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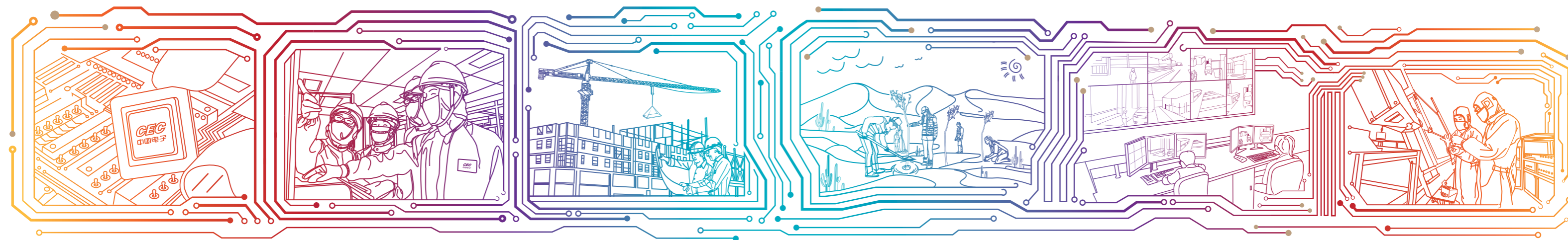


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2014

China Electronics Corporation
Corporate Social Responsibility Report



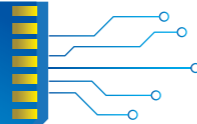
Credibility Performance
Innovation Responsibility



Contents

President Q & A	01-02
CSR Management	03-08
Strategic Win-win	09-10
1.Client Satisfaction	
1.1 Quality Insurance	13
1.2 Innovation Development	13-14
1.3 Customer Service	14
2.Increase Employee Welfare	
1.1 Legal Rights Protection	17
1.2 Career Development Promotion	17
1.3 Professional Health and Safety	18
1.4 Employee Care	18
3.Green Ecology Protection	
1.1 Green Management	21-22
1.2 Green Manufacture	22-23
1.3 Energy Conservation and Emission Reduction	23-25
1.4 Circular Economy	26
4.Grow with Suppliers	
1.1 Supply Chain Management	29-31
1.2 Governmental Cooperation	32
5.Promote Community Harmony	
1.1 Community Integration	35
1.2 Community Welfare	35-36
6.Fulfill Overseas Duties	
1.1 Globalized Blueprint	39
1.2 Globalized Operation	40-41
1.3 Globalized Duty Fulfillment	41-43
1.4 Globalized Brand	43-44
Appendix	45-51

President Q & A



CEC president RUI Xiaowu



Political Economics of RUI Xiaowu

Q: State-owned enterprises take political, economic and social responsibilities. How do you, as the leader of CEC, see social and economic responsibilities of enterprises?

A: This requires both the insight and vision of political economy and ahead-of-time strategic thinking with prudence. Actually it is one stone two birds to deal with social and economic responsibilities. Corresponding

to the need of the nation, the industry and the people, CEC has relied on its own advantages and strategically distribute resources with advancement, willing to take responsibilities and making efforts in recent years. It satisfies the national strategic need and breaks the industrial development bottleneck while brings actual benefit to the society and people.

Q: What are the highlights of CEC in the CSR field?

A: We are positively establishing the strategic-led new scientific development system and mentality. CEC is revealing its fruits irrigated by years of scientific investment, technological accumulation and market blueprint.

In 2014, CES has gained a significant breakthrough in the field of information security, with the launch of CPU chips and 10-gigabit switch chips, and substantial development in domesticated software and hardware replacement. In terms of new-formed display industry, the first world-leading IGZO 8.5-generation LCD panel assembly line has put into production and "China Super Panel" has gained wild attention. In addition, we have increased M & A, grabbing the market opportunities and realized Kaifa privatization and Huadong Technology SEOs in the capital market.

Q: Does CEC have any development experience to share?

A: We have to not only depend on ourselves but learn from foreign ideas and technology as well. Today's performance is the result of strategic insight and ahead-of-time blueprint, affiliated innovation and inner correspondence, outer cooperation to build an ecological cycle, as well as the military and civilian integration to make contribution to the technological and economic development in the nation.

The year of 2015 is the battle year for transformation, innovation and deeper reform. We have to adapt to the new-normed economy and build up the new mentality, in order to make a stronger, better and bigger CEC in accelerated development with fast footsteps and relentless efforts.

CSR Management

1.CSR Strategy

1.1 CSR Planing

In 2014, according to CEC CSR Planning (2013-2015) and CEC CSR Operation Management Manual, CEC has completed social responsibility system, and sustainably promote the execution of the social responsibility “12345” strategy.

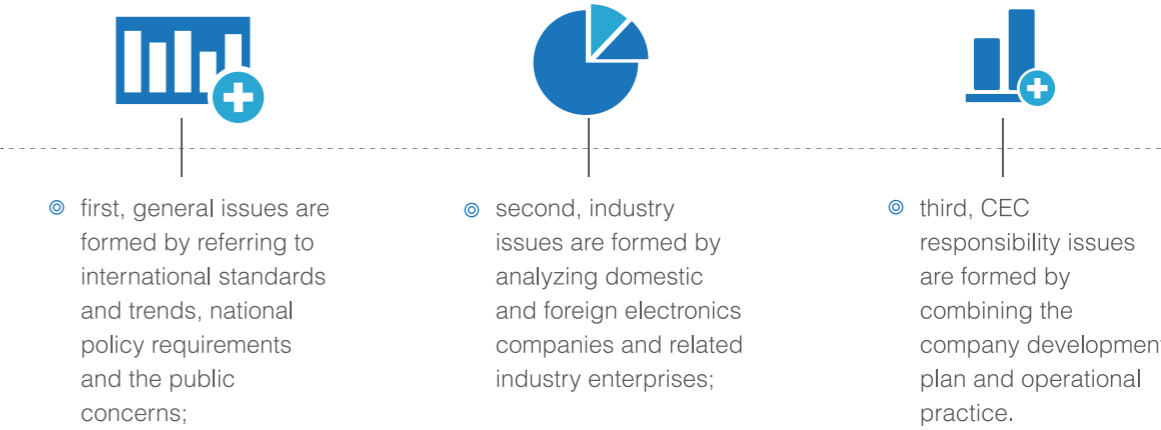


1.2 Substantial Topic Analysis

IDENTIFY ISSUE SOURCES

Corporate Social Responsibility agenda selection takes care of ISO26000、GRI 4.0 and other related international standards of social responsibility, national policy requirements, the public concerns, trends and issues related to company business development plan.

ISSUE POOL IS HEREBY FORMED

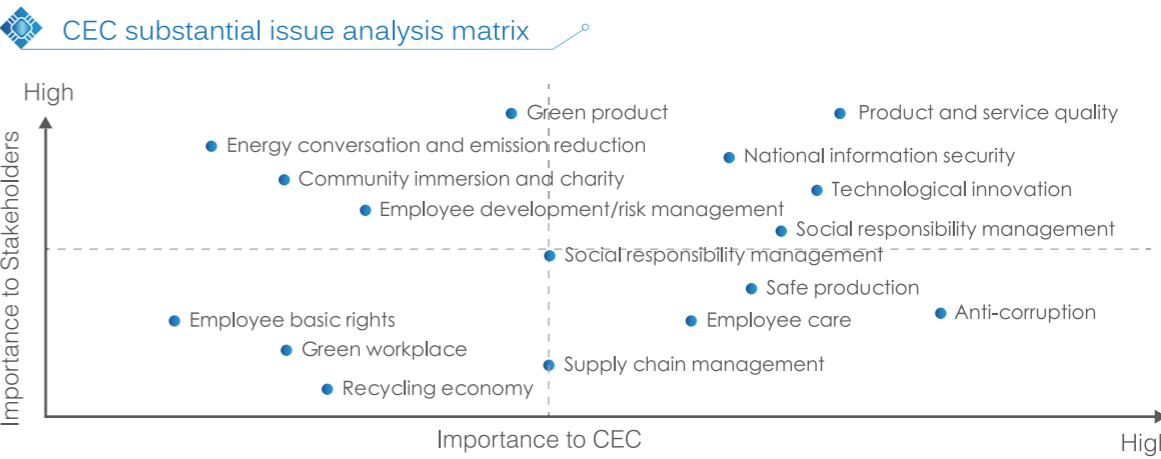


PRIORITY IS HEREBY LISTED

all the issues are prioritized according to the issue selection matrix with two dimensions of importance to CEC and importance to stakeholders.

APPROVAL IS HEREBY MADE

the selected social responsibility issues checked and approved become final CSR issues. The matrix is as followed:



2.CSR Organization

In 2014, CEC has further improved social responsibility system. The second-level organizations have established a leading group for social responsibility work, specifying the social responsibility management department and full-time and part-time employees; third-level organizations and grass root organizations have assigned social responsibility contacts.



3.CSR Communication

CEC has made effective communication with stakeholders through various channels and forms, turning the target of stakeholders into social responsibility goals, in order to satisfy the needs of different parties.

