

QUECTEL



Environmental, Social and Governance (ESG) Report

Quectel Wireless Solutions Co., Ltd.



CONTENTS

01 About This Report

84 Benchmarking Index Table

- 01 Reporting Period
- 01 Reporting Scope
- 01 Reporting Standards
- 01 Terminology and References
- 01 Information Sources
- 01 Access to the Report



01

Quectel: Empowering a Connected World with Ambitions

- 04 About Us
- 06 Our Business
- 07 Our History
- 08 Honors in 2025
- 08 ESG Performance Highlights

02

ESG Governance

- 11 Sustainability Governance Framework
- 11 Sustainability Management Mechanism
- 13 Materiality Assessment
- 15 Sustainability Risk Management

03

Environment

- 19 Climate Change Response
- 22 Environmental Compliance Management
- 25 Pollutant and Waste Management
- 28 Optimizing Energy Consumption
- 31 Water Resource Utilization
- 31 Circular Economy
- 32 Green and Low-Carbon Operations
- 34 Safeguarding the Ecological Environment

04

Society

- 36 Product and Service Quality
- 42 Driving R&D Innovation
- 46 Digital and Intelligent Development
- 49 Adhering to Technological Ethics
- 49 Data Security and Privacy Protection
- 52 Supply Chain Security
- 58 People-Oriented Approach
- 70 Occupational Health and Work Safety
- 73 Rural Revitalization Initiatives
- 74 Social Contribution

05

Governance

- 77 Improving Corporate Governance
- 79 Protecting Investor Rights and Interests
- 80 Compliance and Internal Control
- 81 Business Ethics

About This Report

This Report is the third Environmental, Social, and Governance (ESG) Report published by Quectel Wireless Solutions Co., Ltd. for its stakeholders. It provides a detailed disclosure of the Company’s practices and performance in areas such as economic, environmental, social, and corporate governance responsibilities during 2025. The Report aims to facilitate effective communication with stakeholders and systematically respond to their expectations and requirements. The content of this Report shall be ultimately governed by its Chinese version.

Reporting Period

The Report covers a period from January 1, 2025 to December 31, 2025. To enhance comparability and completeness, certain contents may extend beyond this period.

Reporting Scope

The Report covers Quectel Wireless Solutions and its subsidiaries, and discloses information on their economic, social, and environmental responsibilities, along with exemplary cases.

Reporting Standards

Global Reporting Initiative (GRI) Standards 2021
 United Nations Sustainable Development Goals (SDGs)
 Rules Governing the Listing of Stocks on Shanghai Stock Exchange
 Guidelines No. 1 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Standardized Operation
 The Self-Regulatory Guidelines No. 14 for Listed Companies on the Shanghai Stock Exchange – Sustainability Report (Trial) (hereinafter referred to as the “Guidelines”)
 Guidelines No. 4 of Shanghai Stock Exchange for Self-regulation of Listed Companies—Sustainability Report Preparation
 Guidelines on Sustainability Reporting for Chinese Enterprises issued by the China Academy of Social Sciences (CASS-ESG 6.0 General Framework)

Terminology and References

For ease of reading, the following abbreviations are used in this report:

Abbreviation	Full Name / Business Segment
Quectel Wireless Solutions, Quectel, the Company, We	Quectel Wireless Solutions Co., Ltd.
Changzhou Quectel	Quectel Telecom Technologies Changzhou Co., Ltd.
Hefei Yirui	Anysmart Technologies Co.,Ltd.
Guangdong Quectel	Quectel Telecom Technologies Guangdong Co., Ltd.
Guilin Quectel	Quectel Telecom Technologies Guilin Co., Ltd.
Linyi Quectel	Quectel Telecom Technologies Linyi Co., Ltd.
Penang Quectel	Quectel Wireless Solutions Penang Sdn. Bhd.

Information Sources

The information disclosed in the Report is sourced from Quectel’s official internal documents, statistical reports, and financial statements. The data presented is derived from Quectel’s actual operations, annual financial data, internal statistical reports, third-party surveys, and third-party evaluations and interviews. The Company guarantees that the Report contains no false records or misleading statements and is fully responsible for its authenticity, accuracy, and completeness. All amounts involved in this report shall be uniformly settled in Renminbi (RMB).

Access to the Report

The Report is available in electronic format. You can access the Report on our official website (<https://www.quectel.com>) or on the Shanghai Stock Exchange website (www.sse.com.cn). For any questions or suggestions regarding the Report, please contact us via email at yi yuan@quectel.com or call +86 21-51086236-6778.

Message from Our Chairman

For fifteen years, Quectel Wireless Solutions has remained steadfast in our original aspiration, building benchmark capabilities that support our global footprint. From a single-module offering to breakthroughs across multiple domains, every step forward has been driven by the dedication and unity of our people. As we expanded our domestic and international operations, we continued to increase investment in research and development (R&D) and talent cultivation, achieving steady year-on-year growth and reinforcing the foundation of our globalization strategy. As a leading global provider of IoT solutions, we have consistently embedded sustainability at the core of our corporate strategy. We recognize that ESG is not only an intrinsic requirement for high-quality corporate development, but also a fundamental responsibility for the communication module industry in enabling digital and intelligent transformation and fulfilling broader social commitments. Over the past year, we have remained true to our mission and acted with diligence, deeply integrating environmental responsibility, social commitment, and corporate governance into our governance and delivering tangible progress in our sustainability journey.

In advancing our environmental (E) responsibilities, we adopted a green and low-carbon approach, proactively addressing climate change challenges and embedding environmental principles throughout our operations. In 2025, our global headquarters was officially inaugurated. Designed from the outset with sustainability in mind, this intelligent complex incorporates energy-efficient equipment and rooftop distributed photovoltaic (PV) systems, continuously optimizing our energy mix. We also strengthened environmental awareness across our workforce and rigorously managed key indicators such as wastewater and exhaust gas. By developing digitalized and modernized production facilities, we optimized resource allocation and enhanced automation, achieving both reduced energy consumption and improved energy efficiency. These efforts contributed meaningfully to China's Dual Carbon goals. Notably, in its first year of operation, the Changzhou production base's PV system reduced carbon emissions by 1,438.83 tons, effectively lowering fossil energy consumption.

In fulfilling our social (S) responsibilities, we upheld a people-oriented philosophy and remained committed to giving back to society. For our employees, we continued to enhance the Quectel Academy, refining talent development and incentive mechanisms. In 2025, total employee training hours exceeded 340,000, supporting value creation and professional growth. We also strengthened the protection of employee rights and interests, enriched welfare programs and engagement activities, and established open communication

platforms to foster an inclusive and mutually beneficial workplace where employees and the Company grow together. In safeguarding customer rights and interests, we prioritized product safety, closely followed industry trends, and advanced technological innovation. We built a diversified and synergistic product architecture to deliver high-quality digital and intelligent solutions tailored to customer needs. We strengthened our compliance mechanisms and implemented stringent quality control across the entire lifecycle. As a result, we earned multiple industry recognitions in 2025, including "Global Quality Leadership Ecosystem Partner," reflecting strong endorsement from both industry peers and customers. In managing supply chain responsibilities, guided by a win-win philosophy, we promoted green and compliant development across the supply chain and encouraged our partners to implement ESG practices, thereby building a sustainable supply chain ecosystem. In the areas of public welfare and rural revitalization, we remained committed to giving back to society. Since 2020, we have carried out public welfare initiatives for five consecutive years. In 2025, our total charitable donations amounted to RMB 1.983 million, covering multiple regions, including Anhui and Guangxi, reaching beneficiary institutions such as rural schools and nursing homes, thereby creating a traceable and assessable public welfare track record.

In terms of corporate governance (G), we continuously optimized our governance structure, strengthened our internal risk control mechanisms, and upheld the highest standards of business ethics and integrity. We integrated compliance management into all aspects of our operations, improved decision-making mechanisms, and enhanced governance effectiveness, thereby building a solid foundation for advancing our ESG agenda. We consistently place investor interests at the forefront, ensuring transparency and efficiency in information disclosure and standardized operations, thereby safeguarding investors' rights to information and participation. Meanwhile, through stable business performance and sustainable value creation, we delivered long-term and reliable returns to our investors.

Looking ahead, we will continue to embrace our mission of Building a Smarter Earth. Through sustained technological innovation, superior product quality, and a globally integrated service network, we will accelerate the realization of a truly intelligent world. We stand ready to work hand in hand with our customers, partners, and all stakeholders, forging ahead together to seize new opportunities in the vast IoT landscape.

CHAIRMAN
Penghe Qian



01



Quectel: Empowering a Connected World with Ambitions

About Us	04
Our Business	06
Our History	07
Honors in 2025	08
ESG Performance Highlights	08

About Us

>>> Company Profile

Quectel Wireless Solutions Co., Ltd., established in 2010 in Shanghai, is a leading global provider of comprehensive IoT solutions. We offer a comprehensive portfolio of IoT products and services, including cellular modules (5G/4G/3G/2G/LPWA), automotive modules, smart modules (5G/4G/edge computing), short-range communication modules (Wi-Fi & Bluetooth), GNSS positioning modules, satellite communication modules, and antennas. In addition, we provide services and solutions, such as software platform services, certification and testing services, and solutions in industrial intelligence and smart agriculture. With extensive industry experience, our products are widely applied in smart transportation, smart energy, financial payment systems, smart cities, wireless gateways, smart agriculture and smart safety, smart industry, smart living and healthcare, and intelligent security.

We have established eight R&D centers located in Shanghai, Hefei, Foshan, Guilin, Wuhan, Penang (Malaysia), Belgrade (Europe), and Vancouver (North America), covering China, Europe, North America, and the Asia-Pacific region, providing strong support for our rapid global expansion. Additionally, we have built a global sales and technical service network to deliver efficient and professional localized services worldwide. We operate more than 50 sales centers and work with over 90 sales partners, supported by 8,956 employees, serving more than 7,000 customers globally.

Global Sales Center

50+

Sales Partners

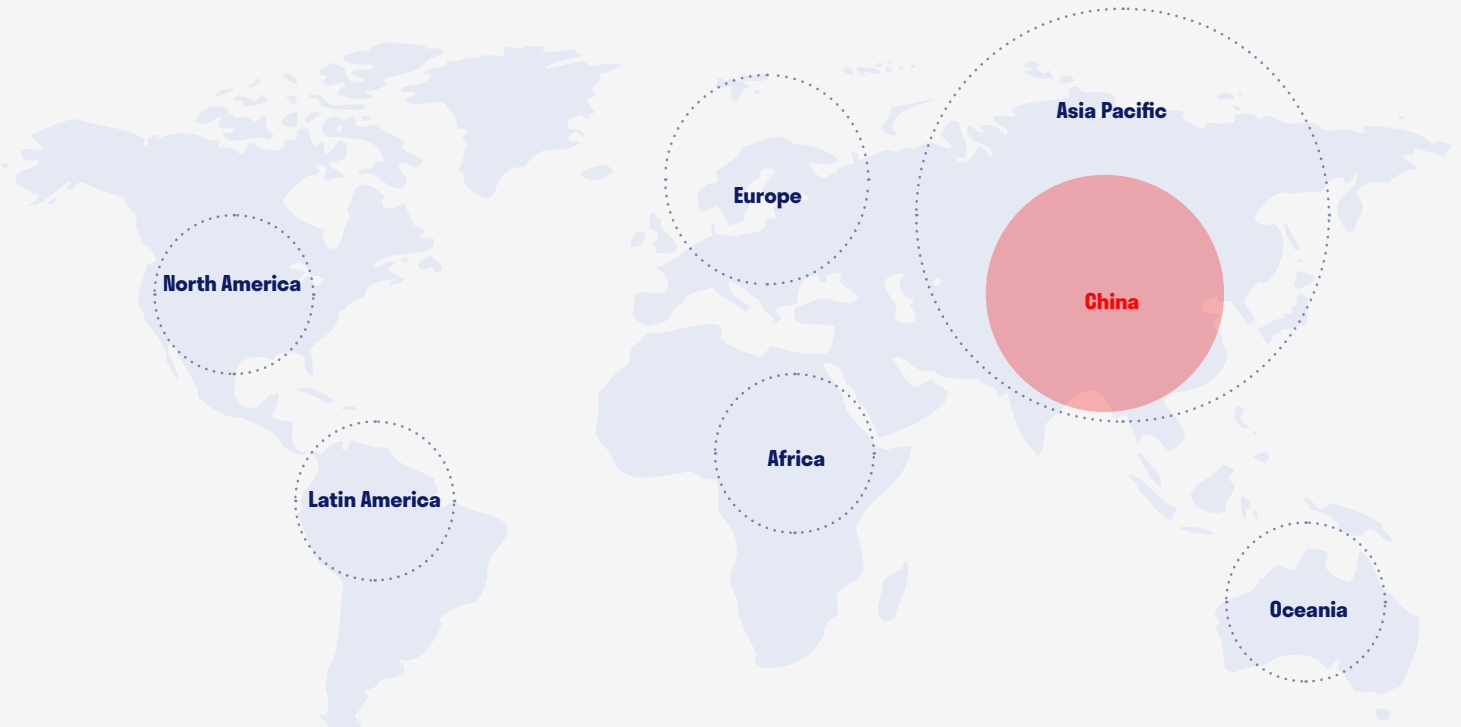
90+

Employees

8,956

Serving Global Customers

7,000+

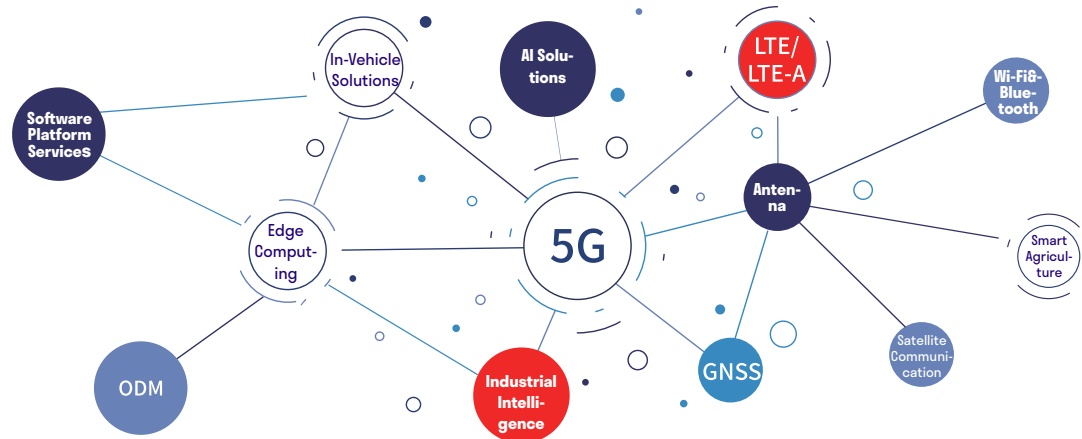


China	Europe	Africa	Asia Pacific	North America	Latin America
<p>Headquarter in Shanghai</p> <p>Beijing Hangzhou Shenzhen</p> <p>Changsha Hefei Shenyang</p> <p>Chengdu Hui Zhou Suzhou</p> <p>Chongqing Jinan Wuhan</p> <p>Foshan Kunming Xi'an</p> <p>Fuzhou Nanjing Zhengzhou</p> <p>Guangzhou Ningbo Zhongshan</p> <p>Guilin Qingdao</p>	<p>Czech Republic The Netherlands</p> <p>Denmark Turkey</p> <p>France Germany</p> <p>Ireland Italy</p> <p>Serbia Poland</p> <p>Slovenia UK</p> <p>Spain Sweden</p> <p>Switzerland</p>	<p>South Africa</p> <p>Egypt</p>	<p>Australia Malaysia</p> <p>India Pakistan</p> <p>Indonesia The Philippines</p> <p>Israel Singapore</p> <p>Japan Thailand</p> <p>South Korea Vietnam</p>	<p>Canada</p> <p>The U.S.</p>	<p>Argentina</p> <p>Brazil</p> <p>Mexico</p>

For reference only. Not an actual map.

World-Leading R&D Capabilities

Delivering Industry-Leading End-to-End IoT Solutions



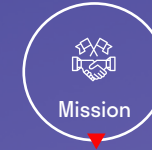
- Focusing on the module market segment, providing one-stop IoT solutions centered around modules
- Leading innovations in products and technologies such as 5G-A, AI, Edge Computing, Smart cockpit, and satellite communication modules.
- Global R&D Network with Eight Centers (Shanghai, Hefei, Foshan, Guilin, Wuhan, Vancouver, Belgrade, and Penang)

Quectel's Global Footprint



Eight Major R&D Centers

>>> Our Culture



Mission

Building a Smarter Earth



Vision

Making Outstanding Contributions to Global IoT Development



Core Values

Customer-Centric, People-Oriented, Innovation-Driven



Business Philosophy

Driving Development as the Top Priority, Continuously Enhancing Competitiveness










Our Business

Quectel specializes in the design, R&D, manufacturing, and sales of IoT wireless communication modules and IoT solutions, offering one-stop IoT solution encompassing wireless communication modules, antennas, and IoT software platform services. With a diverse product portfolio and comprehensive functionalities, we meet various needs of smart terminal markets. Our products can be widely applied in smart transportation, smart energy, financial payment systems, smart cities, wireless gateways, smart agriculture, smart industry, smart living and healthcare, and intelligent security.

Quectel Products and Services

 <p>Cellular</p> <ul style="list-style-type: none"> • 5G • 4G • LPWA • Satellite • 3G/ 2G 	 <p>Automotive</p> <ul style="list-style-type: none"> • 5G/ 4G/Satellite • V2X • Smart Cockpit/Multi-domain Fusion Control • GNSS • Short Range(Wi-Fi/Bluetooth/UWB/mmWave Radar) • Automotive antenna 	 <p>Smart</p> <ul style="list-style-type: none"> • 5G • 4G • Edge computing • SBC • AI Box 	 <p>Wi-Fi/Bluetooth</p> <ul style="list-style-type: none"> • Wi-Fi • Bluetooth • Zigbee/Thread • LoRa/Wi-SUN/WM-Bus/other Sub-GHz • Wi-Fi HaLow • Amazon Sidewalk • Matter • UWB • mmWave Radar
 <p>GNSS</p> <ul style="list-style-type: none"> • DR positioning • RTK positioning • Fusion positioning • Timing • Dual frequency positioning • Single frequency positioning • Integrated antenna • IMU 	 <p>Antenna</p> <ul style="list-style-type: none"> • Embedded antenna • External antenna • Cables & Antenna accessories • Automotive antenna • mmWave antenna • New dielectric antenna • Small cell antenna and Indoor distributed antenna • Phased array antenna 	 <p>Solutions</p> <ul style="list-style-type: none"> • AI+Robot • XR • Industrial intelligence • Smart agriculture • Smart safety 	 <p>Service</p> <ul style="list-style-type: none"> • IoT platform • ODM/JDM • EMS • Antenna (Consultation, design, evaluation and testing) • Certification & Testing • RTK Correction Solution • Security service • Patent service

Product Application Scenarios

 <p>Intelligent Transportation</p> <ul style="list-style-type: none"> • IoV • V2X • Vehicle tracking • Asset tracking • Ship tracking • Fleet management • OBD • DVR • UBI auto insurance 	 <p>Smart Energy</p> <ul style="list-style-type: none"> • Electricity meters • Gas meters • Water meters • Thermal meters • Smart grid • Wind generators • Solar power generation • Charging piles 	 <p>Payment</p> <ul style="list-style-type: none"> • Wireless POS • Cash registers • ATM • Vending machines • Automatic re-charge machines
 <p>Smart City</p> <ul style="list-style-type: none"> • Street lighting • Traffic lights • Sharing economy • Smart parking • Parking meters • Toll collection systems • Digital indicator • Advertising boards • Smart bins • LED landscape lighting control 	 <p>Wireless Gateways</p> <ul style="list-style-type: none"> • DTUs • Consumer routers • Industrial routers • VOIP • Servers • Wi-Fi hotspots 	 <p>Smart Agriculture & Environment Safety</p> <ul style="list-style-type: none"> • Food traceability • Farmland monitoring • Farm irrigation • Farm management • Wildlife protection • Meteorological stations • Environmental Safety
 <p>Intelligent Industry</p> <ul style="list-style-type: none"> • Industrial PDAs/scanners • Industrial PCs • Industrial computers • Pipeline monitoring • Robotics • Flowmeters • Industrial refrigeration • Indoor air detection • Water valves/pump controls 	 <p>Smart Living & Healthcare</p> <ul style="list-style-type: none"> • Personal trackers • Pet trackers • Wearables • Gaming consoles • Mobile PCs • Home automation • Elderly care • Patient care • Glucosemeters • Blood pressure machine • Remote medical equipment 	 <p>Smart Safety</p> <ul style="list-style-type: none"> • Alarms • Intrusion detectors • Smoke detectors • Gas detectors • Motion sensors • Asset protection

Our History



Honors in 2025



☆☆☆☆☆
 "Global Ecosystem Partner Award - Quality Leadership Partner" in the 2025 Automotive Supply Chain Awards



☆☆☆☆☆
 7th Gasgoo Automotive Golden Awards - consecutively won "China's Top 100 New Automotive Supply Chain Companies"



☆☆☆☆☆
 2025 Agricultural Machinery Annual Award - "Market Leadership Award" and "Technology Innovation Award"



☆☆☆☆☆
 Provecta AI was recognized as a "New Quality Productivity Award - Pioneer Enterprise in Going Global" at the 23rd China Automation + Digitalization Awards



☆☆☆☆☆
 Greater Bay Area AI Toy Industry Innovation Conference 2025 - "AI Toy Innovation Award"

ESG Performance Highlights

Economic Performance

Operating Revenue

RMB **24,326** million

Net Profit Attributable to Shareholders

RMB **837** million



Total Assets

RMB **16,914** million

Governance Performance

Sessions of Investors Reception

82

Female Representation on the Board

20%

Proportion of Female Managers

23%

Major Information Disclosure Violations

0

Social Performance

Total Investment in Employee Training

RMB **4.05** million

Average Training Hours per Employee

38.39

Labor Contract Signing Rate

100%

Social Insurance Coverage

100%

Employees Receiving Our Assistance

101

Total Participants in Safety Training

21,356

Major Safety Incidents

0

R&D Investment

RMB **1,951** million

Proportion of R&D Expenditure in Operating Revenue

8.02%

Proportion of R&D Personnel

68.13%

Valid Patents During the Reporting Period

778

Supplier CSR Agreement Signing Rate

100%

Total Charitable Donations

RMB **1.983** million

Beneficiaries of Our Charitable Contributions

1,583

Environmental Performance

Total Environmental Protection Investment

RMB **1.6103** million

Environmental Management System Certification

ISO 14001 certified

Power Generation from Renewable Energy

2.717 million kWh

Greenhouse Gas Emission Intensity

0.016 tCO2e per RMB 10,000 of revenue

02

ESG Governance

Sustainability Governance Framework	11
Sustainability Management Mechanism	11
Materiality Assessment	13
Sustainability Risk Management	15

Sustainability Governance Framework

At Quectel, we have established a preliminary top-down three-tier ESG governance framework to ensure efficient and orderly ESG management. The Strategy Committee assumes the ultimate responsibility for the oversight and decision-making on ESG-related matters.

ESG Governance Framework

Decision-Making Body	The Board of Directors' Strategy Committee serves as the highest decision-making body for ESG governance. It continuously promotes the integration of ESG factors into daily operations, reviews and oversees ESG-related matters, and drives the implementation and execution of ESG management strategies.
Management	Responsible for the overall coordination of ESG management and the review of ESG reporting, providing professional advice on the formulation and implementation of sustainable development strategies and ESG work plans, while ensuring close communication and collaboration with stakeholders on ESG-related issues.
ESG Task Force	The ESG Task Force, with heads of functional departments and subsidiaries as the execution team, assists the management in effectively implementing and advancing various ESG initiatives in daily operations.

In 2025, driven by our strong commitment to ESG governance, high-quality information disclosure, effective ESG practices, and steadily improving business performance, our ESG ratings and rankings, including those by EcoVadis, continued to rise. These achievements have been widely recognized by capital markets and rating agencies.

ESG Governance Performance in 2025

		
EcoVadis Corporate Social Responsibility Rating EcoVadis Committed	Wind ESG Rating AA	Sino-Securities ESG Rating A

Sustainability Management Mechanism

ESG Management Mechanism

To advance ESG management effectively, the Company has established a structured framework to periodically identify and analyze environmental, social, and governance (ESG) risks and opportunities across operations. Cross-functional review sessions are convened with all departments and business units to assess material issues, followed by formal reporting to executive management. This enables agile optimization of sustainability-aligned management strategies, ensuring enterprise-wide integration of ESG practices into daily workflows and long-term decision-making.

ESG Oversight Mechanism

The Company has progressively established a structured governance framework to oversee the implementation of sustainability-related initiatives, focusing on role clarification and systematic daily oversight mechanisms. ESG-related performance metrics, such as environmental governance, pollutant emission control, occupational health and safety, product quality assurance, supplier management, and customer satisfaction, are linked to the performance evaluations of relevant management personnel and teams across business units. We enforce a performance-based incentive and penalty system to recognize outstanding projects and individuals.

ESG Information Reporting Mechanism

We continue to enhance our sustainability-related information governance framework, having established a preliminary structure where an ESG Task Force oversees daily data collection, analysis, and reporting. Meanwhile, leveraging a dedicated ESG data aggregation platform, the Company is implementing rigorous validation protocols to ensure transparency, accuracy, and completeness of disclosed information. This structured approach provides a solid foundation for advancing the organization's sustainability strategy while aligning with global ESG disclosure standards.

ESG Capability Enhancement

Quectel prioritizes ESG communication and professional skill development in sustainable development. In November 2025, we commissioned an external professional organization to conduct internal ESG training, attended by more than 60 employees. During the session, participants engaged in in-depth exchanges, gaining a comprehensive understanding of ESG priorities across functional departments and the latest regulatory requirements. In addition, members of our ESG Task Force participated in the "High-Quality Development Training Program for Listed Companies: Sustainability Report (ESG)" (Phase II, 2025) organized by the Shanghai Stock Exchange.

>>> Respond to the UN SDGs

We support the United Nations 2030 Agenda for Sustainable Development and integrate social responsibility comprehensively into our corporate development. We actively align with the United Nations Sustainable Development Goals (SDGs), advancing sustainable practices across areas including corporate governance, product quality, innovation-driven growth, low-carbon operations, environmental protection, employee development, digital and intelligent development, and social contribution.

SDG17: Partner- ships for the Goals

We have achieved a 100% signing rate for the Supplier CSR Agreement and the Supplier Environmental Protection Agreement. Through participation in industry exchanges, international exhibitions, standard-setting initiatives, and industry associations, we have actively promoted global innovation in communication technologies.

We actively engage in public welfare and rural revitalization initiatives to improve education, culture, living, and other conditions in underdeveloped areas. We have carried out charitable activities for five consecutive years, with total donations reaching RMB 1.983 million in 2025.

SDG 1: No Poverty

We focus on enhancing employees' awareness of occupational health and safety, creating a safe and healthy working environment. We achieved zero work-related fatalities in 2025.

SDG 3: Good Health and Well-being

We advocate for the concept of lifelong learning. The Quectel Academy continuously offers diverse training courses, encourages employees to engage in self-training, and provides abundant learning resources and support.

SDG 4: Quality Education

We safeguard the rights and interests of female employees by offering dedicated benefits, including maternity and nursing leave, nursing rooms, and regular health seminars. These measures have fostered an equal, inclusive and women-friendly workplace.

SDG 5: Gender Equality

We optimize the energy mix by installing rooftop distributed PV systems at Quectel global headquarters and Changzhou factory, thus reducing indirect greenhouse gas (GHG) emissions.

SDG7: Affordable and Clean Energy

We have established a fair and competitive compensation system comprising base salary, benefits, and annual bonuses, thus creating a compensation framework that balances fairness and competitiveness.

SDG 8: Decent Work and Economic Growth

SDG 9: Industry, Innova- tion, and Infrastructure

We have launched integrated AI large model solutions combining modules, large models, AI algorithms, and platforms. These solutions have enhanced perception, decision-making, and interaction capabilities across terminal applications, and contributed to the development of new quality productive forces.

