questions or suggestions about the content of this report and Deli's ESG work, please contact us at:

sustainability@nbdeli.com

We will read your feedback carefully and ensure that your personal information is kept strictly confidential.

| Other statements

The executive directors of Deli Group warrant that there are no false records, misleading statements, or material omissions in the contents of this report, and accept individual and joint liability for the truthfulness, accuracy, and completeness of its contents.

Message from the president

For over 40 years since its establishment, Deli Group has consistently aligned with national development strategies and remained at the forefront of the industry. With the joint efforts of all Deli employees, the company has transformed from a tradition stationery enterprise to a global cultural, creative, and technology conglomerate, driven by technology and innovation, continuously expanding industrial boundaries and optimizing the industrial ecosystem. To enhance modern and scientific corporate governance and innovate management models, we have introduced the ESG (Environmental, Social and Corporate Governance) management concept, further solidifying our strategy for sustainable and high-quality development. We are now publishing our first ESG report to demonstrate to all stakeholders Deli's commitment, practices, and achievements in promoting social and corporate sustainable development.

Internal transformation and long-termism

Facing a more complex global economic environment, we are actively exploring and maintaining our resolve to find pathways for quality and efficiency improvement. We are also committed to creating a people-oriented, harmonious, and fair working environment, providing a cohesive and competitive growth space for employees. With joint efforts and internal transformation, we are advancing the implementation of the sustainable high-quality development strategy with firm steps and a progressive posture. This aligns with the modern corporate ESG concept and complements Deli's grand vision of "gain the trust of customers worldwide with products and services accessible for everyone". ESG provides us with valuable insights and action strategies, helping us continuously seek a win-win development path for corporate growth and social value.

Green and harmonious development

Environmental protection is ingrained in every step of Deli's development. Coordinating business growth with ecological protection is our unwavering pursuit. In recent years, the company has actively responded to the national "peak carbon emission and carbon neutrality" strategy, deepened carbon management, established an ESG management system, and developed key projects related to energy saving and consumption reduction. We have set up special management teams to ensure the ongoing improvement of ESG initiatives, integrating sustainable development concepts into product development, quality management, and customer service processes. In 2023, the company's distributed photo-voltaic power generation exceeded 14,000 megawatt-hours, reducing carbon dioxide emissions by nearly 10,000 tons. Additionally, Deli accelerated the launch of renewable and recyclable products to meet the specific needs of different customer groups, leveraging the "Deli Environmental Protection Season" to encourage consumers to join us in building a more sustainable industrial ecosystem.

To further improve quality and reduce costs, Deli introduced a globally leading smart manufacturing management system, integrating various intelligent production equipment to achieve human-machine-material interconnectivity. This helped build an internationally standardized smart production base, actively fulfilling the leading enterprise's responsibility in the industrial chain.

Innovation leadership and excellence in quality

As a global cultural and creative technology conglomerate, Deli adheres to an innovation-driven strategy and continuously increases technological investment. To advance R&D innovation, Deli established the industry's first Central Research Institute, serving as a supportive platform and public think tank for the R&D innovation system. It conducts forward-looking research on industry development and the development and introduction of new materials and technologies, effectively promoting many of Deli's product categories to become global champions. We have also formed specialized teams in chemical research, intelligent IoT, and cloud computing research institutes. Additionally, we actively link international resources, cooperating with top R&D and innovation resources from countries like Japan and Germany, aiming to continuously develop novel, high-quality, and technologically advanced products for users.

Acting with kindness for mutual success

We have always been concerned about education, actively shouldering social responsibilities and contributing to the improvement of teaching conditions and educational standards through tangible actions. Through participating in a series of social welfare activities, Deli's charitable efforts have spread across the country, with cumulative donations reaching billions of yuan. Deli actively supports national poverty alleviation, educational scholarships and grants, care for the elderly and those in difficulties, rural revitalization, strengthening education in eastern and western regions, and participating in social emergency infrastructure construction. Deli's independently created charitable activities, such as the "Dream Action," "Love in the Sunset," "Lighting up Life with Love," and "Blue Dreams," convey positive energy to society, receiving widespread praise and recognition.

Embracing a beautiful future together

"To develop products and services that meet the needs, exceeding the expectation of customers across the globe" is Deli's corporate mission and a solid driving force for our better development. Sustainable high-quality development is the beacon guiding Deli forward, and ESG provides us with a more profound and broader practice route. In the new year, all Deli employees will embrace our beautiful mission and bravely forge ahead, continuously moving towards becoming a world-class cultural and creative technology conglomerate. This is not only our pursuit but also our commitment.

President of Deli Group





01

About Deli

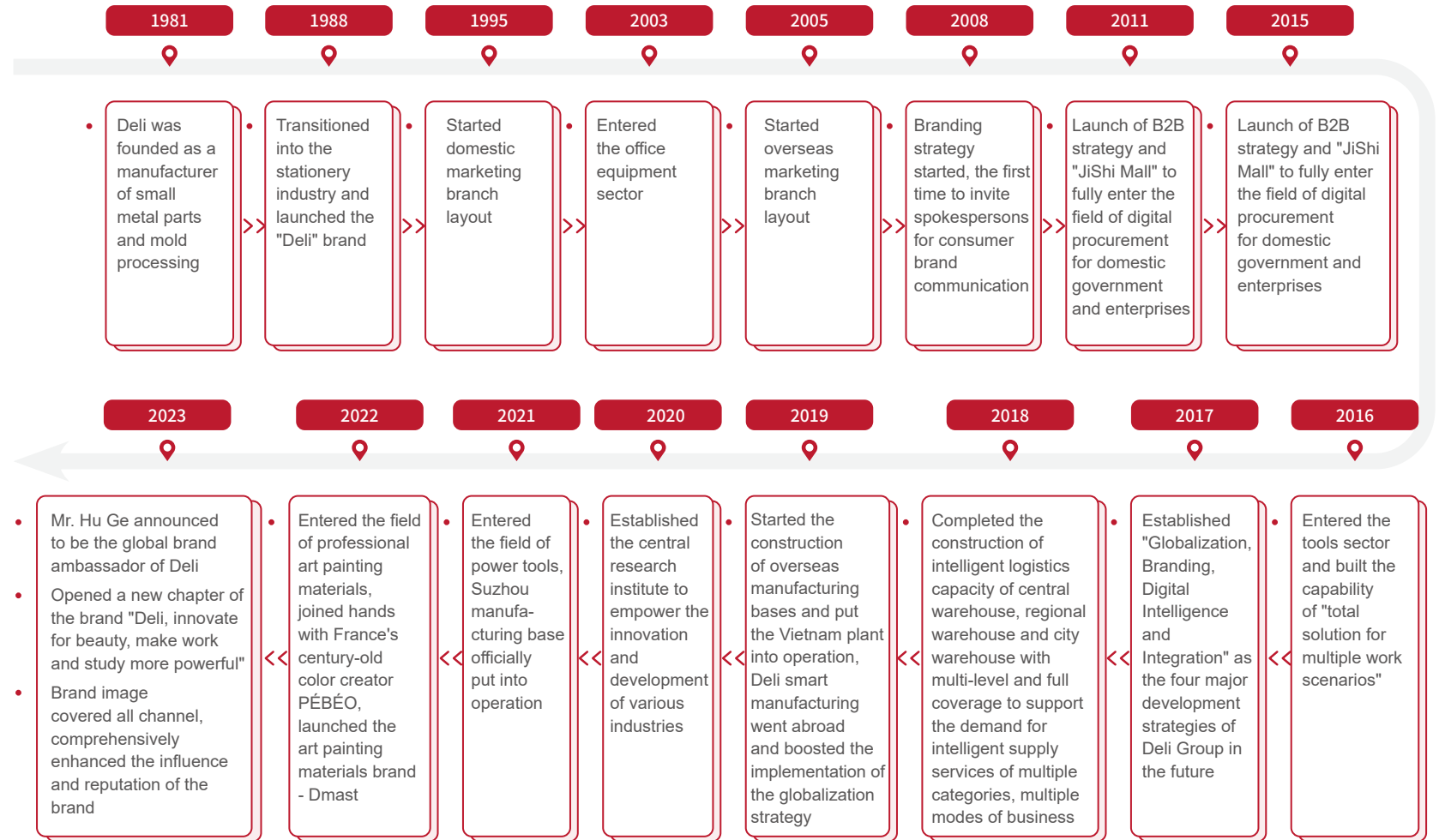
-
- Company profile ○
 - Corporate culture ○
 - Awards and honors ○
 - Corporate governance ○
 - Intellectual property protection ○
-



Corporate profile

Deli Group is the advocate and leader of total solutions for multi work and learning scenarios. Since its establishment in 1981, Deli Group has become a globalized cultural, creative, and technological conglomerate integrating office, stationery, tools, furniture, printers, children's puzzles, B2B and other business segments. Over the past four decades, Deli has established a global leading market position through continuous product innovation, scientific research, and multi-industry layout, with products and services in more than 140 countries and regions worldwide.

Development history



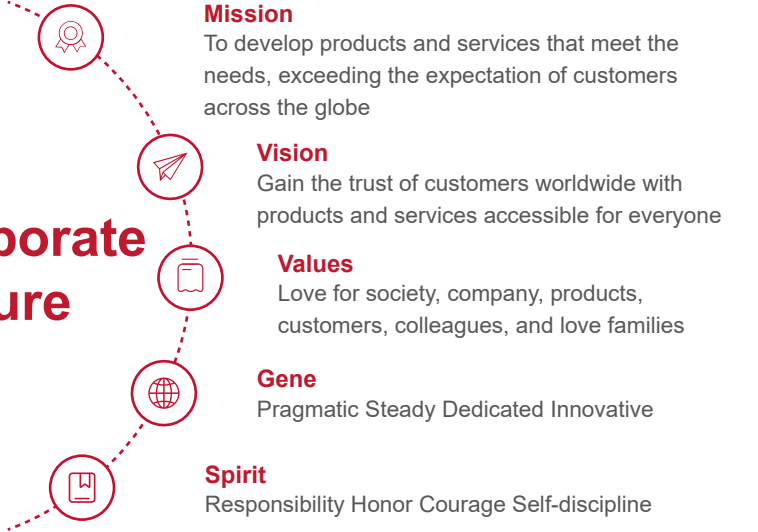
Products and services are available in

140+

countries and regions worldwide



Corporate culture



Awards and honors

Over the past 40 years since its establishment, Deli Group has continuously innovated its technology, optimized its products and services, and explored the path of green operation while actively fulfilling its social responsibilities, which has gained all-round and multi-dimensional recognition and praise from all walks of life.

Enterprise honor

During the reporting period, Deli Group and its subsidiaries received the following major honors and awards:

<p>Deli Group</p> <p>China's Top 500 Private Enterprise</p> <p>All-China Federation of Industry & Commerce</p>	<p>Deli Group</p> <p>China's Top 500 Manufacturing Enterprise</p> <p>All-China Federation of Industry & Commerce</p>	<p>Deli Group</p> <p>National Industrial Design Center</p> <p>Ministry of Industry and Information Technology of the People's Republic of China</p>
<p>Deli Group</p> <p>National Enterprise Technology Center</p> <p>National Development and Reform Commission, Ministry of Science and Technology of the People's Republic of China, Ministry of Finance of the People's Republic of China, General Administration of Customs of the People's Republic of China, State Taxation Administration</p>	<p>Deli Group</p> <p>2023 Zhejiang Province Top 100 Manufacturing Enterprises, 42nd Place</p> <p>Zhejiang Federation of Enterprises, Zhejiang Entrepreneur Association, Zhejiang Industrial Economy Federation</p>	<p>Deli Group</p> <p>National Manufacturing Single-Category Champion Enterprise</p> <p>Ministry of Industry and Information Technology of the People's Republic of China, China Federation of Industrial Economics</p>

| Product honors and awards (partial)

To satisfy customers' needs and create high-quality products, Deli Group is constantly engaged in innovative research and development. The Group's products with both quality and aesthetics have not only significantly enhanced the user experience but have also been widely praised around the world. During the reporting period, several innovative products were highly recognized by major professional organizations at home and abroad, painting a colorful picture of helping high-quality cultural and scientific products made in China to go global.

Paper Shredder



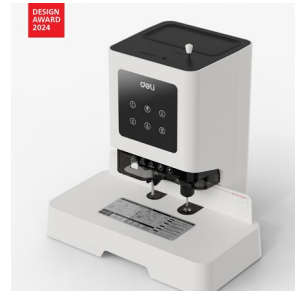
Red Star Design Award

Colored Photo Inkjet Printer



Red Dot Design Award

Financial Binding Machine



iF Design Award

Nusign Effortless Stapler



iF Design Award

Corporate governance

| Governance structure

Deli Group is committed to improving corporate governance and safeguarding the scientific, sound, and effective nature of the corporate governance system.

The highest management organization of the group is the President's Office. The Risk Control Committee is responsible for formulating the group's annual key risk control projects, and the Audit Department formulates the annual audit plan and carries out inspections of business process compliance, and implements corrective actions after identifying key issues, to ensure that the company operates in a compliant manner and fulfills its corporate responsibilities in a timely manner.

| Business ethics and anti-corruption

Deli Group firmly believes that a culture of integrity is the cornerstone of corporate culture and a prerequisite for the company's high-quality and sustainable development. To this end, the group has adopted a series of measures to practice compliant operations and advocate vocational values of integrity and honesty.

During the reporting period, the group formally issued the "Group Procurement System Integrity Risk Management Measures", clarifying the grading of integrity compliance issues, handling methods, accountability, etc., and published notification of penalties for major cases of non-compliance, requiring all employees to practice the corporate values of integrity and honesty; in addition, the group held meeting on the theme of integrity commitment, focusing on the "Deli Employees' Five Dos and Don'ts", "Anti-fraud Regulations",

"Gift Receiving and Acceptance Management Regulations", and other key rules and regulations, with the coverage rate of employees reaching 100%. At the meeting, employees took the oath of integrity, and signed the "Integrity and Compliance Commitment", which greatly strengthened their awareness of integrity. During the reporting period, there were no concluded corruption lawsuits against Deli Group and its employees.



Integrity commitment themed meeting

Operational risk and fraud reporting

To detect and deal with violations of legal or regulatory requirements at an early stage, Deli has set up a dedicated reporting phone number, e-mail address and mail address to receive internal and external complaints and reports and encourages employees and stakeholders to actively report anti-corruption violations.

To protect complainants and whistleblowers, the company requires all departments to fulfill their protection responsibilities and shall not discriminate against or retaliate against complainants and whistleblowers or personnel involved in investigations. In the course of auditing, the company recognizes or rewards stakeholders who provide key information or make significant contributions, depending on the circumstances.

☎ Reporting number: +86 13857818110

✉ Reporting e-mail: jubao@nbdeli.com

🏠 Mailing address: Deli Group President's Office, Xinling Deli Industrial Park, Ninghai County, Zhejiang Province

Intellectual property protection

Deli Group strictly abides by the "Patent Law of the People's Republic of China", "Trademark Law of the People's Republic of China", "Measures for Marking Patent Marks" and other relevant laws and regulations, and attaches great importance to the protection of its intellectual property rights in light of its own characteristics and actual situation, and has set up internal systems and documents such as "Provisions for the Management of Copyright", "Provisions for the Management of Trademarks", "Provisions for the Management of Patents", and so on. At the same time, we respect the intellectual property rights and interests of all parties, strengthen our own intellectual property protection based on not infringing on the intellectual property rights of the company and individuals, and control potential risks of intellectual property infringement in various aspects such as searching and checking of risks of patents and trademarks to safeguard the company's legitimate rights and interests.

| Proactive investigation mechanism for external intellectual property rights infringement clues

The intellectual property-related system developed by the Department of Intellectual Property includes incentives for the discovery of intellectual property infringement clues.

The forms of proactive investigation are mainly divided into two parts: online and offline.

Patent engineers corresponding to each subsidiary conduct online screenings on various platforms according to the patents owned by respective subsidiaries, including Alibaba, Jingdong and Pingduoduo platforms. The Department of Trademark conducts regular inspections of online infringement of main logo "Deli", including keyword infringement and logo infringement (mainly focusing on abnormal low-cost links and links with high rate of negative reviews).

Offline screenings are carried out by arranging regular visits to stationery shops in the market, focusing on products with high likelihood of infringement, and by attending major exhibitions, such as China Stationery Fair (CSF) in Shanghai, and Canton Fair, etc.

| Internal intellectual property training and promotion

The internal training of the Department of Intellectual Property is divided into regular professional training and in-house training. Regular professional training is mainly for the staff of the Department of Intellectual Property, and the content is mainly professional knowledge. In-house training is provided to employees of the procurement, sales, and overseas Departments, and focuses on business-related IP matters and knowledge.

The company focuses on the management of intellectual property publicity and patent logo marking and started the standardization on the management of publicity and marking of patented products from 2023.

| Trademark protection and infringement prevention

The company has formulated the "Trademark Management Regulations", which stipulates that before new products are launched, the logo markings, text fonts, pictures, etc. involved in the products, packaging and promotional materials need to go through the risk search by the Department of Intellectual Property. It also stipulates that the final sample review stage in the product development process and the product production order stage need to be confirmed by the personnel of the Department of Intellectual Property for the risk.





02

Responsibility in focus: Consolidating foundation, wise governance

- ESG vision, goals and management approach ○
 - ESG corporate governance structure ○
 - Stakeholder communication activities ○
 - Assessment and identification of material topics ○
-

ESG vision, goals and management approach

ESG Vision: Gain the trust of customers worldwide with products and services accessible for everyone.