4-Level social responsibility communication mechanism

○ Communication Approaches ▲ Progress in 2014



Expectations from Stakeholders and the Corresponding Measures taken by CEC

Stakeholders	Expections towards the Company	Communication Channels and Approaches	CEC's Measures
 INVESTORS	<ul style="list-style-type: none">• Assets value maintenance and value-added• Normed enterprise governance• Operational risk prevention	<ul style="list-style-type: none">• Regular report• Business unit department communications• Provide financial report and visits	<ul style="list-style-type: none">• Protect shareholders' interests• Increase operational benefit• Realize solid capital return

Stakeholders	Expectations towards the Company	Communication Channels and Approaches	CEC's Measures
 CLIENTS	<ul style="list-style-type: none"> Enhance product quality Ensure product safety Provide quality services 	<ul style="list-style-type: none"> Clinet satisfaction survey Response to client complaints Client relations management 	<ul style="list-style-type: none"> Quality management system Product whole life cycle safety management Actively response to client complaints
 PARTNERS	<ul style="list-style-type: none"> Mutual respect and equal cooperation Create cooperation value Extend cooperation fields 	<ul style="list-style-type: none"> Suppliers management Distributors management Trainings and communications Panel discussions 	<ul style="list-style-type: none"> Protect suppliers' rights and interests Protect distributors' rights and interests Protect business partners' rights and interests
 EMPLOYEES	<ul style="list-style-type: none"> Protect employees' rights and interests Professional development growth Management participation Employee care 	<ul style="list-style-type: none"> Employee Town Hall Meeting Employee training Advice seeking Culture practice 	<ul style="list-style-type: none"> Improve income distribution and benefit protection system Standardize labor mechanism Strengthen employee training Humanity care
 GOVERNMENTS	<ul style="list-style-type: none"> Comply with governmental laws and regulations Implement government management requirements Increase economic and social informationization level Develop and sustain employment 	<ul style="list-style-type: none"> Participate in meetings and follow-up Featured report Participate in government projects Reports and visits 	<ul style="list-style-type: none"> Execute standards and promise product safety Legally standardize operations Enhance governance level Establish internal control system
 COMMUNITY AND ENVIRONMENT	<ul style="list-style-type: none"> Develop together Help the poor Energy conservation and emission reduction, and environmental protection 	<ul style="list-style-type: none"> Exchange events Community communication Social charity events Community co-building 	<ul style="list-style-type: none"> Improve energy conservation and emission reduction Protect environment and ecology Help the poor and help Xinjiang and Tibet Actively join community charity events

4.CSR Performance

CEC has ranked 21 in China Enterprises Social Responsibility Bluebook (2014) Top 300 (Top 100 State-owned; Top 100 Private; Top 100 foreign) and 3rd in the field of electronics industry

Selection of Outstanding Social Responsibility Practices

Case

In 2014, the company conducted its first Selection of Outstanding Social Responsibility Practices in the whole system, the case of 10 companies including the Great Wall Information, China Electronics Panda, Rainbow Group and the Great Wall Computer were selected as the CEC Social Responsibility Top 10 cases."



Volunteer service of "Light Love" with the Great Wall Computer



Ecuador urban security system with CEIEC



Fire drill in the Kaifu Zone



Mutual Charity Fund by Shanghai Puruan

5. CSR Ability

In 2014, CEC has carried out a series of internal CSR trainings to strengthen awareness of and enhance the ability of social responsibility, through the participation in the Sino-Swiss Corporate Social Responsibility Exchange cooperation project and CASS Sharing responsibility - China Corporate Social Responsibility Public Forum.



CASS Sharing responsibility - China Corporate Social Responsibility Public Forum



Sino-Swiss Corporate Social Responsibility Exchange cooperation project

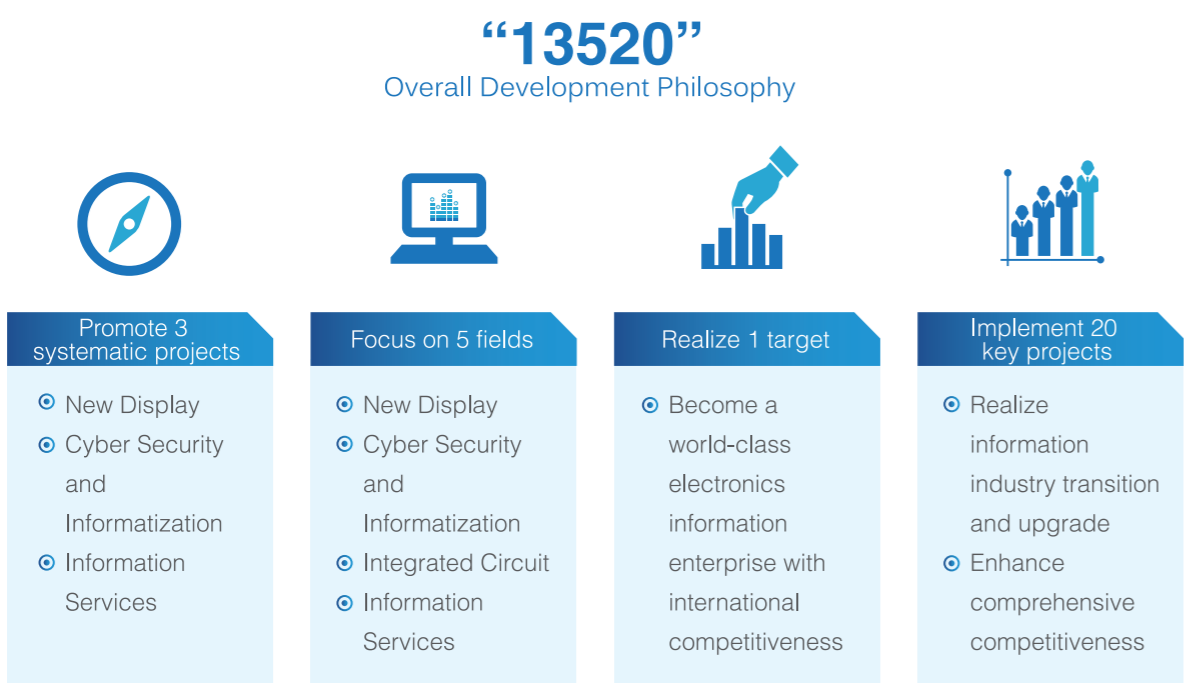
Strategic Win-win

1.Strategic Lead

Mission: We are committed to use advanced, safe and suitable electronic information technology and goods to serve the country and the society and to build a platform for employees to achieve their career dreams

Vision: We are determined to become a vibrant, trusted and respected world-class enterprise with international influence and competitiveness in the field of electronics information.

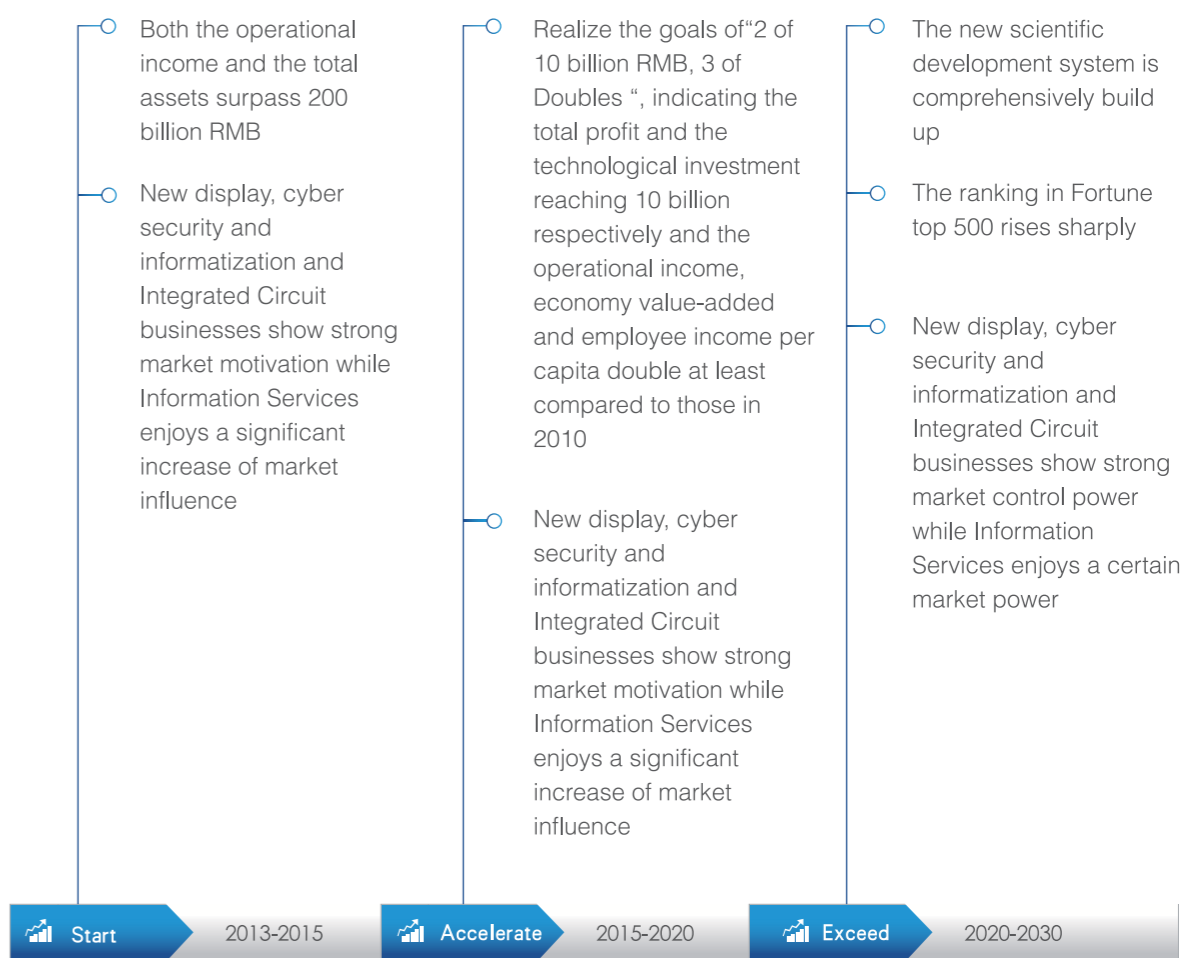
Overall Development Philosophy



Operational Ideas



Strategic Goals



2. Integrity and Compliance

CEC has run its management and business development in strict compliance with relevant laws and regulations, uphold the integrity of business philosophy, and establish the complete 58-item rules and regulations system according to the company development needs. CEC has strengthened the role of internal audit in terms of strategic control and legal governance, and promoted healthy operation through strengthening internal audit.