SDG16: Peace, Justice, and Strong Institutions

We continuously improve our internal risk control mechanisms, uphold business ethics, and operate with integrity to ensure sustainable development.

SDG 15: Life on Land

The environmental assessments for new projects, such as the global headquarters of Quectel and Linyi Quectel, show no involvement of key marine ecological function areas, ecological protection red lines, nature reserves, or other ecologically sensitive and fragile areas.

SDG 13: Cli- mate Action

We support global climate action by optimizing energy structures, implementing regular energy-saving upgrades, and promoting cleaner production processes to enhance product energy efficiency.

SDG 12: Responsible Con- sumption and Production

We urge all bases to set resource-saving targets aligned with their operational realities to improve operational efficiency, and strictly control hazardous substances. We focus on environmental protection throughout the product life-cycle to minimize environmental impact.

SDG 10: Reduced Inequalities

We uphold diversity, equity, and inclusion (DEI) principles, strictly prohibiting workplace bullying and any form of discrimination. We forbid any verbal, physical, or visual abuse, harassment, or offensive behavior, and eliminate discrimination based on race, color, age, gender, or other factors. These measures have fostered an inclusive working environment.



Materiality Assessment

>>> Double Materiality Assessment

In accordance with the double materiality principle, we adopted a four-step assessment process and engaged experts and stakeholders to identify, screen, and analyze material topics from both impact and financial materiality perspective, following the procedure outlined below. In 2025, we conducted online surveys targeting both internal and external stakeholders and received 159 valid responses.

Double Materiality Assessment Process

01 Understand the Company's Context

- We conducted research on our internal and external environment as well as sustainability trends, capturing the core concerns and expectations of key stakeholders.
- Internally, we thoroughly examined our organizational structure, business processes, and technological capabilities.
- Externally, we closely monitored macroeconomic trends, regulatory changes, and market dynamics.

02 Topic Identification and Due Diligence

- Based on the Shanghai Stock Exchange's Guidelines, and in alignment with leading international sustainability standards, regulatory requirements, industry norms, market trends, and peer benchmarking practices, we established a tailored list of sustainability topics.
- Through interviews, questionnaires, and data collection, we conducted due diligence to identify the impacts of each topic on external stakeholders, and the financial risks and opportunities for our operations.

03 Double Materiality Assessment

- We organized internal experts and external sustainability specialists to conduct quantitative assessments of both impact materiality and financial materiality, completing the overall double materiality assessment.

04 Issue Analysis and Disclosure

- We consolidated the assessment results of impact materiality and financial materiality, and established a double materiality matrix based on our operational management capabilities.

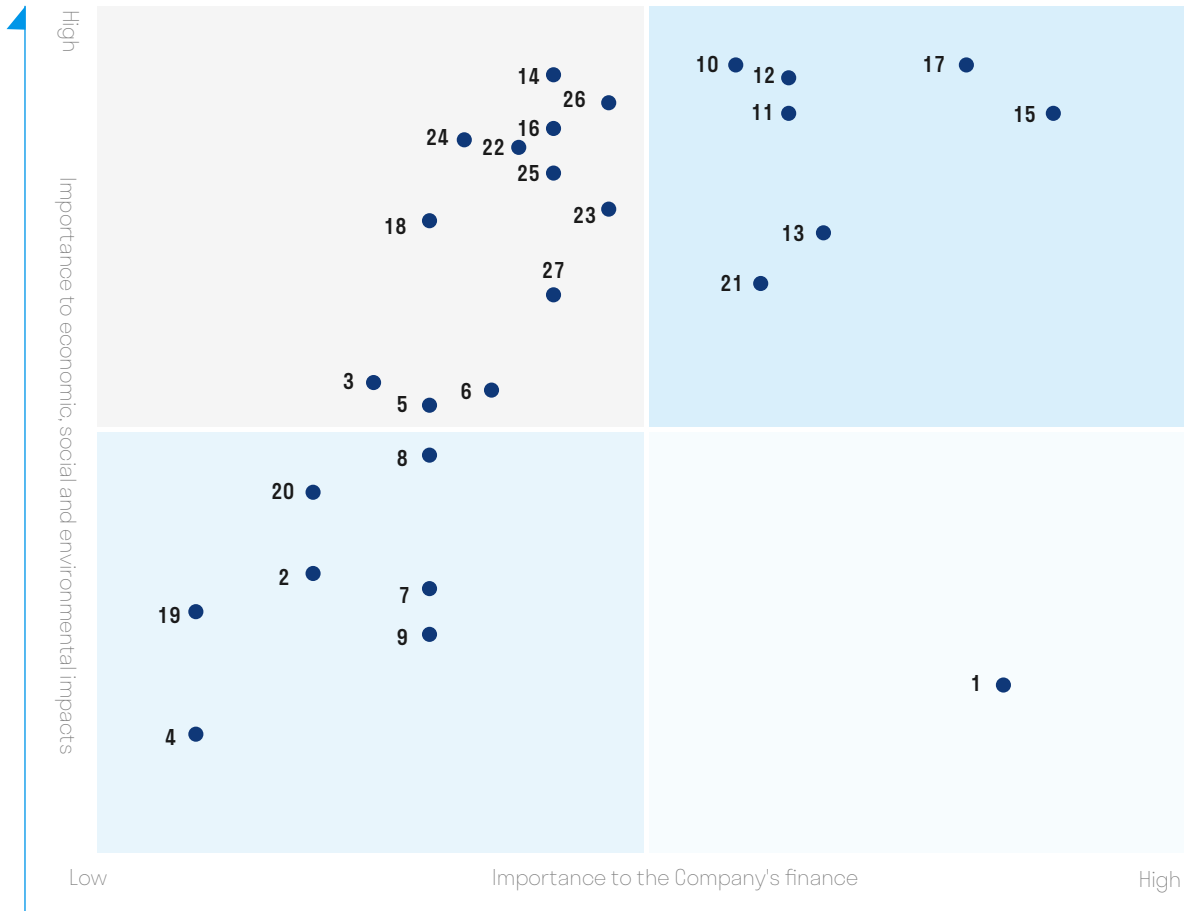
>>> Stakeholder Communication

Quectel maintains close, ongoing communication with stakeholders by establishing effective engagement mechanisms and diverse communication channels. The Company actively collects stakeholders' opinions and suggestions, and ensures their right to participation and information access, enhancing stakeholders' understanding and recognition of the Company.

Stakeholders	Key Concerns	Communication Channels
 Shareholders and Investors	Investment Returns Protection of Shareholder Rights and Interests Corporate Governance R&D Innovation Product and Service Security and Quality	General Meetings Investor reception and communication Official website and announcements SSE E-interactive platform Investor hotline and email
 Regulators	Corporate Governance Tax Compliance Business Ethics Contributing to Local Economic Growth	Periodic reports Regulatory oversight compliance Daily communication Integrity
 Customers	R&D Innovation Digital and Intelligent Development Smart Product Design Product Security and Quality Customer Rights & Interests and Information Security	Customer meetings After-sales service On-site communication Customer satisfaction survey Official website and media interactions
 Suppliers and Partners	Supplier Management Industry Development Fair Competition Business Ethics	On-site visits Responsible procurement and marketing Supplier certification Cooperation agreements
 Employees	Compensation Training and Career Development Mechanism Employee Care Democratic Management Work Environment	Employee engagement activities Feedback Training programs Employee satisfaction surveys
 Community	Public Welfare Employment Promotion Rural Revitalization Promoting community development	Official website Assistance to disadvantaged groups Volunteer activities WeChat official account
 Media and the Public	R&D Innovation Product Security and Quality Collaborative Industry Development Win-Win Cooperation	Media interactions Disclosures Press Releases Project cooperation

>>> Materiality Assessment Results

In 2025, based on policy benchmarking and industry analysis, we identified a total of 27 topics, including 9 environmental topics, 13 social topics, and 5 governance topics. In accordance with the definitions set out in the Guidelines, "Customer Service" has been incorporated as a material topic and is presented under the broader framework of "Product Safety and Quality."



Environmental Issues

- | | |
|---------------------------------------|-----------------------------------|
| 1 Climate Change Response | 6 Energy Utilization |
| 2 Pollutant Emissions | 7 Water Resource Utilization |
| 3 Waste Disposal | 8 Circular Economy |
| 4 Ecosystems and Biodiversity | 9 Green and Low-Carbon Operations |
| 5 Environmental Compliance Management | |

Social Issues

- | | |
|--|--|
| 10 Product Security and Quality | 17 Data Security and Privacy Protection |
| 11 Customer Services | 18 Contributing to Industry Development |
| 12 Innovation-Driven Development | 19 Rural Revitalization |
| 13 Supply Chain Management and Green Procurement | 20 Social Contribution |
| 14 Employee Rights and Interests | 21 Contributing to the Development of Digital Intelligence |
| 15 Occupational Health and Safety | 22 Smart Product Design |
| 16 Employee Training and Development | |

Governance Issues

- | | |
|--|--|
| 23 Corporate Governance | 26 Compliant Operations |
| 24 Business Ethics and Anti-Corruption | 27 Protection of Investor Rights and Interests |
| 25 Anti-Unfair Competition | |

With importance, but no financial importance

With both financial and impact importance

With neither financial nor impact importance

With financial importance, but no impact importance

Sustainability Risk Management

>>> Risk Management System

At Quectel, we have established and continuously improved a comprehensive risk management system. We regularly update internal policies, including the Comprehensive Risk Management Measures and the Control Procedures for Addressing Risks and Opportunities, incorporating sustainability-related risks and opportunities into daily management processes to enhance our ability to mitigate risks and capture opportunities. We implement a closed-loop risk management process covering identification, assessment, response, implementation, and evaluation of major risks or corporate crises. For newly identified significant risks lacking contingency plans, management coordinates relevant departments to promptly analyze, develop, and implement response measures, with the Internal Audit Department responsible for overseeing execution.

Risk Management Structure



Board of Directors

Provide overall oversight of risk prevention and control systems, including implementation progress and effectiveness.



Audit Committee

Guide risk mitigation efforts, approve risk control policies, and evaluate the Company's risk status and management capabilities.



Management

Lead the daily operations of risk management and internal control, and establish and maintain a risk prevention and internal monitoring system for business and management processes.



Internal Audit Department

Monitor and manage key departmental risk areas on a daily basis, and conduct audits and inspections of the operational processes and results across departments.



Departments of Each Corporate Entity

Responsible for the daily maintenance and management of business and operational processes within their departments, identifying key risk areas, performing self-inspections, and executing key control procedures.

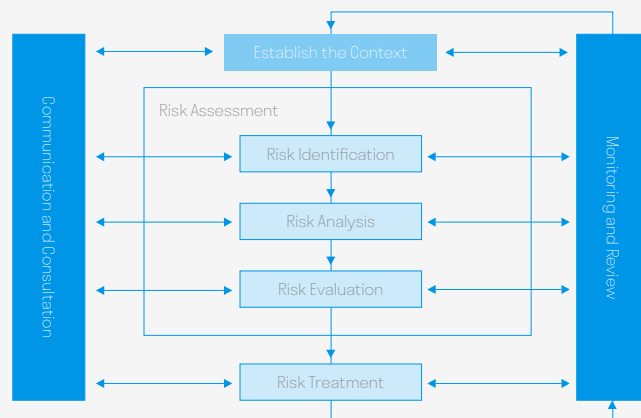
● Risk Management Principles

Comprehensiveness, Effectiveness, Prevention and Control, Independence, and Cost-effectiveness

● Risk Management Objectives

To avoid and mitigate potential losses arising from risks, thereby ensuring the Company's sustained healthy development.

● Risk Control Workflow



>> ESG Risk Response



Risk Identification

The Company identifies ESG-related risks across environmental, social, and governance dimensions, considering both internal and external factors, and defines corresponding risk tolerance levels. Each year, we update the list of risk events and revise the Risk Control Matrix accordingly.

Environmental:

Internal and external risks related to energy consumption, pollution control, environmental compliance, and supply chain disruptions caused by extreme weather.

Social:

Intensifying competition for technical talent may weaken our innovation capacity if talent development and incentive mechanisms are insufficient; overseas operations may face disruptions due to regional resource allocation issues; and suppliers may pose risks related to non-compliance with environmental or labor standards, potentially impacting our reputation.

Governance:

Inadequate ESG governance or insufficient data management and disclosure capabilities may affect investor decision-making. Global operations increase the complexity of compliance due to data privacy challenges and regulatory differences, potentially leading to legal risks.



Risk Assessment

Risk Assessment:

We compile a list of major risk events, conduct comprehensive analysis, determine risk levels (significant, major, or general), and update risk classifications accordingly.

Supplier Assessment:

Our procurement and quality departments evaluate suppliers' ESG performance and raw material quality through pre-qualification questionnaires, on-site audits, and scoring systems to ensure supply chain stability.

Market Demand Survey:

We analyze market dynamics and product technological attributes to identify potential high-risk areas.



Risk Early Warning and Monitoring

Each functional department continuously monitors significant and related risks, focuses on changes in risk indicators, analyzes and evaluates monitoring results, and sets early warning thresholds. Risk-related internal control information is communicated across organizational levels and with external stakeholders, ensuring timely reporting and resolution of identified issues.



Risk Control and Response

To mitigate ESG-related risks, we implement a range of measures, including digital system monitoring, supplier oversight and audits, structured employee training programs, and cleaner production practices to reduce environmental impact. These efforts strengthen our ESG risk management capabilities and contribute to building differentiated competitive advantages, supporting long-term value creation.

For topics with high financial materiality, we actively conduct in-depth research, respond to the expectations of various stakeholders, and identify the potential impacts, risks, and opportunities associated with these topics. Based on their distinct attributes and characteristics, we carry out a consolidated analysis.

Material Issues	Risk/Opportunity Impact Description	Response Measures	Impact Magnitude	Impact Timeframe
Product Security and Quality	<ul style="list-style-type: none"> Insufficient quality control of communication and IoT products (e.g., wireless modules, antennas) may lead to unstable communication and terminal failures, damaging our reputation and affecting global customer relationships and order fulfillment. 	<ul style="list-style-type: none"> Integrate data across procurement, R&D, production, sales, and finance to strengthen full lifecycle quality control; enhance control over every stage of IoT and communication product manufacturing, to ensure downstream order fulfillment capability; and provide reliable IoT terminals and supporting communication products to global customers. Build specialized marketing and technical support teams, enhance localization services both domestically and internationally, deepen collaboration with global operators and chip suppliers, and accelerate expansion into niche IoT communication markets. Focus on customer needs by developing low-power communication modules, energy-efficient IoT terminals, and other products that meet the requirements of various application scenarios. 	High	Short-, medium-, and long-term
Customer Services	<ul style="list-style-type: none"> Failure to align with growing demand for green, low-carbon, and energy-efficient products may result in loss of customers and reduced long-term competitiveness 	<ul style="list-style-type: none"> Establish a rapid response mechanism for customer needs, strengthen full-process services including pre-sales solution customization, in-sales technical guidance, and after-sales FAE operation and maintenance support, so as to enhance customer loyalty and mitigate the risk of customer churn. 	Medium-high	Short-, medium-, and long-term
Innovation-Driven Development	<ul style="list-style-type: none"> Long R&D cycles, high investment, and complex testing processes in domestic and overseas markets may result in escalating R&D costs; and rapid technological iteration may lead to missed market opportunities if innovation lags 	<ul style="list-style-type: none"> Continuously increase R&D investment, strengthen talent development in communication and IoT sectors, and enhance core technology innovation capabilities. Optimize product portfolio in close alignment with market demand, improve the management system through rational division of labor, and strengthen brand value and market competitiveness. Consolidate the core business advantage in wireless communication modules, and accelerate the expansion of related businesses such as antennas, software platform services, ODM, and industrial intelligence, thus broadening profit streams. 	High	Short-, medium-, and long-term
Supply Chain Management and Green Procurement	<ul style="list-style-type: none"> If upstream raw materials and components in the IoT communication industry are significantly affected by market fluctuations or industry cycles, shortages or sharp price increases may occur. If the cost increase cannot be passed downstream, it will directly impact the Company's revenue and profit levels. 	<ul style="list-style-type: none"> Continuously monitor raw material market dynamics, optimize the supply chain management system, deepen cooperation with core suppliers, and establish diversified procurement channels, thus enhancing supply chain resilience. Promote green procurement by giving priority to low-carbon, environmentally friendly raw materials; and mitigate raw material price volatility through measures such as large-scale procurement and long-term agreements. 	Medium-high	Short-, medium-, and long-term
Data Security and Privacy Protection	<ul style="list-style-type: none"> The IoT and communication industry involves a large amount of terminal data, user privacy, and transmitted data. Inadequate cyber security management or weak employee security awareness may lead to risks such as data leakage and unauthorized access, resulting in non-compliance and damage to corporate reputation. 	<ul style="list-style-type: none"> Conduct regular information security audits and employee security training to enhance data security awareness across the organization. Upgrade the information management platform, strengthen security access controls, deploy protective technologies against external illegal attacks, ensure end-to-end security of data transmission, storage, and usage, comply with industry regulatory requirements, and maintain internationally recognized certifications for information security management such as ISO 27701 and ISO 27001. 	Medium-high	Short-, medium-, and long-term
Contributing to the Development of Digital Intelligence	<ul style="list-style-type: none"> Technologies such as AI large models drive innovation and expansion of scenarios in the communication and IoT industry, bringing opportunities for the Company's industrial upgrades, product iterations, and 5G development. However, failure to invest timely in technological upgrades and talent development may result in technological lag and loss of market competitiveness 	<ul style="list-style-type: none"> Focus on the integration of AI, 5G, and IoT applications, establish dedicated R&D teams, and explore innovative applications of advanced digital and intelligent technologies in product design and real-world scenarios to enhance smart product functionalities. Attract high-end talent in digital and intelligent fields to support technological upgrading and industrial transformation. 	Medium-high	Medium-, and long-term
Occupational Health and Work Safety	<ul style="list-style-type: none"> Safety risks exist in manufacturing and operational processes, including equipment handling and precision operations. Inadequate work safety management may lead to workplace accidents, adversely affecting employee health and increasing operational risks. 	<ul style="list-style-type: none"> Establish and continuously improve occupational health and work safety management systems (with responsible personnel signing accountability commitments); standardize operational procedures across production and maintenance processes; conduct regular hazard identification and remediation; implement emergency response plans and drills; and ensure the availability of adequate safety protection facilities. Strengthen occupational health management by organizing regular health check-ups, providing relevant training, improving working conditions, and mitigating occupational health risks to safeguard employees' physical and mental well-being. 	Medium-high	Short-, medium-, and long-term

Note: Short-term: within 1 year; Medium-term: 1-5 years; Long-term: over 5 years.

03



6 CLEAN WATER AND SANITATION 	11 SUSTAINABLE CITIES AND COMMUNITIES 	13 CLIMATE ACTION 	15 LIFE ON LAND
---	--	------------------------------	----------------------------

Environment

Climate Change Response	19
Environmental Compliance Management	22
Pollutant and Waste Management	25
Optimizing Energy Consumption	28
Water Resource Utilization	31
Circular Economy	31
Green and Low-Carbon Operations	32
Safeguarding the Ecological Environment	34

Climate Change Response

As a key participant in the communications and IoT industry, Quectel is fully aware of the systemic challenges and strategic opportunities brought by climate change. We have embedded climate actions into our corporate governance and long-term development strategy, contributing intelligent and efficient solutions to support the global energy transition.

» Governance

We operate multiple R&D centers and manufacturing facilities across China and beyond. Our Environmental, Health and Safety (EHS) departments at both the Company and its subsidiaries take the lead in coordinating climate-related management. Guided by internal policies such as the Energy Consumption Management Policy and the Environmental Inspection and Monitoring Management Standards, we have developed energy management strategies tailored to the communications industry. We systematically identify existing and potential climate-related risks affecting base stations, data centers, IoT product manufacturing, and office operations. Each production site has established dedicated energy efficiency task forces focusing on energy-saving technological upgrades for communication equipment, integrated building energy management, and renewable energy utilization. These initiatives support emissions reduction at the source, reduce GHG emissions, and strengthen our foundation for climate governance.

» Strategy

Climate Scenario Analysis

In the context of increasing global extreme weather events, including heatwaves, heavy rainfall, and flooding, our major operations are located in regions such as the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, which are more exposed to such risks. Critical infrastructure, including base stations, data centers, and production facilities, may be affected. During the reporting period, we conducted climate scenario analysis in reference to the TCFD framework, focusing on two scenarios: a low-emissions scenario (RCP 2.6) and a high-emissions scenario (RCP 8.5). Based on industry characteristics, we refined our response strategies to enhance climate resilience.

Scenario Assumption	Scenario Description
High-carbon emissions scenario (>2°C warming, RCP8.5)	In the absence of climate policy intervention, global GHG emissions and energy consumption remain high. By 2100, atmospheric CO ₂ concentrations could reach 3-4 times pre-industrial levels. Energy demand for base stations and data centers increases significantly, and extreme weather events intensify impacts on infrastructure.
Low-carbon emissions scenario (≤2°C warming, RCP2.6)	Strong global decarbonization policies are implemented, significantly reducing emissions within a decade. This accelerates the green transition across industries and creates opportunities for low-carbon technologies and intelligent applications.

Identification of Climate Risks and Opportunities

Physical Risks (High-Emissions Scenario)				
Risk Type	Risk Description	Mitigation Measures	Impact Magnitude	Impact Time-frame
Acute Climate Risks	Extreme weather events (e.g., typhoons, heavy rainfall, earthquakes) may damage base stations, data centers, and production lines, disrupt logistics and supply chains, and result in asset impairment and operational losses	Develop emergency plans for typhoons, floods, and earthquakes. Employ the smart park's monitoring and early warning system to capture meteorological information in real-time. Strengthen infrastructure protection and equipment inspections. Enhance backup systems for materials and data assets.	Moderate	Short-term
Chronic Climate Risks	Rising sea levels threaten the safety of coastal base stations, data centers, and factories; Global warming may increase equipment loads, raising cooling energy consumption and electricity costs for base stations and data centers, and shortening equipment lifespan.	Enhance storage protection for goods and raw materials during rainy seasons. Provide heat relief measures in high-temperature conditions. Optimize equipment operation cycles to extend service life.	Low	Medium- and long-term

Transition Risks and Opportunities (Low-Emissions Scenario)

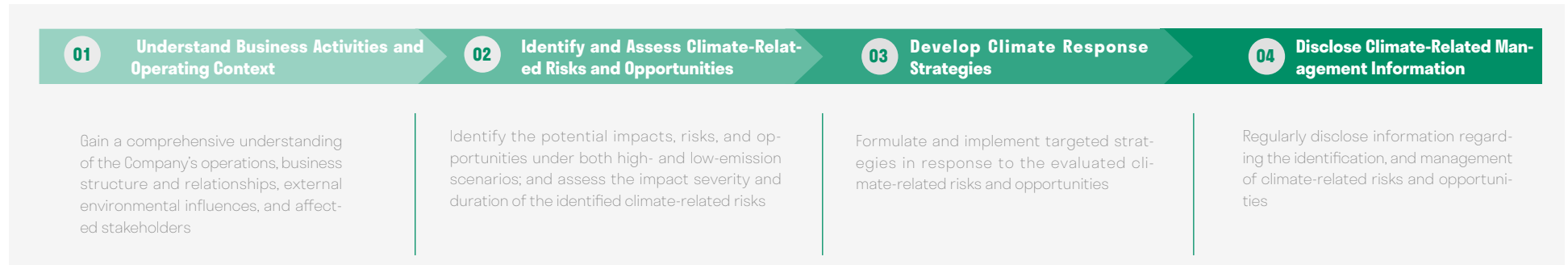
Risk Type	Risk Description	Mitigation Measures	Impact Timeframe	Magnitude
Policy Risks and Opportunities	Tightening "dual carbon" policies increase energy transition costs, intensifying the pressure for energy conservation and emission reduction; The EU Carbon Border Adjustment Mechanism (CBAM) covers communication and IoT products, imposing additional export requirements for areas such as carbon footprint verification ESG compliance, while driving green industry upgrades.	Closely monitor domestic and international carbon policies, as well as the EU carbon tariff and green product access detection and dynamics; Optimize the energy usage mix by adding rooftop distributed PV systems at our global headquarters; Implement energy-saving and consumption-reducing measures, and cleaner production; Changzhou Quectel has reached Level II cleaner production standards in the electronic components industry (domestically advanced level); Impose ESG constraints on upstream suppliers to promote ESG compliance throughout the entire industry chain; Leverage policy dividends to seek funding support for the green transition.	Short-term	Medium-high
Technology Risks and Opportunities	Green product design (low-power modules, high-temperature resistance, long standby time) involves significant R&D difficulties. High investment risks in the integration of technologies such as AI may lead to asset impairment; However, technological innovation can drive industry transformation opportunities and create differentiated competitive advantages.	Actively expand green and low-carbon products, new energy, and smart application scenarios across multiple fields. The Company has launched an integrated "module + large model + AI algorithm + platform" solution, combined with end-side and cloud-side AI large models. We continue to make efforts in areas such as new energy vehicles, smart agriculture, smart home, etc., to enhance product competitiveness; Collaborate with upstream and downstream enterprises to build a green technology innovation alliance and reduce R&D risks.	Medium-term	High
Market Risks and Opportunities	Market demand is surging for low-power, high-performance (positioning, transmission, AI integration) IoT and communication products and sustainable application solutions. Industry competition is intensifying, and low-efficiency products may face the risk of elimination.	Continuously enhance our R&D capabilities for new products and new technology scenarios, focusing on new application scenarios such as industrial intelligence, smart elderly care, smart energy, ecological monitoring, and the sharing economy; Expand overseas green markets to mitigate the risk of low-efficiency product elimination.	Medium-, and long-term	High
Reputational Risks and Opportunities	Regulatory agencies, investors, and the public are increasingly concerned about corporate ESG performance; insufficient green transition will affect brand reputation and investment opportunities, while a strong performance can enhance our image as an industry leader.	Gradually improve the ESG management system, regularly disclose ESG reports, and continuously enhance the Company's mainstream ESG ratings; Build a green brand image and strengthen communication and engagement with stakeholders through diverse channels such as live streaming, exhibitions, and product education.	Medium-, and long-term	Low

Note: Short-term: within 1 year; Medium-term: 1-5 years; Long-term: over 5 years.

>> Impact, Risk, and Opportunity Management

We strengthen our risk resilience through multidimensional measures, explore low-carbon development opportunities, ensure stable operations, and support the green transition of the industry.


Climate-related impacts, risks and opportunities management process



GHG Emissions Reduction Initiatives

Expansion of Renewable Energy Use

Our global headquarters has fully integrated rooftop distributed PV systems, with an installed area of approximately 3,000m². The project is expected to generate annual economic benefits of approximately RMB 111,800 in its first year. The rooftop PV system in Changzhou generated over 2.71 million kWh of electricity during the year, providing clean energy for operations.



Green Products and Cleaner Production

We continue to develop low-power, high-efficiency products, embedding eco-design principles throughout the product lifecycle. We comprehensively promote cleaner production practices to reduce resource consumption and pollutant emissions from the source, supporting high-quality green development.




Energy System Management

We implement dynamic monitoring and optimization of key energy-consuming systems, including air conditioning, air compressors, and nitrogen usage. Combined with waste heat recovery technologies, these measures significantly improve energy efficiency and reduce energy consumption per unit of output.



Green and Low-Carbon Office Spaces

Our global headquarters, officially put into operation, fully embodies green building principles. Through intelligent lighting systems, high-efficiency HVAC systems, and energy-saving equipment, we achieve low-carbon operations throughout the building lifecycle. Smart energy management systems are deployed in office areas to create a comfortable, energy-efficient, and sustainable working environment.



Indicators and Goals

We have established the Management Policy and Target Control Procedures to ensure the implementation of environmental objectives. Detailed Targets, Indicators, and Management Plans are formulated and cascaded across departments. Progress is tracked based on corrective action plans submitted by responsible departments to ensure effective implementation.