ESG Goal: To build a greener and more sustainable business operation model by making continuous efforts in the three areas of environmental protection, social responsibility, and governance, and proactively communicating the effectiveness of sustainable development with stakeholders.

Management approach:

<p>Long termism</p> <ul style="list-style-type: none"> Strictly following the requirements of relevant laws and regulations, establish, and improve a standardized and scientific governance system, continuously improve the mechanism of rights and responsibilities, rewards, and punishments, build an efficient, transparent, and honest industrial ecology, strengthen the awareness of production safety, data security and compliance, and continuously improve the ability to predict and resolve all kinds of risks. 	<p>Onward and upward</p> <ul style="list-style-type: none"> Represents the company's commitment to the constant pursuit of excellence and continuous improvement in product quality, service quality and operational efficiency. Not easily satisfied with the status quo, and constantly explore new methods and strategies to achieve higher standards. The spirit of pursuing excellence will permeate the company's ESG efforts.
<p>Value for all</p> <ul style="list-style-type: none"> We shall continue to create value for all stakeholders, considering the common interests of our customers, employees, shareholders and society in every decision and action, and ensuring that our business not only pursues economic benefits, but also contributes to the growth of social and cultural values. We strive to bring positive impacts to society along with business success. 	<p>Eco-friendly</p> <ul style="list-style-type: none"> Respect and protection of the environment should always be emphasized in business strategies and operation methods. Actively explore and apply clean technologies and contribute to the realization of a greener and more sustainable future by increasing the application ratio of renewable materials, saving energy, and reducing waste.

ESG corporate governance framework

Deli Group attaches great importance to corporate sustainability management and actively follows ESG initiatives and standards both at home and abroad. The board of directors assumes collective and full responsibility for establishing, adopting, and reviewing the group's ESG vision, management policies and strategies, policies, objectives, and their progress, as well as evaluating, identifying, and resolving ESG-related risks, to safeguard the group's ability to manage sustainability issues adequately and effectively.

The ESG Management Committee, led by the President's Office, handles all ESG-related issues, including but not limited to:

- »» Approve ESG strategy, annual priorities, and related disclosures.
- »» Define the ESG vision, objectives, strategy, and management approach.
- »» Establish the organizational structure and operational mechanism for ESG management of Deli Group.
- »» Organize each department to develop ESG priorities and goals for each year.
- »» Supervise and guide the implementation of ESG related work in the company.
- »» Consideration of the company's annual ESG report and significant ESG-related matters.
- »» Monitor and evaluate ESG implementation to ensure the effectiveness.

Every year, Deli Group improves the ESG topics database by considering ESG risk identification, macro policies and hotspots, and results of stakeholder communication, etc., we also evaluate the materiality of the topics through stakeholder research and expert assessment, obtain the results of prioritizing ESG topics, and make the management and enhancement of the key topics as the annual strategic work for sustainable development.

Deli Group has set up five ESG working groups consisting of management and functional departments, namely Energy Saving, Carbon Reduction and Environment Management Group, Green Product Management Group, Employee Care Management Group, Social Welfare Management Group and Compliance and Risk Control Management Group.





During the year, the group's ESG working group focused on:



Meet environmental compliance requirements; continuously focus on the energy structure of each manufacturing base, promote measures to conserve electricity, emphasize the development and application of energy-saving and emission reduction technologies, improve the efficiency of energy use in office areas and factories, increase the proportion of clean energy use, reduce the amount of energy used per unit of product, and fundamentally reduce the group's carbon emissions to better respond to domestic and international carbon market regulation.



While meeting the functional needs of products, continuously enhance the level of green manufacturing, comprehensively consider the environmental impact of products in the design, manufacturing, logistics and transportation, use and recycling phases, reduce the consumption of natural resources, reduce the generation of waste, and improve the energy efficiency of the production process and the sustainability of raw and auxiliary materials. We will lead the industry to transform into a more environmentally friendly, safer, and more sustainable direction, and provide customers with more green consumption choices.



Establish a talent management system that matches the company's development rhythm and adapts to international labor standards, pay attention to and protect the legitimate rights and interests of employees, continuously improve the employee welfare system, incessantly broaden the talent development channels, strengthen the investment in employee health and safety, and endeavor to build a fair, open, harmonious and inclusive working environment to unceasingly improve employee satisfaction, work efficiency and innovation ability.








Continuously improve the compliance control structure, consolidate and strengthen corporate compliance risk management, adhere to fair and impartial operations, require all employees and encourage our business partners to perform their duties with integrity, adopt a "zero tolerance" attitude towards corruption, favoritism, improper competition and other violations of business ethics, and strengthen the awareness of business ethics of the employees through the implementation of various activities to lead them to establish correct business ethics values. Strengthen employees' awareness of business ethics through the implementation of various measures and lead them to establish correct business ethics values.



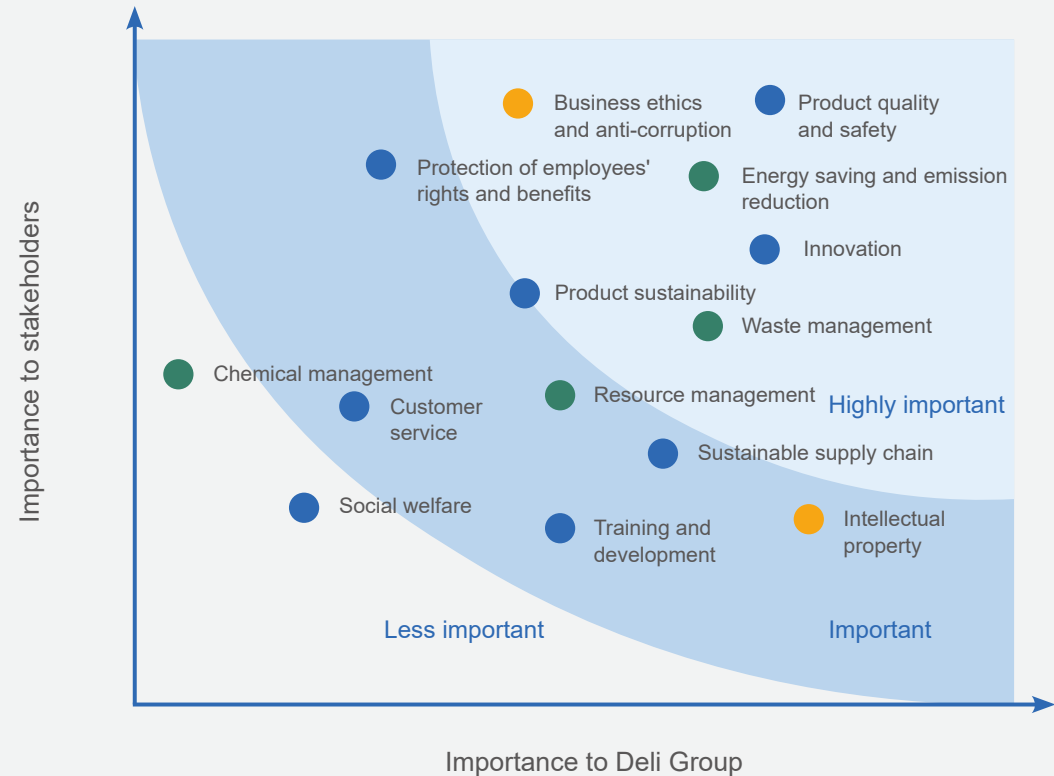
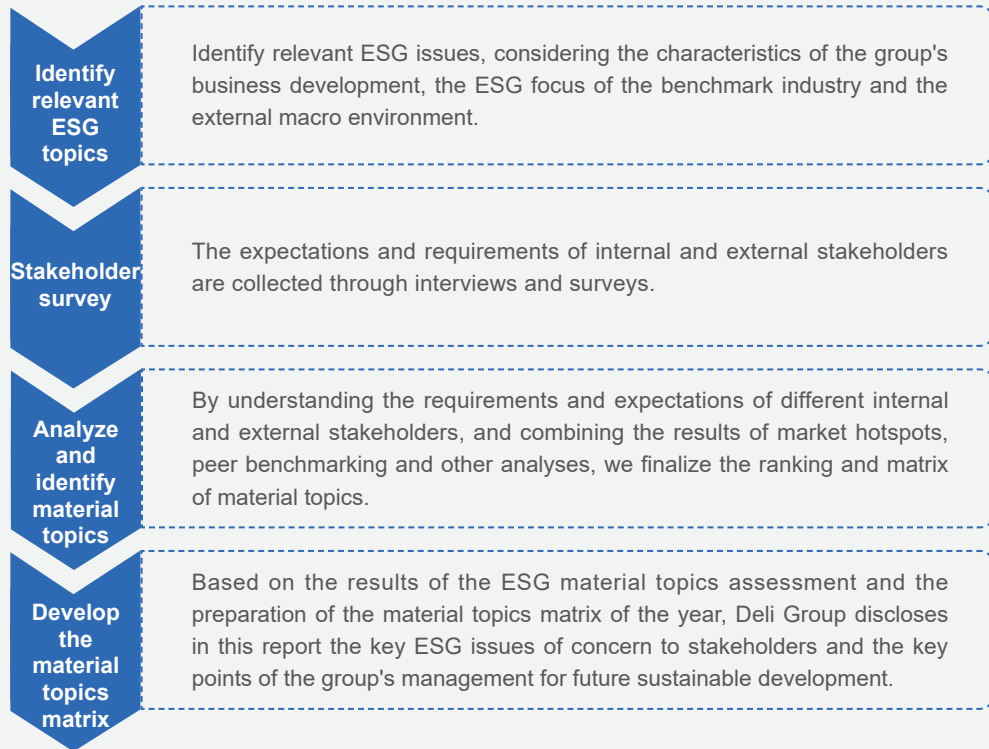
Continuously carry out social welfare activities in the areas of helping students, helping the less fortunate and the elderly, emergency responses, and rural vitalization, so as to give positive feedback on the society with practical actions, practice the social responsibility of corporate citizenship while carrying out business, enhance the company's brand image, stimulate the sense of pride of the staff, and strengthen internal cohesion.

Stakeholder communication activities

Stakeholder	 Government and regulators	 Employees	 Customers	 Suppliers	 Society and the public
Primary methods of communication	<ul style="list-style-type: none"> Regulatory information required to be submitted by relevant departments. Government notification 	<ul style="list-style-type: none"> Deli Group internal systems Employee care programs Human Resources Center Suggestion Box Employee survey activities 	<ul style="list-style-type: none"> Deli Group WeChat official account Dealer Feedback Marketing specialists communicate directly with customers 	<ul style="list-style-type: none"> Suppliers assessment Periodic vendor evaluations Regular vendor meetings 	<ul style="list-style-type: none"> News Official website WeChat official account
Expectations and demands	<ul style="list-style-type: none"> Respect for law and order Paying taxes according to the law Respond to the call of the nation Support for local development 	<ul style="list-style-type: none"> Career development platform Training opportunities Compensation and Benefits Healthy and safe working environment Opinions being heard 	<ul style="list-style-type: none"> Product quality and price-performance ratio Green Products Customer Service Quality Product warranty Customer Information Security Customer Rights & Benefits 	<ul style="list-style-type: none"> Sincere cooperation Experience Sharing Win-win cooperation Business ethics and reputation 	<ul style="list-style-type: none"> Care for the less fortunate Support for social welfare Protection of the natural environment Promoting social progress
Communication and Response	<ul style="list-style-type: none"> Compliance with the law Pay taxes on time and in full. Active implementation of relevant policies Proactive social responsibility 	<ul style="list-style-type: none"> Improving career promotion mechanisms Building an employee training and education system Competitive compensation and benefits Equal communication and complaint mechanisms 	<ul style="list-style-type: none"> Developing products with excellent performance Increase of recycled materials usage Use of environmentally friendly materials Reduction of greenhouse gas emissions Compliance marketing Protection of personal information 	<ul style="list-style-type: none"> Building a responsible supply chain Facilitating daily communication Developing project cooperation 	<ul style="list-style-type: none"> Participation in poverty alleviation activities Commitment to charity Adherence to green operation Sharing the outcome of development

Assessment and identification of material topics

Deli Group conducts material topics assessment work to understand in a timely and comprehensive manner the importance of each ESG topic to the group's business development as well as the degree of concern received by stakeholders and takes proactive countermeasures to further promote the continuous improvement of the management of the group's ESG information disclosure and related issues. The specific work steps are as follows:





03

Quality first, green innovation

- Green products ○
- R&d and innovation ○
- Green packaging ○
- Industry cooperation and development ○
- Product quality and safety ○
- Customer service management ○



Green product

One of the key strategies of Deli in practicing green development is to increase the use of environmental-friendly materials, while considering the durability and applicability of our products.

The "Green Circular Plan" recycled product series

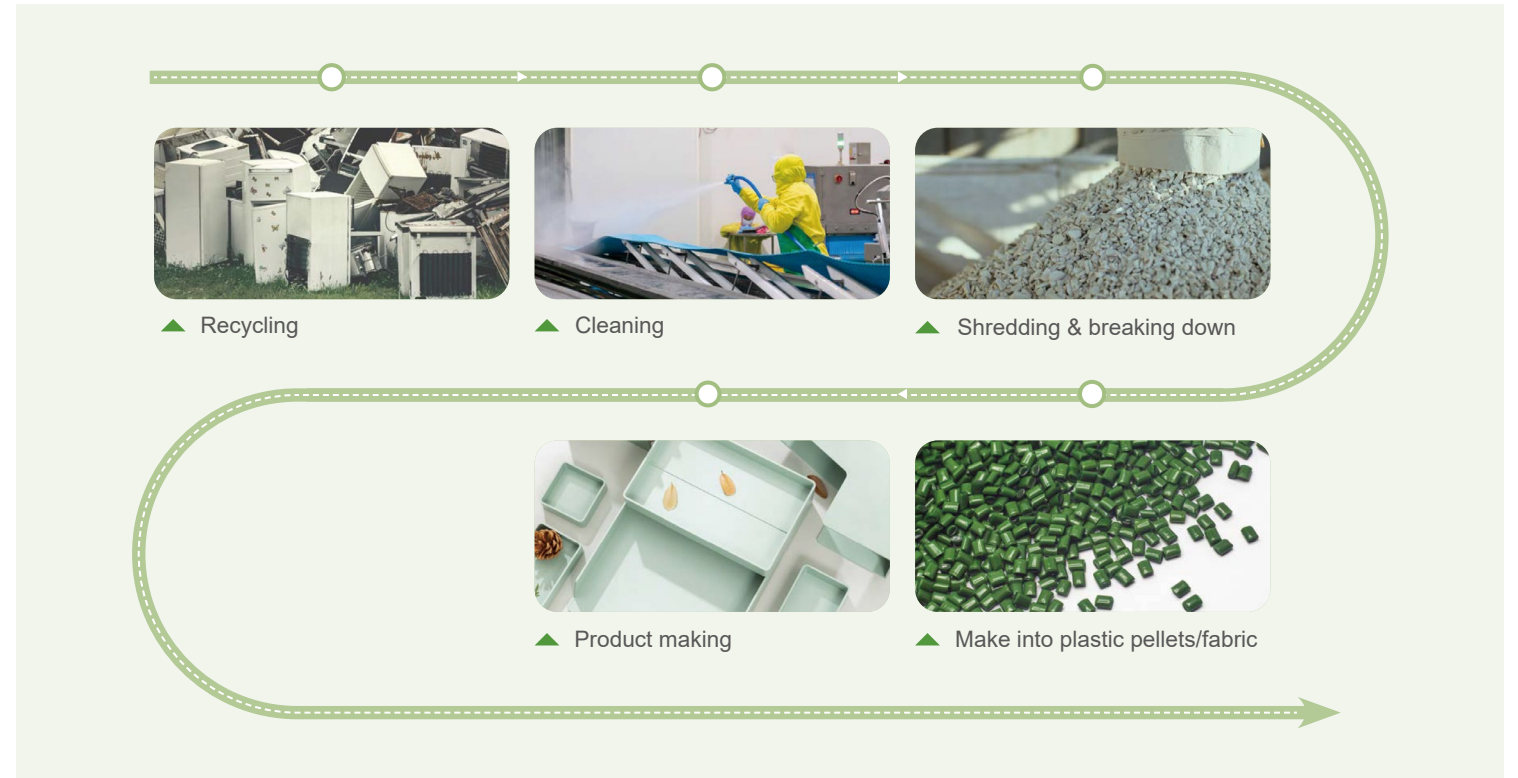
During the reporting period, we launched a series of products for consumers under the "Green Circular Plan" program. The series consists of three types of products, gel pens, correction tapes and staplers, which use a certain percentage of PCR materials (post-consumer-recycled) in the production process.



| Post-Consumer Recovery Series (PCR)

PCR is not just a term, it's a commitment to closing the loop of consumption. Post-consumer recycled materials are sourced from items that have already fulfilled their original purpose, like plastic bottles or old textiles. Instead of ending up in landfills, these materials get a second chance at life, becoming the building blocks of our sustainable products.

PCR series production process



PCR Series



PZ001



▲ Mini Stapler
100% R-ABS

PZ002



▲ Mini Stapler
100% R-ABS

PZ003



▲ Mini Stapler
100% R-ABS

PZ004



▲ Half Strip Stapler
100% R-ABS

PZ005



▲ Half Strip Stapler
100% R-ABS

PZ006



▲ Half Strip Stapler
100% R-ABS

PZ007



▲ Half Strip Stapler
100% R-ABS

PZ008



▲ Half Strip Stapler
100% R-ABS

PZ009



▲ 2-Hole Punch
100% R-ABS

PS001



▲ Gel Pen
100% R-PC

PS002



▲ Gel Pen
100% R-PC

PS003



▲ Gel Pen
100% R-PC

PS004



▲ Gel Pen
100% R-ABS

PS005



▲ Gel Pen
100% R-PC









Bio-based series

Our materials are sourced from bio-friendly resources, serving customers with experience that transcends trends, embraces the elegance of nature and refines stylish sustainability.