3. Risk Management

CEC pays full attention to the role of risk management in the business operation, establishes a close-looped system of risk identification, response, monitoring and evaluation through overall risk management and risk prevention mechanisms, and promotes the integration of risk management and business operations through the use of means of information.

1 CLIENT SATISFACTION

Quality Insurance

Innovation Development

Customer Service

CEC
中国电子

Client Satisfaction

1.Quality Insurance

Upholding the production and management philosophy of client satisfaction, CEC is committed to providing customers with high quality products and services, meeting customers' need through providing innovation and better-quality products.

Quality Big Data Platform

Case

China Zhenhua has established a quality big data platform, built a complete product quality information collection, analysis and early warning system. In 2014, the quality big data platform has applied to the production line to solve the problems of the accuracy of manual data collection and the limitations of sampling data. Meanwhile, the sharing of the quality data has helped the third-party quality analysis software obtain good data support to improve the accuracy of quality analysis.



Staff inspecting data collection

2. Innovation Development

In 2014, CEC has strengthened scientific and technological innovation system with the introduction of Scientific Research Project Management Approach and other manuals. The company adheres to joint innovation and has created an aggregated service extranet platform by working together with more than 20 famous information security companies, in order to provide security to Internet information and information industry. CEC has also promoted the synchronous development of new types of display panels, with remarkable achievement in LCD crystal technology breakthrough.

AOC exhibited on High-Tech Fair

Case

In Nov. 2014, the 16th China International High-Tech Fair (referred to as “High-Tech Fair”) was held in Shenzhen Convention and Exhibition Center, with the theme of Innovation-driven and Green Development. As a global leading professional display equipment provider, AOC has been exhibiting on High-Tech Fair in six consecutive years, and has become one of the most compelling exhibition this time, thanks to its latest product LV3 display panel of the high-end sub-brand LUVIA, with 4K ultra HD resolution, an eight-core chip smart TV and other avant-garde design style and leading technology.

Panda Welding Robot PRO

Case

After two-year profound research focusing on enhancing core technology and components with independent property rights, Panda Equip had its welding robot PRO debut in Essen Welding and Cutting Fair Beijing with independent intellectual property rights.



1.Robot body 2.Controller
3.Teach Pendant 4.Transformer
5.Welding power source 6.Flow meter
7.Wire spool 8.Welding torch
9.Wire feeder

The characteristics of Panda Welding Robot PRO

- The robot body is adaptable to the program request of users with high flexibility;
- The controller is expandable up to 21 external servo axes, perfectly realizing the coordinated operation of welding robots and other auxiliary welding equipment; functioned in multi-device high coordination movement, 2 robots and a positioner simultaneous operating together, enhancing work efficiency to complete welding in complex space curve;
- Star all-new welder with outstanding effect and little splash;
- The robot can seamlessly connect to mobile terminals by using tablet control

3.Customer Service

CEC continues to improve its customer service system, optimize service processes and improve customer communication channels, dedicated to providing customers with excellent service.

24-hour satisfactory customer services

Case

Service stands around the country with service around you



- Service stands everywhere Wild coverage in the whole country
- Response fast 24-hour customer service, timely responding to the customers' needs
- Service excellent Multiple execution plans to meet the customers' needs

The Great Wall Info has pursued customer-centered brand building and technology and marketing innovation focusing on the customers' needs, and established a complete customer service call center to provide 24-hour service. The customer service network has achieved full coverage in China with 131 direct service stands ensuring timely, efficient and effective customer service.

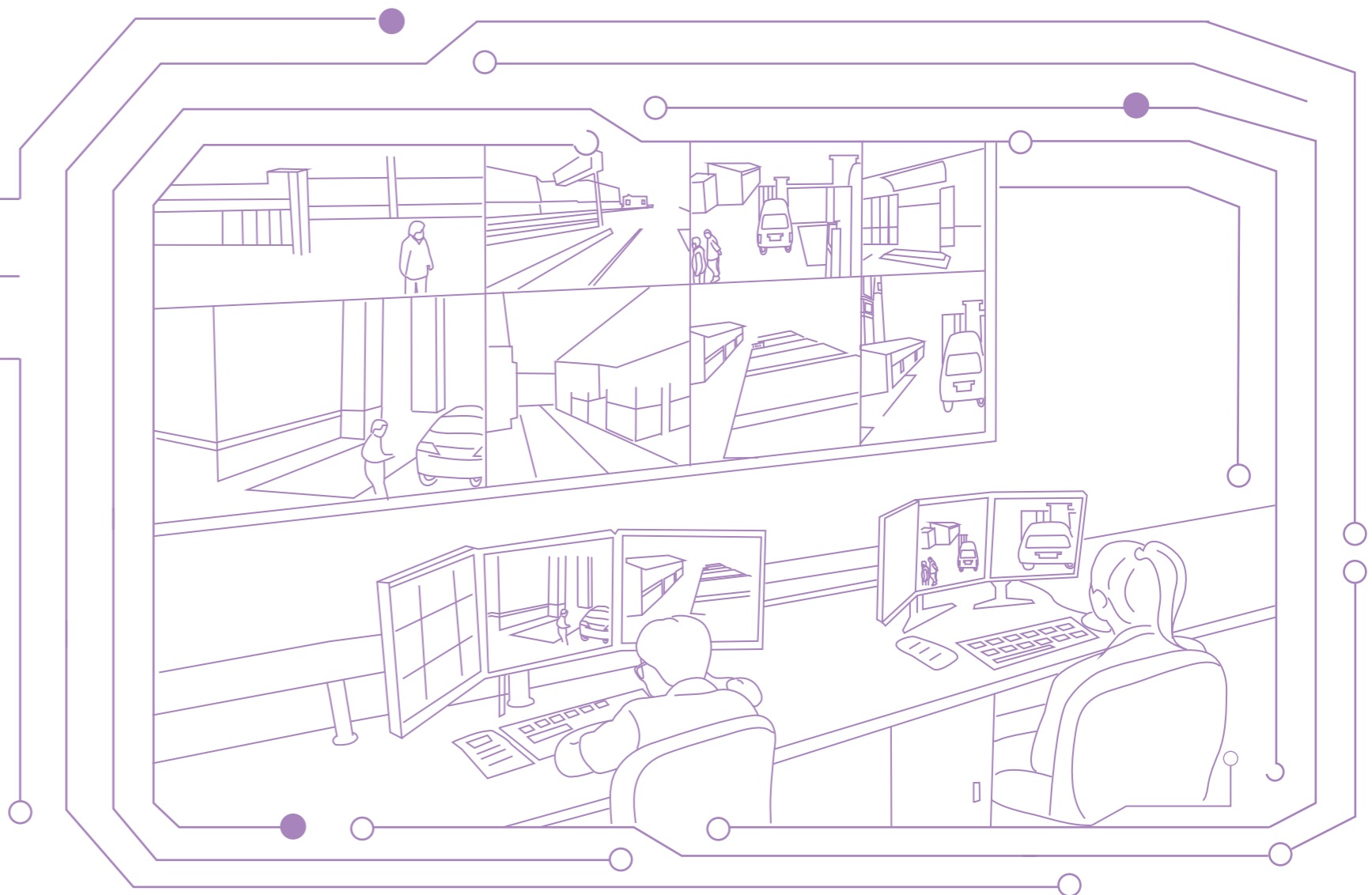
2 INCREASE EMPLOYEE WELFARE

Legal Rights Protection

Career Development Promotion

Professional Health and Safety

Employee Care



Increase Employee Welfare

1. Legal Rights Protection

CEC operates in strict compliance with labor laws and regulations, offering competitive pay; providing equal cultivation, promotion and incentive opportunities; protecting the fair treatment and other basic rights of part-time workers, temporary workers and contract employees, with a 99.6% labor contract rate.

2. Career Development Promotion


CEC provides staff with a smooth career path, formulates the basis for all-staff training plan and develops classified training aiming at different needs of different positions including managerial, technological, special business and new certificated categories. In 2014, there have been total 34 trainings with a scale of above 5,800 people.