GHG Emissions Performance		
Indicator	Unit	2025
Scope 1 GHG Emissions	tCO ₂ e	61.46
Scope 2 GHG Emissions	tCO ₂ e	38,331.42
Total GHG Emissions	tCO ₂ e	38,392.88
GHG Emission Intensity	tCO ₂ e per RMB 10,000 of revenue	0.016
Scope 2 GHG Emissions Offset by Renewable Energy	tCO ₂ e	1,438.83

Statistical Scope: Quectel global headquarters and global offices, Changzhou Quectel, Linyi Quectel, and Penang Quectel.
 Note: Scope 1 GHG emissions refer to direct emissions from gasoline and liquefied petroleum gas consumption. Scope 2 emissions refer to indirect emissions from the consumption of purchased electricity and heat. The electricity emission factor for purchased electricity in GHG emissions calculation is derived from the *Announcement on the 2023 Electricity Carbon Emission Factor*, published by the Ministry of Ecology and Environment in December 2025.

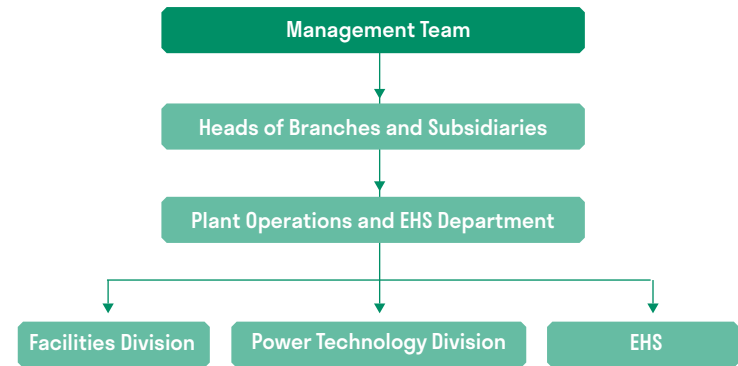
Environmental Compliance Management

Environmental Management Framework

Quectel strictly adheres to relevant environmental protection laws and regulations. We have developed internal policies such as the Environmental Inspection and Monitoring Management Standards and the Hazardous Chemicals Safety Management Protocols, and continuously improved our environmental management system.

Our subsidiaries have established a three-tier environmental governance framework with clearly defined responsibilities at each level. The management team is responsible for supervision, while the heads of branches, subsidiaries, and operational entities coordinate. Reporting to them, the EHS Department is tasked with executing environmental management across our factories. The tripartite governance model ensures efficient environmental stewardship. Additionally, we have implemented a system of environmental stewardship. Environmental performance is incorporated into the annual performance appraisal of key management personnel, and a corresponding rewards and penalties mechanism has been established.

Quectel's Environmental Management Structure



During the reporting period,

- we invested RMB 1.6103 million in environmental protection.
- our factories, and partner factories have obtained ISO 14001 Certification.
- we had no significant environmental incidents or violations against environmental laws and regulations.

Statistical Scope: Changzhou Quectel, Linyi Quectel, Penang Quectel, and Quectel Global Headquarters.



Shanghai Quectel



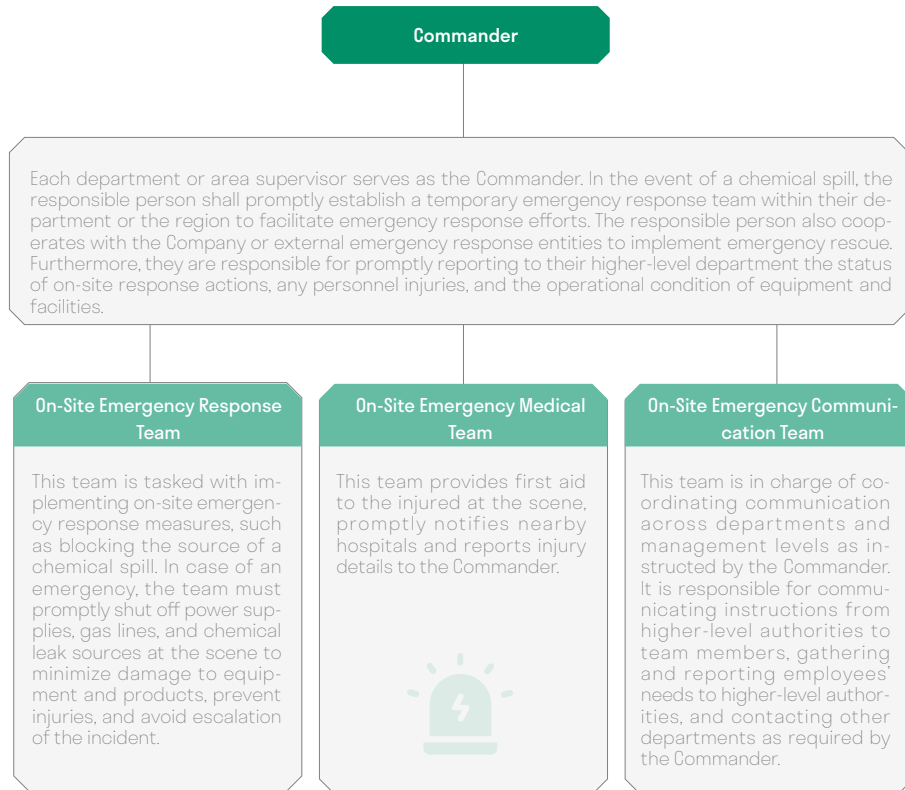
Quectel Changzhou

ISO 14001 Certification

» Environmental Risk Assessment and Response

Environmental Emergency Response Management

To ensure rapid response, effective handling, and the minimization of losses in the event of environmental emergencies, we have established a comprehensive emergency management system centered on a sound organizational structure, standardized procedures, practical contingency plans, and effective drills. Through a closed-loop management approach comprising organizational setup, process definition, contingency planning, practical drills, and continuous improvement, we continuously enhance our emergency preparedness and response capabilities.



Emergency Response Team for Environmental Emergencies



Process Definition

Identification:

Identify signs of emergencies (such as "excessive concentration of combustible gas" or "abnormal noise and smoke from equipment") through monitoring systems (such as gas detectors and video surveillance) or employee reports.

Early Warning and Response:

Issue early warnings via workshop broadcasts. The response is divided into three levels (major, significant, and minor) based on incident severity, with clearly defined activation authority and key response actions. On-site response procedures are established (e.g. evacuation and perimeter control, hazard source containment, casualty rescue, and environmental monitoring).

Post-Emergency Response:

Assign follow-up responsibilities after the emergency has been resolved, and prepare an emergency response assessment report.

Contingency Response Planning

Based on operational characteristics and risk assessments, we have developed a systematic environmental emergency response framework covering multiple scenarios. These plans are regularly reviewed and updated to ensure relevance and operability.

Flood, Typhoon, and Earthquake Emergency Response Plan	Water Supply Interruption Emergency Response Plan
Fire Emergency Response Plan	Power Outage Emergency Response Plan
Hazardous Chemical Spill Emergency Response Plan	Radiation Emergency Response Plan

Practical Drills & Improvements

We conduct multi-level, scenario-based emergency drills (such as fire evacuation, electric shock rescue, and equipment failure response), to test the effectiveness of contingency response plans, strengthen team coordination, and enhance employee awareness and response capabilities. Post-drill evaluations are carried out to continuously refine and improve our emergency management processes.

Environmental Risk Management

We have established and implemented the Environmental Hazardous Factors Control Management Policy, supported by documents, including the Hazard Identification, Evaluation and Control Register, the Environmental Factors Identification and Evaluation Register, the List of Significant Environmental Factors, and the List of Major Hazard Sources. We systematically conduct risk identification and hazard investigation, implement control measures for identified risks, and track and rectify hazards to achieve 100% closed-loop management.

Environmental Risks Identification and Assessment

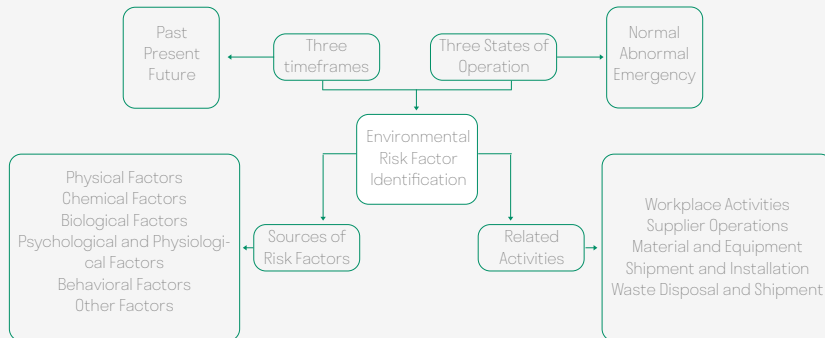
Establishment of Risk Assessment Teams:

To support environmental risk identification and assessment, we have formed cross-functional risk assessment teams comprising experienced personnel from production, process engineering, equipment, logistics, and safety functions. In addition to equipment engineers, the equipment line should involve maintenance personnel with practical experience to participate in the assessment.

Training of Risk Assessment Teams:

All team members must receive systematic risk identification training, conducted by experienced specialists or the Company's EHS personnel. Refresher training is provided when methodologies are significantly updated, with complete training records maintained.

Guidelines for Environmental Risk Identification



Hazardous Chemicals Management

Transportation

Hazardous chemicals are transported strictly in accordance with designated routes and time schedules. Transport vehicles must meet safety requirements to ensure full-process control and safety.

Storage

Dedicated storage areas are established, with chemicals classified and stored according to their properties to prevent the risk of reactions caused by contact between different types of chemicals.

Usage

Employees handling hazardous chemicals must strictly adhere to regulations, wearing personal protective equipment throughout the process to effectively mitigate operational risks.

Recycling and Disposal Management

The collection, discharge, treatment, and disposal of hazardous chemicals are carried out in strict compliance with regulatory requirements to prevent environmental pollution incidents.

Case - Emergency Drill for Hazardous Chemical Leakage

We regularly conduct specialized training on chemical safety, covering chemical properties, operating procedures, and emergency response to leakage incidents. Practical drills are organized to enhance employees' emergency response capabilities and ensure effective implementation of management systems.



Changzhou Quectel's Hazardous Chemical Leakage Response Drill

» Environmental Education and Awareness

We continue to strengthen our company-wide environmental management system through structured and tiered training programs, significantly enhancing environmental awareness and safety practices among employees and stakeholders.

Environmental Awareness Training

We integrate environmental principles throughout our operations and organize annual training programs across factories, R&D centers, and functions including resources, procurement, quality, and business operations. Training content covers interpretations of relevant law and regulatory requirements, workplace environmental standards, pollutant compliance management, electronic component recycling practices, and customer environmental requirements. These initiatives effectively enhance employees' environmental responsibility and operational capabilities, supporting our green operations.

EHS Training for New Hires

We achieved 100% coverage of EHS training for new employees, systematically addressing environmental, health, and safety fundamentals. This ensures that new hires develop strong awareness of environmental protection and work safety from the outset, facilitating the effective translation of knowledge into practice.



Environmental Training Performance in 2025

Total training hours

117.5 hrs

Total participants

8,726 participants

Statistical Scope: Changzhou Quectel, Linyi Quectel, Penang Quectel, and Quectel Global Headquarters

Pollutant and Waste Management

We strictly comply with applicable environmental laws and regulations, and have established internal policies, including the Solid Waste Management Policy, the Hazardous Waste Management Plan, and the Guidelines for the Operation of Waste Gas Treatment Facilities. We also hold valid pollutant discharge permits, and continuously strengthen our waste management system to ensure that all emissions meet relevant standards.

In 2025, we had no environmental non-compliance incidents.

Wastewater discharge management target: 100% compliance

Waste gas emission management target: 100% compliance

Waste Management Targets:

Changzhou Quectel

2025 Performance:

0 environmental pollution incidents
100% compliance rate for waste disposal testing, and 100% compliance rate for the collection and disposal of hazardous waste

2026 Target:

To reduce waste generation by 5% compared to 2025.

Linyi Quectel

2026 Target:

To ensure industrial and domestic wastewater discharge remains within regulatory limits, ensure timely treatment of waste gas emissions, and reduce solid waste generation, particularly hazardous waste.

Penang Quectel

2026 Target:

To establish waste reduction targets based on 2025 performance data, and achieve further improvements in landfill diversion rate (approximately 70% achieved to date)

>>> Pollutant Emission Management

We strictly comply with environmental protection regulations, regularly monitor waste gas and wastewater emissions, and ensure continuous compliance. Through source control (long-term use of lead-free materials), process optimization, and the application of low-emission technologies, we systematically reduce air pollutant generation.

For fumes generated during soldering processes, emissions are centrally collected through a gas collection system and treated using purification equipment. After the treatment of activated carbon adsorption and filtration, emissions are discharged through elevated stacks, ensuring efficient pollutant control and compliant emissions. We do not generate industrial wastewater.

Environmental Element	Source	Pollutant Type	Discharge Method	Treatment Technology
Air emissions	Waste gas	Volatile organic compounds (VOCs, including non-methane hydrocarbons), particulate matter, and tin dioxide	Organized emissions Fugitive emissions	<ul style="list-style-type: none"> Dust removal facilities (baghouse dust collectors + secondary activated carbon adsorption) and VOC treatment facilities Routine maintenance and upgrades of emission treatment equipment

Our wastewater primarily consists of domestic sewage and a small amount of cleaning water. Key controlled pollutants include chemical oxygen demand (COD) and ammonia nitrogen. During the reporting period, we engaged qualified third-party institutions to conduct wastewater testing, with all results meeting applicable standards.

We have also established an IoT-based water environment management platform that integrates real-time data on water quality, pumping stations, and operations to enable intelligent monitoring and early warning. The system supports IoT control over key areas, automatically starts and stops the reclaimed water pumping stations, and intelligently regulates drainage based on dry and flood seasons. Under a separated drainage system, we have upgraded terminal discharge nodes and enabled IoT connectivity via optical fiber or mobile networks. Rainwater is directly discharged during dry weather, while initial rainwater is pumped into the sewage network. The entire process is traceable and controllable, enhancing intelligent and refined water management.

Environmental Element	Source	Pollutant Type	Discharge Method	Treatment Technology
Water pollutants	Domestic sewage Water for cleaning	COD, ammonia nitrogen, suspended solids, etc.	Indirect discharge	After anaerobic fermentation treatment, it is discharged to municipal sewage treatment facilities.

Waste Gas and Wastewater Emissions		
Indicator	Unit	2025
Waste Gas Emissions		
Particulate Matter (PM)	Gram	0.35
VOC (non-methane hydrocarbons)	Tons	0.329
Wastewater Discharge		
Total Wastewater Discharge	Tons	181,422.35
COD	Tons	3.6
Biochemical Oxygen Demand (BOD) Discharge	Tons	3.6
Total Nitrogen Discharge	Tons	1.56
Ammonia Nitrogen Discharge	Tons	1.1
Total Phosphorus Discharge	Tons	0.04
Wastewater Discharge Intensity	Tons per RMB 10,000 of revenue	0.075

Statistical Scope: Changzhou Quectel, Linyi Quectel, and Penang Quectel
 Note: The statistical scope expanded this year, leading to a rise in the corresponding figures.

>>> Waste Management

We strictly comply with applicable laws and regulations and fully implement our internal policies, including the Solid Waste Management Policy and the Regulations on Scrap Materials Management. We standardize the full lifecycle management of solid waste, including declaration, collection, storage, transfer, utilization, and disposal, to ensure compliance and effective control at every stage.

Solid Waste Management Framework

The Company's Primary Responsible Person

- Responsible for establishing environmental management functions, guiding and supervising the work of environmental protection functions, approving and supervising the implementation of hazardous waste pollution prevention plans, and approving environmental protection management systems, documents, and reports.

Plant EHS Department

- Responsible for overseeing the day-to-day operation of environmental management functions, and organizing employees to study and implement environmental protection laws, regulations, and relevant provisions, enhancing environmental protection awareness.
- Formulate and revise the Company's hazardous waste pollution prevention management systems, supervise, inspect, and coordinate their implementation, manage daily hazardous waste pollution prevention work, maintain records and registers, and ensure timely disposal

Production and Operations Personnel

- Responsible for organizing departmental training on the Company's hazardous waste management requirements and regulations, and strictly implementing identification, training, collection, and registration of hazardous waste by type.

Waste Category	Pollutant Type	Treatment Technology
Non-hazardous Waste	Waste solder paste, household waste, baghouse dust, reverse osmosis membranes, construction waste	<ul style="list-style-type: none"> •Partially recycled and reused; the remainder is collected and treated by qualified third-party service providers. •Changzhou Quectel has achieved 100% recycling of non-hazardous waste.
Hazardous Waste	Used activated carbon, waste cleaning solution, defective products, used rags, waste filters, packaging waste, and used cleanroom cloth	<ul style="list-style-type: none"> •Treated through incineration or harmless disposal followed by resource recovery, handled by licensed hazardous waste contractors. •Classification and labeling system implemented: green labels for recyclable waste and red labels for hazardous waste to enable visual management. •Clearly defined collection stations with complete transfer records and hazardous substance identification Standardized hazard identification signage at storage facilities to ensure traceability and regulatory oversight.

Waste Generation		
Waste Category	Unit	2025
Total Waste Generation	Tons	1,904.79
Hazardous (Dangerous) Waste Generation	Tons	75.19
Non-hazardous Waste Generation	Tons	1,829.60

Statistical scope: Changzhou Quectel, Linyi Quectel, and Penang Quectel
 Note: The statistical scope expanded this year, leading to a rise in the corresponding figures.

>>> Cleaner Production

We continuously advance cleaner production by prioritizing the use of clean energy, low-emission processes, and energy-efficient equipment. Through strengthened internal supervision mechanisms, we conduct regular full-process inspections and evaluations to promptly identify and rectify potential risks, ensuring environmentally efficient operations across our production system. Leveraging industrial big data platforms, we perform in-depth analysis of production and quality data to optimize capacity allocation and enable precise traceability of defective products, significantly improving operational efficiency. Meanwhile, key cleaner production initiatives at Changzhou Quectel, including stencil squeegee upgrades and PV power generation, have effectively reduced both waste generation and carbon emissions. Currently, Changzhou Quectel has achieved Level II cleaner production standards in the electronic components industry (domestically advanced level). These achievements have been recognized with industry awards, demonstrating our leading capabilities in green manufacturing and sustainability.

Awards received by the Changzhou Quectel



>>> Noise Management

We place strong emphasis on noise control and strictly comply with the Emission Standards for Industrial Enterprise Noise at Boundary. Noise control measures are comprehensively implemented across technical, managerial, protective, and compliance dimensions. During the reporting period, all boundary noise levels complied with applicable standards.

Noise Control Measures



Technical Noise Reduction Measures

Implement sound insulation, noise reduction, sound absorption, and vibration damping modifications to production equipment. Dedicated soundproofing devices are installed for high-noise equipment to reduce noise at the source and limit transmission.



Engineering and Facility Protection

Install sound barriers, acoustic panels, and sound-absorbing materials in operational areas. Dust collection and occupational health protection equipment are also deployed to achieve coordinated control of noise and airborne particulates.



Employee Health Protection

Provide employees exposed to noise with appropriate PPE, such as earplugs, and reduce exposure risks through equipment isolation and workplace environment optimization.



Monitoring and Compliance Management

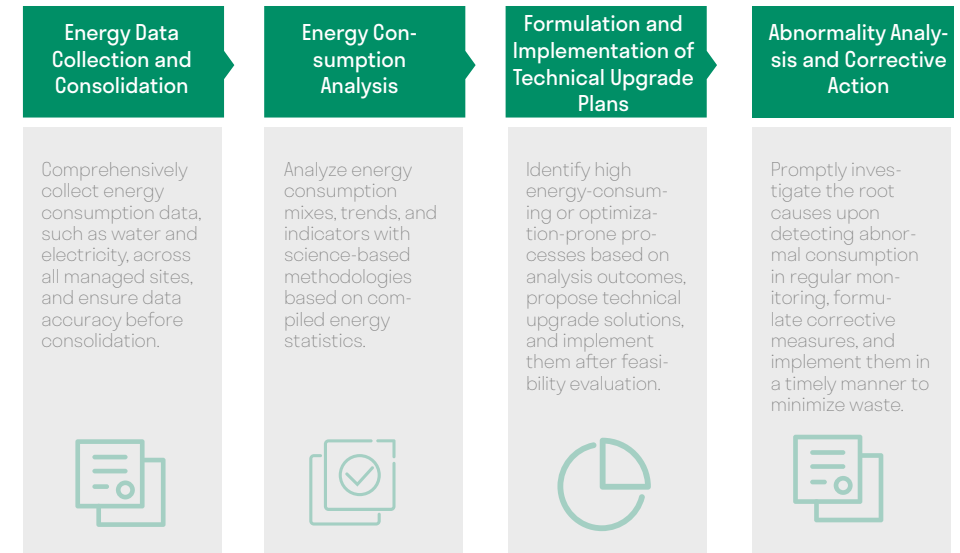
Establish noise control objectives and regularly conduct noise and occupational hazard factor testing at the factory boundary.

Optimizing Energy Consumption

>>> Energy Consumption Management System

In compliance with applicable laws and regulations, we are committed to establishing and continuously improving a systematic energy management framework. Through multi-dimensional measures, including technological upgrades, equipment optimization, institutional standardization, and the adoption of clean energy, we have comprehensively enhanced energy efficiency.

We have formulated the Energy Consumption Management Policy, under which energy use across different areas and forms within our facilities is classified and managed. Tailored energy-saving measures are implemented based on the operational characteristics of each business unit, with clearly defined usage standards and conservation targets, enabling refined and standardized day-to-day energy management.



Energy Consumption Management Procedure

In 2025, our total investment in energy-saving technological upgrades amounted to RMB 3,6886 million.

Statistical Scope: Changzhou Quectel, Linyi Quectel, Penang Quectel, and Quectel Global Headquarters

Energy Conservation and Efficiency Improvement

We focus on energy conservation and consumption reduction by exploring energy-saving potential through technological R&D, equipment renovation, process optimization, and management upgrades, continuously enhancing energy utilization efficiency.

Energy system	Measures	Energy-Saving Effects
Lighting System	<ul style="list-style-type: none"> Adopt energy-saving lighting fixtures Optimize lighting in workshops, warehouses, and dormitory corridors 	<ul style="list-style-type: none"> Optimize the number of lights turned on and their operating hours based on actual working conditions, and install lighting sensors in the warehouse to effectively reduce electricity consumption and costs.
HVAC System	<ul style="list-style-type: none"> Select air conditioning equipment with Level 2 energy efficiency or above and implement phased operational management Upgrade the intelligent temperature control system to dynamically adjust the cooling water supply based on indoor temperature Continuously optimize the HVAC control system to enhance overall energy efficiency 	<ul style="list-style-type: none"> Optimize the load rate of the HVAC units to avoid their operation under unnecessary high load conditions, thereby reducing ineffective energy consumption; Integrate intelligent temperature control with a phased operation strategy to further reduce overall energy consumption and GHG emissions.
	<ul style="list-style-type: none"> Manage shift-based production scheduling to maintain cold storage temperature and humidity while shutting down unnecessary auxiliary facilities 	<ul style="list-style-type: none"> Precisely control the energy consumption of the cold storage to reduce unnecessary electricity usage.
	<ul style="list-style-type: none"> Seal reserved ventilation openings in workshops with plastic film 	<ul style="list-style-type: none"> Avoid energy waste caused by poor closure of ventilation openings reserved for workshop exhaust and air conditioning in the mezzanine.

Energy system	Measures	Energy-Saving Effects
HVAC System	<ul style="list-style-type: none"> Optimize automatic control logic for heat recovery systems 	<ul style="list-style-type: none"> Recover and reuse waste heat from workshops during winter, improving hot water temperature and reducing reliance on steam while ensuring process temperature and humidity requirements, thereby lowering energy costs.
Air Compressor Management	<ul style="list-style-type: none"> Adopt "large equipment for small load" operational strategies during low-load conditions Install variable-speed air compressors for dynamic load adjustment based on real-time demands 	<ul style="list-style-type: none"> Activate small-capacity air compressors during low-load production periods to reduce the operation of large-capacity equipment, thereby lowering recovery costs Utilize intelligent load adjustment functions to achieve on-demand energy supply and efficiency improvements.
Nitrogen Usage Management	<ul style="list-style-type: none"> Control the minimum usage of liquid nitrogen Increase the use of nitrogen generators Real-time adjustment of liquid nitrogen production helps reduce evaporation losses from storage. 	<ul style="list-style-type: none"> On-site nitrogen generation reduces energy losses associated with cryogenic storage and transportation of liquid nitrogen.
	<ul style="list-style-type: none"> Regularly inspect air compressor pipelines and maintain air conditioning pipelines 	<ul style="list-style-type: none"> Identify leaks and insulation damage promptly to reduce the failure rate;
Maintenance and Upkeep	<ul style="list-style-type: none"> Monitor the operational status of electric components 	<ul style="list-style-type: none"> Ensure that our power factor in the electrical system is maintained above 0.9.

Case Green Plant Construction at Changzhou Quectel

Changzhou Quectel has comprehensively advanced green factory development, with a focus on energy conservation and efficiency. By optimizing building energy performance, adopting clean energy, and deploying intelligent control systems, we have created a low-carbon, efficient, and sustainable modern production environment.

Waste Heat Recovery	<p>Air Compressor Heat Recovery:</p> <ul style="list-style-type: none"> Recover waste heat generated by the operation of compressors; Reduce the load on chillers during the cooling process and the demand for regional heating; Achieves up to 1,250 kW of heat recovery in winter. <p>Chiller Heat Recovery:</p> <ul style="list-style-type: none"> Recover waste heat from the production workshop to serve as a heat source for the air conditioning system; Reduce steam consumption; The maximum heat recovery power in winter can reach 5,300 kW, resulting in significant energy savings.
Cold Air Recovery and Utilization	<p>Natural Cooling of Cooling Towers:</p> <ul style="list-style-type: none"> Recover cold air sources in winter for chilled water exchange cooling; Optimize chiller operation during shift changes and holiday shutdowns; Maintain energy efficiency even during partial production operations in winter.
Centralized HVAC Control	<ul style="list-style-type: none"> Implement remote control of HVAC systems to improve energy efficiency and reduce costs; Monitor system operation and temperature settings in line with recommended standards; Reduce and eliminate unnecessary operations due to unattended systems

Energy Consumption Targets and Indicators

Changzhou Factory

2025 Target Achievement: Achieved the 2025 target of generating over RMB 100,000 in efficiency gains from energy-saving and consumption reduction initiatives, with actual investment reaching RMB 216,900.

Linyi Factory

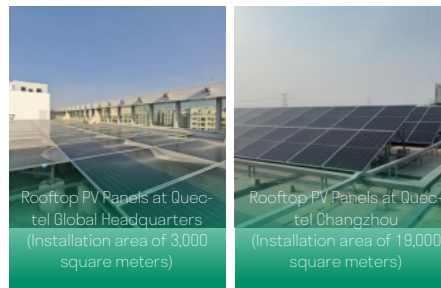
2026 Target: To save energy and reduce consumption, ensuring that the energy consumption growth rate is lower than the regional expansion rate while increasing operational areas; and standardize air conditioning usage and advocate for electricity conservation.

Penang Quectel

2026 Target: To establish energy-saving and efficiency improvement targets for FY2026 based on 2025 energy performance data.

Renewable Energy Consumption

Both Quectel global headquarters and Changzhou Quectel have deployed high-efficiency PV power generation systems. Through the coordinated operation of rooftop PV arrays and intelligent energy storage systems, solar energy is continuously converted into clean electricity. This significantly improves electricity self-sufficiency rate of electricity for daily operations and effectively reduces reliance on conventional energy sources each year, reflecting our commitment to "leveraging technology to protect the environment and driving development through energy efficiency."