Bio-based series products production process



Bio-based products

<p>B001</p>  <p>▲ Pen Holder</p>	<p>B002</p>  <p>▲ Multi-Functional Tray Set</p>	
<p>B003</p>  <p>▲ Card Holder</p>	<p>B004</p>  <p>▲ File Sorter</p>	
<p>B005</p>  <p>▲ Multi-Purpose Organizer</p>		
<p>B006</p>  <p>▲ Packing Tape</p>	<p>B007</p>  <p>▲ Glue Stick</p>	



Coffee grounds recycling

When coffee grounds break down in landfills, they emit methane gas, and methane gas has a global warming potential (GWP) value of 27.9 times compared to that of carbon dioxide in a 100-year time frame.

We are actively exploring the possibilities of recycling coffee grounds to reduce our dependence on traditional petroleum-based materials. We have already launched a series of products whose main material comes from recycled coffee grounds.

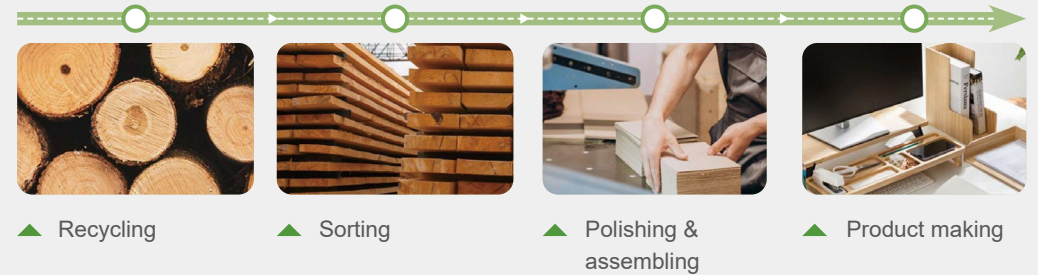


▲ Storage set whose main material is recycled coffee grounds

Wood series

The raw materials used in this product series were once part of the building structure or discarded wood. Through innovations in materials research, these FSC-certified materials can be revitalized in the Timber Collection. The timber collection celebrates the resilience of nature and the art of transformation, while embracing our spirit of sustainability.

Production process for wood products



Wood products



▲ Desk Organizer Set



▲ Monitor Stand



▲ Over Keyboard Organizer



▲ File Tray



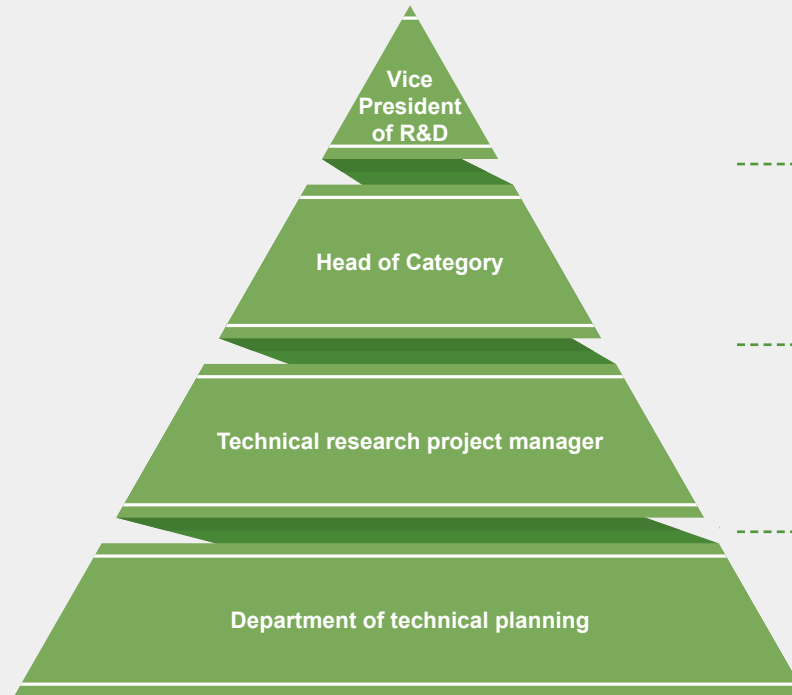
▲ File Holder

R&D and innovation

Deli Group aims to create a better and more sustainable future through innovation and continuing to provide global users with products and services that are technologically advanced, high in quality, user-friendly and emotionally recognizable.

We have always believed that technology-driven innovation is the engine that drives the group's continuous development. Deli Group attaches great importance to the development of innovation and strives to create a positive culture of innovation. "Innovation" has become a topic of great concern and discussion for us.

Technology Innovation R&D Structure and Responsibilities



- Responsible for evaluating and approving the establishment and completion (including abnormal completion) of technical research projects of Deli research institute and product companies.

- Responsible for reviewing and approving the establishment and completion of technical research projects (including abnormal completion) of subsidiaries.

- Leading the technical research and project management of technical research projects.

- Responsible for the management of project numbering,
- Organizing research projects evaluation.
- Tracking the progress of technical research projects.
- Organizing technical research projects completion evaluation and incentive issuance,
- Tracking and reviewing the technical research results to products transformation process, and to output technical management evaluation.

| Mechanisms for technological innovation

Deli Group is committed to establishing a sound management system related to technological innovation to standardize the company's technological innovation and R&D work. At present, we have issued the "Technical Research Project Management Procedures", which covers all stages of the whole life cycle of R&D projects, including the conceptual stage, planning stage, validation stage, technology appraisal stage, technical achievement transformation review, as well as corresponding project change procedures, project termination procedures and reward issuance rules, etc. This ensures the normalization of innovation work from a systemic perspective.

Four stages of product development

Deli Group integrates the entire life cycle of technical research-based projects together to form a standardized regulation. Through the application of the management process, we have unified the product development process, project management, and significantly improved efficiency for the company's product quality, projects on-time listing and breakthroughs in technological difficulties.



| Action measures for technological innovation

Industry collaboration

To accelerate the pace of exploring new sustainable materials that are of high quality and environmentally friendly, Deli Group has set up a materials research laboratory together with 3 universities. Meanwhile, we have 12 material reliability testing centers located in various locations for different product categories.

Innovative activities

In 2023, Deli Group regularly held innovation proposal workshops and design innovation advocacy meetings, aiming to guide the product, R&D, technology, and design teams through communication and co-creation of ideas, unify innovation goals, maintain higher standards, more cutting-edge ideas, and a broader vision, and carry out innovative work.

Starting from August 2023, an innovation proposal workshop for each product category was held every 2 months. Each subsidiary actively proposed new technologies, new concepts and new schemes around technological innovation and market value. The innovation evaluation team selected proposals based on user value, innovation value, and business value. By the end of February 2024, a total of 34 excellent proposals has been selected.

Innovation proposal workshop



Innovation proposal workshop for product category



Everyone talks about innovation, innovation in everything, innovation everywhere

Innovation is highly valued as the foundation of Deli's market recognition and its unchanging commitment to consumers. Through a series of resource integration initiatives, we continue to stimulate the enthusiasm and vitality of our employees for innovation, create better organizational innovation ecosystem and atmosphere, and bring surprises to consumers.

Recognition meeting awards



Star of innovation award



Major technological innovations

As of the end of the reporting period, 3,447 new products were launched in 2023.

Golden Pin Design Awards Winners

Golden Dot Design Awards is the most authoritative professional industrial design award in the industry, also known as the "Golden Horse Awards" in the design industry.

A total of 6 pieces of works, including Deli Nusign Label Printer, Nusign Series Plate Clip, Nusign Mini Hole Punch, Deli Z1 Financial Binding Machine, T-BOX Tool Series and Home Series Lithium Glue Gun, stood out from thousands of design and innovation masterpieces, and won the honor of "Golden Pin Design Medal".

A group of energetic post-95s industrial designers deeply enhanced Deli's strength in cultural creativity and technological innovation while reaching the podium.

Award-winning products



Winning teams



Technology innovation

Fast charging laser pointer with remote control developed by Smart IoT Company: a laser pointer with remote control that can be used for 3 hours after 1 minute of charging, and the battery can be fully charged in only half an hour, which effectively enhances the convenience in practical use scenarios.

Long-meter correction tape developed by Stationery Products Company: the world's first long-meter correction tape with a length of 50 meters or more, and ensures that the film tape can be pulled out smoothly in the earlier stage, mid stage, and later stage during use.. The coating is even and there is no dragging or jamming of the tape;

Phthalate-free eraser developed by Deli Genius Company: while ensuring the performance of the product is equivalent to that of PVC eraser, "0" phthalates or other hazardous substances are added into the formula, and the cost of new formula is controlled to be no more than 110% of PVC formula.

Green packaging

As early as twenty years ago, Deli Group established a dedicated "Packaging Engineering" department. During this period, we have been committed to continuously reducing packaging costs, improving the standardization of packaging, reducing the space required for packaging, and promoting the implementation of plastic-free packaging.

Packaging recycling, utilization optimization

Deli Group advocates and practices green packaging, promoting the greening, reduction and recycling of packaging. We use recyclable boxes and carton packaging, continuously improving packaging applications, promoting recyclable packaging, and fostering the coordinated development of resource utilization and environmental protection.

Currently, Deli Group uses reusable boxes for all B2B outbound packaging, saving about 3 million cartons per year nationwide.

Harmonization of packaging standards

In 2023, we established packaging material standards for the categories of cutters and correction tapes, to unify requirements and ensure standardized design. In 2024, we plan to expand the standardization of packaging to 5 major product categories, ensuring further reduction of material waste due to non-standard packaging requirements.

Outer packaging material innovation

In 2023, we conducted in-depth research and exploration on packaging materials. We have achieved a technological breakthrough by replacing the main material of the product outer box from corrugated paper to thin honeycomb paper. In 2024, we plan to apply this industry-first technology to the outer packaging of document management products. Compared to traditional corrugated paper, thin honeycomb paper maintains strength while reducing the amount of paper used for outer packaging by about 15%, effectively minimizing resource consumption.

Space utilization

In individual product packaging, we optimize the boxing algorithm to avoid space waste, reducing the consumption of materials such as tape, cartons, and fillers by more than 20%. In terms of warehouse and logistics storage and transportation, we plan the stacking method of different specifications of outer boxes to increase the volume rate of Deli Group's warehouse from 55% in 2021 to 70% in 2023. A similar increase is also reflected in the space utilization rate during transportation. Through efficiency improvements, we effectively reduce the greenhouse gas emissions related to the company's warehousing and transportation.

Promotion of plastic-free packaging

In 2019, Deli Group officially launched the research and design work on plastic-free packaging structures. The use of paper card packaging to replace the original plastic packaging can reduce the environmental decomposition pressure at the waste disposal stage, increase the recycling rate, and effectively prevent marine pollution. Currently, pure paper card packaging has become the recommended packaging for some of our mid-to-high-end products.

Eco-friendly printing

Since 2020, the Deli packaging engineering team has been continuously reviewing the packaging design and printing methods of existing product categories. The team replaced the unnecessary color-printed outer boxes in most categories with more environmentally friendly watermark outer boxes that use biodegradable ink. We plan to deepen the optimization work in printing over the next two years, expanding the coverage to all product categories.

Industry cooperation and development

Deli Group actively carries out industry-academia-research cooperation activities with universities. Leveraging industry forums and exhibitions such as the Canton Fair, Maternal and Child Conference, and Stationery Industry Conference, Deli Group shares resources and solves problems with partners, jointly promoting the prosperous development of the cultural and creative industry. The company also strongly supports the development of the cultural and creative industry in countries along the "Belt and Road" initiative, bringing more and better products to users around the world.

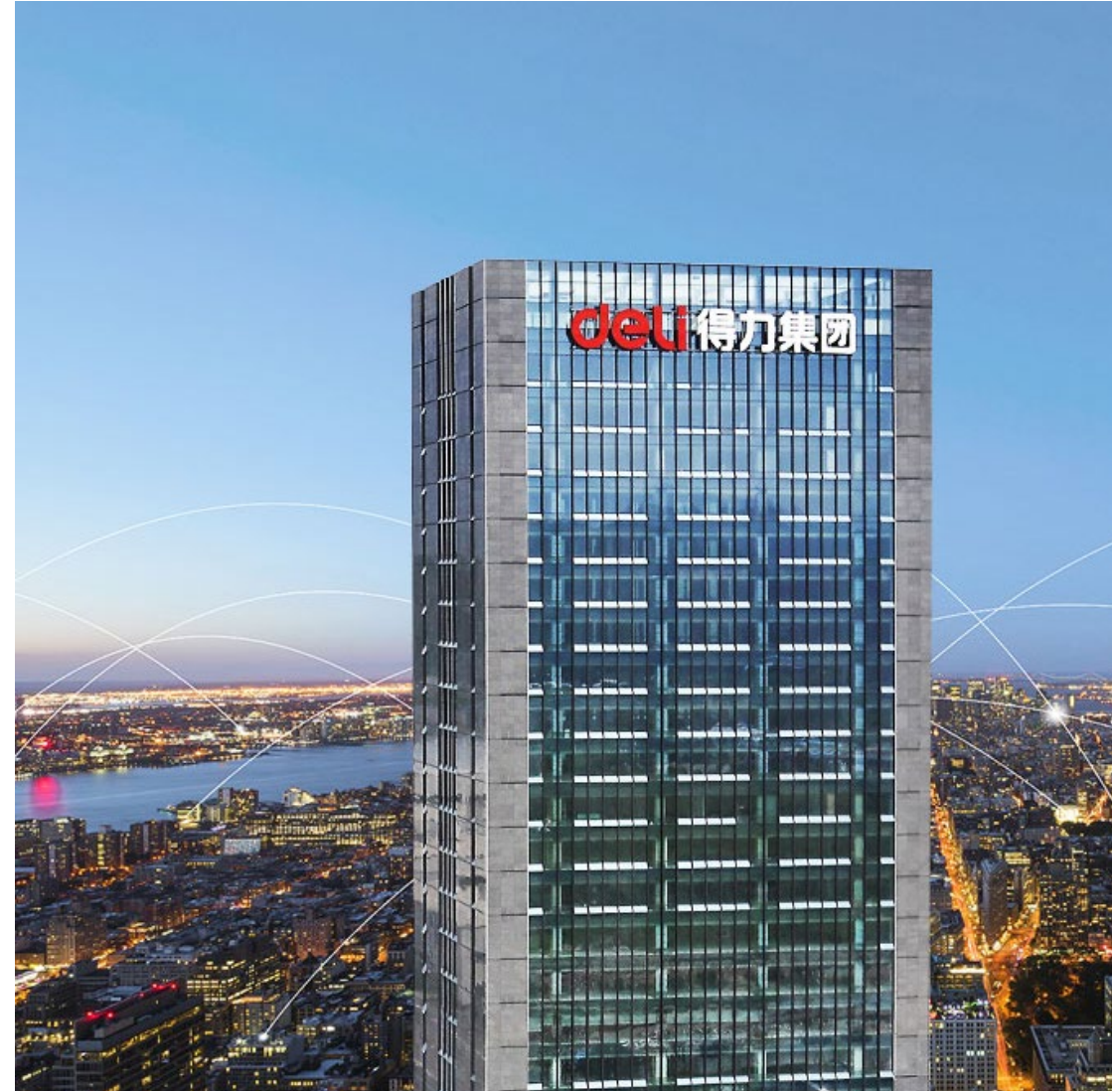
| Promoting University-industry collaboration

In 2023, to support local talent development, Deli Group actively cooperated with universities. The company, in conjunction with Nanjing University of Technology, established a provincial-level postdoctoral workstation to jointly cultivate postdoctoral talents. In addition, the company collaborated with Ningbo University to establish a "Material and Chemical Engineering Graduate Practice and Research Base". The research topic was "Design, Preparation, and Performance Study of Biodegradable Pressure-Sensitive Adhesive of Polyester Type". The study focused on the current state of industry development and explored the future direction of the industry.

University-industry collaboration: postdoctoral workstation



University-industry collaboration: Ningbo University



Expanding overseas markets

Globalization strategy is an important strategy for Deli Group. Over the years, the group has vigorously expanded overseas markets, not only setting up multiple factories in countries along the "Belt and Road" initiative, but also establishing more than 10 regional marketing headquarters, over 30 overseas branches in various regions around the world including Western Europe, North America, Africa, etc., and has established a marketing network in more than 140 countries and regions to better meet the differentiated needs of local users. Currently, Deli has become a leading brand in markets such as Vietnam, Morocco, and the UAE, and is steadily advancing towards the goal of building a world-class cultural and creative technology brand.

With its excellent product cost-performance ratio, Deli has become the first choice of Fortune 500 companies in developed markets such as the United States, Japan, the United Kingdom, Germany, Australia, etc. "Made by Deli" is being chosen and trusted by more and more customers. In 2019, Deli Group successfully established its first overseas factory - Deli Vietnam Factory. This move has laid a solid foundation for Deli's take-off in overseas markets.