Skill Competition

Case

In Nov. 2014, China Skill Competition- CEC Professional Skill Final has taken place in Nanjing. More than 70 competitors from CEC have joined the fierce competition. 21 employees were awarded the “National Technical Expert”, “Central Business Technical Expert” and “CEC Technical Expert” respectively.



Kaifa Employee “Dream Plan”

Case

Kaifa has launched a “Dream Plan” to encourage employees to keep learning in their work and improve vocational skills. In 2014, the company has spent almost 3 million RMB in training, establishing the project-based company training system to improve employees’ ability, forming 5 training systems including orientation, promotion, corporate organization, performance improvement and professional knowledge.

3.Career Health and Safety

CEC insists on the idea of “people-oriented with safe development”, cares the physical and mental health of employees, protects the production security and positively provides employees with excellent work and life conditions.



In 2014, the company revised and issued Safe Production Supervision and Management Measures to further clarify the safety production responsibility of the leaders and to incorporate the safety production performance evaluation as a deduction breakdown into the business operational performance evaluation system. 55,860 participations in the trainings of third-level safety production have been carried out throughout the whole year.

4.Employee Care

CEC pays a lot of attention to employee care, organizes various sports and activities, and provides care to special employees through visits and financial aids.



Visit Grass-root Employees

Case

Right before the Spring Festival 2014, the Chairman and his company paid visits to the production line employees.



Chairman RUI expressing solicitude to employees Rainbow Group leaders expressing solicitude to staff

3 GREEN ECOLOGY PROTECTION

Green Management

Green Manufacture

Energy Conservation and
Emission Reduction

Circular Economy



Green Ecology Protection

1.Green Management

CEC formulates Environmental Management Measures, sets up a leading group of environmental protection, organizes various environmental protection activities, publicizes environmental protection knowledge during those events and enhances their environmental protection awareness, taking concrete actions to fulfill the environmental responsibilities.

During the construction process of the new plant and new park, CEC has adhered to “3 simultaneous” and low emission principles with the strengthened management and continuous improvement.

Green Move Deal with Desertification

Case

In May 2014, CEC volunteers marched to Hunshandake sand, Zhangjiakou City, Hebei Province, and carried out afforestation activities.



CEC advocates the green work style with “pragmatic and efficient thrift “mode, in order to create a civilized and healthy work environment of resource conservation and waste reduction. In 2014, the company upgraded the office automation system and optimized document workflow, flow efficiency rising from 58% to 83.8%; launching video-conferences 60 times, saving almost 10 million RMB. 6 million kWh of electricity and 1.52 million tons of water has been saved annually.



Document workflow efficiency rising to **83.8%**



Launching video-conferences **60** Times



Saving electricity **6** million kWh



Saving water **1.52** million Tons

2.Green Manufacture

The company implements EPR (Extended Producer Responsibility) system, attention to environmental protection in the whole life cycle of production design, material selection, production and use, focusing on material conservation and resource use efficiency, to minimized the impact on the environment.

Green Environmental-Friendly New Plant

Case

CEC Jinjiang built new plants in strict compliance with the industrial hygiene and waste discharge standards prescribed by the government, using new craft, new technology and advanced equipment, eliminating the obsolete production capacity, focusing on heat insulation, cooling, noise reduction, and pollutant emission reduction in the production



environment. The new plants use geothermal energy heat pump central air-conditioning systems, surface treatment products applying zero-emission standards, realizing the combination of circulating pool water, fire emergency water and landscaping attractions.

During the process from a new product's design to mass production, all the teams from TPV Group will meet the concept of green products (called GP) and consider to get it involved. TPV Group's consideration is divided into three parts:

1. Management of Hazardous Substances

Ever since the publication of EU RoHS in 2002, TPV Group has started the management of hazardous substances. As controlled substances appear increasingly, TPV Group applies systematic management to make its products meet the latest regulatory requirements for hazardous substances

- ✓ Annual environmental management substances standard update
- ✓ Online system import

2. Efficient Use of Materials

TPV Group attaches great importance to the use of raw materials and tries to use recycled material. Meanwhile, it cooperates with qualified recyclers to recycle the materials that will not be used in the production line.

3. Energy Conservation and Carbon reduction

To help global sustainable development, TPV Group upholds the idea of "Grow Green Future" and makes the following contribution especially for energy-saving products:

- ✓ Products accords with energy efficiency requirements in all the countries
- ✓ Products achieves the highest level of energy efficiency in all the countries
- ✓ Continue to promote three-stage plan commitments of carbon disclosure, carbon footprint and carbon neutral

3. Energy Conservation and Emission Reduction

In 2014, CEC has invested 32.7816 million RMB in energy saving technology research, promotion application and technological transformation, including an 8-million RMB construction expense in energy-optimized control system, saving energy equal to 1,692 tons of coal, with an energy saving rate of 9.2%. The activity of electric machinery energy efficiency improvement has eliminated 293.7 KWh low-efficient electric machinery, achieving the transformation of 301 KWh electric machinery and drag equipment match.

June 30, 2014 is the due date for the first year's carbon emission compliance. According to Interim Measures of Shenzhen Carbon Emission Right Trading Management, Kaifa submitted the quota equal to its actual carbon emission in 2013 by registering before the due date and completed the carbon emission compliance obligation in 2013.

Kaifa is committed to energy conservation and low-carbon development, sustained in clean production. It has devoted more than 8.3 million RMB in environmental protection and energy conservation, completing a number of energy saving measures.

Comprehensive Energy Consumption Index

Total Energy Consumption

15.3149 Tons Of Coal

Fell **0.52%** year on year

Comprehensive Energy Consumption
in a 10,000 RMB Rmb Output Value

0.0133 tons of coal/10,000 RMB

Fell **2.10%** year on year

Comprehensive Energy Consumption
in a 10,000 RMB Added Value

0.0675 tons of coal/10,000 RMB

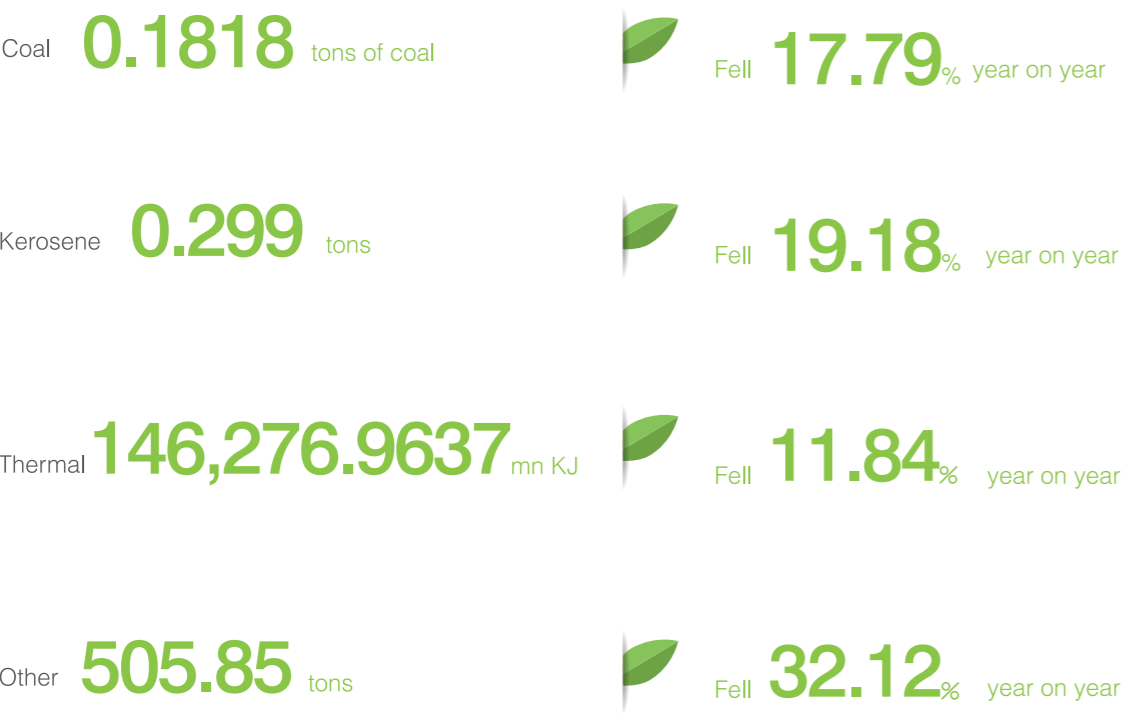
Fell **31.21%** year on year

Comprehensive Energy Consumption
in a 10,000 RMB Operational Income

0.0005 tons of coal/10,000 RMB

Fell **23.51%** year on year

Individual Energy Consumption Index



Emission Reduction Targets

Sulfur Dioxide Emission	22.95 tons	Fell 2.63% year on year
Chemical Oxygen Demand	248.9308 tons	Fell 3.73% year on year
Carbon Dioxide Emission	768,427.1339 tons	Fell 3.58% year on year
Nitrogen Oxide Emission	10.3911 tons	Fell 0.32% year on year
Ammonia Emission	50.9903 tons	Fell 1.16% year on year

4.Circular Economy

implements resource recycling policy, promotes recycling economic development and improves resource utilization.