Energy Mix	Unit	2025
Total Purchased Electricity	kWh	71,853,300
Purchased Steam	MJ	1,873.54
Total Gasoline Consumption	Tons	16.84
Liquefied Petroleum Gas Consumption	Tons	3.46
Total Energy Consumption	Tce	8,925.40
Energy Intensity	Tce per RMB 10,000 of revenue	0.004
Total Renewable Energy Consumption	kWh	2,711,700
Proportion of Renewable Energy Consumption (Only for Changzhou Quectel)	%	5.3

Statistical Scope: Energy consumption at Quectel global headquarters and global offices, Changzhou Quectel, Linyi Quectel, and Penang Quectel.

Note: Renewable energy is sourced from distributed rooftop PV systems. The PV system at the global headquarters is expected to become operational in 2026. The above renewable energy data reflects only Changzhou Quectel's PV power generation in 2025, and the percentage calculation is limited to Changzhou Quectel. The statistical scope expanded this year, leading to a rise in the corresponding figures.

Water Resource Utilization

At Quectel, we strictly comply with relevant laws, regulations, and standards. We have established a water resource management team to promote water conservation efforts. By optimizing water use structure and integrating municipal water supply with rainwater reuse systems, we ensure efficient management of both production and domestic water use, significantly improving overall water efficiency.

Water-saving Measures

Water Management System	<ul style="list-style-type: none"> Formulate and implement the Energy Consumption Management System to regulate water use across all areas. Promote the principle of "turn off water when not in use" to reduce unnecessary consumption in restrooms and public areas; Encourage employees to propose water-saving initiatives, supported by incentive mechanisms; Implement real-time metering and data analysis of water usage, alongside regular inspection and maintenance of pipelines to prevent leakage, achieving refined water cost management.
Production Water Conservation Measures	<ul style="list-style-type: none"> Establish an internal circulation system between cleaning machines and washing lines to maintain continuous recycling when no maintenance is required, improving water utilization efficiency; Install water meters and conduct data analysis to identify conservation opportunities and optimize water usage processes.
Rainwater Harvesting and Reuse	<ul style="list-style-type: none"> A 700 m³ rainwater collection tank has been constructed at the Changzhou facility, capable of meeting approximately 2 months of water demand when full, and supporting around 484 m³ of monthly irrigation for landscaping.
Water Conservation Culture	<ul style="list-style-type: none"> Conduct water-saving awareness training to strengthen employees' consciousness of water conservation and encourage participation in improvement initiatives; Advocate for the rational use of water and electricity resources in both office and production areas, and foster a water-saving culture involving all staff.

Water Consumption

Water Consumption Indicators	Unit	2025
Total Water Consumption (Municipal Supply)	m ³	273,156.69
Water Consumption Intensity	m ³ per RMB 10,000 of revenue	0.112
Recycled Water Volume	m ³	700

Statistical Scope: Water consumption at Quectel global headquarters and global offices, as well as Changzhou Quectel, Linyi Quectel, and Penang Quectel.

Note: The statistical scope expanded this year, leading to a rise in the corresponding figures.

Circular Economy

Raw Material and Packaging Management

Quectel implements standardized and modular design principles in raw materials and packaging management, with strict control over the variety of packaging materials. By optimizing packaging structures, adopting high-efficiency cushioning materials, and applying lightweight design approaches, we effectively reduce packaging size and weight. Current packaging materials primarily include injection-molded trays, blister trays, carrier tapes, divider boards, and EPE trays. Customization is limited to inner linings based on product specifications, while outer packaging adopts a limited number of standardized formats, significantly reducing material redundancy. In the future, we plan to select recyclable and environmentally friendly packaging materials. With a strong foundation for circularity, we are actively advancing the development of a packaging recycling system to support the green transition across the entire packaging lifecycle.

Circular Economy Initiatives

We actively implement circular economy principles in strict compliance with the Circular Economy Promotion Law, continuously improving resource utilization efficiency, strengthening waste classification and recycling systems, and advancing comprehensive green and sustainable development.

Waste Classification and Compliant Disposal

Adopt classified waste collection and treatment. Recyclable waste is collected and recycled by suppliers, while hazardous waste is handled by qualified third-party vendors in compliance with regulations.

Green Procurement and Material Optimization

Implement raw material reduction, prioritize the use of renewable resources, and minimize the use of harmful substances.

Lightweight Packaging and Recycling

Employ lightweight packaging and green design, gradually establish a recycling system for raw materials and packaging, and promote the internal recycling of waste cardboard boxes.

● Improvement of Equipment Energy Efficiency

Adopt high-efficiency, low-energy-consumption, and long-lifespan equipment to enhance overall resource utilization efficiency.

● Recycling and Reuse of Electronic Devices

Actively collaborate with third parties to regularly collect office electronic devices for recycling and harmless disposal.

● Advocacy for a Circular Culture

Organize activities themed around the circular economy, promote the internal circulation and regeneration of idle items, strengthen the recognition of green culture, and create an organizational atmosphere where all employees practice the circular economy.



Carton Recycling at Changzhou Quectel

Key Circular Economy Indicators	Unit	2025
Total Consumption of Materials Used in Production and Packaging	Tons	22,924.42
Consumption of Renewable Materials	Tons	1,790.59
Volume of Recycled and Reused Materials	Tons	663.82
Consumption of Non-Renewable Materials	Tons	556.25
Total Recycled and Reused Waste	Tons	1,810.14
Recycling rate of waste	%	95.03%

Statistical Scopes: Changzhou Quectel, and Penang Quectel

Case "Keep It Green, Step by Step, FUN Market" Initiative

During World Earth Day 2025, we organized a series of employee engagement activities themed around "circular utilization" and "low-carbon living." A "FUN Market" was set up, featuring zones for second-hand electronic device recycling and charitable redistribution of used clothing, promoting the circulation and regeneration of idle resources. By combining interactive awareness campaigns with tangible recycling mechanisms, the initiative enhanced employees' environmental awareness and fostered a culture of full participation and efficient resource utilization.



Case Giving New Life to Electronic Devices

Quectel partnered with its collaborators to launch an electronic equipment recycling initiative, advocating green technology and circular economy practices. The program offered real-time valuation plus a 10% cash incentive and strictly adhered to the 3R principles (Reduce, Reuse, Recycle) to ensure environmentally responsible disposal of obsolete devices.

In collaboration with suppliers, we processed 156 units of office equipment, including laptops, printers, conference panels, and desktop computers, through internationally recognized 3R-compliant methods. The process ensured no secondary pollution and provided official environmental recycling certificates upon completion.

Green and Low-Carbon Operations

Green and Low-Carbon Office

We actively promote green office principles by advocating energy-saving and low-carbon behaviors, advancing water and electricity conservation, and implementing the Code of Conduct for Civilized Workplace Behavior. This code sets clear standards for rational energy use in office environments and encourages employees to adopt

low-carbon working habits. We have also established and continuously refined a series of management policies, including the Maintenance and Repair Management Guidelines, the Office Renovation Management Guidelines, the Indoor Plant Leasing and Placement Management Guidelines, and the Environmental Hygiene Management Guidelines, to create a safe, comfortable, and environmentally friendly workplace for all employees.

New Green Office Initiatives in 2025

Intelligent Express Delivery and Transportation Optimization



Introduced the Express Delivery Management Guidelines and deployed an intelligent logistics management system. By consolidating shipment demands across R&D centers and promoting combined delivery, we have reduced the number of parcels from the source. This reduces logistics-related energy consumption and carbon emissions, while also improving cost efficiency.

Low-Carbon Awareness and Advocacy

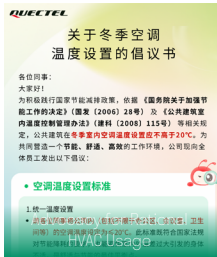


We organized offline green office campaigns, promoting initiatives such as “taking the stairs instead of elevators,” and raising awareness of sustainable mobility. These efforts encourage employees to integrate environmental consciousness into their daily work and lifestyle.

Green Mobility Solutions



Shared bicycle services have been deployed across all global R&D centers to address short-distance commuting needs for business travel and weekend mobility. This initiative replaces motor vehicle use with low-carbon alternatives, effectively reducing emissions from employee travel and supporting the global implementation of green office practices.



Green Product Design

Closely aligned with the low-carbon strategies of global telecom operators, we promote green development throughout the product design and manufacturing stages. By adopting cleaner production processes and lifecycle-based green design principles, we strive to minimize toxicity, reduce resource consumption, and establish an efficient, clean, low-carbon, and circular production model.

Additionally, we reduce energy consumption through the application of advanced materials, innovative design, and optimized algorithms. Measures include material optimization, lightweight structural design, and simplified circuitry. For example, standby power consumption of intelligent connectivity products is controlled at extremely low levels (e.g., below 3 mA/12V), while peak power consumption is precisely managed to reduce heat generation without compromising performance. These efforts support telecom operators in building greener 5G networks and enable energy conservation and emissions reduction across industries.

Lightweight Design

Miniaturization Enabled by Lightweight and Low-Power Design — HCM511S MCU Bluetooth Module

Designed for compact, low-power applications, the HCM511S features an ultra-compact LCC package (16.6 mm × 11.2 mm × 2.1 mm) and weighs only 0.57 g, significantly optimizing device size and cost. Its ultra-low-power Bluetooth 5.4 design extends battery life and reduces maintenance costs. Supporting +6 dBm transmit power and high receiver sensitivity, it ensures stable long-range connectivity and is widely used in smart locks, electronic shelf labels, healthcare devices, and smart home applications.



Highly Integrated Lightweight Design for Industrial Applications — KCM0A5S Wi-SUN Module

The KCM0A5S adopts a compact LCC package (28.0 mm × 22.0 mm × 3.15 mm), balancing lightweight design with high reliability. It supports a wide operating temperature range of -40°C to +85°C, meeting stringent industrial requirements. Based on IEEE 802.15.xg/e standards and supporting the Wi-SUN FAN 1.1 protocol, it features self-organizing and self-healing networking capabilities, supports bandwidth up to 2.4 Mbps, and scales to thousands of nodes. It is widely applied in smart metering, EV charging infrastructure, smart street lighting, and PV systems, enabling efficient, stable, and cost-effective IoT connectivity.



移远通信正式发布 Wi-SUN 模组 KCM0A5S 高性能 | 低功耗 | 远距离传输 | 部署灵活



Case

Green Product Design: Smart PV Cleaning Robot for Low-Carbon O&M

Quectel integrates RTK centimeter-level positioning technology with its comprehensive GNSS module portfolio and global RTK correction network to provide one-stop solutions for industries requiring high-precision positioning, such as PV cleaning robots.

Highly efficient, water-saving and environmentally friendly: AI-based contamination detection enables dry cleaning for light dirt (zero water consumption), while medium to heavy contamination is addressed using micro-mist spraying combined with closed-loop water recycling. Water consumption is controlled at ≤ 1.5 liters per m^2 , achieving over 85% water savings compared to traditional methods. The system is compatible with neutral eco-friendly agents, eliminating VOC emissions and heavy metal pollution.

Precise cleaning and damage reduction: By integrating SLAM and 3D vision technologies, the system achieves centimeter-level navigation and full-coverage cleaning, avoiding missed or excessive cleaning. This reduces hotspot effects and extends the lifespan of PV panels.

Multi-scenario adaptability and efficiency enhancement: Cleaning improves power generation efficiency by 5%–30%. A single unit can service up to 10,000 m^2 annually, indirectly reducing over 10 tons of CO_2 emissions and lowering the overall carbon footprint of operations.



Safeguarding the Ecological Environment

Quectel complies with the Convention on Biological Diversity and leverages its strengths in digital technology innovation to develop intelligent safety systems and ecological restoration solutions. These efforts inject technological momentum into biodiversity conservation and environmental protection.

Measures for Ecological and Biodiversity Protection

Project Site Selection and Construction

We strictly adhere to applicable laws, regulations, and ecological redline requirements, and refrain from undertaking construction projects within protected or ecologically sensitive areas. During the development of our global headquarters, we implemented green construction practices and built a garden-style office complex, minimizing environmental disturbance and supporting ecological balance in the surrounding area.

Technology-Enabled Wildlife Conservation

Leveraging our technological advantages, our communication module products are applied in animal tracking and geographical scientific research. We accurately provide data on the migration trajectories and activity ranges of wild animals (such as the Amur tiger, sika deer, wild boar, roe deer, raccoon dog, Chinese rural dog, crested honey buzzard, and common kestrel), assisting in the collection of biological information samples in extreme environments, thereby providing strong support for biodiversity conservation efforts.

Supporting Forest Protection and Risk Monitoring

In the field of forest and wild plant conservation, we deploy terminal equipment with our 5G modules to address challenges such as complex terrain, wide coverage, and high fire risk. These systems enable all-weather, full-coverage, long-range positioning, allowing precise control of fire risk points and real-time transmission of high-definition images to command centers, thereby strengthening forest ecosystem protection. In addition, intelligent devices are used to detect abnormal sounds such as chainsaws or unauthorized vehicle entry. These systems provide early warnings of illegal logging activities, enabling timely intervention and safeguarding forest biodiversity.

04

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>4 QUALITY EDUCATION</p> 	<p>5 GENDER EQUALITY</p> 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>10 REDUCED INEQUALITIES</p> 	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 

Society

- Product and Service Quality 36
- Driving R&D Innovation 42
- Digital and Intelligent Development 46
- Adhering to Technological Ethics 49
- Data Security and Privacy Protection 49
- Supply Chain Security 52
- People-Oriented Approach 58
- Occupational Health and Work Safety 70
- Rural Revitalization Initiatives 73
- Social Contribution 74

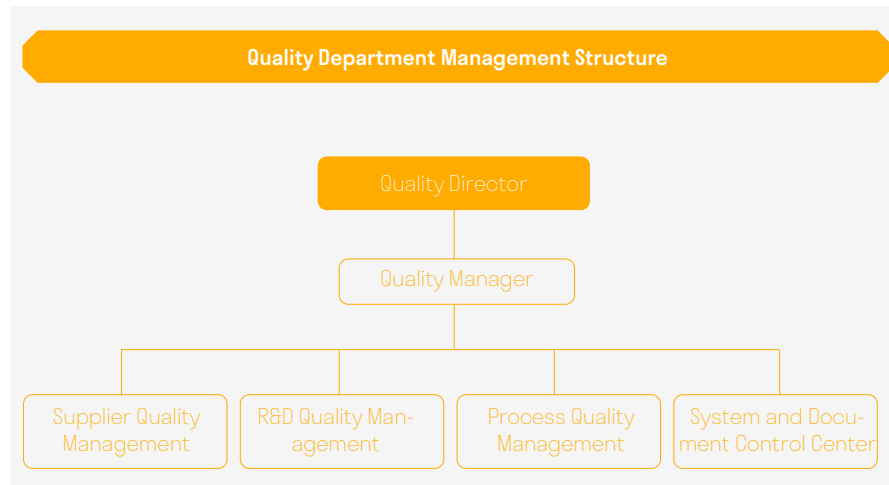
Product and Service Quality

>>> Governance

At Quectel, we strictly comply with applicable laws and regulations and uphold our quality policy of “being customer-centric, innovation-driven, quality focused, and excellence-oriented, committing to empowering global IoT development.” We have established a closed-loop quality management system covering the entire business value chain and built a well-structured quality management organization with clearly defined roles and responsibilities. This framework has ensured comprehensive lifecycle quality management of our products. Our teams cover the full spectrum of responsibilities, including suppliers, R&D, manufacturing, and quality control. Through a dedicated role-based accountability system and full lifecycle tracking and monitoring, we assigned quality responsibilities across each process stage. We have also established cross-functional collaboration mechanisms, integrating R&D, manufacturing, procurement, and sales functions to form a governance model featuring company-wide participation and end-to-end quality control, thereby laying a solid organizational foundation for the effective operation of the quality management system.

We have deeply engaged in quality control and improvement work, establishing a closed-loop management system that covers the entire business chain. It covers APQP management for new projects, software and hardware development and testing processes, manufacturing quality control specifications, and supplier quality management specifications, forming a comprehensive quality control mechanism from “demand proposal - R&D design - production delivery - after-sales support.”

We have obtained ISO9001 and IATF16949 quality system certifications and have consistently maintained the validity of these certifications. Additionally, we closely monitor the quality certification status of our contract manufacturers and overseas factories, ensuring that relevant certifications remain valid.



Quality and Service Management-Related Systems

Quality System Development: 99 first and second-level system documents, 920 third-level standard system documents, and 560 third-level product operation guidelines.

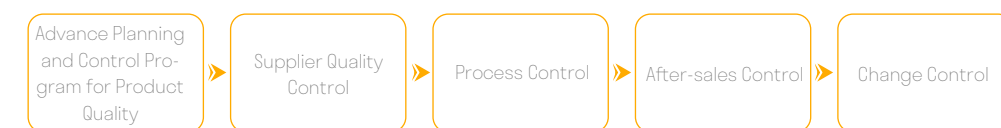
<ul style="list-style-type: none"> Quality Manual Project Development Quality Management Procedure Monitoring and Measurement Resources Control Procedure Quality Cost Control Procedure Product Monitoring and Measurement Control Procedure Production Management Procedure 	<ul style="list-style-type: none"> Continuous Improvement Control Procedure Corrective and Preventive Action Control Procedure Nonconformance Control Procedure Incident Investigation and Handling Procedure Warranty Policy and After-Sales Specifications
---	--

Quectel's Quality Certification Systems



- Quectel's ISO 9001 Quality Management System Certification
- Quectel's ISO 26262 Automotive Functional Safety Certification
- Quectel Changzhou's IATF 16949 Automotive Quality Management System Certification
- Quectel's CMMI DEV V2.0 Maturity Level 3 Certification

Quality Management Process



Quality Platform Development

Advanced Laboratory Equipment and Fully Automated Production Lines Effectively Ensure Product Quality



- Our Intelligent Manufacturing Center works with manufacturing partners to ensure a stable supply chain.
- Advanced testing equipment supports a comprehensive range of test items under strict testing criteria, and guarantee the stability of customer applications.
- Our certifications cover global markets, helping customers accelerate their global business expansion.

>>> Strategy

At Quectel, we adopt a customer-first approach as our core strategic orientation and incorporate product and service safety and quality risk management into our overall strategy. Through lifecycle-based risk identification, control, and evaluation, we strengthen the foundation for delivering high-quality products and services. We will continue to deepen our technological capabilities, comprehensively enhance product quality, and strengthen the development of our marketing and technical support teams. By closely aligning with technological advancements and evolving market demand, we aim to build a more competitive product and service portfolio, expand market share through quality excellence, and precisely meet customer needs.

Quality Policy

Being customer-centric, innovation-driven, quality focused, and excellence-oriented, committing to empowering global IoT development.

>>> Impact, Risk, and Opportunity Management

Quectel Wireless Solutions has established a risk management system covering the entire product lifecycle, strictly following a closed-loop approach of "risk identification – risk analysis – risk evaluation – risk control." We have formulated the Control Procedure for Measures Addressing Risks and Opportunities, embedding risk management into all stages, including product R&D, supply chain management, manufacturing, market delivery, and after-sales operations.

Product Quality and Safety Risk Assessment

We have established a potential product risk early warning mechanism. Based on product characteristics and application scenarios, we systematically identified risk points and communicated them accurately to customers.

Risk Communication

- Upon product delivery, we provide the Product User Manual and the Risk Warning Manual, clearly specifying the scope of application, operating procedures, potential risks (such as RF radiation, electrostatic discharge protection, and environmental compatibility constraints), and emergency response measures.
- For high-risk scenario products such as automotive and medical applications, we additionally issue a special risk notification letter upon delivery, detailing safety precautions and procedures for handling abnormal situations.

Risk Warning

- By tracking updates to industry technical standards, customer feedback data, and failure statistics analysis, we identify new potential risks in a timely manner and quickly issue risk warning notifications and response guidelines.
- For identified common risks, we immediately initiate technical upgrades, process optimization, or recall and rectification procedures. We also organize customer training and provide guidance on risk prevention and control, minimizing risk impacts and ensuring product safety throughout the lifecycle.

Risk Screening

- In line with the characteristics of the IoT module industry and compliance requirements in key sectors such as automotive applications, we have established standardized risk screening procedures to ensure early identification, assessment, and mitigation of health, safety, and quality risks.

In 2025, we identified 27 process risks for analysis and control.

Product Quality Assurance Across Lifecycle Stages

End-to-End Project Quality Control

- Develop project quality plans, clearly defining targets at each stage to guide full-process management.
- Implement lifecycle tracking and conduct internal evaluations to identify quality gaps and ensure closed-loop corrective actions.
- Conduct routine project reviews to identify process risks and implement control measures, reducing potential quality issues.
- Leverage failure analysis laboratories to implement product testing to verify compliance, analyze potential risks, and formulate preventive measures. We also conduct pre-mass production evaluations, anomaly identification during mass production, and post-production reviews and improvements to ensure stable product quality.

R&D Quality Management

- **Standardization:** Improve quality management standards assessment in line with customer needs and acceptance standards, to meet quality requirements.
- **Process Optimization:** Establish an independent quality control process, clarify customer complaint handling procedures and responsibilities, and standardize documentation to improve efficiency.
- **Capability Enhancement:** Organize targeted R&D quality training programs covering core areas to strengthen team quality awareness.
- **Process Upgrade:** Integrate product and PCBA quality testing to prevent material mix-up risks and ensure stable R&D quality.

Production Quality Management

- Apply Statistical Process Control (SPC) to monitor production quality data in real time, identify sources of variation, and reduce quality fluctuations.
- Establish rapid response mechanisms to efficiently address on-site abnormalities and customer feedback.
- Strengthen waterproofing and antenna consistency control for key products such as automotive radar to enhance production stability and efficiency.

Product Recall

- All subsidiaries have established a defective product recall and handling system, with well-defined and strictly implemented recall procedures and standardized disposal protocols for non-conforming products. We maintain close communication with customers, continuously track and report incident handling progress, and provide effective solutions.

In accordance with domestic chemical control standards and EU regulations, including the Restriction of Hazardous Substances (RoHS) and the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), we strictly control the use of hazardous substances such as lead, cadmium, and polybrominated biphenyls (PBB). Based on customer requirements, we have formulated the Management Specification for Prohibited Hazardous Substances to ensure the quality of raw materials and components from the source and prevent the release or decomposition of hazardous substances throughout the product lifecycle.

Quectel's Hazardous Substance Control Process

If prohibited substances are found in the production process, immediately report to the on-site quality team and isolate the materials.



The RoHS specialist investigates the cause and scope of the non-conformance.



The RoHS specialist proposes corrective measures for the non-conformance and follows up on corrective actions.



For issues involving customers and environmental concerns, corrective actions are implemented after obtaining customer consent.

▲ RoHS Environmental Hazardous Substance Abnormality Handling Process

Case Promoting Quality Culture

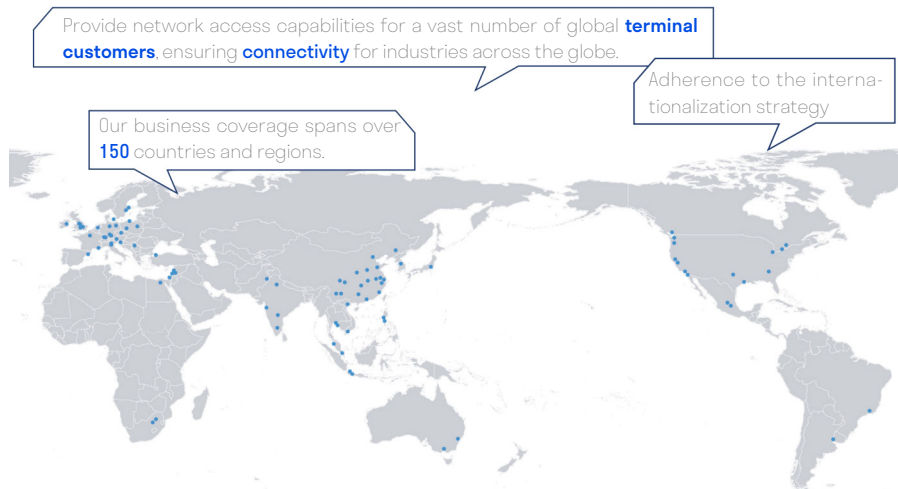
The Company regularly organizes employee training activities to enhance employees' awareness of quality responsibility and professional skills, and makes sure that they have a profound understanding of the quality control process, thus ensuring the efficient execution of all quality-related tasks. In 2025, the Quality Department organized 31 quality culture training sessions, covering topics such as quality tools, lesson learned sharing, system standards, document processes, environmental regulations, and special customer requirements, empowering quality personnel and improving product pass rates.



Responsible Marketing

To uphold responsible marketing principles and strengthen compliance safeguards across domestic and international markets, we have embedded compliance requirements throughout the entire marketing lifecycle and implemented multiple measures to ensure effective execution. We have formulated a comprehensive set of internal policies, including Brand Management Guidelines, PR and Marketing Communications Guidelines, Brand VIS Management Measures, Management Guidelines for Offline Brand Activities (Exhibitions and Seminars), Online Activity Process Guidelines, and Technical Support Department External Service and Documentation Management Guidelines. These policies set forth the fundamental principles of accuracy, objectivity, and rigor for all product communications, and comprehensively regulate brand management, marketing communications as well as online and offline promotional activities.

Meanwhile, we have developed a strict review mechanism for marketing materials, specifying that all marketing materials must be authorized and approved by the Company before being released externally, ensuring that promotional content is legal, compliant, and trustworthy. In addition, we place great importance on cultivating our sales team, and enhancing product knowledge training and professional development, striving to build a sales and customer support team with a strong sense of responsibility and high integrity.



- Our sales channels cover China, Europe, North America, Asia, Africa & Latin America, and other global regions.
- Our strong brand presence and sales channel advantages drive the rapid development of new business.
- We maintain close collaboration with global mainstream operators and other industry chain partners.

Enhancing Product Accessibility Through Knowledge Dissemination

Sales Employees

In 2025, we delivered 45 training sessions for domestic sales teams and 24 sessions for overseas sales teams through a combination of in-person instruction and online learning platforms. Training topics covered product knowledge, sales techniques, system operations, etc. The sales team actively participated in various public training sessions organized by the Company to enhance professional competence and strengthen compliance awareness.

Partners (Agents + Clients)

In 2025, we conducted a total of 360 online and offline training sessions for domestic and international clients and agents, covering mainstream product technologies (including introductions, promotions, and common issue troubleshooting analyses for Python, Smart modules, 4G/5G standards and Open solutions, short-range and GNSS modules, etc.) as well as practical skills (such as instrument operation).

Case

Live Streaming via New Media to Promote Product Knowledge

Quectel innovatively launched the "IoT Experts Talk" live-streaming series, leveraging digital tools to break geographical barriers. In 2025, we hosted 60 live sessions, attracting over 219,000 online viewers, significantly enhancing both the efficiency and coverage of knowledge dissemination.

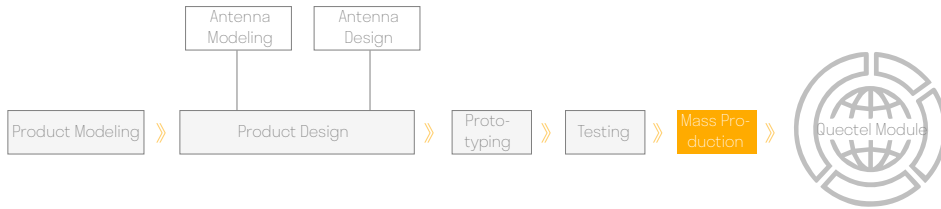


Enhancing Customer Service

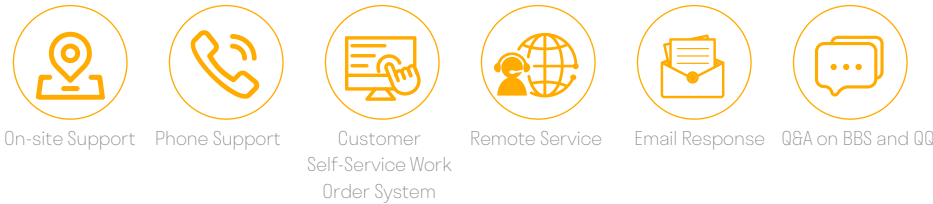
We have established various customer service policies, including the FA Failure Analysis Workflow, the Customer Issue Management Process for the Technical Support Department, and the Return Material Authorization Instructions. We are committed to providing customers with timely, high-quality products and services, delivering 24/7 uninterrupted support to respond to customer needs at any time and ensure an efficient and premium service experience.