Opening up the Vietnamese market

Deli Group is committed to applying its professional capabilities to the international market. In Vietnam, the group has opened its first overseas factory and dispatched expatriate to conduct in-depth research on the Vietnamese market demand, enhancing the manufacturing capabilities and efficiency of Vietnam's local industry. The group's overseas team actively responds to challenges in various fields. In response to issues such as a wide range of categories and a lack of job refinement, the Vietnam factory overcomes difficulties such as immature supply chains and insufficient manufacturing capabilities, changes the domestic transfer-oriented model, opens up incremental space, undertakes projects independently, actively takes on new projects, and brings significant increments to Deli Vietnam company while training the team.

In 2023, Deli Vietnam company achieved an annual cumulative sales growth of 25.5%. While continuously promoting the company's performance growth, it helps to build the group into a more internationalized local company, practicing the company's mission of "to develop products and services that meet the needs, exceeding the expectation of customers across the globe".



Warehouse construction in Indonesia

Deli Group places great emphasis on the capability building of its overseas branches. In response to early issues in the Indonesian market's warehousing operations, such as unscientific planning, untimely delivery, and large inventory discrepancies, the headquarters logistics team dispatched logistics professionals for capability training, cultivated a professional overseas logistics team, and worked for Indonesian and Vietnamese branches. The team delved into localized business, carried out warehouse planning based on the analysis of inventory structure and operation logic, and successfully helped the Indonesian branch complete the construction of multiple warehouses. Currently, the Indonesian e-commerce warehouse has become a benchmark in the local industry.

At the same time, the group carried out guidance and empowerment work for the employees of the Indonesian branch at the warehousing management level, built a warehouse management system, and carried out modern performance reforms. The group's management model was transformed from "getting an equal share regardless of the work done" to piece-rate management, and the WMS system was launched to improve operation equipment and standardize processes.

A series of "combination punches" brought about pleasing changes. During the reporting period, the picking and distribution efficiency of the Indonesian branch increased by 7.96% year-on-year, and the timely delivery rate increased by 6.78% year-on-year.



▲ Team from headquarter guides colleagues in Indonesia on conducting business

In addition, Deli Group has been actively carrying out brand building work globally to continuously enhance brand awareness in different regional markets around the world. In order to expand cooperation and enhance brand influence, the group actively organized large-scale exhibitions in a number of countries around the world, and during the reporting period, nearly 200 promotional fair exhibitions were held. Through cooperation with many well-known chain supermarkets around the world and the establishment of exclusive sales areas, the group has continued to expand its coverage and influence in various markets, and has laid out storefront advertisements, outdoor advertisements, flagship stores, image stores and other terminal constructions. During the reporting period, the group built nearly 40 Deli image stores and nearly 300 brand zones overseas, laid out nearly 900 Deli storefronts in the market, further expanded the local customer groups.

Deli Group Overseas Product Exhibitions



▲ Tokyo, Japan



▲ Frankfurt am Main, Germany

In response to the customer groups and consumption levels of different countries, Deli Group actively follows the direction of international trends and carries out industrial construction with different strategies. Through vigorously carrying out full-channel brand marketing activities, the group enhances consumers' cognition and understanding of Deli's products and brand; at the same time, through cooperation with mainstream celebrity spokespersons in the region, hosting online and offline painting exhibitions and handicraft competitions, sponsoring events and other channels, the company carries out branding activities directly facing consumers.

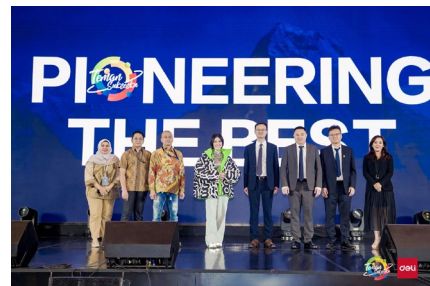
Deli Group Overseas Branding Activities



▲ Offline Painting Competition



▲ Indonesia Offline Painting Competition



▲ 2024 Indonesia Distributor Conference, with brand spokesperson attending



▲ Vietnam Lunar New Year 2024 offline event

Deli Stationery Overseas Store Construction



The group also pays attention to the construction of online channels in overseas markets. Based on the characteristics of different regions around the world, the group is laying out a diversified cross-border e-commerce platform, actively using emerging modern social media platforms, and spreading high-quality brand and product content to expand the end-consumer group, leverage the marketing power around the world, and gradually establish the image of Deli's high-quality brand in the international market. It interprets the brilliance of China with "Made in China", sharing a new experience of culture, education, and office work with the world.

Product quality and safety

Quality is the cornerstone of Deli's existence. Providing high-quality products, services, and solutions, responding quickly to customer needs and creating value for customers is Deli's unchanging commitment to customers.

To ensure that quality runs through all aspects of production and customer service, Deli has established a Quality Management Center, which is responsible for building a large quality management system based on processes and adapting to future development, and collaborates with the Procurement Center, Manufacturing Center, Service Center, and Innovation Center to focus on user experience, create excellent products, and build a team of technical experts and management talents for a batch of product lines.

Deli continues to promote product quality, safety, environmental certification, actively carries out CCC (China Compulsory Certification), CQC (China Quality Certification), environmental product certification, energy-saving product certification, Ten Rings (China Environmental Labeling Product Certification), "Made in Zhejiang" certification and other product certification. By now, Deli has been awarded 533 CCC certifications and CCC self-declarations, 151 CQC product certifications, 2 environmental product certifications, 43 energy-saving product certifications, 13 China Environmental Labeling Product certifications and 5 "Made in Zhejiang" certifications.

Deli regularly dispatches product departments to suppliers to conduct training on the theme of product quality improvement and to provide on-site guidance to suppliers on quality improvement empowerment.

Organizational structure of Quality Management Center



Quality Improvement Guidance - Writing Instruments Company



Quality Improvement Guidance - Deli Genius Company



Deli actively participates in the formulation of industrial standards, timely masters and applies cutting-edge technologies and management concepts and guides the enhancement of product and service quality within the enterprise.

Highlighted Performance

- The "Watercolor Pen" standard won the 2022 Ministry of Industry and Information Technology's "Top 100 Advanced Group Standard Application Demonstration Projects".
- Led the formulation of the "Zhejiang Manufacturing" standard T/ZZB 2851-2022 "Data Book".
- Participated in the formulation of the national standard GB/T 40774-2021 "Technical Specifications for Ecological Design Product Evaluation Office Equipment Series Products".

Product quality improvement

Automatic pencil sharpener technology upgrade: the original pencil sharpener products had problems such as fewer uses of sharpening, serious pencil core breaking, imbalanced sharpening, raw edges, and other problems. After technical research, the current pencil sharpener products increased short pen protection, self-absorption after inserting the pencil and other functions, while usage count increased from 3,500 times to 10,000 times, charging time shortened from 5 hours to 1.5 hours, and no more breaking cores and raw edges.



▲ Automatic Pencil Sharpener

Service quality management

Deli has established a thorough after-sales service system, which consists of four business departments: Call Center, Department of After-sales Material, Department of After-sales Operation and Department of Customer Quality Management and has passed the five-star certification of GB/T27922-2011 "Commodity After-sales Service Evaluation System". We have gradually built an after-sales maintenance network with dealer customer outlets as the main part and self-operated outlets as the supplementary part. In terms of informationization construction, Deli has developed and improved Customer Relationship Management (CRM) for customer support, Warehouse Management System

(WMS) for spare parts management, intelligent customer service, online service, self-service and other systems and functions, which have improved business efficiency and provided customers with a more convenient and efficient service experience.

In terms of service team construction, Deli has established a thorough online/offline training and certification system, implemented a system of "come into operation after certification" for engineers of authorized outlets, and carried out technical training on a regular basis to guarantee the engineers' after-sales service capability and provide customers with technical support on a continuous basis.

Detection capacity enhancement

Adopting Laboratory Information Management System (LIMS), the laboratory of Deli Group Testing Center has set up many kinds of functional laboratories, including student stationery laboratory, sports and entertainment products laboratory, office electronics laboratory, environment laboratory, transportation simulation laboratory, etc., the technical capability is strongly supported by more than 20 professional technicians and more than 150 sets of various professional testing instruments, equipment. The experimental capacity and technical level have reached the level of national laboratories, the laboratories have passed the China National Accreditation Service for Conformity Assessment (CNAS) accreditation. The Testing Center standardizes the daily management, and skillfully applies rigorous, scientific, and fair methods and attitudes to every single testing task, providing fair and accurate testing data support for the company's quality improvement, and continuously enhancing the market competitiveness of the products.

The production process focuses on promoting online automated detection to improve detection efficiency and continues to promote the application of motorized equipment such as automatic weighing, error-proof and anti-mixing, and appearance inspection. During the reporting period, Deli introduced 62 automated detection projects and fully promoted automated detection in the manufacturing process to further enhance the level of detection capacity.

| Building quality culture for all employees

The group systematically plans and implements the construction of quality culture and training to create an atmosphere of quality culture in which all staff participate, and everyone improves, to build a customer-centered, process- and product-focused thinking of overall quality management. Through continuous improvement, quality publicity, activities, training, and empowerment, we carried out quality culture activities covering all levels, strengthened the mastery and application of personnel's quality expertise and promote the application of quality professional tools in the management process. During the reporting period, a total of 224 trainings were conducted, covering 100% of the quality system employees.

Quality improvement training



Quality Contests at subsidiaries

The Group actively organized and carried out "quality month" activities, and each product company organized 11 quality competitions, 2 quality management co-creation salons, 3 Quality Control Circle (QCC) excellent annual case evaluations, as well as Quality Engineering/Quality Control (QE/QC) professional knowledge tests and seminars on the toy safety series standards and carried out the promotion of excellent cases of supplier improvement.

Through quality training, the construction of the group's quality culture, and the cohesion of the management spirit of "building quality for all", the group has effectively enhanced the quality awareness and management knowledge of personnel at all levels.

Subsidiaries organize quality competitions



| Stop-loss and compensation mechanisms

We believe that product recalls are necessary to protect our customers' rights and interests. With a highly responsible attitude towards our customers, we have introduced the "Recall/Return Management Regulations" and strictly enforced them to effectively minimize the losses of our customers due to defective products.

Customer service management

Always focusing on customers, Deli has introduced and continuously improved the "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", "Abnormal Complaint Processing Principles" and other regulations, to continually improve customers' experience and properly solve customers' problems.

Starting from 2020, Deli Group was certified with five-star requirements each year in line with the guidelines of GB/T 27922-2011 "Commodity After-sales Service Evaluation System", indicating Deli Group possesses the top-level customer service capacity in the whole industry nationwide.

Customer service five-star certification



Positive response to customer needs

Deli pays attention to the positive response to customer complaints and effectively protects the rights and interests of each customer. The customer service department carries out unified management of customer complaints through an online system, ensuring the realization of full life-cycle tracking and management, including stages such as real-time recording of complaint information, troubleshooting and locating problems, handing over to business/functional departments for special treatment, follow-ups on subsequent treatment and feedback on customer satisfaction with the results of the treatment. In 2023, in the cases of complaints received by Deli Group about products and services, the response rate within 30 minutes, complaint resolution rate and comprehensive satisfaction rate of complaint handling all reached 100%.

Indicator	Unit	Data
Customer complaint response rate	%	100
Average response time to customer complaints	minutes	20.39
Customer complaint resolution rate	%	100
Comprehensive satisfaction rate of complaint handling	%	100

Customer information security and privacy protection

Deli Group attaches importance to information security, especially to the high requirements of customer information confidentiality. We have formulated rules and regulations such as the "Security and Confidentiality Responsibility Management System" and the "Maintenance Network Confidentiality Agreement" and have ensured that customer privacy protection is in place through measures such as internal checks by the Department of Legal Affairs of the company and strict management of access permissions to customer information.

Negative incidents regarding customer health and safety

In 2023, there was no reported incidents in which the operation of Deli Group did harm to the health and safety of customers.





04

Serving community, taking responsibility

- Social welfare
- Rural vitalization
- Responsible supply chain



Serving community, taking responsibility

Deli Group has integrated "responsibility" into its corporate values. Over the years, the group has been actively contributing to the construction of a harmonious society, the creation of a better life, the steady progress towards the goal of common prosperity and the implementation of the rural vitalization strategy, we have taken the initiative to participate in various social welfare undertakings to promote the construction of a harmonious and healthy social ecology.

Deli Group is committed to building a responsible supply chain and playing the responsibility of "chain leader" of the industrial chain. We will pass the concept of sustainability to our supply chain partners, adhere to the concept of win-win cooperation, fairness, and openness, continuously strengthen supply chain management, and work with our partners to empower sustainable development.



Social welfare

Deli Group always adheres to the original intention of gratitude and giving back to society. We are not only practitioners of social welfare activities, but also devoted to becoming leaders in the construction of social welfare in the industry.

Deli Group, while continuing to develop, adheres to fulfilling its social responsibilities, actively giving back to society, and supporting the nation in poverty alleviation, educational awards and assistance, helping the elderly, rural vitalization, east-west collaboration, epidemic relief, cultural construction, and other vigorously developing works, with love spread all over the country.



▲ Deli Group Charity and Education Fund Donation Ceremony

Over the years, Deli has set up Deli Charity Fund and Deli Education Fund in Ninghai Charity Federation, Ninghai Education Foundation and other public welfare organizations, donated to Love Police Fund, Women and Children Care Fund, Ecological Environment Public Welfare Fund, and created many public welfare charitable brands such as "Dream Action", "Love in the Sunset", "Light Up Lives with Love", "Blue Dream" and "Care for Left-behind Children", etc., and has passed the concept of "Gratitude to Society and Goodness to People" to every employee, guiding the people at Deli to be better and upward, and has been awarded the "National Charitable and Caring Enterprise", "Zhejiang Charity Award", "Zhejiang Green Leaf Award", "Zhejiang Business Heroes With Great Love against Epidemic", "Ningbo Top Ten Caring Enterprises", "Ningbo Loving Blood Donation Organization" and other honors.

Deli Group Charity Honors		
Awards and Honors	Awarded by	Award time
National Charity Caring Enterprise	China Charity Federation	September 2022
Zhejiang Charity Award	People's Government of Zhejiang Province	February 2014
Zhejiang Province Green Leaf Award	People's Government of Zhejiang Province	September 2010
Zhejiang Province "Zhejiang Business Heroes With Great Love against Epidemic"	Zhejiang Daily Newspaper Group, Zhejiang Federation of Industry and Commerce, Zhejiang Federation of Science and Technology, etc.	May 2020
Ningbo Charity Award	Ningbo Municipal People's Government	June 2013
Ningbo Most Caring Donation Enterprise	Ningbo Charity Federation	August 2022
Ningbo Poverty Eradication Social Help Caring Enterprises	Ningbo Federation of Industry and Commerce, Ningbo Paring Assistance and Regional Cooperation Bureau	May 2020
Ningbo Labor Collaboration Love Enterprise	Ningbo Municipal Bureau of Human Resources and Social Security, Ningbo Municipal Bureau of Counterpart Support and Regional Cooperation	May 2020
Ningbo Loving Blood Donation Organization	Ningbo Blood Donation Leading Group Office	January 2020
Ningbo Top Ten Most Caring Donation Enterprises	Ningbo Charity Federation	May 2012
Ninghai Charity Award "Exemplary Award"	Ninghai County People's Government	October 2023
Ninghai County East-West Poverty Alleviation and Mountain-Ocean Collaboration Social Responsibility Award	CPC Ninghai County Committee, Ninghai County People's Government	March 2021
Red Cross Humanitarian Promotion Award	Ninghai Red Cross	August 2018
Ninghai Charity Outstanding Contribution Award	Ninghai County People's Government	June 2017

Deli's contribution to society does not change with economic cycles. To improve the drinking water safety of local residents, the company has invested funds to completely overhaul the tap water pipeline system to ensure that people can drink safe water; to enhance the emergency rescue capacity of the county, the company has donated funds to purchase advanced fire ladder trucks to strengthen the safety of the region; to support the country's strategy of common prosperity, the company donated to the charity education fund every year, aiming to help disadvantaged groups improve their quality of life and promote the continuous improvement of regional education resources.



▲ Emergency rescue equipment fire ladder

During the reporting period, Deli Group continued to donate funds to support social welfare events, and was awarded the "Ninghai Charity Model Award" by Ninghai County People's Government. Under the leadership and guidance of Deli, more and more individuals and organizations are participating in social welfare activities, contributing more and more strength to the sustainable development of social welfare.

| Contributing to the development of education

For a long time, with our professional advantages in the field of school supplies, Deli Group has been supporting the development of education and caring for children and teenagers, regularly visiting children in difficulties, visiting autistic children, comforting children of migrant workers, awarding outstanding teenagers, visiting Hope Primary Schools, and presenting holiday gifts, with a series of heart-warming initiatives, letting more children feel Deli's care and love, and bringing more care and attention to vulnerable groups.

Deli Group always keeps the fulfillment of social responsibility in mind. In order to effectively promote the sustainable development of charity and education, and help students in difficulty to continue their studies, during the reporting period, the group continuously donated to Ninghai Charity Federation and Ninghai People's Education Foundation, supported the implementation of various types of assistance, scholarships, teaching awards, excellence awards and other projects, effectively improved regional teaching conditions, improved local education level, injected intellectual support for regional economic development, and was highly praised by all sectors of society.

Sponsoring Children's Day activities

To protect every child's heart and do well in caring for children and teenagers, on the eve of Children's Day in 2023, Deli Group continued to carry out the June 1 Children's Day sponsorship activities. Deli reps were busy traveling to more than 10 schools in Ningbo, Ninghai and other places, sending holiday blessings to more than 3,000 children, making the Children's Day a joyful and surprising day.

To better convey the concern of the company and the warmth of the society, Deli has carefully prepared stationery sets for the children, hoping to help them improve their learning conditions, encourage more students to strive for excellence, and brighten up the children's bright childhood.