Use of New Energy Saving Technologies

Case

Kaifa has comprehensively promoted multi-new energy saving technologies in the infrastructure projects in Huizhou. The water storage systems engineering and air system heat recovery project in Huizhou plant has saved 4.32 million kWh electricity annually.

Recyclable Organic Systems

Case

CEC Panda recyclable organic system includes water treatment process like biochemical, flotation, gravity filtration, activated carbon filters and reverse osmosis. The main receiver station emits relatively low concentration of organic wastewater, which was let out into the system after process. The desired system inflow capacity is 5,100 tons per day, water recycling 3500 tons per day, which is mainly used for cooling tower and scrubber.

4 GROW WITH SUPPLIERS

Supply Chain Management

Governmental Cooperation



Grow With Suppliers

1. Supply Chain Management

CEC has strengthened the management of suppliers from the selection, verification, auditing to support, leading suppliers to fulfill their social responsibilities. Kaifa regularly invited key component suppliers to take quality management training, discussing technical and quality-related issues, to further improve suppliers' analytical skills of quality control and quality problems, promoting suppliers' better development.

CEC implements the green procurement concept and system in the whole group, taking green as an important indicator of supplier selection and management.

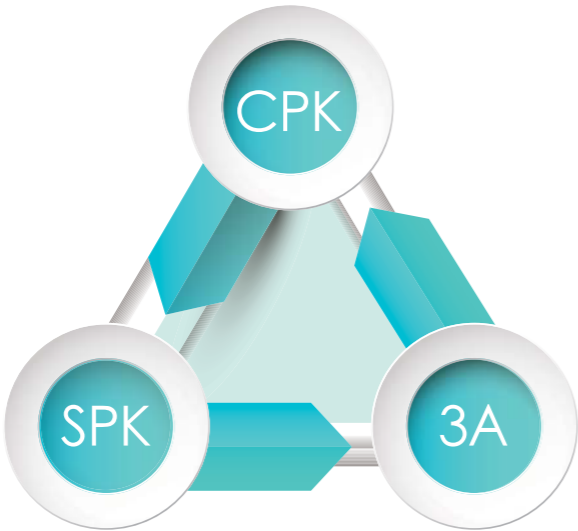
● The Principles of Supplier Selection



● Suppliers Vetting and Supervising



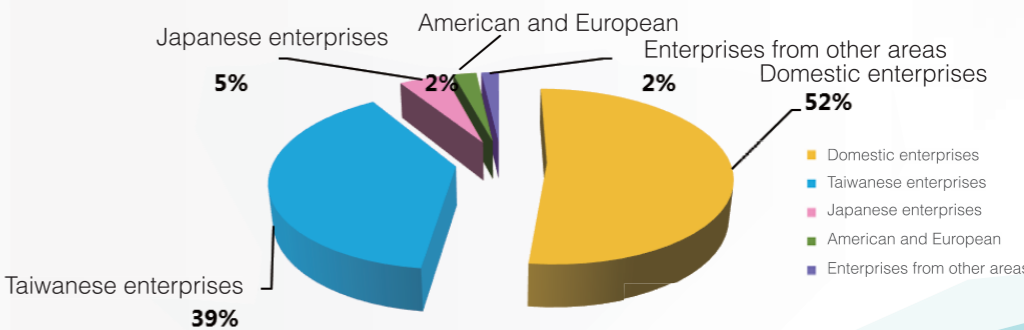
● Help Suppliers Develop



Supply chain collaboration of TPV Group

Case

TPV adopts verification process to select the component suppliers in compliance with TPV standards. The environmental management criteria for substances specifies the usage of restricted substances in special materials used by assembly / components and makes sure all suppliers fully understand the relevant specifications and updated versions. It also requires all suppliers to sign the Environmental Protection Agreement to confirm their full knowledge of control of hazardous substances and effective compliance. At the same time, the company implements strict inspection to confirm the products provided by the supplier meet the above criteria. The company will inform the suppliers in advance about the changes and the substances that may be restricted in the future. Meanwhile, suppliers can take advantage of the company's "green product management network platform system" to upload test reports provided by impartial third parties.



The Supply Chain in Compliance with Commercial Principles

Case

Shanghai Belling launched public bid and transparent procurement, providing suppliers with qualified raw materials with a healthy competitive environment. The company abides by contract of credit, guaranteeing the legitimate rights and interests of suppliers. And the supplier problem incidence rate showed a downward trend in 2014.


Starting from large projects, CEC builds an industrial chain and value chain, driving mutual development of the upstream and downstream of the industry.

Fast and Efficient Supply Chain Service System

Case

CEC Port innovatively provides a comprehensive platform combining its own media community, technical support, big data, finance and modernized supply chain distribution service, creating a big strategic platform for online business.

CEC Port focuses the supply chain integrated solution in electronic components. Based on the online and offline integrated information service platform and accumulated advantages in exclusive customer service, global procurement, lean inventory management, efficient warehouse distribution, industrial finance, it offers various service solutions for electronic components enterprises, and is devoted to lower the operation cost of non-core business, achieving comprehensive operational risk management and control.



CEC Port Website Launching Ceremony

2.Governmental Cooperation

CEC actively promotes strategic cooperation with local governments. In 2014, the company signed a strategic cooperation agreement with eight local governments including Shanghai and Tianjin, with a number of investment projects in line with local economic and social development needs and the company's development strategy being implemented.



5 PROMOTE COMMUNITY HARMONY

Community Integration

Community Welfare



Promote Community Harmony

1. Community Integration

CEC pays great attention to the good relations with local economy, social issues and environment during the sustainable development, making contribution to the local development.

Addressing Community Concerns

Case

After the production of CEC Panda 6-generation LCD display panels, the surrounding residents reported the smell of "sweet corn scent" from the plant, fearing an adverse impact on the environment. Coming from the photoresist stripping liquid, the odor was nontoxic. Yet in order to reassure the residents, the company has invested nearly 30 million RMB to replace the stripper, transferring the 9 wet etching process machinery. A half year later, the odor was controlled. The company invited the resident representatives to visit the plant to understand the measures it has taken to protect environment and production safety.

"Thank to the construction of the LCD Valley, the city became much more popular. As a local resident, I want to express my gratitude to the government investment here and to the enterprise sewage control, and wish the LCD Valley's development make the local residents a better life in the future"

— A resident from Sheshan Community, Nanjing

2. Community Charity



CEC continues to promote "light love" voluntary service, Help Xinjiang and Tibet and foreign donation activities



with a total donation of more than 7.2 million in 2014



In 2014, CEC Panda Youth Volunteer Program won the Gold Medal for China's contest of Youth Volunteer Service Projects.

"Light Love • Get Healthy" Volunteer Activities

Case

March 7, 2014, 40 young volunteers from CEC and volunteers from Tsinghua University Yuquan Hospital, the China Disease Prevention and Control Center of Nutrition and Food Safety launched "Light Love • Get Healthy" volunteer service activities in Beijing's Shijingshan District Shuren Migrant School. The medical volunteers explained and helped 68 students in the fourth grade understand the self-help in emergency dangerous situations, the influence of positions to the spine, the healthy eating habits and proper eye habits, and did them health examination.



Re-visit Chishui "Rainbow House"

Case

On September 19, 2014, the volunteers of the Great Wall Computer "Light Love" charity event once again came to the 3rd Elementary School in Chishui City, northwest in Guizhou Province, and brought them stationery.



"We want to thank the Great Wall Computer for its donation of 'Rainbow House'! The Great Wall Computer youth volunteer team's re-visit to the House means a lot to us and the summary and the communication will help the House continuously improve and play its role. We are about to carry out more events in the House to build up children's interest in learning, making the House a knowledge palace."