In handling customer issues and providing technical support, we implement an online digital tracking system to monitor issues separately for overseas and domestic clients. Through our online "Customer Support" platform, we regularly push the latest firmware updates and technical documentation, ensuring customers have timely access to critical information. In addition, we have established a technical forum and deployed the Chatbot on our official website to further expand communication channels and enable rapid response to customer inquiries.

Customer Technical Support Service System



Customer Technical Support Channels



Empowering Customer Service/Technical Support Personnel

Knowledge Sharing

- Leveraging our departmental Confluence platform, we have built a structured knowledge base and knowledge-sharing environment to encourage experience sharing and technical retrospectives. In 2025, we accumulated a total of 2,904 technical knowledge articles and customer case studies.
- We organized a "Best Insights" selection every two months to identify and promote high-quality contributions. The top 3 contributors received performance incentives, effectively encouraging the creation of high-value content.

English Learning

- We strengthened engineers' English capabilities through structured training programs, including group-based learning, study of BBC News materials, and online paired speaking practice with overseas colleagues.

Technical Training

- For new employees, we have established a comprehensive training system covering both foundational processes and advanced technical capabilities, standardizing their customer communication capabilities.
- In 2025, we conducted 790 technical training sessions for all employees, including 38 overseas training sessions with over 820 participants.
- We also successfully organized two cohorts of overseas FAE engineers for two-week immersive exchange programs in China. Through a "theory + practice + review" approach, participants engaged in in-depth discussions on new projects and core development technologies, including short-range communication and smart modules.

Customer Complaint Handling Mechanism

Quectel adheres to the principles of "rapid response, accurate root-cause analysis, effective resolution, and continuous improvement." For all customer feedback and complaints, we ensure that every case is properly received, managed, resolved, and followed up. We have established a comprehensive complaint handling system covering all business scenarios, with a tiered response mechanism involving technical support teams, quality engineers, and R&D personnel. Responsibilities are clearly defined across departments to ensure effective resolution and full protection of customers' rights and interests.

Customer Complaint Handling Process



Enhancing After-Sales Service Quality

Complaint Data Analysis

- We regularly analyze complaint data and summarize key issues to form quality improvement reports.
- We convert common issues into optimization criteria: optimizing product testing standards, upgrading customer service processes, and providing dedicated one-on-one services for major projects.

Mechanism Optimization and Prevention

- We conduct post-case reviews to refine response mechanisms and improve contingency plans.
- We strengthen team training to shift from reactive resolution to proactive prevention, reducing complaints from the source and strengthening customer trust.

Specialized Handling and After-Sales Support

- A dedicated failure analysis team within the FAE Department is responsible for handling complaints, identifying root causes of module failures, and providing optimization recommendations to customers.
- We communicate with customers regarding repair requests. When repair or return is necessary, sales and commercial teams intervene to reach an agreement, after which the after-sales RMA process is initiated.

Average Customer Complaint Response Time

6 hrs

Average Customer Complaint Resolution Time

36 hrs

Customer Satisfaction Management

At Quectel, we have always adhered to the principle of “serving customers better”. We have established systems such as the Customer Satisfaction Control Procedure to standardize the customer satisfaction survey process for both domestic and international clients. We regularly investigate and analyze customer satisfaction across 14 dimensions, including quality, service, and products. We have deployed the e-service customer system in overseas markets and adopted the JSD system in the domestic market. Both systems include an online customer satisfaction survey after each service support session. Once the issue is officially closed, customers can provide feedback on the engineers’ service performance, professional expertise, product compatibility, and other dimensions.

Customer Satisfaction Control Process



Case - Creating Value for Customers

In 2025, we received thank-you letters and “Outstanding Partner” awards from customers across different countries, recognizing the quality and effectiveness of our customer service.



Indicators and Targets

We establish product- and service-related targets and indicators in accordance with the Control Procedure for Objectives and Indicators Management Plan, and conduct regular assessments of annual performance.

Indicator	Target	Progress in 2025
Product Pass Rate	Achieve established target	Product pass rate was 99.82%, target achieved
Product Recall Rate	0%	Completed (No recalled products)
Product Compliance Certification	To ensure that our products comply with international market requirements, we have obtained both domestic and international market access certifications based on the market and customer needs for different product models.	<ul style="list-style-type: none"> In 2025, we completed 1,300 domestic and international regulatory certifications, including China's CCC, NAL, and SRRC certifications, as well as overseas certifications such as EU CE, US FCC, Canada IC, Japan JATE, TELEC, South Korea KC, and Brazil ANATEL. Among these, there were approximately 260 domestic regulatory certifications and over 1,000 overseas regulatory certifications. We have cumulatively obtained over 8,700 product certifications.
Major Safety and Quality Incidents Related to Products and Services	0	Achieved
Marketing Compliance Violations	0	Achieved
Customer Satisfaction Rate	Over 90%	Customer satisfaction: 91.8% Customer technical support (FAE) satisfaction: Domestic: 99.5%; Overseas: 98.26%
Customer Complaint Resolution Rate	Over 90%	92%
Customer Complaint Response Rate	100%	100%

Driving R&D Innovation

>>> Governance

At Quectel, we regard "innovation" as one of our core corporate values and consistently drive innovation centered on product needs to enhance core competitiveness and tap into the full potential of industry innovation. We place strong emphasis on building R&D platforms, protecting intellectual property, and promoting innovation incentives and technical exchanges. These efforts enhance the innovation capabilities of our research teams and accelerate the iteration, upgrading, and commercialization of R&D achievements.

R&D Platforms Development

Certified High-Tech Enterprise; Enterprise Technology Center

Intellectual Property Advantage Enterprise; CNAS-accredited Laboratory

Shanghai Innovative Enterprise Headquarters; Shanghai Patent Demonstration Enterprise



>>> Strategy

We take technological innovation as the core engine and a globally compliant operating framework as the foundation, consistently aiming to "provide comprehensive IoT solutions to customers." Guided by our R&D strategy of "leveraging global R&D capabilities to build a smarter earth," we have established technical teams across key regions to build a globally integrated R&D and service network. We adopt a dual R&D model of "customized + forward-looking" development to accurately address the diverse needs of global customers and unlock industry innovation potential. In 2025, we actively captured the opportunities arising from the convergence of AI large models, 5G, and IoT. We advanced diversified module development, deepened AI large model solutions, integrated the strengths of "modules + antennas," and enhanced capabilities in industrial intelligent automation and scenario-based customization, thereby maintaining technological competitiveness and sustainable risk resistance.

>>> Impact, Risk, and Opportunity Management

R&D Process Management

We have established and implemented internal policies, including the R&D Innovation Management System, the Project Development Management Procedure, the Complete Product Development Process, and the Key Customer Project Development Management Specification, to standardize and support the initiation, execution, and feasibility of innovative projects, as well as research into critical and complex technologies. In 2025, based on

historical data, our R&D department developed internal standards such as the Special Improvement Reports and new product deployment plans.

We have driven the transformation of project development processes toward systematization and digitalization to improve efficiency. While ensuring the stable operation of existing systems, we launched more than 15 new system workflows and optimized over 600 processes in 2025, significantly enhancing project management efficiency.



Project Evaluation

- Collect comprehensive customer product information, including software functions, hardware specifications, development plans, and product requirements;
- Evaluate whether our R&D capabilities meet customer project needs;
- Complete and issue the Requirements List and Product Design Definition.



Project Initiation

- Conduct sequential design and review of hardware, structural components, PCB layout, and antennas;
- Perform systematic R&D risk analysis and produce the "Product Development Risk Assessment Form" and the "Product Design Analysis Report".



R&D Design and Testing

- Advance development in line with customer requirements, addressing additional needs related to software, hardware, production, and certification;
- Conduct integrated debugging, including software/hardware debugging, field testing, and certification support;
- Support customers in complete system testing, covering OTA, high/low temperature, explosion-proof, and other test scenarios;
- Issue Stage Test Reports corresponding to each testing phase.



Mass Production and Maintenance

- Track the full mass production process and follow up on after-sales issues with systematic review and summarization;
- Provide module EOL technical support and assist customers with cost-down material substitutions;
- Respond to new customer software requirements and conduct routine software iteration and maintenance;
- Generate analytical conclusions for various issues and issue Problem Analysis Reports (8D Reports).

Design and Development for Key Customer Products

R&D Team Development

Innovation is the core engine driving sustainable corporate growth and building core competitiveness. Quectel has remained deeply committed to technological R&D, leveraging a highly qualified and advanced technical talent pool to underpin our innovation-driven development. We adopt a dual talent strategy of internal development and external recruitment, building a talent pipeline aligned with our long-term innovation objectives and providing strong human capital support for technological breakthroughs and product iteration.

R&D Talent Development

Optimize Recruitment Model:

We continuously refine our recruitment and talent acquisition system in alignment with our development strategy, product positioning, and global footprint. By accurately assessing R&D needs, we attract high-quality industry talent to ensure the orderly advancement of technology projects and strengthen our innovation capabilities.

Improve the Training Mechanism:

We focus on improving team capabilities by establishing a comprehensive professional training system, including specialized R&D training programs and customized courses. We have built integrated online and offline learning platforms, supported by internal trainer development, expert-led sessions, technical salons, and employee participation in external technical training, professional conferences, seminars, and exhibitions. These initiatives have strengthened our technical expertise and driven continuous capability enhancement. In 2025, the Quectel Academy organized and recorded over 1,700 technical training sessions and internal sharing.

R&D Innovation Promotion

Establish Sound Institutional Safeguards:

We have established the Management Measures for Internal Innovation Incentives, including the creation of the "Innovation Bonus Pool." Annual innovation awards are issued to recognize outstanding initiatives in technological innovation, invention patents, process improvements, and workflow optimization, providing both institutional and financial support for employee innovation. We also regularly host "Innovation Arena" competitions to encourage cross-department collaboration in exploring new technologies and models and identifying high-potential projects.

Innovation Award Selection:

In 2025, we received 103 innovation proposals from various departments at home and abroad; after a rigorous review, 47 projects stood out, covering multiple core areas such as technology R&D, production processes, testing and validation, management optimization, and product innovation.

Case > Innovation Incubation Workshop - Unleashing Creative Potential

In 2025, we launched an internal "Innovation Incubation Workshop" program. A total of 109 ideas were submitted, with over 30 ideas evaluated across 5 competition rounds. One project entered the incubation stage, and two high-potential projects continued to be tracked. Through a phased approach of "initial engagement activation → problem adjustment and system refinement → new system-driven recovery," we achieved steady growth in idea generation and established a solid participation foundation for future incubation initiatives.



Industry-Academia-Research Collaboration

We have deepened collaboration across industry, academia, and research institutions by working closely with universities, research organizations, and third-party platforms. We have jointly established internship and training bases with multiple universities to cultivate market-oriented professional talent. In addition, we carry out comprehensive cooperation in areas such as project R&D and market expansion, integrating resources and leveraging complementary advantages to jointly promote industrial innovation and upgrading.

Case > School-Enterprise Collaboration between Quectel Guilin and Guilin University of Electronic Technology

We have actively strengthened collaboration with universities through joint training and technical exchange programs, cultivating high-quality technical talent and injecting new momentum into our innovation efforts. In 2025, we invited faculty from Guilin University of Electronic Technology to deliver 12 training sessions, reaching approximately 560 participants, with an average course satisfaction score of 95.81.

IPR Management

At Quectel, we value the development of intellectual property (IP) protection and strictly comply with relevant laws and regulations both domestically and internationally, continuously improving our IP management system. In 2025, we revised and implemented the Patent Application Management System and the Trademark and Copyright Management Measures, further refining processes related to IP application, authorization, incentives, and protection. Our IP management practices for the R&D and sales of wireless communication modules have obtained the GB/T 29490 Intellectual Property Compliance Management System certification and have remained valid. We have also been recognized as an "Intellectual Property Advantage Enterprise" and a "Key Intellectual Property Protection Unit in Songjiang District," providing strong support for our patent protection framework.

IP Strategy

We adopt a defensive strategy to mitigate infringement risks while implementing an offensive strategy through proactive patent application and deployment to build our technological barriers. Meanwhile, we focus on marketing, technological project declarations, and new product development. We have formulated and implemented a patent application strategy to maximize IPR value, enhance market competitiveness, and improve brand influence.



IPR Compliance Management System Certification

IPR Risk Prevention and Talent Development

Digital IP Management

- We have established a digital IP management platform, enabling full lifecycle, process-driven management from application and acceptance to authorization and expiration.

Patent Analysis and IP Protection

- We provide targeted patent search services and issue risk assessment reports, with support from professional law firms in North America and Europe.
- In patent infringement litigation, we conduct in-depth technical analysis of the patents involved, providing strong non-infringement defense evidence for both ourselves and our customers, effectively safeguarding rights and interests, and avoiding significant economic losses.

Patent Incentive Mechanism

- To encourage employees to convert their inventions and creations at work into patents, we have formulated and implemented the Patent Reward Measures, distributing special bonuses quarterly. **In 2025, our total patent incentives amounted to RMB 648,000.**

IP Training Programs

- We regularly engage external experts to deliver IP training programs covering patent application, patent drafting, and software copyright documentation, continuously enhancing our team's capabilities in IP creation and protection.

Case

Deep Participation in International Standard Development, Leading Innovation in Vertical Industries

Quectel is a member of the 3rd Generation Partnership Project (3GPP), a global cellular mobile communication standardization organization, and the China Communications Standards Association (CCSA), actively participating in discussions on communication standards and closely tracking the technological development in the industry.

From February to November 2025, our IP Department sent representatives to participate in a series of 3GPP global working group meetings held across Europe, the Americas, and Asia, submitting more than ten technical proposals. These proposals contributed to incorporating our technical solutions into the 5G-Advanced (5G-A) standard framework and expanding their application into multiple vertical industries, including new energy vehicles and smart agriculture.

R&D Innovation Achievements

We have achieved fruitful R&D outcomes in multiple fields. We continuously lead in the integration of 5G and AI, launching several high-performance benchmark products, and creating cloud-side and edge-side AI large model solutions under the Quectel AI framework. In the field of high-precision positioning, we have further enriched product applications by introducing high-precision positioning modules tailored for scenarios such as precision agriculture and surveying and mapping. Additionally, we have deepened R&D efforts in automotive-grade modules, hardware-software integration, and antenna technologies. These innovations have been widely applied across industries including telecommunications, automotive, industrial manufacturing, surveying, logistics, and healthcare.

In 2025, we developed **2,008** new products, a significant increase compared to the previous year.

Major R&D Innovation Achievements in 2025

Advancing the "5G + AI" Experience for FWA

We launched the RG620UA-EU 5G module based on the UNISOC V20 chipset platform, delivering an integrated "5G + AI" solution for next-generation CPE applications. This module delivers excellent performance in terms of transmission performance, computing power, and key R16 features—achieving a maximum downlink rate of 4.67Gbps and an uplink rate of 1.25Gbps in SA mode. By enhancing AI algorithms and scene adaptability, it injects new vitality into the overall performance, making it suitable for widespread deployment in mobile scenarios such as homes, small and medium-sized enterprise (SME) offices, construction sites, exhibitions, and emergency command scenarios.



Upgraded LTE Modules Enabling “Always-On, Everywhere” Connectivity

Driven by technological breakthroughs, we have completed major upgrades to several core LTE modules. By integrating Direct-to-Cell (D2C) satellite communication technology, these modules now support dual connectivity via terrestrial cellular networks and satellite networks. This enables customers to avoid additional satellite hardware costs, shorten time-to-market, and significantly enhance product competitiveness.



GNSS LG290P Module: Balancing Low Power Consumption and High Precision

Equipped with high-precision GNSS navigation modules and a centimeter-level LG290P GNSS positioning module, our autonomous lawn-mowing robots leverage Real-Time Kinematic (RTK) technology to achieve positioning accuracy of ±1 cm in open environments. Combined with advanced path planning, task scheduling, and execution control algorithms, these systems effectively avoid redundant operations and deliver 15%–20% additional energy savings compared to conventional smart devices, significantly reducing unnecessary energy consumption.



Launch of Robrain AI Robotics Solution V2.0

We officially released the Robrain AI Robotics Solution V2.0, successfully deploying it in humanoid robotics applications. This solution deeply integrates multimodal AI large models with the AI computing platform QSM882GP, enabling comprehensive processing of visual, voice, and textual data for scene understanding and precise motion control. It also incorporates voiceprint recognition technology to enhance interaction security and personalization. This upgrade marks a shift from functional to humanized human-machine interaction, demonstrating Quectel’s continued innovation in AI and robotics.



Indicators and Targets

In 2025, we achieved key R&D targets, including continuously strengthening our innovation capabilities, increasing the number of patent applications and grants, and enhancing protection of core technologies. The number of R&D personnel increased by 45.84% compared to last year, and the training coverage rate has also risen year-on-year. We obtained 197 newly granted patents during the year, effectively safeguarding our core technologies.

Key Indicators for R&D Investment		
Indicator	2024	2025
Number of R&D Employees	4,184	6,102
Proportion of R&D Employees in Total Workforce	71%	68.13%
R&D Investment (RMB billion)	1,669	1,951
R&D Investment as a Percentage of Revenue	8.97%	8.02%
Training Hours for R&D Personnel	219,500	200,161
Proportion of R&D Staff Trained	91.5%	93%

Key Indicators for IP Protection			
Indicator	2024	2025	
Valid Patents During the Reporting Period	568	778	
Invention Patents Applied to Main Business	199	308	
Patents under Application and Acceptance	440	659	
Copyrights	303	327	
Trademarks	363	327	
Number of Granted Patents	Granted Design Patents	7	6
	Granted Utility Model Patents	51	81
	Granted Invention Patents	88	110

Digital and Intelligent Development

»» Governance

In advancing digital and intelligent development, we have established a governance mechanism characterized by dedicated leadership and cross-functional collaboration, ensuring standardized, end-to-end management of digital and intelligent products from development and implementation to certification and commercialization. Our R&D team closely aligns with market demands, integrating cutting-edge technologies to innovate and drive core product development. The project management function oversees timelines, coordinates resources, and controls risks to ensure orderly implementation. The Intelligent Manufacturing Center enhances systems and standardizes processes to translate R&D outcomes into high-quality products. The certification team advances product certification to meet diverse international market access requirements, while the sales team leverages market insights to conduct targeted marketing and promote product deployment in smart application scenarios. Through clear accountability and efficient coordination, all departments jointly strengthen the governance foundation for high-quality digital and intelligent development.

»» Strategy

Guided by our core mission of "Building a Smarter Earth," we have deeply embedded digital and intelligent development into our overall corporate strategy. We actively captured opportunities in the digital and intelligent era while effectively managing potential industry risks. Leveraging our integrated capabilities, we have expanded into diverse smart application scenarios and enhanced our ability to sense and respond rapidly to evolving market demands at a strategic level. By empowering integrated IoT solutions with digital and intelligent technologies, we continue to drive innovation breakthroughs and maintain steady progress amid the transformation toward a more digital and intelligent future.

»» Impact, Risk, and Opportunity Management

Digital and Intelligent Manufacturing and Management

Intelligent manufacturing and management play an irreplaceable role in the development of smart factories. We achieve refined control of production processes by building a systematic, IT-based management platform. While continuously improving product quality, we significantly enhance our production efficiency and competitiveness.

Intelligent Production and Full-scale Quality Control

- Integrate processes such as SMT and automated assembly to optimize the entire workflow from PCB feeding to packaging;
- Implement 100% multi-dimensional inspection covering welding, performance, and other indicators to ensure products meet stringent standards.

Smart Warehousing and Equipment Upgrades

- Introduce facilities such as automated guided vehicles (AGV) and automated high-bay warehouses (with future plans for cross-floor AGV transportation solutions);
- Integrate WMS and MES to achieve "material-to-person" supply;
- Penang Quectel has also implemented WMS-based digital warehousing;
- Over 90% of our factories have adopted collaborative robots, supported by automation equipment and BPM systems to improve operational efficiency.

Digital Systems and Operations

- Establish a digital production system centered around SAB, with WMS, QMS, and MES working collaboratively to manage materials, quality, and production processes end-to-end;
- For new EMS projects, we develop dedicated MES systems to enable full product traceability. We also leverage industrial big data platforms to analyze production data, optimize capacity allocation, and trace root causes of defects.

Enterprise-wide Digital Efficiency Enhancement

- In 2025, Quectel Changzhou fully implemented an integrated office platform, enabling efficient cross-departmental and cross-regional collaboration and intelligent project management;
- Ensure intelligent management across plant security and parking systems;
- Make systematic investments in new business segments to adapt to the upgrading needs of business models.

Smart Product Design and Applications

At Quectel, we are committed to advancing the design of smart products that are adaptable to more application scenarios. Our products cover a wide range of fields such as smart transportation, energy, agriculture, furniture, education and entertainment, and assist driving, providing customized intelligent solutions for various industries to enhance product accessibility. Based on market demand, we launched integrated AI large model solutions combining modules, large models, AI algorithms, and platforms in 2025, enhancing perception, decision-making, and interaction capabilities across terminal applications, contributing to the development of new quality productive forces, and thus comprehensively serving people's aspirations for a better life.

Achievements in Digital and Intelligent Development

Industrial Intelligence

Our industrial intelligence brand, Provecta AI, introduced a range of AI-enabled automation equipment and solutions, including AI visual inspection systems, SOP behavior recognition, AI-enabled sorting and screening machines, PIN inspection systems, automated module programming equipment, and flexible manufacturing solutions.

Intelligent Transportation

We launched DynaBlue Bluetooth protocol stack, LXC virtual cockpit software, and QuecOpen cross-platform TCU solutions. We also released the automotive-grade 5G R18 module AR588MA and the Quectel Pi H1 development board, supporting advanced driver assistance, in-vehicle intelligent interaction, and real-time traffic management decision-making, further strengthening our "seven major in-vehicle technology ecosystems."

Smart Agriculture

Our Verditex brand launched FMA series agricultural machinery navigation, FBS base station, FSC200 intelligent simulator cockpit, FPS100 precision spraying and other system solutions, and released the centimeter-level high-precision GNSS module LG680P to help digital agricultural management and precision operation in all scenarios.

Smart Healthcare

We released a 5G-AxAI terminal suite, including portable AI diagnostic devices. We also supported Deyee in launching the world's first edge-side large-model AI embodied physiotherapy robot, integrating 8-DOF 3D vision navigation with traditional Chinese medicine-based therapy for autonomous and precise services.

Smart Home

We introduced the VA500-GLAI audio module (featuring localized AI algorithms for environmental sensing and offline voice control) and the ultra-compact FGM842D Wi-Fi 4 & BLE 5.2 dual-mode module, enabling proactive interaction in appliances such as air conditioners and range hoods. We also launched the RD6000CC millimeter-wave radar for fall detection, enhancing safety in elderly care scenarios.

Smart Energy

We provided customized solutions such as dual-form 5G antennas and dedicated LoRa antennas for gas meters, addressing connectivity challenges in metal-shielded and complex environments. We supported energy storage system inspection with Robrain AI robotics solutions and high-computing-power modules, while ensuring reliable global connectivity through "IoT SIM + eSIM" solutions.

Case → AI Algorithms and Solutions Empowering Diverse Smart Scenarios

In 2025, Quectel's Value Added Service (VAS) product line collaborated with global teams to promote green intelligent solutions in various regions including China, Europe, America, and Asia-Pacific, based on end-side AI large models, Agent IoT architecture, and AI audio-video technology. Leveraging low-power modules integrated with lightweight AI models, we enabled on-device inference and voice interaction, reducing reliance on cloud computing and minimizing network-related energy consumption. The solutions have covered scenarios such as intelligent transportation, smart retail, smart homes, and Robrain robots, helping enterprises improve efficiency, reduce energy consumption, and provide inclusive intelligent services for children, the elderly, and people with disabilities. In terms of social impact, the solutions enhance independent living capabilities for vulnerable groups through voice interaction, enable personalized educational companionship for children, and reduce food waste and packaging consumption through intelligent recognition technologies, driving the IoT ecosystem toward energy efficiency, inclusiveness, and sustainability.

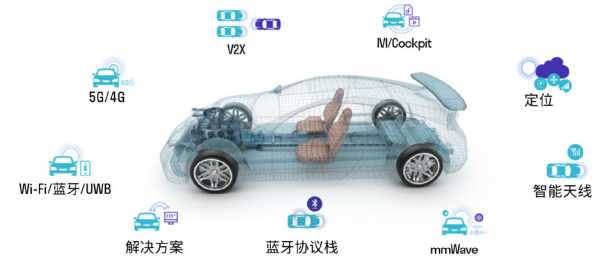
Case → Acceleronix — An Efficient, Economical, and Secure Smart IoT Platform for Home Gas and Energy Storage

Quectel's Acceleronix dual-platform solution, based on its proprietary IoT technology, provides a safe and efficient closed-loop solution for energy management.

- Upon detection of the gas leaks, the system automatically triggers audible and visual alarms, pushes alert notifications, and shuts off gas valves. Users can remotely control ventilation devices via mobile applications. Combined with Quectel modules certified under ATEX explosion-proof standards, the solution supports safe and reliable large-scale deployment.
- The energy management system provides supports via WEB/APP, featuring OTA upgrades and anomaly warning functions. Paired with a proprietary Wi-Fi data acquisition device and stable RS-485 communication, it enables data transmission, command delivery, and remote upgrades, forming a bidirectional control loop among IoT platform, devices, and users.

Case Intelligent Connected (V2X) Technology: Enhancing Traffic Efficiency and Reducing Carbon Emissions

In 2025, Quectel's vehicle-mounted V2X communication products and solutions achieved real-time data exchange among vehicles, roads, and the cloud. Through green wave speed guidance, the system provides optimal speed recommendations based on traffic signal status, helping vehicles pass through intersections smoothly. These products and solutions also support coordinated platooning for commercial vehicle fleets, leveraging aerodynamic drafting effects to reduce air resistance for following vehicles. In terms of environmental value, they reduce sudden braking and idling while enabling platoon driving, lowering energy consumption per vehicle by approximately 10%–20%, with fuel savings of up to 15% for vehicles within a fleet, directly contributing to energy conservation and emissions reduction. Socially, they improve traffic efficiency and road safety while alleviating urban congestion through smoother driving experiences.



Case Building the Next-Generation Emotion-Aware AI Companion

Quectel's "4G AI Companion Solution," centered on a "module + AI large model" architecture, empowers cultural and consumer products with child-centric intelligence across three dimensions:

- All-Scenario Stable Connectivity: Equipped with Quectel's low-power 4G module (EC800M-CN), and optimized for the frequent mobility of children, the system ensures continuous and stable connectivity in various indoor and outdoor scenarios, preventing call interruptions caused by network switching.
- Emotion-Aware Interaction for Children: Integrated with cloud-based child-focused AI large models and voice emotion recognition algorithms, the system detects emotional changes in children's speech patterns and adjusts storytelling tone, plays soothing music, or provides verbal encouragement, enabling human-like emotional interaction.
- Safe and Controlled Content Ecosystem: Based on Quectel's IoT platform, it ensures secure management of content updates and interactions throughout the process, ensuring that children receive appropriate content and intelligent interaction experiences in a regulated environment.



Indicators and Targets

At Quectel, we consistently incorporate digital and intelligent development into our core strategic objectives. In 2025, we achieved key breakthroughs in edge-side large model technologies, enabling the large-scale deployment of AI solutions across multiple industries. We also completed capacity planning for expansion projects in AI computing power, automotive modules, and 5G modules. Looking ahead, we will focus on deepening the integration of 5G-A, AI, and satellite communication technologies, continuously iterating and upgrading edge-side large model capabilities, and refining integrated digital and intelligent solutions. We will further promote the implementation of smart and green application scenarios to unlock production capacity, while continuously enhancing our digital operations capabilities and intelligent product design expertise.

Adhering to Technological Ethics

In an era of rapid technological advancement, the deployment of AI large models, IoT, and AI model training platforms has made the governance of AI interaction, large-model applications, and technology ethics increasingly critical. Relevant control measures have been embedded throughout the entire lifecycle of technology development, project implementation, and application.