▲ Children's Day Activities

Highlighted performance - scholarship program

Throughout the year of 2023, Deli Group carried out several school sponsorship programs, and used corporate donations to subsidize more than a dozen of schools, including Ningbo University and Ningbo Middle School, to grant scholarships and awards, and to help promote the strategy of national rejuvenation through science and education.

In mid-August, the group launched the "100 Poor College Students" program, subsidizing 133 poor college students to complete their studies.

In late August, the group carried out the "100 Outstanding College Students Scholarship" program, with a total of 110 college students receiving assistance.

In December, the group cooperated with Ninghai County People's Education Foundation in Zhejiang Province to launch the "100 High School Students In Difficulty" project, and donated charity materials to subsidize 105 impoverished high school students to advance to higher education, complete their studies and improve their lives.

| Love and respect for the elderly

To promote the traditional virtues of the Chinese nation and genuinely care for the elderly, Deli has been steadfastly committed to respecting and loving the elderly for many years. Through initiatives such as visiting the elderly during the Spring Festival and the Double Ninth Festival, sponsoring various cultural activities, and building cultural auditoriums, Deli has effectively brightened the twilight years of the elderly, warmed the hearts of the lonely and vulnerable groups, and greatly enhanced the fine Chinese tradition of respecting and loving the elderly.

"Love in the Sunset" the elderly caring activities on the Double Ninth Festival

In October 2023, Deli Group's Party Committee and Youth League organized a large number of party members, youth league members, and volunteers to carry out the "Love in the Sunset" the elderly caring activities on the Double Ninth Festival. They went to various villages of Huangtan Town, Ninghai County, to visit the elderly who are alone and in difficulty, bringing heartfelt services to their side.

The volunteers, undeterred by the long journey, went in groups to the homes of the elderly in difficulty, bringing warmth and blessings. By helping the elderly with water and electricity repairs and courtyard cleaning, they focused on solving the difficulties in the lives of the elderly, creating a comfortable environment for the lonely elderly, and warming the elderly around them with practical actions. At the same time, the volunteers brought the grains, oil, milk, and other supplies donated by Deli Group to the lonely elderly, and during the accompanying chat with the elderly, they sent blessings of love, conveyed corporate care, spent wonderful time together, and passed on beautiful happiness with a grateful heart.

In addition, Deli Group also sponsored the Double Ninth Festival cultural activities, supported various types of elderly sports activities, effectively enriched the spiritual and cultural life of the elderly, realized the happiness of the elderly, engraved the excellent traditional Chinese virtues of filial piety and respect for the elderly in their hearts, and carried them forward.



| Blood donation

As a "Loving Blood Donation Organization" in Ningbo, Deli Group actively carries out regular blood donation activities.

"Light up lives with love" blood donation campaign

To better pass on the spirit of love of "selfless blood donation and mutual help", in July 2023, Deli Group carried out the blood donation activity of "Lighting up lives with love", the amount of blood donated on the same day exceeded 100,000 ml, which guided the employees to actively participate in and support the development of voluntary blood donation activities with practical actions.



Rural vitalization

Deli Group has always closely followed the strategic direction of national rural vitalization, contributing to the coordinated development of the central and western regions, narrowing the development gap between the east and west, and actively contributing to economic construction, education improvement, and infrastructure improvement in impoverished areas through donating special construction funds, purchasing agricultural and sideline products, absorbing local employment, donating teaching materials, and building roads.

Deli Group has always actively responded to government calls. Since 2019, the group has deeply participated in the government's "Qinglong Assistance" project, successively donated millions of construction funds to improve local infrastructure construction; connected with local clothing companies, issued corporate uniform orders, changed "blood transfusion-style assistance" to "blood generation-style assistance"; purchased local agricultural and sideline products, increased farmers' income; absorbed local employment, helped people increase income and become rich, improved family economic conditions; donated teaching resources, improved local teaching conditions, etc., and received high recognition from the local government and people.

In the past decade, Deli has donated more than 100,000 sets of stationery to rural schools, and has successively participated in targeted assistance activities such as contributing to the Sichuan Puge Common Prosperity Fund.

Supporting the rapid development of Sichuan Puge County

In the context of actively respond to the national strategy of rural vitalization, Deli Group has established the "Common Prosperity Fund", specifically to support development projects in Sichuan Puge County. Through targeted donations and continuous purchases of local agricultural and sideline products, aiming to help local residents increase their income and promote rural prosperity.

Furthermore, to support the development of education in the central and western regions, Deli Group has established a long-term pairing assistance relationship with Sichuan Puge Luoji Mountain Middle School, providing learning and teaching resource support for the school's teachers and students for several consecutive years. In addition, Deli has expanded the scope of educational aid, including donations to Sichuan Puge Li'an Township School Sichuan Muli County Qiaowa Town Second Primary School, supporting the construction of educational facilities and improving teaching conditions in these areas with loving materials.

Through this series of actions, the company has not only brought better educational resources to Puge County in Sichuan and improved the local educational environment, but also laid a solid foundation for the education and development of talents in the western region.

Ninghai new rural construction

Deli Group actively contributes funds and efforts to the new rural construction projects in the core operating areas, consolidating the achievements of poverty alleviation. During the reporting period, Deli established the Ninghai New Rural Construction Fund. The funds were used to improve the infrastructure of Damu Village. The company also donated funds to the rural charity workstations in Ninghai, aiming to strengthen rural infrastructure construction, promote rural vitalization, and contribute to the creation of a beautiful China.



Responsible supply chain

To minimize supplier risks and create a responsible supply chain, Deli Group has formulated comprehensive supplier management regulations. Currently, the group has nearly 4,000 existing cooperative suppliers. Furthermore, in order to further achieve robust procurement, the group has implemented the Supplier Management System (SRM 2.0), improved the supplier assessment and evaluation process, conducted regular inspections of the qualifications and capabilities of suppliers, supervised their operating conditions, quality capabilities, environmental safety, etc., and required the suppliers to make improvements to their existing problems, and to receive regular assessment by the relevant departments of the group.

In addition, Deli Group is committed to improving supply chain capacity building. In 2023, the group empowered suppliers in all aspects, assisting suppliers in enhancing their capabilities and transforming and upgrading, with the goal of creating a more sustainable supply chain and growing together with all partners. The group has always valued its cooperative relationship with all suppliers. In order to achieve comprehensive and effective communication with partners, the group has established a standardized supplier communication system, actively improved cooperation plans through regular organization of communication meetings, and strived to implement the concept of sustainable cooperation thoroughly.

| Solid procurement to reduce risk



To ensure solid procurement of materials and reduce procurement risks, Deli Group carries out strict quality management of raw material suppliers of its products. Relevant functional departments of the group, in collaboration with the procurement, research and development, marketing and finance departments of the product companies, determine the supply layout according to the procurement strategy of key categories, and strive to minimize the procurement risk, at the same time, according to the location of the suppliers, the group gives priority to the selection of local suppliers with the best quality of raw materials, packaging, transportation and other conditions in the vicinity of the suppliers in order to optimize the replenishment, return and exchange of goods in all aspects of the costs and services, and meanwhile, reduce pollution and greenhouse gas emissions resulting from the transportation of packaging materials.

To effectively realize the whole life cycle management of suppliers, the group has formulated the "Procurement Manual" and the "Supplier Manual" to regulate the practice of the procurement system, evaluate and select suppliers, and create a partnership of integrity and honesty with suppliers in the form of institutional safeguards.

In accordance with the internal "Procurement Manual" and "Supplier Manual" of Deli Group, the group implements strict access screening guidelines for suppliers. We require all suppliers to undergo comprehensive audits in strict accordance with the company's supplier management system in respect of qualifications, reputation, supply capacity and other aspects to ensure the security of supply in terms of capital, tax, and environment of the suppliers. Meanwhile, ESG elements are incorporated into the access assessment to implement the management of environmental and social factors of the suppliers to reduce the related risks and to build an open, fair, sunny, and honest, green, and sustainable value chain.

During the reporting period, Deli Group has finished the evaluation of all existing suppliers, outstanding suppliers were selected based on their qualification, credibility, delivery capacity and ESG performance. Based on the assessment results, the relevant departments of the group took corresponding corrective measures for the suppliers and conducted regular qualification reviews and compliance monitoring of the suppliers, and continuously tracked and improved the supplier issues that had been identified during the audits.

Highlight performance

- 

100% Supplier admittance assessment coverage
- 

ESG requirements are incorporated into the "Supplier Manual" of Deli Group
- 

Carried out integrity guidances and checks regularly

While focusing on suppliers' quality, service and technical capability, Deli Group also pays attention to guiding suppliers to actively practice the concept of sustainable development in terms of integrity, energy saving and emission reduction, lean production, and service to the society, etc. In 2023, the group carried out a total of 2 conferences on the integrity and compliance of the procurement system and publicized the integrity risk to suppliers in their daily work and on special holidays.

To achieve timely and effective communication with suppliers, the group holds regular year-end supplier communication meetings for strategic-level suppliers, in which the group draws feedback from suppliers and reviews past achievements and formulates further plans with them, to achieve win-win collaboration between the two sides and jointly create a more sustainable development path.



▲ Suppliers year-end communication meeting



| Supplier capacity-building

Deli Group has always adhered to the principle of growing together with its partners. In order to enhance the capabilities of all stakeholders in the supply chain, Deli Group empowered supply chain partners in multiple dimensions and levels in 2023, striving to help partners improve their professional competence and jointly move towards a sustainable and bright future.

The relevant departments of the group score and rate suppliers based on their capabilities and qualifications, customize different capability improvement plans for suppliers of different levels, empower suppliers at all levels from the aspects of quality and qualifications, and strive to improve the quality of the supply chain in all aspects.

In the future, Deli Group will continue to improve supply chain management, carry forward the Deli spirit of "Responsibility, Honor, Courage, and Self-discipline", continuously convey the concept of sustainable development to all partners in the supply chain, and steadily move towards the goal of building a sustainable supply chain.



05

Green symbiosis, care for nature

- Environmental management
- Resource management
- Emissions management
- Green logistics



Green symbiosis, care for nature

Deli Group earnestly fulfills its environmental responsibilities by integrating green operation concepts into various stages of product design, production and logistics. The company continuously improves management, optimizes design and processes, comprehensively utilizes energy and resources consumption, reducing pollution from the source, minimizing or avoiding negative impacts on human health and the environment throughout the life cycle of products. The company strives to build green and environmentally friendly industrial structure and practices low-carbon sustainable development environmental strategy.

Environmental management

| Environmental management system

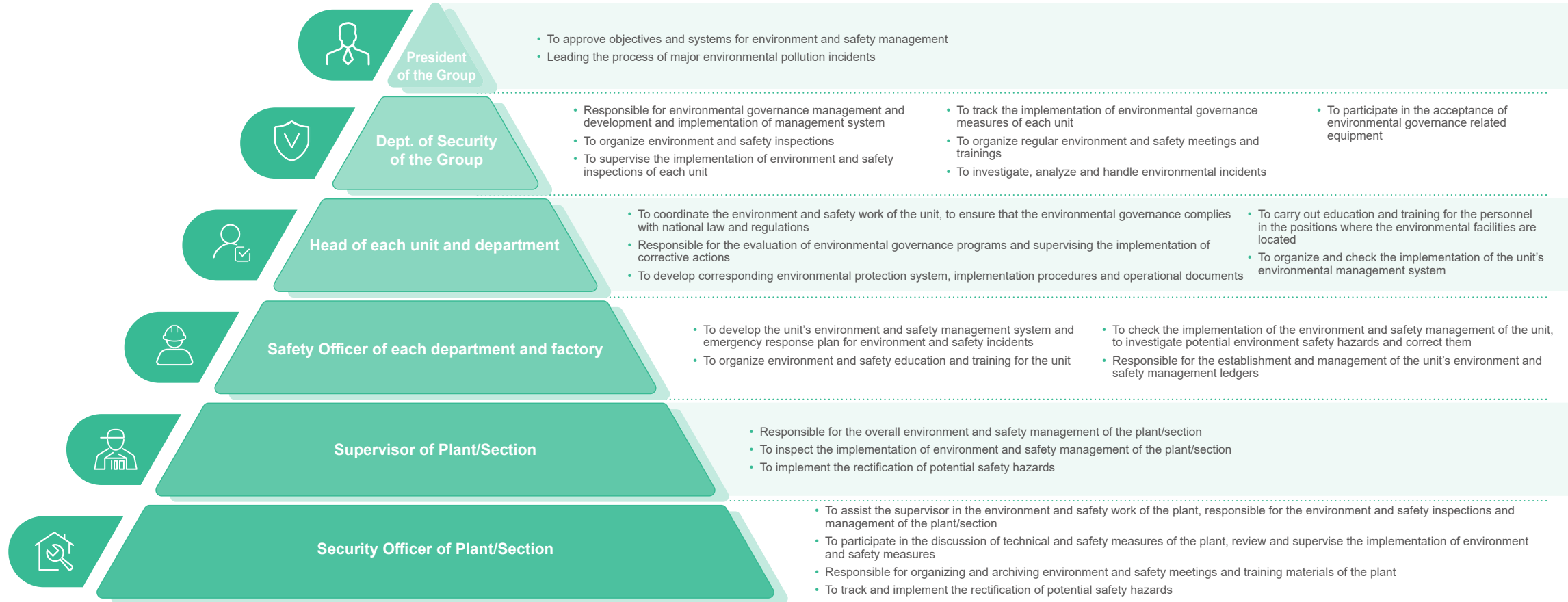
Deli Group strictly adheres to national laws and regulations such as the "Environmental Protection Law of the People's Republic of China", the "Environmental Impact Assessment Law of the People's Republic of China", the "Cleaner Production Promotion Law of the People's Republic of China", the "Regulation on Environmental Impact Assessment Planning", the "Measures on the Management of Environmental Standards", On this basis, Deli Group has formulated and implemented environmental management system regulations such as the "Environmental Safety Management Regulations" the environmental management procedure documents such as the "Environmental and Occupational Health and Safety Operation Control Procedures". The group continuously advances the standardization and systematic operation of environmental management, pursuing superior environmental benefits.

| Environmental management objectives

Deli Group strictly implements the relevant national and local environmental protection standards and has obtained the pollutant discharge permission in accordance with the law. For the waste gas and wastewater generated from the production and operation activities, the company carries out testing and treatment in accordance with the monitoring frequency and methods required by the permission to ensure compliance with the emission standards of laws and regulations; for the hazardous waste, the company has signed the agreement on the disposal of hazardous waste with a third-party with relevant qualifications, and the entry and exit of hazardous waste are recorded accordingly in the "Zhejiang Province Industrial Hazardous Wastes Ledgers".

Type of emission	Emission target	Corresponding indicators	Emission standard
Waste gas	Meeting the standards	Hydrogen chloride	Emission Standard of Air Pollutants for Industrial Surface Coating (DB33/2146-2018) Integrated Emission Standard of Air Pollutants (GB 16297-1996)
		ethyl acetate	
		Non-methan hydrocarbon	
		Butyl acetate	
		Xylene	
		Toluene	
		Odor concentration	
Wastewater	Meeting the standards	Benzene	Integrated Wastewater Discharge Standard (GB8978-1996) Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015) Indirect Discharge for Emission Limitation of Nitrogen and Phosphorus for Industrial Wastewater (DB33/887-2013) Concentration Limits of Total Iron for Acid-washing Wastewater (DB33/844-2011)
		Particulate matter	
		Chemical oxygen demand	
		Ammonia nitrogen	
		pH	
		Suspended matter	
		BOD5	
		Total nitrogen	
		Total phosphorus	
		Total iron	
Noises	Meeting the standards	Total zinc	Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008)
		Petroleum	
		Anionic surfactant	
		Steady noise	
		Frequent noise	
		Sporadic noise	

Environmental management structure and responsibilities



Environmental early warning and emergency response mechanism

To enhance the ability of responding to environmental emergencies, each unit within Deli Group has formulated preventive measures or contingency plans in accordance with the characteristics of the production process and the types of potential emergencies and incidents that may have an impact on the environment, and conducts emergency response drills at least once a year, to prevent and minimize the environmental impacts associated with emergencies and incidents.

Emergency rescue drills for chemical spills

In May 2023, we conducted a chemical emergency response drill:

Emergency Exercise Timeline

Warehouse manager spotted the chemical spill, put on the protection equipment and carefully confirmed the situation

Emergency rescue personnel arrived at the scene of the incident with rescue equipment

Leaked ink disposed properly and completely

End of drill



- The emergency rescue team was notified to activate the factory chemical emergency rescue plan
- Evacuation guidance carried out immediately, roads kept clear
- A temporary rescue station was set up with appropriate rescue medicines and equipment, standing by
- Roadblocks cleared; proper space selected to place rescue materials
- Rescue equipment used to plug the leakage
- Environmental protection department notified to conduct testing around the chemical warehouse

According to the actual situation of the scene, the emergency seminar to formulate a rescue plan: to take the correct measures to cut off the power supply, with yellow sand and other materials to control the expansion of the disaster

Cleaned up the accident site and restore normal operating conditions in the warehouse



▲ Scene at the Emergency Drill



Environmental management system certification

Deli Group has obtained ISO 14001 environmental management system certification.