— HE Jun, Principal of the 3rd Elementary School in Chishui

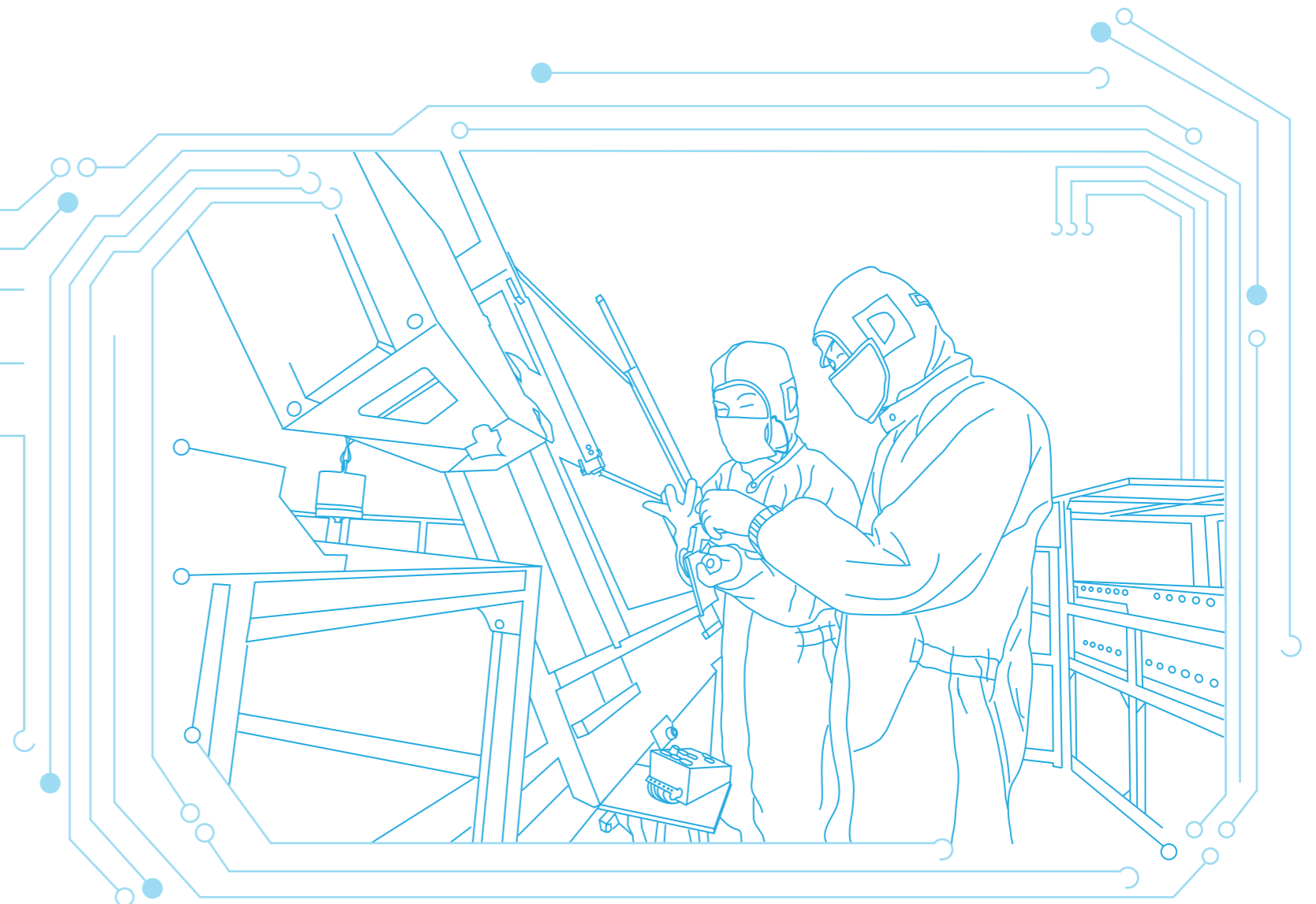
6 FULFILL OVERSEAS DUTIES

Globalized Blueprint

Globalized Operation

Globalized Duty Fulfillment

Globalized Brand



Fulfill Overseas Duties

CEC has cooperated with enterprises in many countries and regions and abided to compliance operation while actively supporting the local development.

1.Globalized Blueprint

CEC speeds up the pace of “going out”, improve the quality of international cooperation, and transits from the initial stage of simple product exporter to a new stage of leading total solution provider.

The Great Wall Development's First Overseas Production Base in Malaysia

Case

In November 2014, the Malaysian Technology Development Co., Ltd. officially opened, marking the successful landing of overseas industrial blueprint of Kaifa, which belongs to CEC. Malay Development is Kaifa's first overseas production base and also its second 100% owned subsidiary. As a significant strategic step of “going out”, Malay Development undertakes major production work of magnetic storage and medical services. Established in close contact with customers, Malay Development saves logistics cost while improving work efficiency.

CEC Acquired

Case

CEC has completed the acquisitions towards Admiral Oversea Corporation, the world's largest monitor manufacturer. The acquisition was CEC's bold practice to control a world-class electronics manufacturing company by its shares, a useful exploration to speed up the building of new display industry chain, to succeed the new display industry key components and promote the globalization and extended development of the group.

2.Globalized Operation

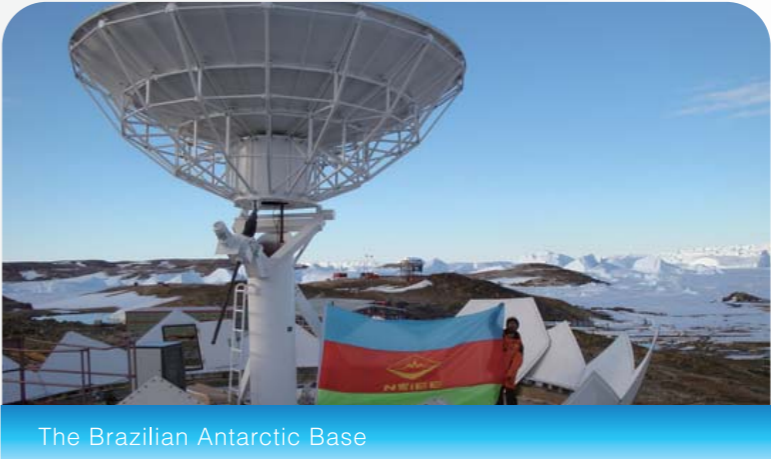
CEC has actively strengthened cooperation with enterprises in overseas countries and regions. Relying on the business, CEC has taken fully use of its industrial advantages and technological advantages, allocated resources on a global scale and realized globalized operation.

CEIEC won the contract to build Brazilian Antarctic Base

Case

In 2012, Comandante Ferraz Brazilian Antarctic Base was destroyed by fire. In 2015, Brazil announced CEIEC responsible for re-construction of the Base. This was the first time that a Chinese enterprise undertook a re-construction mission for an Antarctic research station, in line with China's "Belt and Road" and central "going out" strategy.

- 1st stage: Base design optimization, precast unit manufacturing, base material, equipment transportation and base construction operation;
- 2nd stage: the construction of the main body of the architecture's steel structure and the installation of major equipment;
- 3rd stage: the pipeline laying and interior decoration work and cooperation work of the equipment installation and acceptance with Brazilian Navy



The Brazilian Antarctic Base

Sino-French Laboratory for Infectious Disease Prevention

Case

Sino-French Laboratory for Infectious Disease Prevention was completed in January 2015. The laboratory is one of the most important cooperation projects between the two countries in the field of medical technology. CEC was responsible for all the construction except for civil engineering steel structure related, including HVAC, the strength of electrical, plumbing, power, decoration and fire protection, and also in charge of the installation and test for 7 constrained devices authorized by the French government.

As China's first laboratory with level-4 bio-safety, the project provides domestic and foreign scientific research of disease prevention and control with important technical platform, which significantly enhances domestic research capacity and level of highly pathogenic microorganisms and plays an important supporting role in terms of emerging infectious diseases prevention and control, public health emergency response as well as new drug development.



Dewy Valley Integrated Agricultural Development Project

Case

On March 7, 2014, Dewy Valley Integrated Agricultural Development Project undertaken by CEIEC has been completed. The project was to build a small livestock production and processing chain with dairy goods as the final products for the local community. The dairy plant is designed with a production capacity of 35,000 liters per day, providing 170,000 local residents with fresh milk and offering more than 100 job opportunities.



The President of Venezuela visiting Dewy Valley Integrated Agricultural Development Project

"The plant's equipment represents the highest level of dairy processing in Venezuela and we really appreciate CEIEC's efforts to bring advanced technology and management philosophy to Venezuela."

— Maduro, President of Venezuela

Technology safety Net for Amazon Tropical Rainforest

Case

CEC "Amazon Green" project provides the world's largest tropical rainforest with technology safety net. "Amazon Green" project takes advantage of satellite, optics, remote sensing and other high-tech to build an air and ground multi-dimensional, multi-platform watershed monitoring, management and emergency command system for the rainforest, offering monitor, management and protection of Amazon basin ecological environment, natural resources, deforestation and a series of events.

3.Globalized Duty Fulfillment

Corporate social responsibility is the common language among outstanding enterprises across borders. During the process of international strategic blueprint and business development, CEC has actively promoted the coordinated development of the communities in the economic, social and environmental perspectives.

Help Angola's Agricultural Development

Case

Since 2012, CEIEC Overseas Business Department has undertaken the agricultural projects in Manquete and Camaiangala areas in Moxico Province, Angola.

CEIEC will advance the land development for ten thousand hectares in Cunene and Moxico provinces, Angola. In addition to the implementation of arable land reclamation, planting experimental field operations as well as supporting farm machinery, CEIEC will also build a testing ground for ancillary projects including irrigation, roads, camps, power communications and domestic water, and food processing industry infrastructure like corn flour processing plant, wheat flour processing plants, rice processing plants and vegetable processing plants. At the same time, CEIEC has established agricultural training centers in both areas to train the local farmers agricultural technology, provided agricultural machinery services, and promoted local employment by hiring local people.

4. Globalized Brand

CEIEC cooperates with local governments in Venezuela and Ecuador to help communities establish security emergency system to ensure community safety.

Venezuela SIMA911 Project Boost Community Safety

Case

Tailored for Venezuela, SSIMA911 Project is a social security and emergency management systems covering the country, regions, cities, police stations, communities and families. By means of the establishment of public security command network, emergency communications network, security monitoring systems, emergency management systems, special place security and control systems, road safety systems, special disposal equipment and others, it extends public safety tentacles to



the key regions and cities in Venezuela, effectively restraining robbery, theft, terrorist attacks and other events, forming an entire national public safety network to create a safe living surroundings for local residents.

CEIEC Builds Community Public Safety in Ecuador

Case

In 2012, thanks the excellent technology and equipment advantages, CEIEC had built an intelligent transportation security system for Ecuador. The system allows every public vehicle connect with 16 ECU911 Police alarm command centers across the country, protecting both the safety of the vehicles and the interests of passengers. The Project has changed traffic safety management in Ecuador over the years and processed above 5,000 emergency events, effectively reducing the crime rate.