During the reporting period, we had no violations against ethics in science and technology.

AI Governance and Rational Use	
Standardized Application of AI Tools	<ul style="list-style-type: none"> We deploy AI-enabled search capabilities on IoT platforms and utilize third-party systems embedded with AI governance and technology ethics requirements; In developing large models, we incorporate AI tools while establishing internal policies governing AI use, including clear requirements for data leakage prevention and standardized procedures across the full lifecycle of technology use.
Ex-ante Assessment	<ul style="list-style-type: none"> From project initiation to deployment, we conduct comprehensive assessments to ensure alignment with ethical standards and societal values, and complete regulatory filings for internet information service algorithms where applicable.
Phased Control	<ul style="list-style-type: none"> During the development phase, we uphold principles of fairness and transparency, leverage multi-source data collection to reduce algorithmic bias, and apply explainable AI technologies to ensure ethical compliance. During the application phase, we conduct system security and reliability testing, with continuous optimization based on evaluation results.

End-to-End Privacy Protection	<ul style="list-style-type: none"> We prioritize data privacy protection by implementing encryption measures across data collection and usage processes, strictly adhering to the data minimization principle to comprehensively safeguard user privacy.
-------------------------------	---

Data Security and Privacy Protection

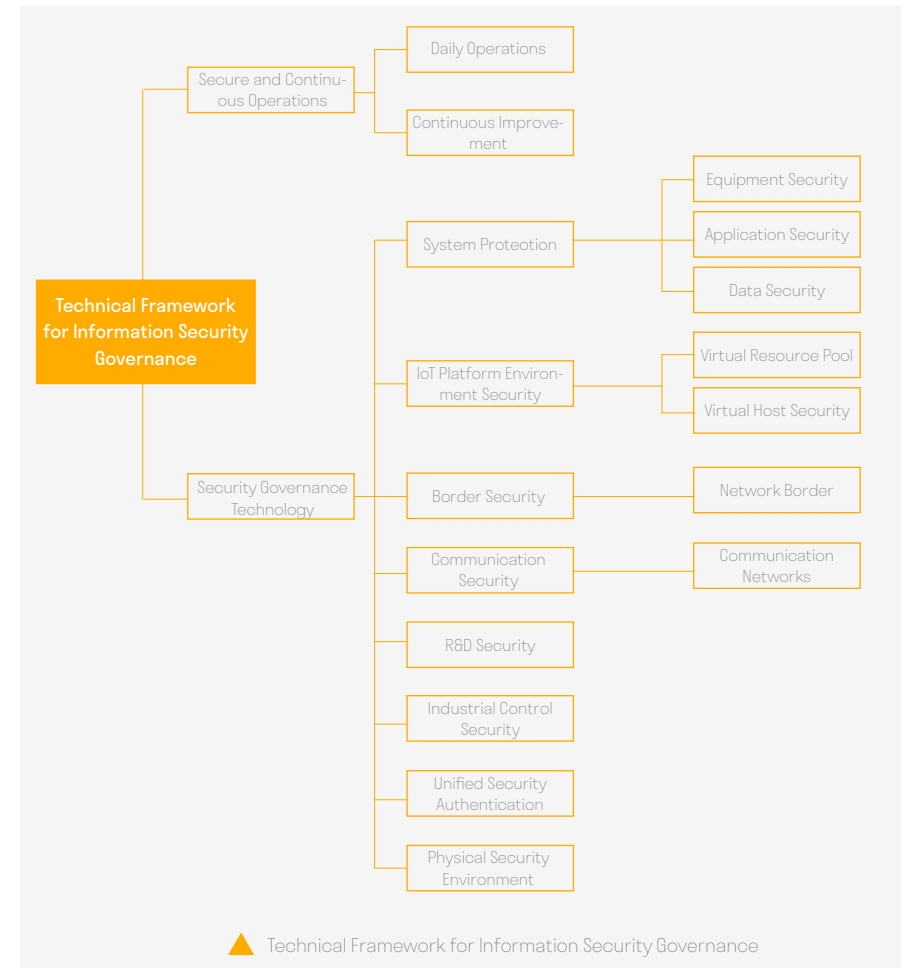
>>> Governance

Data Security System Development

At Quectel, we comply with applicable laws and regulations and have established a comprehensive set of information security management policies covering areas such as cybersecurity, data center security, personal information protection, and hardware security. These policies ensure robust protection of data related to our operations, customers, suppliers, and employees.

We have established an information security governance structure comprising management-level oversight (Information Technology Department), functional departments, and execution units (Information Security Team). We conduct regular information security audits and ensure closed-loop remediation of identified issues, continuously improving our information security management system in line with technological advancements and business needs. In 2025, we revised policies including the Meeting Security Management Policy and the Information Security Inspection Policy.

We have obtained certifications including ISO/IEC 27001 Information Security Management System (covering communication modules, IoT platform R&D and operation services, etc.), ISO 27701 Privacy Information Management System, ISO 21434 Road Vehicles Cybersecurity Engineering and TISAX Level 2 assessment for automotive industry information security assessment.



Information Security and Privacy Protection Management System	IT Resource and System Management	Network Management Regulations AD Account Management System IT Device Management System Server Management System Standards Terminal Security Usage Management System
	Supervision, Assessment and Penalties	Information Security Penalty Management System
	Data Security Process Management	Backup Management System Personal Information Security Specifications Data Transmission Operation Guideline
	Emergency Response	System Emergency Recovery Plan Data Breach Emergency Response and Notification Process
	Privacy Management and Statement	Employee Privacy Statement Privacy Information Applicability Statement Information Security and Privacy Information Policy Information Security and Privacy Information Management Manual

Strategy

As one of the most critical production factors, data security has been elevated to a position of paramount importance. We actively respond to the Digital China Construction Overall Layout Plan and continuously enhance our data security management systems and measures to ensure the delivery of secure, efficient, and sustainable products and services to our customers.

Coverage of Business Areas with Data Security Certifications	90	%
Sensitive Data Encryption Coverage	100	%

During the reporting period, we had not faced any penalties from relevant authorities due to violations of information security and privacy protection laws and regulations.

Impact, Risk, and Opportunity Management

Data Security Protection Measures

We implement comprehensive information security management, including precise risk identification, regular data backup exercises, enhanced network governance, the use of professional tools for vulnerability detection and remediation, and ongoing employee training, thereby jointly building a robust information security defense system.

Data Security Risk Management

Information Security Review and Vulnerability Management	<ul style="list-style-type: none"> •Normalized Data and Asset Governance Classify domestic and international data, and establish allowlists and blocklists for management by category, conduct external asset security inspections and scans every two months while promoting overall management, simultaneously collecting and scanning risk exposure using open-source POC scanning tools, with results forwarded to business departments for rectification. •Closed-loop Vulnerability Management Respond to vulnerability detection requirements and conduct re-testing after completion of remediation to verify effectiveness; deploy jointly procured commercial vulnerability scanning platforms across domestic and overseas operations to enable synchronized scanning across locations, improving efficiency in identifying and addressing new vulnerabilities; and implement proactive threat detection, centralized log management, and in-depth data analysis, establishing a vulnerability database and ensuring full-process tracking and remediation. •Security Access Control for New Systems Complete security testing and obtain approval through formal testing work orders before the new system goes live, conduct security scanning on the test environment address, categorize remediation based on vulnerability levels, and only initiate the launch process after passing acceptance.
--	---

Employee Privacy Protection	All new employees sign the Quectel Employee Privacy Statement upon onboarding, reinforcing awareness of privacy protection obligations.
-----------------------------	---



ISO 27001 Certification ISO 27701 Certification ISO SAE21434 Certification TISAX Certification

Information Security and Privacy Protection Management System

Data Security Protection Management

Data Breach Emergency Response	<ul style="list-style-type: none"> • Business Impact Analysis (BIA): Conduct a specialized analysis of risks and occurrence probabilities for 5 core business systems, including the network storage system, work order system, and developer center • Develop a business continuity drill plan based on the analysis results and organize specialized emergency drills. • Ensure that in the event of a major disaster or business interruption, the IT infrastructure, business systems, and service personnel for critical business operations can resume operations within the specified time frame while ensuring data integrity.
Data Transmission and Backup Management	<p>Transmission Management</p> <ul style="list-style-type: none"> • Employ various methods such as shared drives, network storage, FTP, SharePoint, and OneDrive for cross-department data transmission to meet the transmission needs of different departments and business scenarios. • Conduct PI assessments for foreign colleagues before cross-border transmission, strictly controlling the cross-border flow of data to ensure the security of sensitive data during network transmission and to prevent data leakage and tampering. <p>Backup Management</p> <ul style="list-style-type: none"> • Implement full backup management for various types of transmitted data to proactively prevent information security incidents, ensuring data security and recoverability.
Information Security and Privacy Protection Training	<p>Organize data compliance and information security training sessions, seminars, and other activities, covering topics such as the dissemination of information security policies and regulations, office and daily security norms, security rule summaries, and interactions. These activities aim to raise employees' awareness and response capabilities regarding information security.</p> <p>Information Security Training Performance in 2025:</p> <ul style="list-style-type: none"> • Mandatory information security training for new employees: 13 sessions, covering 2,400+ participants; pass rate: 100% • Company-wide information security training assessments: 5 sessions; participants: 4,768 (domestic) and 561 (overseas); pass rate: 100%

Case Recognition in Cybersecurity Attack and Defense Drill

Quectel participated as the blue team in the 2025 Shanghai Industrial and Information Technology Cybersecurity Attack and Defense Drill ("Gongfu Liwang"). During the event, we actively conducted network attack and defense drills to strengthen our system security defense capabilities, successfully completed the drill tasks, contributed to the smooth execution of the event, and received recognition from the relevant authorities in Shanghai.

Protection of Customer Privacy

At Quectel, we closely follow global data security regulatory requirements, comply with the ISO 21434 international standard and the national standard GB/T 32960 operational specifications, and continuously monitor updates to EU data protection regulations. We have also continued to improve our customer privacy complaint handling mechanisms. We ensure that when privacy rights and interests are violated, customers can receive timely and effective solutions. Additionally, privacy protection measures are fully integrated into the service lifecycle, providing global customers with secure, reliable and trustworthy service experiences.

In 2025, no customer privacy breach incidents occurred.

Customer Privacy Protection Measures

Confidentiality Agreements

We sign confidentiality agreements with employees and business partners to clearly define obligations regarding the protection of confidential information.

Decentralized Customer Information Management

We implement role-based access control over customer information, ensuring that only authorized personnel can access and process such data, thereby preventing unauthorized access and data leakage.

DPIA Privacy Assessment

We conduct Data Protection Impact Assessments (DPIAs) to systematically identify and evaluate the privacy impacts of data processing activities and implement targeted mitigation measures.

Compliance and Product Security

Threat analysis is conducted during the product design phase, and risk transfer or elimination is implemented. The Hardware Security Module (HSM) technology is used throughout the process to ensure security.

End-to-End Customer Data Governance

Transmission Security: Prohibit printing customer privacy information and monitor sensitive information through log scanning; data transmission is secured using TLS encryption with multiple security options.

Storage Security: Data protection is ensured through built-in module security frameworks and technical solutions.

Communication Security: All components are digitally signed to prevent tampering, supported by standard security measures including WPA encryption, Threat Analysis and Risk Assessment (TARA), and HSM-based encryption to mitigate and eliminate risks.

Indicators and Targets

Data Security Management Targets and Progress					
Indicator	Target	Progress in 2025			
		Q1	Q2	Q3	Q4
Information Security Incidents	0	0	0	0	0
Data Leaks	0	0	0	0	0
Long Business Interruptions (30+ minutes)	0	0	0	0	0
New Vulnerability Fix Rate	100%	95%	95%	92%	98%
Information Security Training (Times)	100% Completed	0	0	1	4

Supply Chain Security

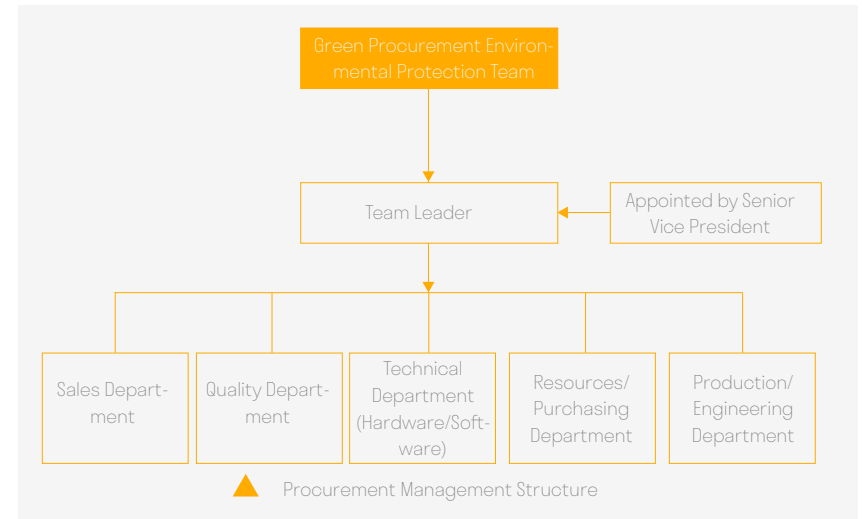
Governance

Procurement Management Structure

To enhance standardized procurement practices and ensure that procurement activities are conducted efficiently, transparently, and in compliance with applicable regulations, we have established and implemented various procurement management policies, including the Procurement Control Procedure, the Production Material Procurement Tender Management Regulations, the Procurement Department Operating Standards, and the Anti-Corruption Standards on Resource Procurement. These policies have continuously strengthened the standardization and formalization of our procurement operations. We have established the Green Procurement Environmental Protection Team, clarified management responsibilities, comprehensively identified supply chain procurement risks, strictly controlled the use of harmful substances, dynamically tracked updates to regulations and policies, and promoted compliance operations and sustainability for the Company and its supply chain partners.

To strengthen the standardized and sustainable supply chain management, we have developed systematic documents such as the Supplier Development and Management Standards and the Supplier Management Manual, improving the supplier admission, daily management, and exit mechanisms. Leveraging our procurement system platform, we implement end-to-end, refined management of production raw materials, significantly improving supply chain efficiency and quality.

Procurement personnel performance is directly tied to procurement quality. We established the Procurement Engineer Performance Evaluation Form, which defines key responsibilities and performance targets during the evaluation period, covering dimensions such as on-time delivery rate, cross-departmental collaboration, quality coordination, and system alignment.



Members	Responsibilities
---------	------------------

Management	<ul style="list-style-type: none"> The team is led by an appointee of the Senior Vice President, who serves as the sole authorized signatory for external environmental-protection agreements. The leader organizes and coordinates the green procurement process to ensure smooth operation, eliminate environmental risks in our products, and guarantee customer satisfaction.
------------	---

Execution	<ul style="list-style-type: none"> Sales Department Study materials, identify customer requirements, provide internal feedback, and collaborate with the Quality Department to provide necessary data. Quality Department Update the hazardous substance management methods in a timely manner, work with R&D, sales, and resource departments to evaluate and record customer environmental requirements, review and manage the environmental qualifications of suppliers' materials, and assess the environmental status of our projects. Technical Department (Hardware/Software) Lead new-product development, and ensure that product development complies with customer regulatory requirements. Resource/Procurement Department Source suppliers that meet environmental protection requirements and collect testing reports for materials such as RoHS, and halogen-free reports. Conduct environmental investigations on existing suppliers and create a list of qualified green suppliers Production/Engineering Department <ol style="list-style-type: none"> Monitor incoming materials for environmental compliance, review reports and packaging proofs; request third-party testing reports such as RoHS, REACH, and halogen-free compliance reports when necessary. Inspect eco-friendly materials, immediately isolate the material and stop the relevant production line if there is no eco-label, and promptly report to superiors. Monitor whether the shipments are eco-friendly, ensuring that the shipment labels and packaging meet RoHS certification. Verify that production auxiliary materials and recycled materials are environmentally friendly.
-----------	--

Sustainable Procurement Management

At Quectel, we place strong emphasis on ESG management across the supply chain, particularly by incorporating ESG performance as a core evaluation criterion during supplier admission. The Supplier Environmental and Social Responsibility Scorecard serves as a key component of the overall Supplier Evaluation Form, covering dimensions such as labor rights and interests, occupational safety, employee welfare, working hours, and environmental management (annual monitoring). These indicators have been integrated into the comprehensive supplier scoring system. Specifically, suppliers are required to achieve a minimum score of 80% on each ESG-related indicator, including Environmental Control and Environmental and Social Responsibility, with the ESG component accounting for 10% of the overall supplier evaluation.

In addition, we formalize ESG expectations by signing agreements including the Supplier CSR Agreement and the Supplier Environmental Protection Agreement, thereby regulating and standardizing supplier conduct across multiple dimensions, including social responsibility, environmental protection, and business ethics. These measures lay a solid foundation for sustainable supply chain management.

ESG Requirements for Suppliers

Governance	Business Ethics	Suppliers must strictly comply with all laws and regulations related to bribery, corruption, and prohibited business practices.
	Corporate Oversight	Suppliers must comply with our code of conduct, provide relevant documents and grant access as required, and respond promptly to reasonable inquiries from our representatives regarding its implementation.
Social	Forced Labor	The employment of any type of forced or involuntary labor is prohibited.
	Prohibition of Child Labor	The employment of child labor is prohibited. Apprenticeship programs are supported, provided these programs comply with all applicable laws and regulations for such programs.
	Remuneration and Benefits	Suppliers must comply with all applicable salary and working hour laws and provide legally required benefits.
	Working Hours	Suppliers must adhere to local statutory working hours and compensate for overtime. Weekly working hours (including overtime) must not exceed 60 hours (in exceptional cases, employee consent is required; lower standards apply in regions with lower working hour limits), and employees must be guaranteed at least one day off per week.
	Non-Discrimination and Respect	Discrimination based on race, religion, gender, or any other factor is prohibited during recruitment. Fair treatment of all employees must be ensured. Employee rights shall be respected, and any form of corporal punishment, threats of violence, or harassment is strictly forbidden, in order to maintain a safe and respectful working environment.
	Health and Safety	Suppliers must establish standards for occupational health and safety and implement corresponding management systems.
Environment	Environmental Protection	Suppliers must comply with all environmental laws and regulations, including chemical management, waste disposal, wastewater and waste gas control, and meet our additional environmental requirements by providing proof of non-hazardous material products.

>>> Strategy

At Quectel, we continuously deepen collaboration with suppliers and value chain partners to build a robust and efficient coordination mechanism covering the entire process from raw material procurement to finished product delivery. This ensures product supply stability, and the steady expansion of our business. In terms of industrial ecosystem development, we strengthen cooperation with operators and core suppliers, integrating advantageous resources and jointly advancing technological innovation and application exploration, thereby fostering the development of a more competitive and innovation-driven industrial ecosystem. In supply chain management, we focus on building a unified supply chain management system and information system, adhering to production-oriented procurement and optimized inventory management. Centered on flexible delivery requirements, we have built digital procurement management systems and improved standardized procurement processes to ensure compliance and operational efficiency.

» Impact, Risk, and Opportunity Management

Supplier Risk Management

We continuously improve our supply chain risk prevention and control system by strengthening mechanisms for risk identification, assessment, and supervision, and by optimizing contingency and backup strategies. We conduct comprehensive quarterly reviews of the supplier list to assess risks and update risk ratings, enabling early identification, early warning, and timely mitigation of potential risks.

Admission and Source Control	<ul style="list-style-type: none"> • We implement a strict supplier admission mechanism, under which all new suppliers are subject to comprehensive and prudent evaluation. In supply solution design, we require, where feasible, the inclusion of alternative material options to avoid dependence on a single source. Meanwhile, we further strengthen contractual performance assurance through measures such as supply guarantee agreements and the collection of performance deposits.
Dynamic Monitoring and Early Warning Response	<ul style="list-style-type: none"> • We have established a real-time monitoring and risk early warning mechanism, collaborating to develop solutions within 24 hours of triggering.
Constraint Mechanism and Accountability	<ul style="list-style-type: none"> • High-risk suppliers are required to sign supply guarantee agreements and provide performance deposits, with clear provisions for breach liabilities and accountability tracing. • We promote the establishment of internal supplier risk assessment and escalation mechanisms, covering multiple dimensions such as safety and compliance, financial risk, product safety, process stability, and supply risk, supported by corresponding contingency plans.
Supply Resilience and Ecosystem Collaboration	<ul style="list-style-type: none"> • We implement multi-sourcing strategies and establish contingency plans for critical material substitution to reduce over-reliance on single suppliers. • We manage slow-moving and obsolete inventory to improve resource utilization efficiency.

Ensuring Supply Chain Security

We continuously strengthen supplier audit and management practices, optimize resource allocation, and formulate the Annual Supplier Audit Plan. Through cross-departmental collaboration, we conduct on-site supplier audits and performance evaluations. All relevant information is recorded in real time on the supplier management platform to ensure transparency and traceability. Supporting policies such as the Performance Evaluation for Production Suppliers, the Manufacturer Evaluation Form, and the Annual Manufacturer Assessment are implemented in parallel.

Supplier Audits

- We conduct comprehensive supplier evaluations through the Supplier Evaluation Form, which covers multiple perspectives, including quality systems, R&D capabilities, quality control, process management, warehousing and transportation, after-sales service, safety management, and environmental protection. Suppliers with significant adverse incidents or ranked at the bottom of evaluation results are decisively disqualified.
- In response to issues such as material defects and quality non-compliance, we proactively assist suppliers in traceability and root cause analysis, and require them to implement corrective measures and submit a rectification report within the specified timeframe, continuously improving the supply chain's social responsibility system. In 2025, all production-related suppliers identified with issues completed rectification.

Empowering Procurement Personnel

- We organize regular monthly and quarterly training sessions, inviting both internal and external experts. Training topics include procurement data analysis, raw material knowledge, negotiation skills, and customs operations, effectively enhancing the team's professional capabilities.
- In 2025, we conducted 34 procurement-related training sessions, achieving a 100% participation rate in sustainable procurement training among procurement personnel.

Strengthening Supplier Communication and Incentives

- To reinforce partnerships with long-term suppliers, we offer preferential terms, including concessions on service fees and pricing. The balance payment schedule is subject to extension based on the actual circumstances.
- We require core suppliers to sign the Long-term Supply Assurance Agreement and the Long-term Cooperation Agreement, formally defining rights and obligations to enhance overall supply chain resilience and reliability.
- High-performing suppliers are recognized through formal letters of appreciation issued on behalf of the Company, strengthening mutual trust and collaboration.

Enhancing Supply Chain Competitiveness through AEO Certification

We successfully obtained the Authorized Economic Operator (AEO) Advanced Certification issued under the framework advocated by the World Customs Organization. This certification significantly improves trade security and facilitation:

- We benefit from priority customs clearance, reducing cargo waiting times in import and export processes.
- The inspection rate is also reduced, lowering logistics costs and detention risks.
- This has enhanced our market competitiveness and brand influence, and provided strong support for ensuring the reliability and stability of the international supply chain.



AEO Certificate

Distributor Management

At Quectel, we have established a comprehensive system and access mechanism. Through the Distributor Management Policy and annual assessments, we have defined clear criteria for distributor admission, exit, and violation response, ensuring transparent and compliant agency relationships. Leveraging digital systems, we have implemented tiered and role-based management of distributors, encouraging them to actively expand into regional and emerging industry markets and achieve sales targets. Distributors are also required to regularly register business opportunities in the system to ensure timely information alignment.

In supporting and empowering distributors, we provide sales tool support, such as product materials and sample displays. We regularly conduct training on products, markets, and technology to enhance distributor capabilities. Based on project needs, we deploy sales or technical personnel to jointly visit customers and provide on-site support, facilitating project execution.

Indicators and Targets

Quectel's Supplier Management Performance in 2025	
Total Number of Suppliers	544
Number of Suppliers that Have Undergone Annual Evaluations	35
Supplier CSR Agreement Signing Rate	100%
Supplier Environmental Protection Agreement Signing Rate	100%
Number of Suppliers Certified by ISO 14001 Environmental Management System	234
Number of Suppliers Certified by ISO 45001 Occupational Health and Safety Management System	109
Proportion of Suppliers Signing the Sustainable Procurement Charter/Supplier Code of Conduct	98.71%

»» Conflict Minerals Management

The Company incorporates conflict minerals control into its distributor and upstream supply chain management systems. We strictly comply with the Declaration of Conflict Minerals and relevant international initiatives. We commit to ensuring that our products do not contain conflict minerals sourced from high-risk regions, such as the Democratic Republic of the Congo (DRC). We have established a compliance safeguard at the source through origin investigations and assessments during the supplier admission process, disqualifying suppliers who cannot provide valid certificates or whose material sources are unverified, thereby laying a sustainable foundation for the supply chain.

In ongoing supplier management, we continuously monitor suppliers' conflict minerals management capabilities through on-site audits and other evaluation methods. We also require direct suppliers to sign the Supplier REACH Declaration of Conformity, mandating strict compliance with environmental regulations such as RoHS and REACH. These measures systematically advance hazardous substance control and material transparency, fostering a compliant and green supply chain ecosystem.

In 2025, we completed dedicated conflict minerals due diligence for all metal suppliers, confirming that their raw materials were not sourced from high-risk regions, with zero compliance risks identified.



»» Empowering Industry Development

Quectel is committed to advancing value integration and synergy across all segments of the industry value chain. Through technology openness, resource connectivity, and ecosystem co-development, we enable partners to achieve complementary capabilities and accelerated innovation, jointly fostering a healthy and sustainable AIoT ecosystem and enhancing overall industry chain efficiency.

We actively participate in the formulation of standards and technical discussions in fields such as AI, 5G, and automotive communication, promoting the standardized development of the industrial chain. At the same time, by building an open empowerment system encompassing open-source hardware, algorithm platforms, and IoT software service platforms, we provide partners with one-stop development support, effectively lowering the barriers to innovation across the entire value chain.

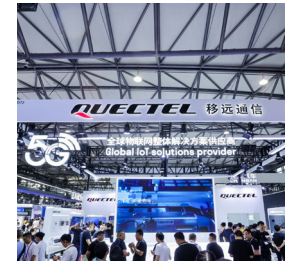
We have established an integrated talent cultivation system that connects "campus and industry" through initiatives such as developer competitions, technical communities, jointly developed university curricula, and collaborative laboratories. We regularly organize technical salons, hands-on workshops, and other activities with our partners to continuously supply talent and innovative solutions to the industry, enhancing the collaborative capabilities of the industrial chain.

Quectel's Industry Affiliations

- Member of the Global Coalition on Telecommunications 3GPP (3rd Generation Partnership Project)
- Member of the China Communications Standards Association (CCSA)
- Member of the Groupe Speciale Mobile Association (GSMA)

Case »» Quectel Showcased at Multiple MWC Events Worldwide in 2025

As one of the global leaders in the IoT industry, we participated in multiple editions of the Mobile World Congress (MWC) in 2025, including exhibitions in Doha and Shanghai. On the opening day of MWC Doha, we unveiled upgraded versions of our RG620T and RG660MK series 5G industrial-grade modules, integrating 3Tx and L4S technologies. At MWC Shanghai, we showcased a wide array of innovations across 5G, AI, large models, and automotive technologies, covering applications such as large-model solutions, robotics, smart living, smart industry, and advanced driver assistance. We also co-launched the Robrain AI Robot Solution with our customers and collaborated with ecosystem partners to build a millimeter-wave radar ecosystem.



Case »» Quectel Shined at WAIC 2025

In July 2025, the World Artificial Intelligence Conference (WAIC 2025) was held at the Shanghai World Expo Center and Exhibition Hall. Quectel's integrated AI commercial service robot solution made its debut at WAIC, which is equipped with a collaborative architecture of device-side intelligence and a cloud-based large model, enabling functions such as visual navigation and voice interaction.