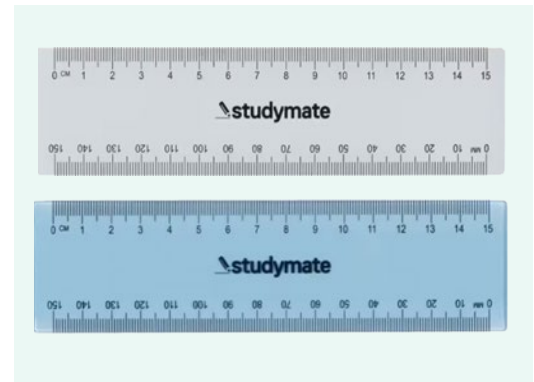
Environmental Management System Certificate

Research, development and application of environmentally friendly products or technologies

- Calculator and ruler materials are green upgraded: 100% GRS (Global Recycling Standard) certified materials are used for the customized project straightedge; 100% GRS certified materials are used for the customized project calculator case and buttons.



Calculators with 100% GRS certified materials



Straightedge with 100% GRS certified material

- The proportion of polyethylene plastic used in the packaging materials of some metal staplers, hole punches, and calculators has been reduced and replaced with renewable materials such as paper.
- Introduced GRS certified recycled materials, which have been applied to correction tape, staplers, writing instruments, document bags, etc., realizing different ratios of recycled material filling ratio, mastering the experience of recycled material application, and successively providing domestic and foreign customers with different product solutions.

Incidents of environmental violations and penalties

During the reporting period, the company was not subject to any administrative penalties imposed by the relevant departments of environmental protection, which did not have any adverse impact on the company's production and operation activities.

Resource management

Deli Group adheres to the concept of circular economy, focuses on resource conservation and saving while carrying out its business activities, and gradually reduces its excessive reliance on natural resources and actively seeks ways to reduce and improve the efficiency of resource utilization.

Energy management system

Deli Group has obtained the ISO 50001 Energy Management System Certification.



Energy Management System Certification

Energy consumption

In FY2023, the total electricity consumption¹ of Deli Group:

117,284.29 MWh

Energy-saving renovation measures

Deli Group understands that energy saving is the key to sustainable development for manufacturing enterprises. Therefore, we continue to explore practical energy saving and consumption reduction measures, starting from the five directions of production energy consumption, air supply system, cooling system, plant fans and other equipment in each factory, and combining with energy management measures and technological means to realize an effective reduction of energy consumption and greenhouse gas emissions in each factory.

Project Type	Number of energy efficiency renovation projects	Projected annual electricity savings (MWh)	Projected annual GHG emission reductions (tons of CO ₂ equivalent)
Energy use in production	9	45.92	261.89
Air supply system	6	105.3	600.52
Cooling system	8	32.81	187.12
Other equipment	14	20.91	119.26
Plant fans	5	7.53	42.96
Total	42	212.47	1,211.75

Energy-saving renovation initiatives undertaken by the Deli Group
Air compressor frequency conversion improvement
Conversion of coating machine heating to natural gas
Injection molding dryer heating device energy-saving renovation
Injection molding machine cooling tower fan operation strategy refinement adjustment
Office hallway lighting replaced with touch delay type
Improve indoor ventilation Reduce central air-conditioning use

¹ Scope of data: Ningbo Deli Stationery Technology Co., Ltd., Ningbo Deli Technology Co., Ltd., Ningbo Deli Adhesive Products Co., Ltd., Ningbo Deli Office Supplies Manufacturing Co., Ltd., Ningbo Deli Binding Equipment Co., Ltd., Deli Vietnam Co., Ltd.

Deployment of online energy consumption monitoring system

Adhesive products factory realized the factory water, electricity and gas consumption centralized control, sub-departmental accounting of energy consumption costs, on-line monitoring of electricity safety, and power quality analysis and electrical accident fault analysis by deploying electrical consumption and distribution safety management platform, through online meter reading (water meter, electricity meter, natural gas meter, steam meter), distribution room outgoing cable temperature detection.



Clean energy use

The amount of photovoltaic power used by Deli Group during the reporting period:

14,160.97 MWh

Total water use

During the reporting period, the total water consumption of the Deli Group:

426,300 metric tons

Emissions management

Wastewater reduction measures

Deli Group regulates the disposal and discharge of wastewater in strict accordance with national, local, and industry-related wastewater discharge laws, regulations, and standards. With the installation of an on-line wastewater monitoring system in accordance with the requirements of the pollutant discharge permission, Deli conducts real-time monitoring and management of wastewater generated from the spraying process during the production process to ensure compliance with water treatment and discharge requirements.

Wastewater emissions

Indicator	Unit	Data
Total wastewater	ton	112,128
Chemical Oxygen Demand (COD)	ton	10.11
Ammonia nitrogen	ton	1.44

| Waste gas reduction measures

Deli Group strictly follows the relevant laws and regulations, standardizes the management of waste gas emission, prevents environmental pollution, and ensures that the emission meets both concentration standards and total amount standards. We invest in the construction of environmental protection facilities and utilize advanced environmental protection technology and hardware equipment to treat waste gas pollutants and reduce their concentration and amount.

Installation of wastewater and gas disposal equipment



Waste gas treatment equipment

| Waste gas emissions

Indicator	Unit	Data
Total waste gas	ton	/
Non-methane hydrocarbon	ton	2.68
Volatile organic compounds (VOCs)	ton	12.12
Nitrogen oxides (NO _x)	ton	0.19
Sulfur oxides (SO _x)	ton	/
particulate matter	ton	3.20

| Solid waste emission management measures

The solid waste emission standard of Deli Group follows the relevant regulations and standards. The solid waste generated in the production process adopts the comprehensive recycling measures as far as possible, and the general garbage is regularly transported by the relevant departments, so as not to have secondary impact on the environment.

| General garbage emissions

Indicator	Unit	Data
Scrap plastic and rubber products	ton	172.18
Scrap metal	ton	357.78

Hazardous waste emissions

Indicator	Unit	Data	Treatment
CW17 sludge	ton	7.34	Incineration
Waste activated carbon	ton	7.05	Incineration
Waste Filter Cotton	ton	2.81	Incineration
Waste adhesive products	ton	281.27	Incineration
Waste rag	ton	0.33	Incineration
Waste solvent drums	ton	4.46	Incineration
Waste emulsion	ton	36.40	Incineration
Waste toner cartridges	ton	0.01	Incineration
Waste oil	ton	30.12	Recycling
Waste paint buckets	ton	20.10	Incineration
Solid	ton	3.99	Incineration
Waste printing ink	ton	131.52	Incineration
Paint slag	ton	10.88	Incineration

Hazardous waste reduction performance

Deli Group actively promotes the substitution of hazardous chemicals, thereby reducing the generation of hazardous waste.

In FY2023, the amount of hazardous waste generation and disposal decreased compared to the previous year:

15.3 %

Direct greenhouse gas emissions

In FY2023, the total scope 1 direct GHG emissions of Deli Group:

8,864.95 tCO₂e

Indirect GHG emissions from purchased energy

In FY2023, the total scope 2 indirect GHG emissions from purchased energy of Deli Group:

65,084.43 tCO₂e

Green logistics

As an important link in the value chain, logistics undertakes the responsibility of connecting and bridging the different value chain participants.

Deli Group is actively exploring low-carbon logistics chain, optimizing, and improving all operational aspects of the company's logistics through a variety of measures, and controlling the transportation vehicles of its own or cooperating carriers, thus reducing the impact of logistics on the environment:

- Actively promote the substitution of new energy vehicles and increase the vehicle loading rate, thereby reducing carbon emissions from logistics and transportation activities.
- Introduced the "Logistics Company Continuous Improvement Management Regulations" and explored in-depth energy-saving and consumption reduction measures.
- Through the optimization of the logistics network, the volume of mainline transportation is reduced, unified scheduling is realized, and the logistics routes are optimized, effectively reduces the transportation cost, and reduces the carbon emission of logistics.
- Optimize the logistics packaging box type, filler, packing tape and other types of consumables to reduce logistics costs while reducing the environmental pollution caused by solid waste.
- Deli's existing logistic forklift trucks will be upgraded from diesel-driven to electric-driven in the next three years, and the proportion of electric forklift trucks has already reached more than 60% by the end of FY2023.



06

People oriented, harmonious coexistence

- Employee health and safety ○
- Talent management ○
- Employee training and development ○
- Employee rights and benefits ○



Employee health and safety

Deli Group always prioritizes the occupational health and safety of its employees. As of the end of the reporting period, the company has formulated and implemented a series of safety management systems and risk identification processes in accordance with the "Work Safety Law of the People's Republic of China" and the laws and regulations applicable in overseas operating locations to provide empowerment for safe production. Deli actively organized safety publicity and education activities as well as safety drills to enhance the safety awareness of all staff members and their ability to respond to emergencies, we also paid insurance for our employees in accordance with the law and arranged regular medical checkups for them to properly deal with potential health risks and improve their work efficiency and quality of life.

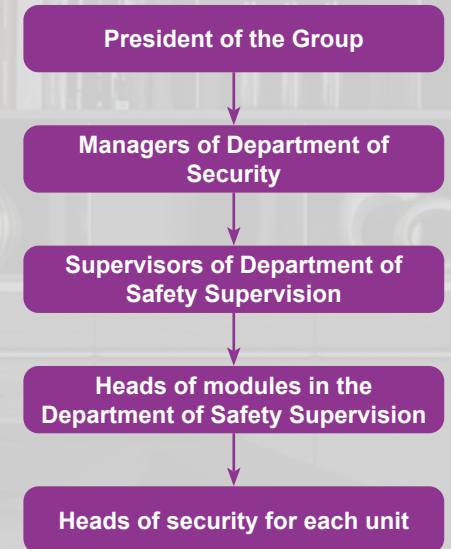
Occupational health and safety system development

In order to ensure the health and safety of employees, Deli has set up a dedicated EHS (Environment, Health and Safety) management department, which is responsible for the supervision and management of the group's environment, fire safety, hazardous chemicals, production and food safety. It formulates and improves the organizational structure of safe production and promotes the implementation of relevant regulations and policies by various systems and units.

Adhering to the principle of strictly complying with the legal and regulatory requirements for occupational health and safety management, Deli has formulated and continuously improved the "DL GC190014-2023 Occupational Health and Safety Management Regulations" and the "DL GC190019-2023 Safety Production Management Regulations" and other related systems and regulations. During the reporting period, Deli completed the preparation and issuance of a comprehensive emergency response plan, conducted monthly and semi-annual assessments of safety personnel at all levels, further improved the response mechanism and control measures for emergencies, and strived to establish strict security mechanism to ensure the occupational safety of employees to the greatest extent.



Deli Group Security System



For open flame, electrical and other dangerous operations, the company has improved the "Hazardous Operations Management System", implemented the requirements of fire application, risk identification, auditing, on-site control, inspection, and completion review, etc., and managed non-compliance with fire operations as incidents, which are included in the safety evaluation and assessment of each unit. The company has also improved the "Regulations for the Safe Management of Electricity" and the "Standards for Maintenance of Electrical Facilities" and implemented the management system of electrical equipment and lithium battery, which clarifies the person responsible for the management of each unit and the standards for cyclical maintenance, established the approval and inspection mechanism for electricity-related operations, and reviewed the effectiveness of the safety management of each unit in a timely manner, so as to build an all-round occupational health and safety management system and safeguard employees' physical and mental health.

Deli Group Occupational Safety System	Relevant laws and regulations
DL GC190014-2023 Occupational Health and Safety Regulation	Occupational Health and Safety Management Systems – Requirements with Guidance for Use (GB/T 45001-2020)
DL GC190015-2023 Environmental Safety Management Regulations	Environmental Protection Law of the People's Republic of China Cleaner Production Promotion Law of the People's Republic of China Measures for the Formulation of Regulations on Disclosure of Information of Public Enterprises and Institutions Plan for the Reform of the Legal Disclosure System of Environmental Information
DL GC190019-2023 Production Safety Regulations	Work Safety Law of the People's Republic of China Regulations on Production Safety Licenses Decision of the State Council on Further Enhancing Work Safety, etc.
Hazardous Operations Management System	Work Safety Law of the People's Republic of China Safety Specifications of Special Work in Chemicals Production Organizations
Code of Practice for the Safe Management of Electricity	Work Safety Law of the People's Republic of China Emergency Response Law of the People's Republic of China Regulation on Electric Power Supervision Regulations on Reporting, Investigation and Disposition of Work Safety Accidents Regulations on the Emergency Response to and Investigation and Disposition of Electric Power Safety Accidents, etc.
Standard for Maintenance of Electrical Installations	National Technical Specification for the Safety of Electric Equipment (GB 19517-2023)
Comprehensive Emergency Response Plan	Measures for the Administration of Contingency Plans for Work Safety Accidents, etc.

Hazard identification, risk assessment and accident investigation

Deli Group is committed to minimizing the work risks of its employees. In order to improve the safety of the working environment for all employees, during the reporting period, the group held meetings on safety management regulations and target requirements, and improved the emergency response process for reporting environmental accidents, at the same time, the group's Department of Legal Affairs regularly compiled national laws and regulations, provincial and municipal laws and regulations or rules and regulations in the areas of environmental safety, occupational health, and fire safety, and set up a safety and environmental protection regulation compliance list, and updated the list's content on a monthly basis, and summarized on the compliance board that all subsidiaries of the group are required to view, so as to achieve real-time tracking of the policy direction.

For high-risk work processes such as injection painting, electroplating, stamping, etc., the group's EHS department conducted monthly safety inspections of workplaces such as warehouses, storage products factories, mold factories, whiteboard factories, binding equipment factories, etc. as well as old equipment and facilities in the factories to assess risks and investigate potential work safety hazards, as to ensure that the relevant departments were able to complete the identification of risks in corresponding positions with a view to implementing control measures. During the Reporting Period, the group carried out a total of 7,851 planned inspections and 811 unscheduled inspections to minimize occupational risks comprehensively and meticulously.

the group carried out a total of

7,851 planned inspections **811** unscheduled inspections

In terms of product quality and production safety, the group closely monitors the production process of key products such as correction tapes, office equipment and writing instruments, dynamically identifies sources of danger and conducts qualification assessment on supervisors of dangerous operations to ensure comprehensive and accurate assessment of the occupational safety of employees in various positions and minimize the occupational risk of employees. During the reporting period, in accordance with the national standards for work injury rating, the group achieved zero grade 9 or above work injuries, zero fire accidents and zero work-related fatal accidents, which greatly safeguarded the work safety and health of employees.

Occupational health services

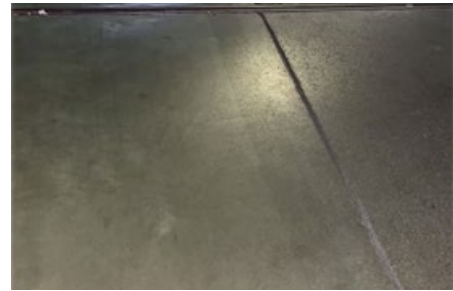
Optimization of labor safety facilities

Based on the results of the occupational safety assessment conducted by the EHS department, the group provides employees in operational positions with all-around, high-standard labor safety protection supplies and protective gears, such as gloves, earplugs, and safety shoes, and affixes health labels in the factories to guide employees to correctly use the relevant gears. At the same time, to strengthen the day-to-day supervision of safety, the relevant departments of the group organize special inspections of labor protection gears on a regular basis to implement the health protection measures for the employees.

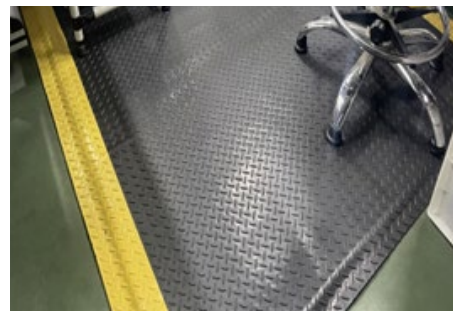
The group has actively developed Ergonomics in manufacturing system that builds a comfortable working environment and reduces the risk of occupational diseases by redesigning the working environment to accommodate the physical and psychological characteristics of employees rather than forcing them to adapt to improperly designed working conditions.

Ergonomics application in manufacturing system—Anti-fatigue mat

In order to prevent occupational health problems such as stiff leg muscles and varicose veins, which are easily caused by standing for a long period of time, Deli has laid elastic anti-fatigue foot mats for its employees to relieve the pressure of blood flow in the feet, significantly reducing the sense of fatigue and enhancing the efficiency of the employees.



Before



After

Production line front-end material supply

To optimize the process of material picking, Deli adopts front-end material supply based on the normal operating range of ergonomics to ensure that employees can comfortably pick materials and avoid fatigue caused by long time turning/excessive leaning forward of the body to operate.



Before



After

Adjustable seat

Considering the inconvenience and discomfort caused by height mismatch, Deli replaced the original fixed wooden chairs with height-adjustable chairs, which allow employees to adjust the chairs to the most suitable and convenient height according to their own conditions, greatly enhancing their working comfort.



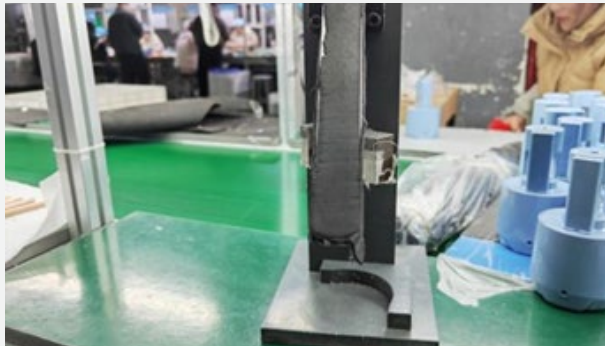
Before



After

Automatic chip box tooling

To alleviate the shoulder pain caused by the frequent lifting of the arm to compact the chip box, Deli equips the front-line operators with automatic chip box work equipment, which can be operated by the employees through the button to complete the chip compacting operation, which greatly enhances the efficiency of the employees' work while reducing their loads.