Ecuador Public Safety Integrated Emergency Response Center (ECU-911) Tulcan Center was officially opened in September 2014. Tulcan Center was the level-II regional center in the ECU-911 system, mainly serving Carchi Province, Ecuador, 6 areas under the supervision.



The president of Ecuador addressing a speech in the opening ceremony

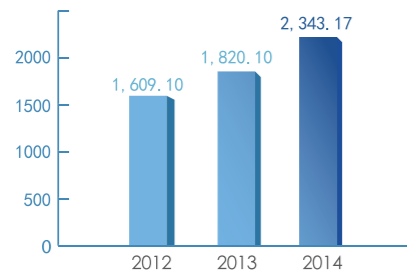
ECU-911 Center

Appendix

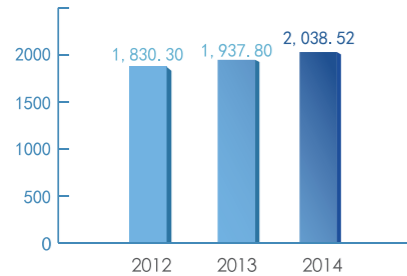
Key Performance Table

Economic Performance Indicators

Total assets Unit: 100 million RMB



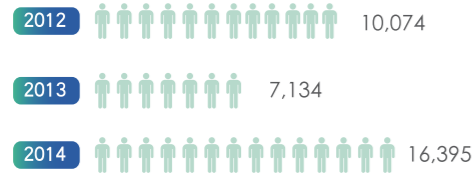
Operational income Unit: 100 million RMB



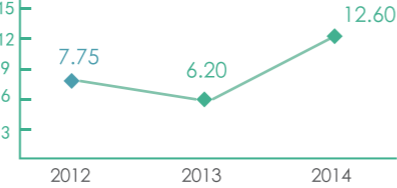
Economic Performance Indicators	Unit	2012	2013	2014
Total profit	100 million RMB	38.30	39.60	34.20
Profit attributable to parent company	100 million RMB	14.90	17.40	14.09
Economic value-added	100 million RMB	29.74	32.05	28.83
Average main business revenue growth	%	8.87	5.69	5.34
Total export value	100 million USD	157.87	103.54	113.25
Overseas Investment	100 million USD	25.58	33.15	30.61
Net assets ROE	%	9.07	8.91	5.62
Asset-liability ratio	%	70.98	71.85	73.91
Total tax	100 million RMB	31.95	49.89	48.89
Return on assets	%	4.00	3.81	3.19

Social Performance Indicators

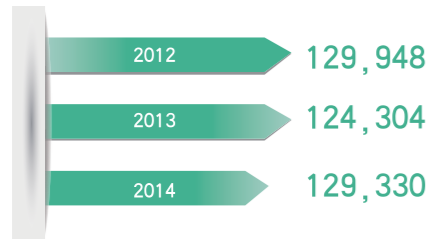
Number of R & D personnel Unit: Person



Proportion of R & D personnel Unit: %



Total number of employees Unit: Person

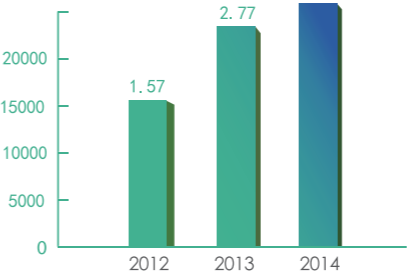


Social Performance Indicators	Unit	2012	2013	2014
Labor contract rate	%	99.60	99.50	99.60
Average wage level of workers	10,000 RMB	6.47	7.79	8.20
Year-round training investment	10,000 RMB	3,085.00	2,311.40	2,733.28
Staff training coverage	%	31.40	40.90	67.70
Training investment per employee	RMB per year	279	507	312
Safety production inputs	10,000 RMB	10,606	16,323	11,312

Environmental Performance Indicators

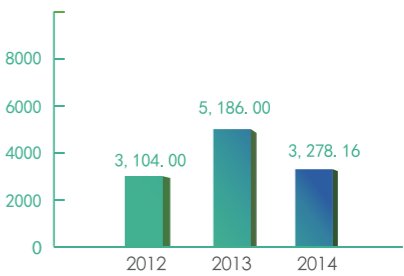
Total environmental protection investment

Unit: 100 million RMB



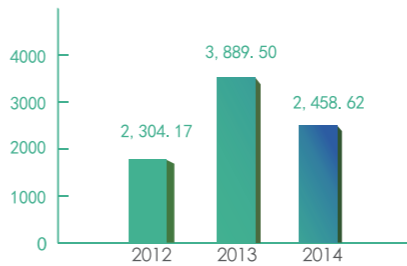
Total Energy Conservation and Emission Reduction investment

Unit: 10,000RMB



Energy Conservation and Emission Reduction Tech Reform Investment

Unit: 10,000RMB



Environmental Performance Indicators	Unit	2012	2013	2014
Total energy consumption	10,000 tons of coal	10	15.4	15.3
Year on Year	%	Decrease 3.65%	Increase 53.38%	Decrease 0.52%
Output value of comprehensive energy consumption	Tons of coal per 10,000RMB	0.010	0.014	0.013
Year on Year	%	Increase 2.96%	Increase40.36%	Decrease2.1%
Sulfur Dioxide Emission	10,000RMB tons	26.04	23.57	22.95
Year on Year	%	Decrease8.25%	Decrease9.49%	Decrease 2.61%
Total energy conservation and emission reduction investment	10,000RMB	3,104	5,186	3,278.16
Energy consumption in a 10,000 RMB Added Value	Tons of coal	0.0643	0.0981	0.0675
Water consumption in a 10,000 RMB Added Value	Tons	6.51	9.50	7.90
Unit energy consumption output value	Tons of coal	0.0097	0.0136	0.0133
Unit water consumption output value	Tons	1.02	1.45	1.56
Sulfur Dioxide Emission	Tons	26.04	23.57	22.95
Carbon dioxide emission	Tons	620,782.60	994,479.70	768,427.10
Chemical oxygen demand	Tons	53.95	258.59	248.93

Index

Contents		(CASS-CSR 3.0)	Page
President Q & A		P3.1-P3.2	P01-P02
CSR Management	CSR Strategy	G1.3-G1.4、P2.2	P03-P04
	CSR Organization	G2.1、G2.3-G2.4	P05
	CSR Communication	G5.1、G5.3-G5.5	P06-P07
	CSR Performance	G4.3	P07-P08
	CSR Ability	G6.2、G6.4	P08
Strategic Win-win	Strategic Lead	G1.1	P09-P10
	Integrity Compliance	M3.2	P10
	Risk Management	M3.2	P10
Client Satisfaction	Quality Insurance	M2.1、M2.5	P13
	Innovation Development	M2.7	P13-P14
	Customer Service	M2.1、M2.14	P14
Increase Employee Welfare	Legal Rights Protection	S2.1、S2.3、S2.6-S2.7	P17
	Career Development Promotion	S2.24、S2.26	P17
	Professional Health and Safety	S3.1、S3.3-S3.4	P18
	Employee Care	S2.28、S2.29	P18
Green Ecology Protection	Green Management	E1.1、E1.10-E1.11、E4.5	P21-P22
	Green Manufacture	E3.4	P22-P23
	Energy Conservation and Emission Reduction	E1.5、E2.3-E2.4、E2.8	P23-P25
	Circular Economy	E2.13-2.14、E2.17	P26
Grow with Suppliers	Supply Chain Management	M3.6-M3.8	P29-P31
	Governmental Cooperation	M3.1	P32
Promote Community Harmony	Community Integration	M4.4	P35
	Community Welfare	M4.9M、4.12	P35-P36
Fulfill Overseas Duties	Globalized Blueprint		P39
	Globalized Operation		P40-P41
	Globalized Responsibility		P41-P43
	Globalized Brand		P43-P44
Appendix	Key Performance Table	P5.2、M1.4-M1.6、S1.5、S2.1、S2.8、S2.26、S3.5、E2.3-E2.4、E2.6、E2.8、E2.10、E2.12、	P45-P46
	Index	A3	P47
	Rating Report	A2	P48
	About Us	P4.1-P4.2	P49
	About the Report	P1.1-P1.5、P2.1-P2.3	P50
	Feedback	A4	P51



Rating Report



Rating report of Social Responsibility Report 2014 of China Electronics Corporation

Entrusted by CEC, the Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences (Hereinafter referred to as the "Center") selected experts from China Corporate Social Responsibility Report Rating Committee and rated the Social Responsibility Report 2014 of China Electronics Corporation (Hereinafter referred to as the "Report").

1、Rate Basis

China Corporate Social Responsibility Report Written Guide (CASS-CSR 3.0)/ China Corporate Social Responsibility Report Rating Standards (2014)

2、Rate Process

- 1.Process assessment team interviewed the members of the social responsibility department of CEC;
- 2.Process assessment team reviewed the materials of the written process of the Social Responsibility Report 2014 of China Electronics Corporation;
- 3.Process assessment team evaluated the management process of and the revealed content of the social responsibility report.