Case Quectel's Provecta AI Demonstrated AI-Powered Intelligent Manufacturing at CIIF 2025

In September 2025, the 2025 China International Industry Fair (CIIF), themed New Industrial Quality, Unlimited Intelligent Manufacturing, grandly opened in Shanghai. Quectel, together with its industrial intelligence brand Provecta AI, showcased a series of AI-enabled automation equipment and solutions, including AI visual inspection, SOP behavior recognition, AI-enabled sorting and screening machines, PIN inspection machines, module automated programming equipment, and flexible manufacturing solutions. During the concurrent 3rd Yangtze River Delta High-End Industry and Financial Services Summit, Provecta AI participated in a roundtable discussion on Digital Empowerment of a New Industrial Ecosystem. Centered on the theme Digital Twin Factories: AI-Driven Virtual-Real Integration, the discussion explored practical challenges in implementing digital twins, collaborative practices of AI and digital twin technologies, and pathways to breakthroughs in smart factory development.



Case Quectel Showcased Robrain AI Solution at IHR 2025

In October 2025, the International Humanoid Robot Summit (IHR 2025), themed Intelligent & Connected Future · Ecosystem Coexistence, was held in Shanghai. We presented our Robrain AI robot solution alongside our full-chain hardware and terminal capabilities, comprehensively demonstrating our core technological breakthroughs and industrialization capabilities in the humanoid robotics field.



Equal Treatment to SMEs

In our industrial chain collaboration, we always uphold the principle of integrity, giving equal importance and fair treatment to our small and medium-sized enterprise (SMEs) partners. We have established a rigorous purchase order fulfillment system to ensure that all delivery acceptance criteria and timelines strictly comply with contractual agreements. Supported by standardized processes, we achieve on-time delivery and transparent, well-structured payment settlements, eliminating any unjustified payment delays. These measures have effectively alleviated cash flow pressures on SME partners and provided them with sustainable business support, jointly cultivating a trustworthy, compliant, and win-win industrial ecosystem.

During the reporting period, we had no overdue payments to SMEs.

People-Oriented Approach

Employee Recruitment

We adhere to the principle of merit-based selection, open recruitment, internal promotion first, and hiring the most qualified candidates. We have established and improved various employee recruitment policies to standardize the recruitment process. In strict accordance with the Qectel Interviewer's Handbook, we maintain a consistent professional image and implement standardized recruitment practices based on the Employer Branding Action Checklist, ensuring openness, transparency, fairness, and impartiality in the selection process. This approach safeguards talent quality at the source and reinforces a robust compliance framework for employment.

Compliant Recruitment

We have established a scientific, compliant, and transparent recruitment management mechanism, supported by policies such as the Recruitment Management Measures, the Employee Handbook, the International Recruitment Management Regulations, and the International Talent Referral Guidelines. A process-driven approach is applied throughout recruitment, hiring, and employment management.

The Employee Handbook explicitly prohibits the employment of individuals under the age of 18. During recruitment, we collect and verify background information such as identification cards and academic certificates, and strictly reject invalid or suspected child labor documentation. All forms of forced labor are prohibited; employees are free to choose their employment and may terminate their employment relationship in accordance with the law.

We have established a fully transparent digital recruitment system. Leveraging the Moka intelligent recruitment management platform, we achieve full-process online traceability and documentation—from job posting and resume screening to hiring decisions—providing precise data support for optimizing talent selection standards and improving recruitment efficiency, thereby continuously enhancing the scientific and standardized nature of talent management.

Key Performance in 2025

Labor contract signing rate

100%

During the reporting period, we had no incidents of child labor or forced labor.

Social insurance coverage rate

100%

Talent Acquisition

We have developed a multi-dimensional talent attraction system integrating "online + offline" and "domestic + overseas" channels. We leverage diverse recruitment methods, including online platforms, headhunting firms, internal referrals, campus recruitment, and university-enterprise partnerships, to attract a wide range of talent, including professionals in software, algorithms, hardware, and testing, as well as key personnel in operations, sales, and management, thereby providing strong talent support for our strategic development.

We continue to deepen university-enterprise collaboration. In 2025, we conducted various engagement activities such as enterprise visits, campus outreach programs, and job fairs in Guilin, Hefei, Linyi, and other locations. We prioritize the recruitment of outstanding graduates from local universities, promoting deeper integration of industry, academia, and research, and supporting high-quality employment opportunities for regional graduates.

Key Performance in 2025

We conducted over **35** school-enterprise interactive activities, resulting in an increase of **587** new graduate hires.

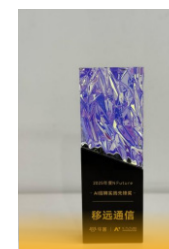
The number of new employees was **3,708** (including **770** local overseas recruits)
Employee turnover rate was **12.31%** (global turnover rate was **12.31%**, turnover rate in China was **7.6%**)



Awards in Talent Attraction and Employment



Liepin: Shanghai Annual Outstanding Employer of the Year



Nowcoder: Pioneer Award for AI Recruitment Practices



Moka: 2025 China Human Resources (Sirius) Award - Best Recruitment Team



51Job: Employer Excellence 2025 Award and Excellence in Talent Attraction & Retention Award of 2025

Diversity, Equality, and Inclusion

We firmly implement the diversity, equality, and inclusion (DEI) policy, recognizing diversity, equity, and inclusion as essential components of our core values. We have established institutional frameworks including the Anti-Discrimination Policy, the Workplace Bullying Prevention Procedure, and the Respectful Workplace Policy. Discrimination in any employment-related matters, such as compensation, promotion, rewards, and training opportunities, based on race, color, age, gender, marital status, or other protected characteristics is strictly prohibited. We are committed to fostering a healthy and safe workplace environment free from bullying, harassment, discrimination, and violence, thereby safeguarding the legitimate rights, interests, physical well-being, and mental health of all personnel, including employees and external consultants. Employees may lodge complaints regarding discrimination or bullying either in writing or verbally. Such complaints are handled in accordance with the Employee Complaint Control Procedure, with outcomes disclosed as appropriate.

Key Performance in 2025

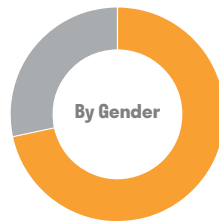
During the reporting period, we did not have any complaints related to discrimination or harassment.

Employee Composition



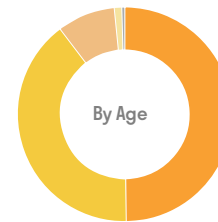
Total Employees

8,956

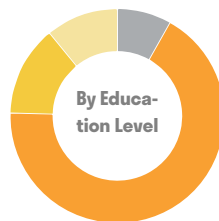


Male
Female

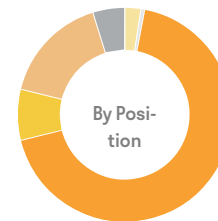
6,417
2,539



≤30 4,473
31-40 3,584
41-50 786
51-60 102
≥60 11



Master's Degree and Above 733
Bachelor's Degree 6,024
Associate's Degree 1,220
Below Associate's Degree and Below 979



Administrative 218
Finance 52
Technical 6,102
Sales 689
Production 1,465
Management 430

Diversity Employment Ratio

Employees with Disabilities

0.47%

Ethnic Minority Employees

7.5%

Overseas Employees

1,256

Number of Female Senior Managers

137

Proportion of Female Senior Managers

23%

Labor Dispute Resolution

We are committed to fostering harmonious and stable labor relations and have established comprehensive mechanisms for the prevention and resolution of labor disputes. In 2025, a total of 4 labor dispute cases occurred, all of which were resolved through mediation or compliant legal procedures.

Labor Dispute Management Measures

Source-Level Risk Control

Ensure all labor contracts comply with the latest labor laws and regulations, with clearly defined rights and obligations for both parties, thereby mitigating risks at the source.

Full Lifecycle Compliance Review

Establish a compliance review mechanism covering the entire employment lifecycle, such as onboarding, employment, and termination, implementing legal risk controls at key stages to ensure regulatory compliance.

Strengthened Awareness of Rights and Interests Protection

Organize training sessions on labor laws and regulations for employees and management to strengthen legal awareness and rights protection consciousness, promoting harmonious and stable labor relations through a culture of compliance.

Remuneration and Benefits

Remuneration System

In compliance with applicable laws and regulations, we have established a scientific and well-structured remuneration system comprising base salary, benefits, allowances, and annual bonuses. Supporting policies such as the Performance Management Policy ensure that employees are provided with fair, reasonable, and market-competitive remuneration and benefits.

Individual Performance-Based Bonuses

We evaluate and award employee bonuses based on both business performance and individual performance (such as teamwork and work efficiency), guiding employees to promote team goals while achieving self-improvement.

Management Performance Appraisal

We conduct PCB performance appraisals for supervisors at deputy director level and below. Prior to evaluation, organizational and individual targets are defined, followed by a mid-term self-review. Supervisors and relevant colleagues participate in the evaluation process. The results are applied to salary adjustments and bonus allocation, adhering to a performance-based principle that rewards high performers in line with the Company's annual results.

Welfare Benefits

We strictly comply with relevant laws and regulations by providing statutory benefits such as social insurance and housing provident funds. We have also established comprehensive policies including the Corporate Benefits Management System, the Employee Benefits Policy, and the Team Building Management Guidelines, forming a diversified and inclusive benefits framework that covers all employees. These initiatives promote work-life balance, enhance employee well-being, and strengthen organizational cohesion and engagement.

Employee Benefits Programs

Statutory Benefits	Paid leave, pension insurance, medical insurance, work injury insurance, maternity insurance, unemployment insurance, and housing provident fund
Daily Allowances	Communication allowance, transportation allowance, meal allowance, and business trip allowance
Medical Benefits	Health check-ups, supplementary commercial insurance, and exclusive dental cleaning and vision care activities, and the "Xiaoyi Peizhen" health app
Gifts and Consolation	Wedding benefits, illness consolation payments, and newborn benefits for female employees
Other Benefits	Birthday benefits, holiday benefits, team-building activities, and the Yixin Plan benefits, etc.



Various Welfare Columns

Case Launch of the “Xiaoyi Peizhen” Platform

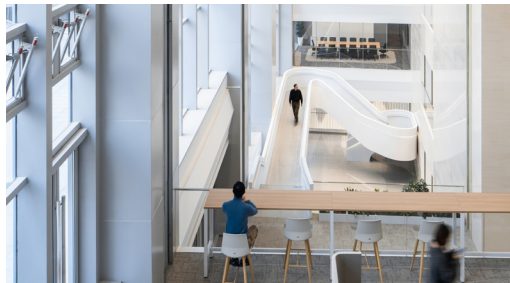
In August 2025, we continued to enhance the employee health protection system and officially launched the “Xiaoyi Peizhen” internal app under the “Quectel Care Program.” In collaboration with third-party professional service providers, the platform offers one-stop medical assistance services, including pre-visit consultation, in-hospital accompaniment, examination support, medication reminders, and weekly health reports. These tailored services effectively address practical challenges employees face during medical visits, reflecting the Company’s strong commitment to employee well-being and humanistic care.

**Case** Quectel Global Headquarters: A Hub for Innovation and Vitality

In December 2025, Quectel officially inaugurated its global headquarters, thoughtfully designed with a people-oriented approach to comprehensively enhance employees’ work and life experience, creating a healthy, vibrant, and welcoming workplace environment.

Co-created Spaces and Human-centered Workplace Design

Employees were invited to participate in the planning phase, contributing to spatial layout, workflow design, and acoustic considerations, to effectively enhance the workplace experience. The office features additions such as private phone booths and coat racks, optimized signage systems for improved collaboration, and architectural designs encouraging stair use to promote a healthier work environment.



Diverse Health and Fitness Facilities

The headquarters is equipped with a professional-grade gym, badminton court, basketball court, and shower facilities, as well as yoga/dance studios and table tennis/billiards areas, meeting diverse fitness needs and enabling employees to stay active and energized.



Enhanced Social and Lifestyle Amenities

We emphasize employee well-being and social interaction by providing a large-scale staff cafeteria and café lounge, creating a comfortable, home-like atmosphere. Additional facilities such as reading rooms and casual meeting areas offer quiet spaces for focused work and relaxed communication.



Working Hours and Leave Management

We strictly comply with relevant laws and regulations in various regions. We have established policies such as the Attendance and Leave Management Policy, the Leave Administration Measures, and the Working Hours Management Procedures. These frameworks clearly define working hours, attendance requirements, rest and leave entitlements, and overtime management, ensuring that employees in all regions are legally entitled to rest and leave.

In 2025, we issued the Initiative on Simplifying Work Practices, encouraging all employees to improve efficiency, eliminate ineffective overtime, and foster a pragmatic, performance-oriented work culture.

Working Hours Policy

We implement a standard working hours system. Overtime is compensated in accordance with statutory pay rates. Office employees may opt for compensatory leave in lieu of overtime pay.

Leave Policy

We have implemented a paid annual leave system based on cumulative service length, tiered entitlement, and compensation for unused leave. Employees are entitled to paid leave including annual leave, marriage leave, maternity leave, paternity leave, and parental leave, in accordance with applicable laws and local regulations. We prioritize compensatory leave and encourage timely utilization of accrued leave. HR actively monitors and encourages employees to take accrued leave promptly to prevent excessive accumulation and ensure adequate rest.

Smart Attendance System

A smart attendance system with facial recognition is deployed to accurately record working hours.

Key Performance in 2025

We provided supplementary commercial insurance of RMB

9.3951
million

Employee health check coverage rate reached

87%

Average paid annual leave per employee

8.09 days

with a total investment of RMB

1.8739 million

Employee dental check-up coverage rate

31.95%

>>> Listening to Employee Voices

Democratic Management

We have established a structured and multi-level employee participation mechanism in accordance with the law, forming a comprehensive democratic management system that safeguards employees' rights to democratic decision-making, management, and oversight. In July 2025, we convened our first Employee Representative Congress of the year, during which matters such as the election of employee representative directors were reviewed and approved.

Communication and Grievance Mechanisms

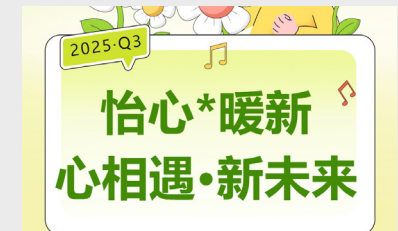
We have established and maintained diversified communication and grievance channels, proactively listening to employee feedback and fostering an open and transparent communication environment. Employees are encouraged to provide suggestions on topics such as workplace conditions and management improvements. The leadership team is committed to timely responses and continuous optimization of internal communication, thereby strengthening organizational trust and cohesion.

Employee Communication Channels

Online Channels	Offline Channels
Online employee mailbox Internal EIP platform sections: • Suggestions and Proposals • "Senior Executives Listen to you" channel • Rationalization Proposals • Direct Access to CEO • "I Want to Tell You" • System Feedback	<ul style="list-style-type: none"> • Face-to-face sessions with senior management • Democratic communication meetings • "Culture into Departments" Initiatives • Cultural Meet-up • Employee satisfaction surveys • New employee tea sessions • Employee interviews (0-14 years of service) • Direct feedback to supervisors or department heads



Direct Access to CEO



New Employee Tea Session

Employee Grievance Management Measures

<p>Complaint Mechanism</p>	<p>Employees are encouraged to file complaints regarding discrimination or bullying in writing or orally. We will handle and publicly announce the issues in accordance with the Employee Complaint Control Procedure.</p>
<p>Employee Grievance Channels</p>	<p>According to our Employee Handbook, we provide employees with diverse channels for grievances, including but not limited to the following:</p> <ul style="list-style-type: none"> • Employees can provide feedback, raise concerns, or submit performance-related complaints to their direct supervisors or department heads; • If employees feel it is inappropriate to approach their direct supervisors or department heads, or if they are dissatisfied with their responses, they can communicate with the Human Resources Department; • If the issue remains unresolved, employees can also discuss it with the responsible leader. If it is still unresolved, they can escalate the final complaint to the Company's top management. The feedback provided by the Company's top management will be considered the final conclusion. • Other complaint channels: We have established the Chairman's mailbox, "I Want to Tell You," and System Feedback platforms to collect employees' suggestions and issues regarding various aspects of the Company, such as management issues, disciplinary violations, system usage, etc.
<p>Grievance Handling Mechanism</p>	<p>We provide feedback within 7 working days (or as appropriate for complex cases), ensure confidentiality of complainants, and address verified issues in accordance with disciplinary provisions in the Employee Handbook.</p>

Employee Communication Case

Case 1: Employee Communication Meeting

In 2025, we organized employee communication meetings, attended by 118 representatives from various business units. They provided constructive suggestions on topics such as improving the work environment, logistics services, welfare guarantees, and the Company's development strategy, fully reflecting our cultural philosophy of "openness, equality, and respect." In the future, we will systematically review and implement these suggestions, translating employee feedback into tangible governance improvements, and achieving a win-win situation for both the Company and its employees.

Case 2: Corporate Culture Meetups

In 2025, we held 3 corporate culture meetups where senior executives shared insights on corporate values and management practices, enhancing employees' understanding of the Company's culture and strategic direction. The activities also included a segment for supervisors to listen to employees' voices, allowing executives to hear employees' suggestions and opinions through interactive communication, stimulating employees' work enthusiasm and potential, and driving the Company forward.

Case 3: "Culture into Departments" Initiative

In 2025, we held a total of 8 "Culture into Departments" activities, using formats such as games, thematic presentations, interactive discussions, and workshops to communicate core values, mission, and vision. These initiatives strengthened employees' cultural alignment and enhanced team cohesion.



Employee Satisfaction Survey

We actively conduct employee satisfaction surveys, covering employees from various departments and levels. Our functional departments implement targeted improvements and response measures based on the survey results. In the annual satisfaction survey, we collected feedback from employees across all business functions and levels (including but not limited to Human Resources, Finance, Administration, IT and Training). We implement closed-loop management of problems, and realize the benign interaction between employee growth and enterprise development.

Employee Satisfaction Survey

In 2025, we received a total of **5,098** employee satisfaction survey questionnaires. The employee satisfaction results were positive:

- Satisfaction rate on new employees' onboarding: **98%**
- Satisfaction rate on IT work: **94%**
- Satisfaction rate on finance work: **95.94%**
- Satisfaction rate on administrative work: **93.51%**
- Satisfaction rate on Quectel Academy training: **94.6%**
- Satisfaction rate on human resources work: **93.4%**

>>> Employee Promotion and Development Employee Training

Upholding a spirit of craftsmanship, Quectel regards employee development as central to its sustainable growth and is committed to building a value ecosystem where both the Company and its employees grow together. We have established and continuously improved the Training Policy. Through standardized and systematic training operations, we transform human capital into organizational competitive advantage. We have developed a comprehensive, multi-level, and wide-coverage training system spanning the entire employee lifecycle, enabling deep integration of talent development with corporate strategy and ESG objectives.

Employee Training System

Diverse Training Models

Online-offline integration: We adopt a combination of practical and theoretical training, as well as a blend of online and offline training models, accelerating the conversion of learning outcomes into practical applications.

Diverse training content: We offer various training courses including **professional, management, and general courses** to meet the training needs of employees in different positions and at different levels.

Introduction of External Training

Industry-university Cooperation: We actively deepen our learning cooperation with universities and jointly conduct technical training. By leveraging shared resources and complementary strengths, both parties cultivate high-quality technical talent, injecting fresh momentum into innovation and development. Meanwhile, we support university talent development by providing internship opportunities, achieving mutual benefits.

"Going out" Training Model: We actively encourage and support employees to engage in various external technical training, professional conferences, seminars and technology exhibitions. We also facilitate cross-company learning and exchange platforms, organizing visits to leading benchmark enterprises within the industry for in-depth study and knowledge exchange.

Employee Training Practices

Skills Training

We place great importance on the enhancement of employee skills and knowledge updates. Through internal instructor-led coaching, technical expert lectures, procurement of online resources, and technical salon discussions, we continuously improve our employees' technical skills and innovative capabilities. In 2025, we organized over 1,700 technical training sessions and internal sharing events.

Professional Training

In 2025, we delivered 1,621 professional training sessions, covering various areas such as R&D technology, products, sales, production operations, and functions, reaching both domestic and overseas employees. Additionally, we developed a portfolio of high-quality online courses, providing employees with self-learning platforms and resources to accelerate skill acquisition, enhance work efficiency, and strengthen competitiveness.

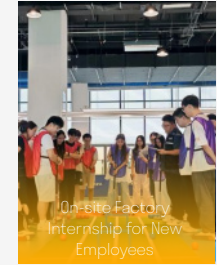
New Employee Training

For fresh graduates: In 2025, we launched a 120-day “three-phase” structured development program comprising 48 curated courses, supporting over 400 new hires in their transition to the workplace. The program spans career mindset development, capability advancement, and factory internships, laying a solid foundation for career entry.

For experienced hires: We conduct onboarding training at the end of each month. Through a “offline instruction + Q&A” model, employees quickly absorb corporate culture and policies, enabling seamless onboarding and integration within the first month. In 2025, onboarding training for experienced hires achieved a 100% coverage rate.

English Language Training

To support the global business and international talent development strategy, we organized 30 English enhancement programs in 2025, with over 8,000 participants throughout the year. Through interactive exchanges, original films, and dubbing competitions, we fostered an immersive English-speaking environment, helping employees improve language proficiency to meet overseas market demands. In addition, external English learning platforms were introduced, with coverage of up to 8,000 users, further strengthening global talent capabilities.



Leadership Training

In 2025, we successfully delivered multiple leadership development programs for management personnel, covering over 300 participants; We launched the “High-Potential Talent Development Program,” with major sessions held in regions such as Hefei and Guilin. We organized several “Management Advancement Program for Junior Managers and Advanced Courses” for middle and junior managers, achieving a satisfaction rate of 98%. We also introduced the “Advanced Management Seminar” course and “Management Forum” exchange activities for senior management. These programs combined online training camps with in-person sessions, leveraging classroom instruction, case studies, and team collaboration to effectively enhance participants’ decision-making, communication, and coordination capabilities, enabling them to address complex management challenges with confidence.

General Training

To comprehensively improve employees’ overall competencies, we offer diversified general training programs delivered both online and offline, covering regions including Shanghai, Guilin, and Hefei. In 2025, we conducted a total of 43 general training sessions, focusing on business processes, foundational skills, professional competencies, mindset development, and management capabilities, providing a robust platform for employee growth.

Employee Training Performance

Indicator	2025
Total Investment in Employee Training	RMB4.05 million
Total Employee Training Hours	343,797 hrs
Average Training Hours per Employee	38.39 hrs
Training Coverage Rate	97.7%
Training Hours for New Employees	58,695.6 hrs
Proportion of New Employees Trained	96.2%
Mid-level Management Training Hours	21,726.9 hrs
Proportion of Mid-level Management Trained	98.3%
Senior Management Training Hours	1,056.8 hrs
Proportion of Senior Management Trained	100%

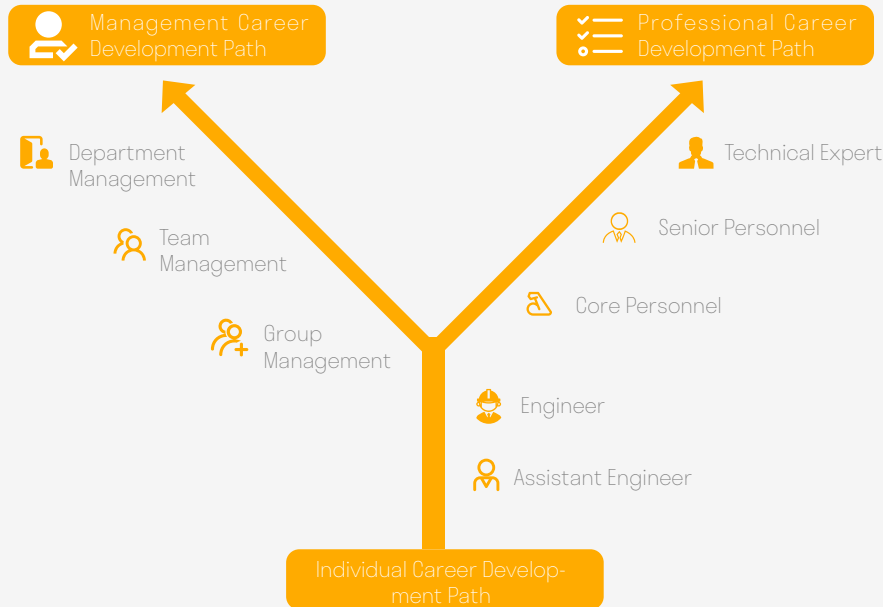
Employee Promotion

We uphold a “people-oriented” philosophy and have established internal promotion policies such as the Position and Grade Promotion Management Policy and the Cadre Management System. We have built a diversified career development system encompassing management, professional, and international career tracks, clearly defining employee career pathways, stimulating continuous value creation, and enabling high-performing employees to grow within the organization, thereby supporting efficient and sustainable corporate development.

We adhere to five core promotion principles: value creation priority, a combination of step-by-step and exceptional promotions, internal talent prioritization, dynamic promotion management, and fairness and equity. Promotion criteria and procedures are clearly defined, providing employees with transparent and structured career development pathways.

Dual-Track Career Development Path

Transparent Promotion Mechanism — Dual-Track Pathways to Guide Career Development



Management track: M1–M13; Professional track: T1–T11

Employee Promotion Mechanism



Promotion and Development Pathways

Aligned with our organizational development strategy, we have established diversified career pathways, including a management track, a professional track, and international assignments.

“Management Track”: Advance management skills and achieve step-by-step promotion from M1 to senior manager: This track follows core criteria such as strategic contribution, role value, and cultural alignment, fostering a dynamic organizational ecosystem where leadership roles are merit-based and fluid.

“Professional Track”: Enables continuous vertical development within specialized domains, allowing employees to advance through professional grades. Employees may also transition laterally across capability boundaries into the management track.

“International Assignments”: As part of the global talent development pathway, this track supports individual career planning by providing opportunities to gain international experience and enhance comprehensive capabilities.

Promotion and Development Principles



Value Creation Priority: High performers who continuously create job value are prioritized, with holistic consideration of overall competencies.

Combination of Step-by-Step and Exceptional Promotion: Promotions generally follow a sequential progression, while employees with outstanding contributions or exceptional talent may be fast-tracked.

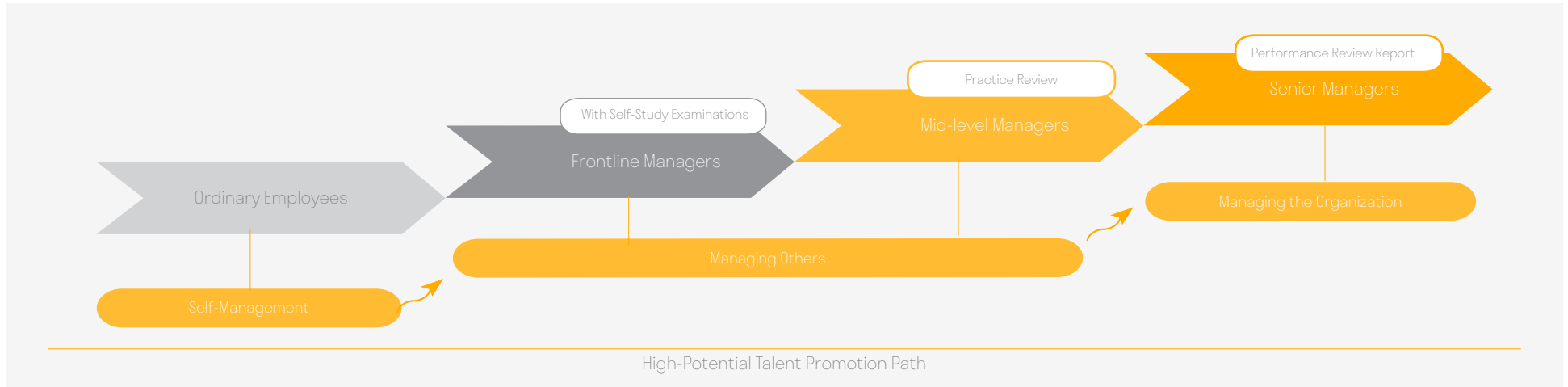
Internal Talent Prioritization: Vacant positions are first opened for internal competition and promotion; external recruitment is considered only when no suitable internal candidates are available.