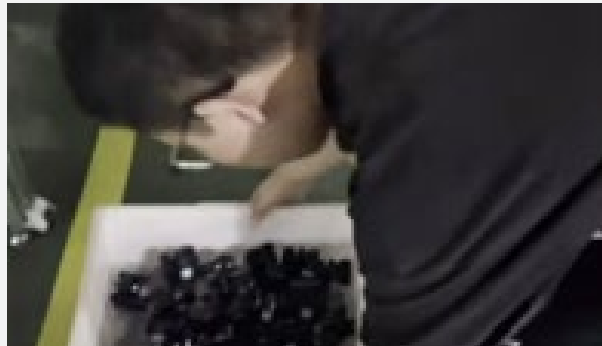
Before



After

Recycling of empty boxes and material racks

In order to reduce the frequency of manual handling in the material recovery process, Deli changed the tradition of manual material recovery and set up a material rack for recycling empty boxes in the factory, so that employees can free their hands, without getting up to work, and only need to step on the pedal to send the empty boxes from the upper to the lower floor, avoiding excessive fatigue due to frequent handling by the employees.



Before



After

Light level detector

In order to improve the dim working environment of factories and prevent employees from weakening their ability to recognize colors and becoming emotionally dull, Deli adopts illuminance testers to control the lighting intensity of the working environment, improve the lighting conditions, reduce the visual fatigue of employees, improve the speed of recognition and the subject's visualization, and thus improve the work efficiency and accuracy, so as to protect the visual health of employees and at the same time to increase the efficiency, reduce the errors, and improve the quality of products.



Before



After

Raising awareness of occupational safety

Emergency drill

Deli Group places great importance on the education of employees' emergency response capabilities. To comprehensively enhance employees' emergency awareness, the group organizes 2 fire emergency drills, 1 environmental emergency drill and 1 hazardous chemical contact and leakage emergency drill each year. Additionally, the group regularly conducts safety awareness and promotion activities. During the reporting period, a total of 193 safety emergency drills, 174 safety publicity campaigns and 21 safety promotional activities, and 7,851 planned safety inspections were conducted.

In line with the principle of being responsible for all employees of the group and its subsidiaries and factories, in June 2023, the group guided its subsidiaries and cooperative units in conducting fire emergency drills. Furthermore, the group requires each factory and logistics warehouse to conduct emergency drills twice a year and to undergo on-site assessments of their emergency drills by relevant departments from headquarters. During the reporting period, the pass rate for all employees in the group was 100%.



▲ Fire emergency drill



▲ Chemical leakage response drill



100%

passing rate of fire drill assessment



193

safety emergency drills



174

safety publicity campaigns



21

safety promotional activities

Occupational health and safety training

Deli Group regards employee safety as the most important aspect of its production and manufacturing operations. To effectively advance safety work, the company has developed targeted safety training programs based on the actual business content of different departments. According to their training plans, the company enhances employees' safety awareness and skills, achieving 100% coverage for employees in all business areas and positions.

In 2023, Deli Group conducted comprehensive occupational health and safety training courses. For all employees, the company included a "Safety Management" course in the internal training titled "First Safety Lesson of the New Year." Through studying the analysis of safety production accident warnings, summaries of changes in the latest regulations and policies, and practical approaches to production safety risks, the company reinforced employees' occupational safety awareness.



▲ OHS training

To effectively ensure employees' fire safety, the group actively conducts training on the management of key fire safety areas, and the use and maintenance of fire safety facilities and equipment. To enhance employees' electrical safety, production, and safety management capabilities, during the reporting period, the group identified various occupational risks in the production process and conducted 2 fire safety management training sessions and 2 training sessions on safety management requirements and hazardous chemicals management. Specialized training on hazard identification and environmental factors, electrical safety, outdoor and traffic safety, environmental safety, safety leadership, production safety technology, and hazardous operations was conducted in 2 sessions.

For safety management personnel, relevant company departments reviewed weak points in safety and the needs for safety empowerment, conducted relevant training, and actively organized units to improve safety operating procedures. They verified the effectiveness of safety training for new employees, assessed employees' understanding of the training, and established evaluation standards for safety management personnel's capabilities. Quarterly emergency response capability assessments were conducted for the volunteer fire brigade, and regular assessments were made of the alignment between current personnel and their roles. This effort aimed to increase the proportion of outstanding employees in safety management positions and ensure the safety of operational processes.

During the reporting period, we conducted at all levels of the group:

1,441 OHS-related trainings

Talent management

| Compliant employment

Deli Group regards talent as a crucial driving force for sustainable development. To meet the needs of the group's continuous and rapid growth, relevant departments have established an open, transparent, ability-first, and business-oriented human resource management strategy. They have formulated and improved the "Recruitment Management System", standardizing the recruitment process and improving the talent selection mechanism. A performance appraisal system has been set up for employees. During the reporting period, the group launched a goals and tasks management platform, clarifying the priority of employees' work tasks, optimizing the management model, and improving employees' work efficiency. At the same time, the group adheres to legal and compliant employment practices, firmly opposing the employment of laborers below the legal working age, forced labor, employment discrimination, and harassment or abuse. During the reporting period, Deli Group did not experience any incidents of child labor, forced labor, or workplace discrimination.

| Talent recruitment

To effectively achieve comprehensive talent acquisition, Deli Group recruits talent through multiple channels, both online and offline. The group precisely targets engineering and comprehensive universities to ensure a high match between target majors and job requirements. By organizing offline presentations, the group promotes campus

recruitment, with recruitment activities covering 985 and 211 universities in regions such as East China, Central China, South China, North China, Northeast China, and Northwest China. Simultaneously, online platforms and local talent recruitment websites are used to assist in efficiently and orderly advancing the recruitment work.

For key industries and positions related to digital transformation, printers, and power tools, in 2023, the group launched a digital recruitment system. Utilizing digital means to optimize the candidate experience, the system enables the online handling of all processes, including resume collection, candidate invitations, and pre-employment interviews. This system standardizes and refines the recruitment and employment processes, while also providing competitive salaries to meet the company's growing talent needs from multiple dimensions.

During the reporting period, Deli Group did not experience any incidents of child labor, forced labor, or workplace discrimination.



Employee training and development

Deli Group values the growth of employees' intrinsic capabilities. Through annual talent evaluation and assessment, the group has established an integrated job system, providing targeted capability enhancement plans for employees in different positions. A dual career path for both professional and managerial positions has been set up to help employees achieve self-breakthroughs. For different levels, the group has set varying performance appraisal requirements and a performance-linked compensation system to motivate employees to achieve comprehensive improvements in overall quality and career development competitiveness.

Panorama of Deli Group's training system



Percentage of employees receiving regular performance and career development reviews

Group/Data	Gender		Ranking		
	Male	Female	Senior management	Middle management	Staff
Percentage of employees receiving performance and career development reviews	100%				

At the same time, Deli Group keeps pace with information technology advancements. In 2023, the group's Human Resources Center introduced the most advanced management tools from both domestic and international sources and built an online learning platform. This platform offers employees a proprietary online learning space where they can manage their learning content and progress anytime and anywhere, facilitating the rapid and effective dissemination of the company's cultural essence while comprehensively and efficiently empowering talent.

Average hours of training per year per employee

Group/Data	Gender	
	Male	Female
Average hours of training per year per employee	39.85	
Average hours of training per year per employee, by groups	35.6	46.6

100%

% of employees covered by training program

571,395 hours

Total hours of training

| Skills certificate subsidy

The group places a high emphasis on the capability building of its talent team. To strengthen talent training and reserves, the group actively responds to local policies, participates in the "Young Craftsman" project, and applies for positions in short supply, assisting employees in applying for relevant skill certificates and subsidies. In line with industry practices and the company's actual conditions, the group has formulated regulations such as the "Professional Technical Personnel Evaluation and Employment Management Measures" to fully leverage the talents of professional technical personnel. As of the end of 2023, the group's independent review had awarded a total of 42 intermediate engineer certificates and 75 junior engineer certificates.

| Employee training and empowerment

In 2023, Deli Group empowered employees through multi-dimensional and multi-level initiatives by organizing various learning sessions and meetings, striving for mutual development with employees. During the reporting period, the group conducted comprehensive employee empowerment projects, including training for newly hired university graduates, capability enhancement training for professionals in different fields, professional skills training for domestic marketing personnel, and leadership development for overseas managers. A total of 41,806 participants took part, achieving a 100% employee coverage rate.

New employee training

As of the end of the reporting period, Deli Group has been conducting university graduate recruitment for over twenty years. The group places great emphasis on the training and growth of university graduates, annually recruiting more than 400 new graduates on average. The group empowers new employees through various methods, including pre-job series training, professional skills training, Individual Development Plans (IDP), and annual evaluations. Over the past five years, more than 200 new university graduates have been promoted to managerial positions, enabling new employees to achieve rapid growth and breakthroughs.

Recruiting graduates for more than

20 years

Averaging more than

400 graduates

each year



"The Deli Students" training program for newly recruited graduates

To help new university graduates joining the headquarters and subsidiaries of Deli Group quickly familiarize themselves with basic business processes and acquire the essential knowledge and skills required for their positions, and to assist new employees in aligning with Deli Group's values, transforming their roles, and setting their ambitions, the group has launched the "Deli Students" program for newly hired university graduates. This program includes team integration activities, in-depth understanding of the company's development history, essential knowledge acquisition, and competency training for job roles. The group assigns growth mentors based on departmental business needs to help employees master product knowledge, safety knowledge, business etiquette, and marketing systems, and to develop comprehensive career plans. In 2023, a total of 176 newly hired university graduates passed their assessments, successfully completed the onboarding training, and began their roles.



Management trainee development program

To meet talent needs for the next five years and address the issue of vacancies and gaps in key positions, Deli Group has initiated the "Management Trainee Development Program" for two consecutive years. This program selects outstanding students from prestigious domestic universities as key management reserves, with a three-year training objective to cultivate talent. Aiming to "select, train, and develop high-quality students," the program fills management vacancies and ensures a steady pipeline of successors for key positions.



Professional skills training

For different professional positions, the group has developed tiered training plans for various systems, providing employees with corresponding courses to enhance their professional skills. After completing the training courses, relevant departments of the group conduct comprehensive evaluations of employees' abilities through communication and interviews. Once it is confirmed that employees meet the conditions to enter the talent pool, they are promoted to appropriate positions, improving the match between employees' skills, qualities, and job requirements, thereby providing strong support for the mutual development of the group and its employees.

Additionally, the group actively collaborates with educational institutions to provide employees with over 20 courses related to e-commerce, mechanical design and manufacturing, and automation. This collaboration develops professional training resources while empowering internal talent. During the reporting period, the relevant courses covered 137 employees, with a 100% pass rate for course assessments.

Specialized training for the Department of Legal Affairs

In 2023, the group's Department of Legal Affairs conducted eight types of specialized training for employees in various positions, including finance personnel, business personnel, operations planning personnel, marketing personnel, procurement personnel, human resources personnel, and the legal team of the group's headquarters and subsidiaries. The training content included essential business knowledge, integrity culture training, legal training on promotional language, legal training on procurement systems, customized business operation standard training, anti-monopoly risk training in the marketing field, compliance guidelines for unilateral termination of contracts by employers, and operational standards for logistics companies. A total of 1,462 employees were covered, providing comprehensive and detailed legal knowledge training and promoting compliant business operations across all positions.



Quality system professional skills training

According to the unified requirements of the group's headquarter, the group's quality system designs an annual training plan each year. Tailored training programs are specifically designed for new hires, supervisors, managers, and other positions.

In 2023, the Quality Center conducted 13 training sessions, and the subsidiaries' quality departments conducted 211 training sessions. This training not only enhanced the professional skills of employees but also ensured the implementation of the quality strategy.



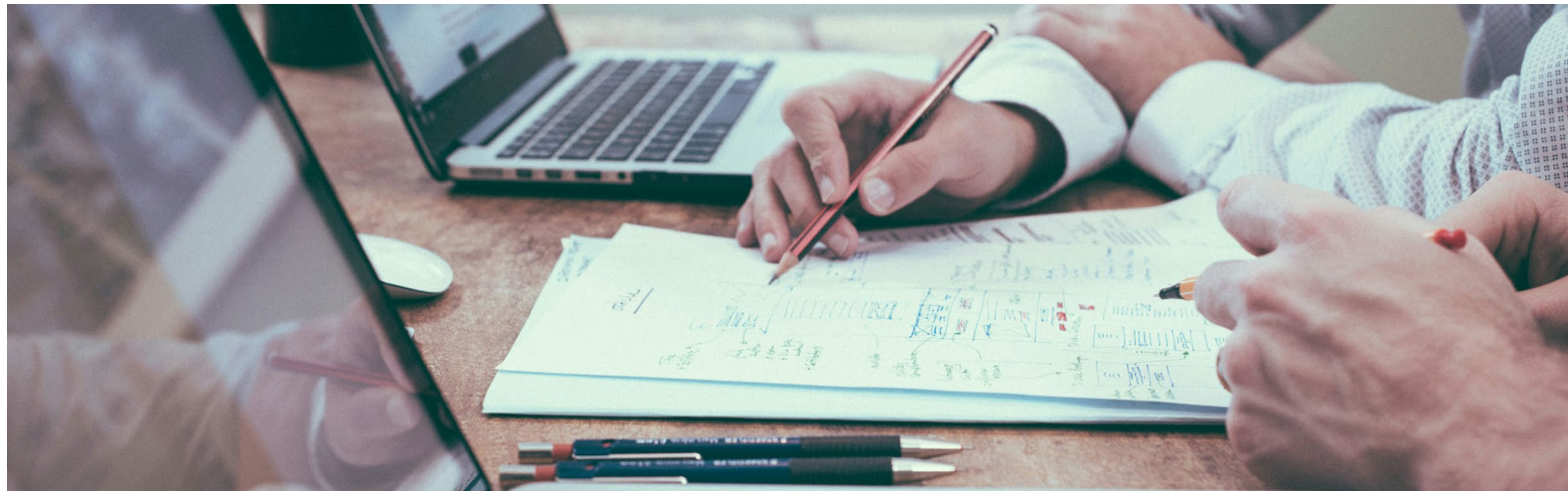
Professional skills training for the Department of Finance

In 2023, the group's Department of Finance dedicated itself to advancing the training of financial cadres by designing a comprehensive and standardized tiered talent development program. By selecting outstanding employee pool, enhancing their skills through progressive stages, and completing the advanced development and promotion process, the program forms three tiers of talent: supervisors, managers, and senior financial cadres. This supports the career advancement of financial professionals and facilitates their self-improvement and development.

Additionally, the group provides courses on financial professional knowledge and basic skills, and conducts team management capability training. This helps employees achieve the development goal of being proficient in both their profession and management, thereby becoming practical financial cadres who can develop both the business and the organization.

Department of Audit professional skills training

In 2023, the group's Department of Audit created training materials and planned offline training sessions for the group's product procurement system and the compliant operation methods for regional procurement personnel. Pre-job training and cognitive testing were conducted for new employees, and they signed an "Integrity Commitment Letter." The training covered 382 participants, effectively enhancing the self-management abilities of employees in relevant positions.



Leadership development

Cultivating internal leadership skills

Deli Group firmly believes that, in a highly competitive business environment, the company's overall scientific operation and management capabilities provide a strong driving force for the group's sustainable development. To this end, the group strives to help middle and senior core position personnel enhance their personal skills and management capabilities. The group strongly supports management in pursuing further education by providing opportunities to attend external higher education institutions for business administration studies. Additionally, the group believes in the value of learning from others and regularly organizes visits for middle and senior managers to industry-leading companies. These visits facilitate the exchange of management knowledge and the improvement of the company's management structure, related systems, and management measures, thus achieving mutual progress for both the company and its employees.

Employee rights and benefits

Deli Group places great importance on employee well-being. To ensure the healthy development of employees both physically and mentally, the group continually improves its employee care and welfare system alongside a comprehensive occupational health system, balancing work and life, and enhancing employees' sense of belonging and happiness.

| Employee communication and engagement

Aligned with Deli Group's corporate value of "loving colleagues", the company strives to create a positive working environment and support employee development, aiming to instill a sense of belonging in every employee. The group listens to employees' voices, actively establishing communication and feedback channels to understand their needs, continuously improving the work environment, and fostering harmonious labor relations.



| Employee communication channels

Deli Group regularly conducts face-to-face meetings with employees and creates platforms and methods for employee expression, such as the "Voice Forum" and tiered employee forums, providing channels for employees to share ideas, opinions, or complaints. Based on employee feedback, the group's Department of Human Resources coordinates with relevant departments to help resolve issues. Annually, the group conducts anonymous satisfaction and approval surveys covering all employees, focusing on employee privacy protection. Departments review the feedback, formulate improvement measures and plans, and promptly respond to employees' suggestions, effectively enhancing employees' sense of happiness and satisfaction. Additionally, the group has established a president's mailbox and a transparent whistleblower hotline. It actively identifies existing issues and implements improvements based on employees' reasonable suggestions. After resolving the issues, the president's office promptly provides feedback to employees, ensuring efficient communication between the company and its employees.

Employee identification degree evaluation

To instill a "sense of ownership" among employees, Deli Group conducts an annual recognition survey for employees at the headquarter and subsidiaries. After reviewing the feedback and rectification plans from various departments, the suggestions are incorporated into the key work plans of each unit and tracked strategically on a daily basis to enhance employee happiness.