3、Rate Conclusion

Procedural (★★★★☆)
CEC Social Responsibility Department led a writing team and the senior leadership joined the launch, promotion and review of the writing; the writing team identifies the different stakeholders and collects opinions from fieldwork and interviews; defines substantive topics according to the relevant national policies, company development strategy and industry benchmarking; plans to issue the report in the annual meeting of the group, and will deliver the report in the forms of print, electronic version, H5 version and the English version, marking an excellent procedure.
Substantiality (★★★★★)
The Report systematically reveals the key component issues of electronic devices and electronic component manufacturing industries in terms of "product quality management", "product innovation", "supply chain management", "occupational safety and health", "safety production" and "green manufacturing". It is fully written and described, indicating outstanding substantiality.
Integrity (★★★★☆)
The Report reveals 80.2% key index of electronic devices and electronic component manufacturing industries in the perspectives of "leading the industry", "creating shared value", "building ecological civilization", "mutual benefit and win-win" and "driving the future development", presenting leading integrity.
Balance (★★★★★)
The Report elaborates the cause, process and rectification measures of the doubtful events of "Wastewater treatment plant construction safety accidents" and "sweet corn scent", showing remarkable balance.
Comparativeness (★★★★★)
The Report reveals the historical statistics of 47 key indicators like "operational income", "total tax" and "total environmental protection investment" over 3 consecutive years, and makes horizontal comparison among "operating system market share," "social responsibility development index ranking" and others, exhibiting great comparativeness.
Readability (★★★★★)
The Report is designed logically and clearly with abundant cases in proper length; it enjoys a rich variety of forms like pictures and tables, in alliance with words; it uses information icon design with industrial characteristics, reflecting brilliant readability.
Creativity (★★★★☆)
The Report starts with "CEC 2014", organizing annual highlights of corporate responsibilities for quick check; it uses the form of flow-chart to simplify the elaboration of the production accident reporting system, environmental pollution accident reporting system, and green procurement system clear and vivid, displaying excellent creativity.
Overall Rating (★★★★★)
According to the assessment team, the Social Responsibility Report 2014 of China Electronics Corporation is an outstanding 5-star corporate social responsibility report.

4、Recommendation

It is advised to strengthen the reporting process management and to improve the stakeholder participation.

Assessment team

Team leader: CHENG Duosheng, Director, Department of Innovation Works, China Enterprise Confederation
Team Members: DENG Guosheng, Director, Innovation and Social Responsibility Research Center, Tsinghua University
ZHANG En, Executive Deputy Director, Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences
WANG Mengjuan, Procedural Assessor, Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences

Chairman, Assessment Expert Committee Executive Deputy Executive Director-General, Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences		Team Leader, Assessment Team Deputy Director-General, Research Center for Corporate Social Responsibility Chinese Academy of Social Sciences	
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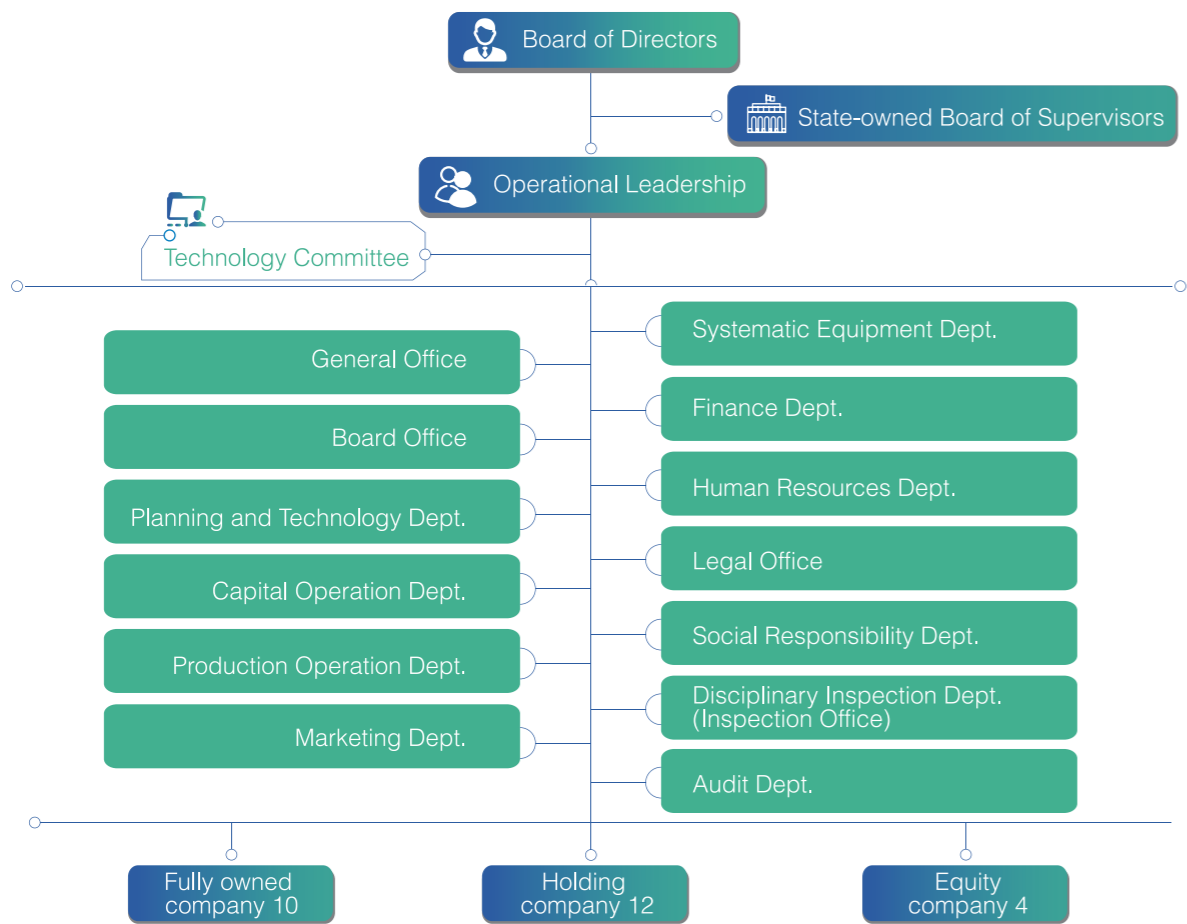
About Us

1. Introduction

Established in May 1989, China Electronic Information Industry Group Co., Ltd. (referred to as "CEC") mainly provides electronics and information technology products and services, with products distributed in national strategic, fundamental electronic information industries like new display, information security, integrated circuits and information service, core business related to national security and national development vitals. With 15 listed companies, 130,000 employees, CEC is China's largest state-owned integrated IT enterprise group, listed on "Fortune" Global 500 in 5 consecutive years, ranking No. 366 in 2015.

2. Structure

According to the requirements of Company Law and SASAC of the State Council, CEC enjoys a modern corporate governance structure composed of board of directors, board of supervisors and operational leadership. As the decision-making body, board of directors works standardized and efficiently, promotes professionalism of the subsidiary companies, enhances the competency, building a modern corporate governance structure and operation system with Chinese characteristics in CEC.



About this report

The Report is the 5th social responsibility annual report of CEC, revealing the performance of the company and the subsidiary companies in economic, environmental and social perspectives in 2014. The report range is from Jan. 1, 2014 to Dec. 31, 2014, with certain contents beyond the range.

The subsidiary companies in the Report uses Chinese abbreviation in bold font (Kaifa refers to Shenzhen Kaifa Technology Co., Ltd.)

References

- >> ISO26000, International Organization for Standardization
- >> China Corporate Social Responsibility Report Written Guide (CASS-CSR 3.0), CASS
- >> Sustainability Reporting Guidelines (G4.0), Global Reporting Initiative (GRI)

Data Description

The information in the Report is based on the statistics and official documents as of the end of 2014 and the data source is CEC.

Data Procedure

By reference to the domestic and international standards of social responsibility, the main content of the Report is formed through expert consultancy, the headquarters department heads interviews, owned enterprises roundtable discussions, research and other ways to collect information, in order to set forth the concept of corporate social responsibility, responsibility assumption practice and stakeholders evaluation. The company hires CSR professional advisory institution to participate in the writing of the Report, in order to ensure the Report's quality and professionalism.

Extended reading

You are welcome to download the English and Chinese versions of the Report from www.cec.com.cn Chinese, or to scan the QR code in the back page of the Report to download the H5 version.

Contact

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Feedback

Dear Readers:

We deeply appreciate your precious time of reading the Social Responsibility Report 2014 of China Electronics Corporation. And your opinions and recommendations are much welcome.

China Electronic Information Industry Group Co., Ltd.
July 2015

Name _____

Contact _____ Tel. _____ EMAIL _____

Report Evaluation	Completeness	Legibility	Substantiality	Facticity
Foreword				
Strategic Win-win				
Client Satisfaction				
Increase Employee Welfare				
Green Ecology Protection				
Grow with Suppliers				
Promote Community Harmony				
Fulfill Overseas Duties				
Appendix				
General Report Evaluation				
Other Recommendations				

Note: please score each index from 1-5, 5 the highest and 1the lowest

Please send the table above to csr@cec.com.cn, or fax to +8610 68213745.
We will take your comments and suggestions seriously,
and promise to properly protect your above-mentioned information from any third party.