The survey strictly protects employee privacy, adhering to the principles of authenticity, confidentiality, and effectiveness, striving to genuinely reflect employee needs and create a comfortable working environment that satisfies employees.

The 2023 recognition survey achieved a 100% participation rate. Analysis of the survey results showed that employees' recognition of the company scored as high as 90.7, and their recognition of their respective departments scored 90.5.

By increasing employee satisfaction and recognition, employees enjoy the pleasure of work more, experience a sense of accomplishment, and consequently, their engagement improves. This leads to healthier psychological conditions, more pro-social behaviors, and a more positive and friendly attitude, thereby promoting the stable and sustainable development of the company.

100%

a survey coverage ratio of

90.7 points

The score of employees' identification with the company

>>> Authenticity

Ensure openness, justice, and fairness to obtain genuine opinions from employees and truthfully publish the survey results.

>>> Confidentiality

The survey is conducted anonymously, and the results are not disclosed to anyone except the survey personnel.

>>> Effectiveness

Ensure the survey is effective, provide timely feedback, and promptly monitor the implementation of rectifications for items that did not meet satisfaction standards.



Additionally, the group actively organizes various employee recognition activities, such as quarterly management recognition meetings, annual innovation and management recognition meetings, and veteran employee recognition events like "Growing Together with the Company" and "Tribute to Most 'Deli' Employees." These events invite long-serving employees to share their experiences and insights, fostering effective communication while greatly motivating employees, and paving the way for a future of sustainable development in partnership with the company.

Tribute to Most 'Deli' Employees

In May 2023, Deli Group held a collective recognition and team-building event for employees with 10 or more years of service. At the event, new and veteran employees watched a specially produced promotional video, "In Tribute to Passion Over Time," and veteran employee representatives were invited to speak and share their work experiences and reflections. Additionally, the group presented each attending employee with a personalized gold-plated sterling silver medal and a special gift box as a commemorative gift.

The group consistently acknowledges and appreciates the efforts and contributions of veteran employees to the company's development. The event deeply moved many Deli employees, encouraging them to learn from and pay tribute to veteran employees and to promote the positive energy of Deli.



Growing Together with the Company

Deli firmly believes that the company's success is inseparable from the support of its employees. To this end, the group holds the "Growing Together with the Company" recognition meeting, inviting high-performing, elite talents who have grown and developed alongside the company to share their growth paths and personal journeys. These individuals are awarded the group's self-established "Golden Elite Award" to inspire more new and veteran Deli employees, ignite their fighting spirit, and encourage them to emulate the "Golden Elite", striving for honor and growing, developing, and progressing together with the company.



| Employee holidays

Deli Group strictly adheres to national labor laws and regulations, implementing the national "Regulation on Paid Annual Leave for Employees" and other various leave policies. The company provides annual leave, marriage leave, bereavement leave, work injury leave, and also offers nursing leave, maternity leave, and paternity leave for female employees and their spouses, striving to extend humane care to every employee. Additionally, the group offers holiday benefits, such as gifts for International Women's Day, Mid-Autumn Festival benefits, Spring Festival gifts, and health check-up benefits for employees, fully embodying the value of "loving colleagues."

| Employee activities

To enrich employees' leisure activities and promote emotional exchange among employees, Deli organizes various team-building activities. These range from the "Deli Cup" basketball league to the "The Voice of Deli" event, providing multifaceted and comprehensive entertainment options for employees. Moreover, the company actively organizes family group-building activities, reinforcing the idea that individual families contribute to the larger Deli family, ensuring every employee genuinely feels the group's "Six Loves" values.

Supporting the Starting Line with Love

In August 2023, Deli launched the "Supporting the Starting Line with Love" stationery package activity. Coinciding with the back-to-school season, the company provided age-appropriate employees' children with calligraphy brushes and customized Deli stickers, extending Deli's best wishes. Selected stationery packages were distributed to support the growth of employees' children. The event featured a back-to-school ceremony and fun photo opportunities, enabling employees and their children to feel the company's care. Additionally, the company ensured the delivery of stationery packages to children of employees working in other locations, ensuring that care and support were thoroughly implemented.



"Deli Cup" Basketball League



The Lantern Festival Celebration





| Employee retention

Deli Group's comprehensive employee care measures, benefits system, and the establishment of a healthy and safe work environment have achieved remarkable results. During the reporting period, the employee turnover rate was significantly lower than the industry average. To further reduce employee turnover, we have implemented a series of employee retention initiatives and will continue to enhance the employee benefits system and practice humanistic care, striving for mutual development with all employees.

Remuneration

- Conducting remuneration surveys on the market for different positions.
- Offer competitive salaries.
- Perform annual centralized evaluations of salaries for different positions and promptly adjust compensation.

Meals, accommodation benefits and allowances

- Renovate canteens and dormitories, including installing elevators in dormitories to improve living conditions.
- Organize the "Summer Cooling" activity to alleviate discomfort from working in high-temperature environments.
- Provide allowances for front-line operational staff, such as high-temperature allowances.

Employee communication

- Hold employee forums and corporate culture promotion activities to fundamentally reduce employee turnover.
- Regularly conduct exit interviews and perform monthly turnover rate analysis for improvement.

Outlook

Looking ahead to 2024, Deli Group will continue to uphold the spirit of national enterprise and contribute to the country's industrial development. Grounded in the mission of "To develop products and services that meet the needs, exceeding the expectation of customers across the globe", we will integrate the four core values of "Responsibility, Honor, Courage, and Self-discipline" into our social responsibility and business practices.

We will strengthen responsibility management, keep pace with the times, and consistently provide innovative products and services to meet people's demand for a better life. Furthermore, we will adhere to green development, contributing to national initiatives such as the "peak carbon emission and carbon neutrality" strategy, common prosperity, and rural vitalization.

With a steadfast commitment to becoming a trustworthy and respected enterprise, Deli Group will steadily move towards its vision.

Key performance indicators

Environmental scope

Key performance indicator		Unit	2023
Air pollutants	NOx	ton	0.19
	Particulate matter	ton	3.20
	Non-methane hydrocarbon	ton	2.68
	Volatile organic compounds (VOC)	ton	12.12
Effluent	Ammonia nitrogen	ton	1.44
	Chemical oxygen demand (COD)	ton	10.11
	Total wastewater	ton	112,128
GHG emission	GHG emission (Scope 1)	ton CO ₂ -eq	8,864.95
	GHG emission (Scope 2)	ton CO ₂ -eq	65,084.43
	Total GHG emission	ton CO ₂ -eq	73,949.38
Hazardous waste	CW17 sludge	ton	7.34
	Waste activated carbon	ton	7.05
	Waste Filter Cotton	ton	2.81
Hazardous waste	Waste adhesive products	ton	281.27

Key performance indicator		Unit	2023
Hazardous waste	Waste rag	ton	0.33
	Waste solvent drums	ton	4.46
	Waste emulsion	ton	36.40
	Waste toner cartridges	ton	0.01
	Waste oil	ton	30.12
	Waste paint buckets	ton	20.10
	Solid	ton	3.99
	Waste printing ink	ton	131.52
	Paint slag	ton	10.88
	Total hazardous waste	ton/person	536.28
General garbage	Scrap plastic and rubber products	ton	172.18
	Scrap metal	ton	357.78
	Total general garbage	ton	529.96

Key performance indicator		Unit	2023
Energy consumption	Electricity consumption	MWh	117,284.29
	Clean energy consumption	MWh	14,160.97
	Diesel consumption	kg	113,190.68
	Gasoline consumption	kg	34,543.62
	Liquefied petroleum gas (LPG) consumption	kg	86,253.5
	Purchased steam	m ³	0
	Natural gas consumption	cubic meter	2,251,034.81
	Total energy consumption	tce	17,771.74
Water consumption	Water consumption	kiloton	42.63

Environmental data explanation:

Scope of data: time from 2023/01/01 to 2023/12/31, including data from Ningbo Deli Technology Co., Ltd., Ningbo Deli Technology Co., Ltd., Ningbo Deli Adhesive Products Co., Ltd., Ningbo Deli Office Supplies Manufacturing Co., Ltd., Ningbo Deli Binding Equipment Co., Ltd., Deli Vietnam Co., Ltd.

Social scope

Key performance indicator	2023
Total number and percentage of operations assessed for risks related to corruption	
Total operations	58
Number of operations assessed for risks related to corruption	56
Percentage of operations assessed for risks related to corruption	96.55%
Confirmed incidents of corruption and actions taken	
Total number of confirmed incidents of corruption	2
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	2
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0
Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	
Percentage of employees	
100%	

Key performance indicator	2023	
Number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship		
	Product	Service
Incidents of non-compliance with regulations resulting in a fine or penalty	0	0
Incidents of non-compliance with regulations resulting in a warning	0	0
Incidents of non-compliance with voluntary codes	0	0
Incidents of discrimination and corrective actions taken		
Total number of incidents of discrimination during the reporting period	0	
Occupational health and safety		
Number of recorded work-related deaths	0	
Occupational safety drills and inspections		
Safety emergency drills	193	

Key performance indicator	2023
Safety training hours	3,250
Safety publicity campaigns	174
Safety promotional activities	21
Safety planned inspections	7,851
Safety non-planning inspections	811
Customer Service	
Customer complaint average response time	20.39 minutes
Customer complaint resolution rate	100%
Comprehensive satisfaction with complaint handling	100%

Guidance index

| GRI standards index

GRI standards	Disclosure	Corresponding content
GRI 2: General Disclosure 2021	2-1 Organizational details	Corporate 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/feedback
	2-4 Restatements of information	/
	2-5 External assurance	Assurance statement
	2-6 Activities, value chain and other business relationships	About Deli
	2-7 Employees	People oriented, harmonious coexistence
	2-8 Workers who are not employees	/
	2-9 Governance structure and composition	Corporate governance
	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 corporate governance framework
	2-13 Delegation of responsibility for managing impacts	ESG corporate governance framework
	2-14 Role of the highest governance body in sustainability reporting	ESG corporate governance framework

GRI standards	Disclosure	Corresponding content
GRI 2: General Disclosure 2021	2-15 Conflicts of interest	/
	2-16 Communication of critical concerns	ESG corporate governance framework
	2-17 Collective knowledge of the highest governance body	ESG corporate governance framework
	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	/
	2-24 Embedding policy commitments	/
	2-25 Processes to remediate negative impacts	/
	2-26 Mechanisms for seeking advice and raising concerns	Corporate governance
	2-27 Compliance with laws and regulations	/
	2-28 Membership associations	/



GRI standards	Disclosure	Corresponding content
GRI 2: General Disclosure 2021	2-29 Approach to stakeholder engagement	Stakeholder communication activities
	2-30 Collective bargaining agreements	/
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Assessment and identification of material topics
	3-2 List of material topics	Assessment and identification of material topics
	3-3 Management of material topics	Assessment and identification of material topics
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Rural vitalization
	203-2 Significant indirect economic impacts	Rural vitalization
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Key performance indicators - social scope
	205-2 Communication and training about anti-corruption policies and procedures	Corporate governance
	205-3 Confirmed incidents of corruption and actions taken	Key performance indicators - social scope
GRI 301: Materials 2016	301-1 Materials used by weight or volume	/
	301-2 Recycled input materials used	Green products
	301-3 Reclaimed products and their packaging materials	Green products
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	Key performance indicators - environmental scope
	302-4 Reduction of energy consumption	Energy-saving renovation measures
	302-5 Reductions in energy requirements of products and services	/






GRI standards	Disclosure	Corresponding content
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	/
	303-2 Management of water discharge-related impacts	Wastewater reduction measures
	303-3 Water withdrawal	Total water use
	303-4 Water discharge	Wastewater discharge
	303-5 Water consumption	Resource management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Direct greenhouse gas emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Indirect GHG emissions from purchased energy
	305-3 Other indirect (Scope 3) GHG emissions	/
	305-4 GHG emissions intensity	Key performance indicators - environmental scope
	305-5 Reduction of GHG emissions	Energy-saving renovation measures
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Waste gas emissions
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Solid waste emission management measures
	306-2 Management of significant waste-related impacts	Solid waste emission management measures
	306-3 Waste generated	General garbage emissions/hazardous waste emissions
	306-4 Waste diverted from disposal	/
	306-5 Waste directed to disposal	Hazardous waste emissions

GRI standards	Disclosure	Corresponding content
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Responsible 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	Key performance indicators - social scope
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee rights and benefits
	401-3 Parental leave	Employee rights and benefits
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Employee health and safety
	403-2 Hazard identification, risk assessment, and incident investigation	Employee health and safety
	403-3 Occupational health services	Occupational health service
	403-4 Worker participation, consultation, and communication on occupational health and safety	Employee health and safety
	403-5 Worker training on occupational health and safety	Occupational health service
	403-6 Promotion of worker health	Employee health and safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee health and safety
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety system development
	403-9 Work-related injuries	Employee health and safety
	403-10 Work-related ill health	Employee health and safety

GRI standards	Disclosure	Corresponding content
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	Talent management
	405-2 Ratio of basic salary and remuneration of women to men	Talent management
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Key performance indicators - social scope
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Talent management
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Talent management
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Responsible 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
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product quality and 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 service management

| UN SDGs index

SDGs	Corresponding content
 Goal1 No poverty	Serving community, taking responsibility
 Goal3 Good Health and Wellbeing	Serving community, taking responsibility People oriented, harmonious coexistence
 Goal4 Quality Education	Serving community, taking responsibility People oriented, harmonious coexistence
 Goal5 Gender Equality	People oriented, harmonious coexistence
 Goal6 Clean Water and Sanitation	Green symbiosis, care for nature
 Goal7 Affordable and Clean Energy	Green symbiosis, care for nature
 Goal8 Decent Work and Economic Growth	Serving community, taking responsibility People oriented, harmonious coexistence

SDGs	Corresponding content
 Goal9 Industry, Innovation and Infrastructure	Quality first, green innovation Serving community, taking responsibility
 Goal10 Reduced Inequalities	People oriented, harmonious coexistence
 Goal12 Sustainable Consumption and Production	About Deli Green symbiosis, care for nature
 Goal13 Climate Action	Quality first, green innovation Green symbiosis, care for nature
 Goal16 Peace, Justice and strong Institutions	Message from the president About Deli Responsibility in focus: Consolidating foundation, wise governance Quality first, green innovation Serving community, taking responsibility People oriented, harmonious coexistence

Assurance statement



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland", "We") has been entrusted by the management of Deli Group Co., Ltd. (hereinafter "Deli Group", "the Company") to conduct independent assurance of 2023 Deli Group Environmental, Social and Corporate Governance (ESG) Report (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Deli Group. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to Deli Group overall Sustainability Performance and impacts of its business activities during 2023 (1 January 2023 ~ 31 December 2023).

TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) Moderate level of assurance.

Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1, Moderate level on Deli Group sustainability performance information and data disclosed in the Report. The following assurance criteria were used in performing the assurance work:

- By reference to GRI Sustainability Reporting Standards (GRI Standards)
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AccountAbility Principles of *Inclusivity, Materiality, Responsiveness, and Impact*.

Assurance Methodology

Our assurance activities included:

- Reviewing the company's management practices, processes, and performance to evaluate the sustainability management system, including ESG governance, compliance management, risk management, stakeholder communication, material issue analysis, and ESG-related key performance.
- Conducting interviews with company management and managers responsible for gathering and analyzing information on sustainability performance.
- Reviewing and examining sustainability management practices and performance information and data to test the accuracy of such information and data based on a sample basis and applied analytical procedures.
- Reporting assurance observations to management to provide an opportunity for the company to take corrective actions before the assurance process is completed.
- Collecting documentary evidence and assessing management representations to support adherence to the AccountAbility Principles.

Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

Our assurance work did not cover financial report and its financial data, and other information not related to sustainability.



Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- Deli Group ESG report (2023) and its contents adhere to the AA1000 AccountAbility Principles.
- Deli Group has implemented management processes to collect and aggregate key performance data related to material issues within the reporting boundary, while the company identifies, evaluates, defines material issues.
- The ESG-related information and performance indicators disclosed in this 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 AA1000 AccountAbility Principles

Inclusivity

According to the report, the key stakeholders identified by Deli Group include government and regulatory bodies, employees, customers, suppliers, the community and the public. We recommend that Deli Group should establish a clear stakeholder identification process and stakeholder engagement strategy and set corresponding indicators to measure the effectiveness and impact of stakeholder engagement.

Materiality

Deli Group has identified relevant ESG issues based on the characteristics of the group's business development and the ESG focus of the benchmarking industry. According to the issue matrix disclosed in the report, high-importance issues include but are not limited to product quality and safety, business ethics and compliance governance, energy conservation and carbon reduction, R&D and innovation, and waste management. Supporting evidence shows that in 2023, the company will improve the management of these important issues as an annual strategic effort for sustainable development. We recommend that Deli Group's senior management and relevant personnel in various functions should fully understand the process of material analysis and definition and integrate this process into operational management and risk management.

Responsiveness

Through multiple communication channels, Deli Group appropriately responds to its key stakeholders on sustainability issues of concern. Responses include cooperation between the government and regulators, employee training, grievance and whistleblowing mechanisms, customer service and compliance marketing, supplier audits and training, and community activities. This edition of the report discloses key performance indicator data covering greenhouse gas emissions, other significant emissions and waste, energy use, anti-corruption, employee management, and health and safety.

Impact

Deli Group implements risk management and control for corporate governance and operations, mainly focusing on compliance operations, environmental impact assessment, occupational health and safety risk identification and control, and supply chain risk management. We recommend that Deli Group should fully identify and understand sustainability-related impacts to its operation and establish appropriate processes to measure, evaluate and manage these impacts.

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