Dynamic Promotion Management: Establish an organizational ecosystem where employees can be promoted or adjusted accordingly based on strategic contributions, role value, and cultural practices.

Fairness and Equity: Clear standards, standardized processes, and disclosed outcomes ensure fairness and equity.

Cadre Selection Standards

Core Values, Integrity and Work Style, Performance Contributions, Leadership, Decisiveness, and Execution



We have established a global talent mobility mechanism and introduced the Global Internal Transfer Policy, breaking geographical barriers and supporting employees in applying for positions across global subsidiaries based on their career plans and professional interests. These initiatives broaden career development pathways, enables dynamic talent-to-role matching, and promote knowledge sharing and organizational synergy through cross-cultural and cross-regional mobility, thereby accelerating the Company's globalization strategy and the development of a diverse talent ecosystem. **In 2025, 128 internal transfers were completed, accounting for 1.43% of the total workforce.**

Case Internal Transfer Month

In November 2025, we organized the "Internal Transfer Month," creating diversified interaction platforms such as cross-business face-to-face exchanges and online knowledge competitions. The initiative broke down departmental silos, and promoted internal talent mobility and multi-skill development. The event effectively enhanced employees' understanding of the Company's overall business landscape, and further expanded diversified career pathways. In 2025, the growth rate of internal transfer applications reached 78%.








>>> Employee Care and Assistance

To continuously foster a warm and supportive workplace environment, Quectel has established and implemented a structured employee care system. The Administration Department has formulated and regularly updated internal policies such as the Association Management Guidelines, the Employee Care Activities Management Policy, and the Annual Event Organization Guidelines, standardizing administrative support, corporate culture initiatives, and employee care practices. These efforts have effectively helped employees relieve work-related stress and strengthened team cohesion.

Work-Life Balance

In 2025, under the annual theme of "Recharge at Work, Enjoy All Seasons", the Administration Department planned and organized a series of year-round, company-wide activities in diverse formats. These initiatives continuously fostered a positive, healthy, and supportive organizational atmosphere, while comprehensively addressing employees' physical and mental well-being as well as their overall development experience. The employee engagement system achieved not only broad participation in scale but also meaningful impact in quality through carefully designed themes, tiered operations, and human-centered care. It effectively strengthened connections among employees, teams, and between families and the organization, injecting strong cultural cohesion and organizational vitality into the Company's strategic development.

We achieved full employee coverage and deep engagement: as of the end of October, a total of 42 monthly themed activities had been successfully held nationwide, with 4,266 participants and an overall satisfaction rate of 98.9%, demonstrating widespread recognition and active participation among employees.

Quectel's Thematic Employee Activities		
Theme	Activity	Description
Cultural Connection and Emotional Resonance	Festive Celebrations: Lantern Festival Gala, Spring Fun Fair, etc., covering Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, National Day and other key occasions	Activities span all major festivals throughout the year, fostering a strong sense of occasion, cultivating a warm corporate culture, and strengthening team cohesion. 
	Special Care: "520 Special Event - To Our Shining Quectel-ers"	Interactive games and health-focused initiatives were conducted across six major R&D centers nationwide, delivering targeted employee care, reinforcing identity and emotional connection, and conveying corporate warmth. 
	Birthday Celebrations: Monthly group birthday events (all activities supported by online booking and closed-loop feedback)	A total of 12 events were held throughout the year, covering 66 sessions and over 4,290 employees, ensuring consistent quality nationwide while delivering personalized care, enhancing employees' sense of belonging. 
	Exclusive Events: Programmer's Day - "Code the Energy, Code the Brilliance"	Pay tribute to the technical pioneers, fostering cohesion in R&D, and stimulating innovative vitality. 
Health Empowerment and Vitality Activation	Sports Initiatives: "Sports Carnival" and recruitment for diverse interest clubs	A total of nearly 1,700 employee participants (including competitions), with an overall satisfaction rate of 99.3%. 

Quectel's Thematic Employee Activities		
Theme	Activity	Description
Health Empowerment and Vitality Activation	Management Wellness Programs: Health, fitness, and arts-themed activities	From April to September, we organized 32 themed programs (50 sessions) with 711 total participants; we provided stress relief and communication platforms for management, breaking hierarchical barriers, enhancing overall organizational vitality, and improving team collaboration efficiency. 
Social Responsibility & Sustainability	ESG Initiatives: World Earth Day campaign - "Keep It Green, Step by Step" low-carbon initiative	We integrate ESG principles into daily employee activities, including stair-climbing challenges, environmental knowledge competitions, second-hand item recycling, bicycle power generation challenges, and waste sorting initiatives. 
	Public Welfare Integration: Skillfully incorporating public welfare elements into various activities.	Strengthen employees' awareness of corporate citizenship and social responsibility.
Family Autumn Outing Activities	Large-scale Family Open Day, company-wide autumn outings, and overseas team-building activities	These activities were participated by over 4,200 employees and nearly 2,000 family members. They serve as a bridge between the Company and employees' families, extend corporate culture into family life, enhance employee well-being and pride, and emphasize global team-building through structured development programs. 
Association and Club Activities	Various Sports Associations	In 2025, we had a total of 103 associations domestically (cultural and sports), held 3,699 activities, and had 3,295 members, with an annual total expenditure of RMB 2,349.1 million on association activities. 

Support for Employees with Special Needs

Quectel continues to strengthen its employee care framework, with a particular focus on supporting employees in need and their families. We have introduced diversified, tailored care initiatives for female employees. We have repeatedly extended support to employees facing illness through visits and financial assistance, effectively addressing their practical difficulties.

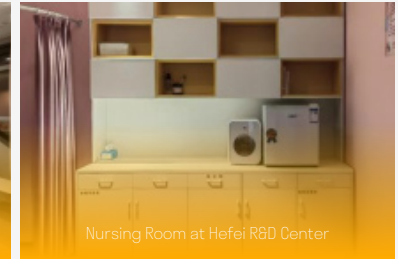
In 2025, **101 people** received our assistance, with a total of **RMB 311,000** in aid provided.

We place strong emphasis on protecting the rights and interests of female employees by offering dedicated benefits and support measures. These include special leave for women, maternity and nursing leave, and the establishment of nursing rooms. Professional psychological counseling services are available, alongside regular women's health seminars and dedicated health check-ups. These initiatives collectively safeguard the physical and mental well-being of female employees and foster an equitable, inclusive, and women-friendly workplace environment. In 2025, standardized nursing rooms were officially put into operation at our new headquarters, equipped with professional facilities such as baby care tables, private nursing areas, bottle warmers, and sterilization units, providing a private, hygienic, and convenient space.

In 2025, we provided support for 80 female employees giving birth, with exclusive benefits amounting to RMB 40,000.



Nursing Room at Quectel Global Headquarters



Nursing Room at Hefei R&D Center

Case 2025 Quectel Women's Day Activities

We place high value on empowering women in the workplace. Through various International Women's Day initiatives, we enhanced the employee experience for female staff from multiple dimensions: We invited employees to share workplace insights to break down occupational biases, customized exclusive care packages to meet diverse needs, conducted DIY activities to stimulate creativity, and genuinely cared for the growth and development of women.



Case Barrier-Free Facilities Reflecting Human-Centric Care

Our office area is fully equipped with accessible pathways, elevators, wheelchairs, and blood pressure monitors, ensuring the convenience and health safety of employees from special groups, reflecting humanistic care and inclusive design.



Barrier-free Facilities at Changzhou Quectel

Providing Mental Health Support

Quectel continues to build a comprehensive employee care framework, placing employees' physical and mental well-being at the core of its sustainable development strategy. Through the "Yixin Program" and a range of practical benefits, we provide professional psychological support services. For cross-regional benefits, international employees can access mental health tools and professional counseling services online. In 2025, we conducted a total of 10 Employee Assistance Program (EAP) activities, focusing on topics such as stress management, women's care, parent-child relationships, and emotional regulation.

Yixin Program	Activities in 2025	
Stress Relief	We held "Yixin Carnival Activities" at various locations, using interactive games such as painting, technology meditation, and emotional mapping to help employees relieve stress.	
Worry-Free Mailbox	In 2025, we consistently responded to letters from the "Worry-Free Mailbox" every quarter, providing employees with a safe and private platform to express their feelings and build mental strength.	
Workplace Parenting Support Hub	We organized family-oriented psychological support activities, focusing on parenting challenges, to support the harmonious development of parent-child relationships.	
Mental Health Journal	<p>In 2025, our internal platform published a total of 48 issues of Yixin Reading: Weekly Tips, conveying psychological care techniques covering areas such as emotional stress and interpersonal communication, helping employees intuitively understand their mental state.</p> <p>In 2025, we issued 12 bilingual editions of Yixin Micro Journal, providing mental health knowledge, self-care strategies, and information on available company support resources, helping employees balance professional and personal development.</p>	

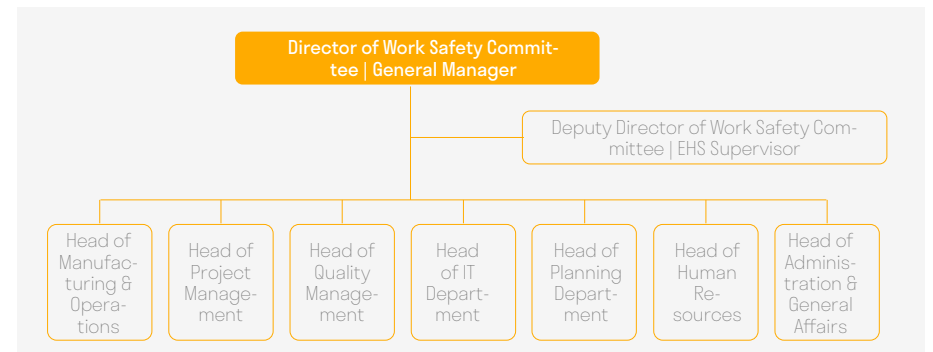
Occupational Health and Work Safety

>>> Governance

Quectel strictly complies with the Work Safety Law and has established a robust occupational health and safety (OHS) management system. We have formulated and implemented various internal policies, including the Occupational Health Management Policy, the Labor Protection Equipment Management Policy, the Management System for Safety and Environmental Laws, Regulations and Other Requirements, and the Work Safety Management Policy. These frameworks enable end-to-end prevention and control of occupational injuries and diseases from workplace environment optimization and facility configuration to comprehensive safety training. We regularly conduct safety inspections to reinforce accountability for work safety. We have obtained ISO 45001 Occupational Health and Safety Management System certification.

We have established a Work Safety Management Committee, chaired by the general managers of our subsidiaries, with heads of EHS departments serving as deputy chairs. Members include senior management and heads of all departments, forming a multi-dimensional safety governance mechanism characterized by leadership oversight, cross-departmental coordination, and full employee participation, ensuring comprehensive protection of employee health and safety.

In addition, we have introduced the Occupational Safety, Health and Environment Responsibility Management Standard, clearly defining a "responsibility-to-individual" mechanism. Each year, responsible persons sign Responsibility Agreements for Occupational Health and Safety, Environment, and Security with their respective departments to reinforce accountability. We have established a safety accountability task force to supervise and assess the performance of committee members, incorporating the assessment results into annual performance evaluations, implementing clear rewards and penalties to effectively promote accountability. Through cascading accountability and closed-loop management, we ensure the efficient operation of the work safety management system.



Organizational Structure of Work Safety Management Committee



» Strategy

We strictly implement internal standards such as the Environmental Hazardous Factors Control Management Policy, the Safety and Environmental Inspection and Monitoring Management Standard, and the Operational Control Procedures for Environment and the Occupational Health and Safety. The Company regularly updates key control documents, including the Environmental Factors Identification and Evaluation Register, the Environmental Factors Identification and Evaluation Register, and the List of Occupational Hazard Factors, to systematically identify and manage workplace risks and impacts. We regularly organize safety inspections for office facilities and special equipment, equipping labor protection supplies as needed to prevent accidents from the source.

» Management of Impacts, Risks, and Opportunities

Safety Risk Prevention and Control Among Employees

We implement a comprehensive occupational health monitoring mechanism and establish complete employee health records. Our production sites enforce a full-cycle medical examination regime covering pre-employment, in-service, pre-departure, and emergency scenarios, effectively enhancing emergency response speed and on-site first aid capabilities. In parallel, we have developed the Work-Related Injury Emergency Response Plan, forming an integrated "prevention-monitoring-response" management system to safeguard employee health and safety in all aspects.

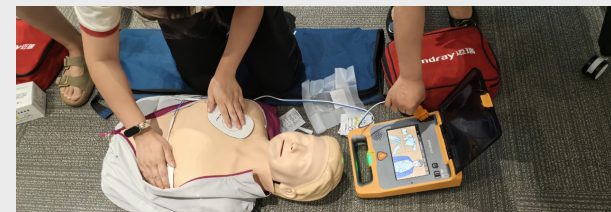
To build a solid workplace safety barrier, we have completed the standardized configuration of 26 AED devices across domestic and overseas R&D centers, along with 5 in-person practical training sessions, as well as company-wide online courses and instructional videos.

Key Measures for Employee Health and Safety Risk Control

Enhancing Personal Protection	Based on job requirements, frontline employees in warehousing and production are equipped with personal protective equipment (PPE), including masks, noise-reduction earplugs, and safety shoes and helmets. Supplies are provided in sufficient quantities and regularly updated. First-aid medicines and equipment are also available and routinely inspected and replaced.
Optimizing Working Environment	Our production and operation sites are maintained in a clean, well-lit, and well-ventilated condition. Passageways are kept level and unobstructed with adequate lighting. Prominent safety signage is installed to ensure clear visibility of workplace hazards.
Hazardous Materials and Equipment Management	Appropriate facilities, such as ventilation, fire prevention, explosion protection, anti-toxicity, anti-static, and isolation systems, are installed based on the properties of chemicals in use. Residential use within production areas is strictly prohibited. Production equipment is subject to regular maintenance and inspection to ensure that all safety protection devices remain fully functional.
Improving Work-Related Injury Emergency Mechanism	A standardized process covering accident reporting, investigation, analysis, and resolution has been established. In the event of an incident, the head of the responsible department serves as the primary accountable person, while the General Management Department coordinates medical response. All departments act promptly to prevent escalation, protect the site, and properly manage follow-up actions.



AED and Practical Training



Emergency Safety Management

We have established a systematic hazard identification and remediation mechanism and strictly implemented the Emergency Response and Control Procedures. Regular emergency drills are conducted to ensure rapid and efficient response to unexpected incidents, minimizing potential losses.



Hazard Identification

Graded and Classified Inspections:

Hazards are categorized based on severity, with registers established for tracking and archiving, forming a closed-loop process of "identification-registration-rectification."

Daily Inspections:

Safety inspectors regularly conduct detailed checks on production sites to promptly identify and eliminate potential risks.

Special Inspections:

During holidays and major events, targeted safety inspections are carried out to strengthen risk control during critical periods.

Comprehensive Periodic Reviews:

Systematic evaluations of production processes, equipment, and working environments are conducted regularly to continuously enhance overall safety standards.



Emergency Drills

Emergency Management:

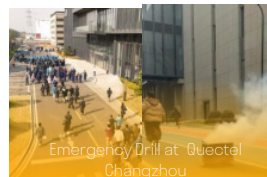
Each unit has established an emergency command center, standardized emergency response processes, and conducted various comprehensive emergency drills, special drills, and on-site response activities.

Emergency Response Plans:

Tailored contingency plans are developed for different types of emergencies, enabling categorized and precise responses. A three-tier emergency plan system consisting of "comprehensive plans + specialized plans + on-site response plans" has been established, with regular drills and evaluations organized.

Case > Fire Safety and Evacuation Drills

We conduct regular annual fire safety and evacuation drills, simulating real-life fire scenarios. Under the guidance of trained professionals, employees learn the proper use of firefighting equipment and essential evacuation techniques. These drills also test the effectiveness of alarm systems and evacuation routes, comprehensively enhancing employees' emergency response capabilities, as well as their ability to perform self-rescue and mutual aid, thereby ensuring personnel safety and operational continuity.



Emergency Drill at Quectel Changzhou

Occupational Health and Safety Training

We place strong emphasis on strengthening employees' awareness of occupational health and safety by organizing a wide range of training programs aimed at enhancing safety awareness and emergency response capabilities.

Occupational Health and Work Safety Training Performance in 2025

Total Safety Training Hours	151.5 hrs
Total Participants in Work Safety Training	21,356 participants
Total Work Safety Training Sessions	1,982 sessions

Case > "Ankang Cup" Knowledge Competition and Fire Safety Month Quiz

To enhance EHS awareness among new employees, Quectel Changzhou organized EHS competitions, adopting a "learning-through-competition" approach. These activities deepened employees' understanding of environmental protection, occupational health, and work safety, while strengthening their safety awareness and emergency response capabilities.



Case > First Aid Safety Training

To improve overall health and safety awareness, we organize annual first aid training sessions delivered by professional medical practitioners. The training covers essential first aid knowledge, including cardiopulmonary resuscitation (CPR), equipping employees with the skills needed to respond effectively in emergencies and ensuring a safer workplace environment.



Indicator and Target Management

Occupational Health and Safety Targets	Progress in 2025
Continuous Investment in Work Safety	A total investment of RMB 611,800 in work safety.
Occupational Disease Incidence Rate: 0%	Achieved
No Employee Fatalities Due to Work-related Accidents	Achieved
No Work Safety Incidents	Achieved
Employee Work Injury Insurance Coverage: 100%	Total Work Injury Insurance of RMB 3.3995 million
Employee Work Injury Insurance Coverage: 100%	Investment in Employee Work Injury Insurance: RMB 668,200
Safety Hazard Inspection	A total of 789 hazards identified, with a rectification rate of 100%
Work Safety Training Coverage: 100%	Achieved

Rural Revitalization Initiatives

Quectel actively responds to the Rural Revitalization Strategy by leveraging its strengths in IoT technologies to build an integrated smart agriculture management platform. This platform enables visualized management of farming activities, agricultural machinery, and field conditions, thereby empowering the development of modern agriculture.

Through the self-developed high-precision agricultural machinery navigation assistance system, combined with AI-enabled decision-making, we drive the transformation of agricultural operations toward standardization and precision. This significantly improves productivity and resource utilization, reduces labor costs for farmers, and provides critical technological support for food security and sustainable agricultural development.

Digital Rural Development · Farmland Management

Digital Farmland Infrastructure

Leveraging NB-IoT, 5G, and satellite communication modules, the system enables environmental safety, precise positioning of agricultural machinery, and full lifecycle traceability. Integrated smart irrigation and soil moisture detection allow automated control of water and fertilizer inputs.

AI-powered Farmland Management

Based on the Provecta AI vision solution, the system automatically analyzes crop growth, provides early warnings for pests and diseases, and supports agricultural product sorting. This shifts decision-making from experience-based to data-driven, significantly improving standardization and yield efficiency.

Smart Agricultural Machinery Empowering Field Operations

Full-process Coverage and Intelligent Management

The system integrates high-precision BeiDou PPP positioning, multi-sensor fusion navigation algorithms, and AI-enabled decision-making, upgrading agricultural machinery from traditional tools to an "assisted driving brain" with continuous signal support for uninterrupted operation. The FMA series autonomous driving system improves operational efficiency by ≥30%, increases fuel efficiency by 18%, and raises seeding overlap accuracy from 75% to 97%, substantially reducing labor costs and resource waste.

Flexible Route and Mode Optimization

The system performs global route optimization to accommodate diverse terrains and supports multiple operation modes (e.g., AB straight-line, diagonal harrowing). It can automatically adjust to uneven terrain and offers features such as one-touch turning, route memory, and sharing, enhancing efficiency while minimizing waste.

Differentiated Product Solutions

FMA310, based on high-precision Beidou positioning, enables centimeter-level operations across the entire farming cycle (plowing, planting, management, and harvesting), adapts to complex terrains and mainstream machinery, and reduces overlap and omission through intelligent planning, improving land utilization and lowering fuel consumption. FMA210 is designed specifically for small to medium-sized farms, significantly reducing installation and maintenance costs while ensuring centimeter-level accuracy. It features practical functions like one-click turning back, meeting the needs of various scenarios in both irrigated and dry fields.



Social Contribution

>>> Fulfilling Corporate Responsibility

Guided by the mission of "Building a Smarter Earth," Quectel is committed to making outstanding contributions to the global IoT industry and continuously creating social value. Leveraging the geographic advantages of the Yangtze River Delta, we actively align with and contribute to the "Integrated Development of the Yangtze River Delta Region" strategy. Through enhanced regional collaboration, we promote the integrated innovation of advanced communication technologies such as 5G and IoT, injecting strong momentum into the development of the regional digital economy. Across China, we have created thousands of jobs spanning software, algorithms, hardware, testing, technical support, operations, product management, and sales, providing diversified career opportunities for local communities.

<p>Strengthening the Digital Foundation of Smart Cities</p>	<p>With 5G/5G-A industrial modules and AI vision solutions at the core, we serve over 100 manufacturing and power grid enterprises, advancing "5G + Industrial Internet" transformation and enabling cost reduction and efficiency gains. Our modules are widely applied in smart transportation, energy, and security, supporting refined urban governance and new urbanization.</p>
<p>Building an Integrated Space-Ground Emergency System</p>	<p>We have launched satellite communication modules to enable "terrestrial + satellite" full coverage, ensuring stable connectivity in remote areas, maritime, and aviation scenarios. During earthquakes and floods, our emergency communication modules support command coordination and resource deployment, forming a critical component of national emergency systems.</p>
<p>Enhancing Social Governance and Public Well-being</p>	<p>Our modules are extensively applied in telemedicine, mobile healthcare, supporting tiered diagnosis systems and smart hospital development. Applications such as smart metering, wireless payments, and elderly care continue to expand, improving public service efficiency and contributing to common prosperity.</p>

Advancing the Belt and Road Initiative Through our global footprint, we support digital infrastructure development under the Belt and Road Initiative. Our low-power modules and industrial energy-saving solutions help reduce carbon emissions across industries, while also driving coordinated development across upstream and downstream sectors, including chips and terminals, thereby fostering industrial clusters and job growth.

We strictly comply with all applicable laws, regulations, and policy requirements. With the principles of integrity and lawful operation in mind, we rigorously comply with tax regulations, and ensure the timely and full payment of all taxes. In doing so, we fulfill our tax obligations and contribute to local economic and social development. In 2025, we paid a total of RMB 269.42 million in taxes.

Case Overseas Practices and Employee Development

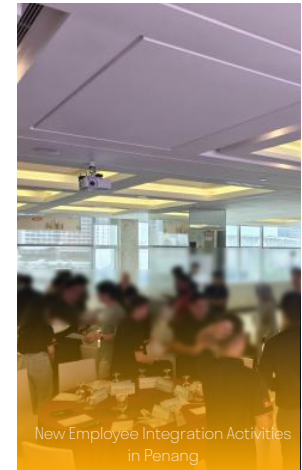
To enhance competitiveness in international markets and achieve mutually beneficial outcomes with local markets, our overseas R&D centers and manufacturing facilities continue to advance localization strategies. We have increased local hiring ratios and provided diversified professional training for local employees, creating valuable employment opportunities and contributing to local economic growth.

Global Employee Integration Activities: Fostering cross-cultural communication and mutual understanding among global employees.

- Innovative Formats: Strengthening communication through activities such as puzzles, painting, and competitions, with a focus on "cultural integration, communication and collaboration, and technological awareness."
- Wide Coverage: Over 160 new employees from more than 15 departments participated in activities in Penang and Belgrade.





International Management Training: Building global management alignment and collaboration capabilities.

- From 0 to 1: 8 training sessions were conducted, with 96 participants, covering managers across international R&D and non-R&D functions.
- Diverse Themes and Formats: Workshops, case studies, experience sharing, and seminars addressed topics such as cross-departmental communication, team building, and conflict management.



>>> Community Engagement and Co-development

Quectel consistently regards the fulfillment of corporate responsibility and the promotion of community co-development as an integral part of its sustainability strategy. Through community activities, anti-fraud awareness campaigns, and fire safety outreach, the Company actively contributes to building safer and more civilized communities. It fosters mutual integration and shared responsibility between the enterprise and local communities, helping to create a safe, well-regulated, and harmonious social environment. In 2025, we organized and participated in various community engagement initiatives in Shenzhen, Foshan, Guilin, and other locations.




Shenzhen	<p>"Nanshan in Full Swing - Benefits for All Workers" Thematic Campaign</p> 	<p>In 2025, we participated in the "Nanshan in Full Swing - Benefits for All Workers" Thematic Campaign, and jointly organized the "Software Park Cup" basketball tournament with industrial parks and local communities. The event enriched employees' leisure life, enhanced health awareness, and strengthened interaction and integration between the Company and the community.</p>
	<p>"Software Park Cup" Basketball Tournament</p> 	
Foshan	<p>Shared Community Facilities</p> 	<p>By leveraging local service center resources, we helped develop diversified spaces for employee fitness and recreation. Activities such as table tennis and yoga clubs provided convenient, high-quality platforms for exercise and relaxation.</p>
Guilin	<p>Community Sports Events</p> 	<p>The Guilin R&D Center actively integrated into the local community by organizing employee participation in local marathon events and co-hosting sports competitions with other enterprises, strengthening interaction among the Company, the community, and regional businesses.</p>

» Advancing Social Welfare

Guided by its philanthropic philosophy of "Overcoming All Challenges, Extending Love Far and Wide," we have established a systematic public welfare framework and a distinctive model for charitable engagement. We have formulated the Public Welfare Donation Management Guidelines to standardize donation processes and clarify departmental responsibilities. Focusing on educational support, we rigorously screen beneficiaries to ensure legality, compliance, traceability, and evaluability, while integrating anti-corruption controls to form a well-structured and accountable operational system.

Since 2020, we have carried out educational public welfare activities for five consecutive years, **with a total donation amount of RMB 4.7501 million and more than 12,135 items of donated materials**. The geographical scope has expanded from Anhui Province to Guangxi Province, and the beneficiary institutions include rural schools, nursing homes and other institutions, forming a traceable and assessable public welfare trajectory. Regarding public welfare foundations, **we donated RMB 1 million to the Shanghai Sunrise Foundation and**

RMB 20,000 to the Wujin District Charity Federation in 2025. The former was used to help impoverished families, families affected by illness improve their living conditions, students in difficulty improve their learning conditions, and help individuals affected by natural disasters or accidents. The latter was used to contribute to the development of local charitable initiatives and broader social welfare.

Public Welfare Activities	Key Achievements
<p>Education Support</p> <p>In 2025, we launched the "Empowering Rural Education" initiative, focusing on improving teaching conditions in former revolutionary areas and remote schools. Following on-site assessments and needs alignment, we donated a total of 1,772 items, including furniture (desks, chairs, bookshelves), IT equipment (computers, printers, broadcasting systems), and sports equipment, valued at RMB 963,000 to schools in Jinzhai County and Huoshan County, Anhui Province. All materials were delivered to the schools by December 2025, ensuring timely deployment and effective utilization.</p>	 <p>Scholarship Donation</p>
<p>Follow-up on Previous Donations</p> <p>In 2024, we donated a total of 3,499 items, including customized desks and chairs, graded books, and sports equipment, to two primary schools in Cangwu County, and conducted a follow-up visit in March 2025. The donations effectively improved teaching conditions, earning us certificates of appreciation and banners from the schools, with enthusiastic responses from teachers and students.</p>	 <p>Follow-up on Previous Donations</p>
<p>"Doing Good Together" Initiative</p> <p>Employees across our locations actively participated in public welfare efforts, handcrafting items such as pencil cases and study kits to support those in need.</p>	 <p>Volunteer Activities</p>

Quectel's Social Welfare Key Performance Indicators in 2025

Indicator	Value
Total Volunteering Activity Hours	618 hrs
Average Volunteer Service Hours Per Employee	44.14 hrs
Total Number of Beneficiaries from Our Volunteer Services and Donations	1,583 beneficiaries
Total Charitable Donations	RMB 1.983 million

05

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



17 PARTNERSHIPS FOR THE GOALS



Governance

Improving Corporate Governance	77
Protecting Investor Rights and Interests	79
Compliance and Internal Control	80
Business Ethics	81

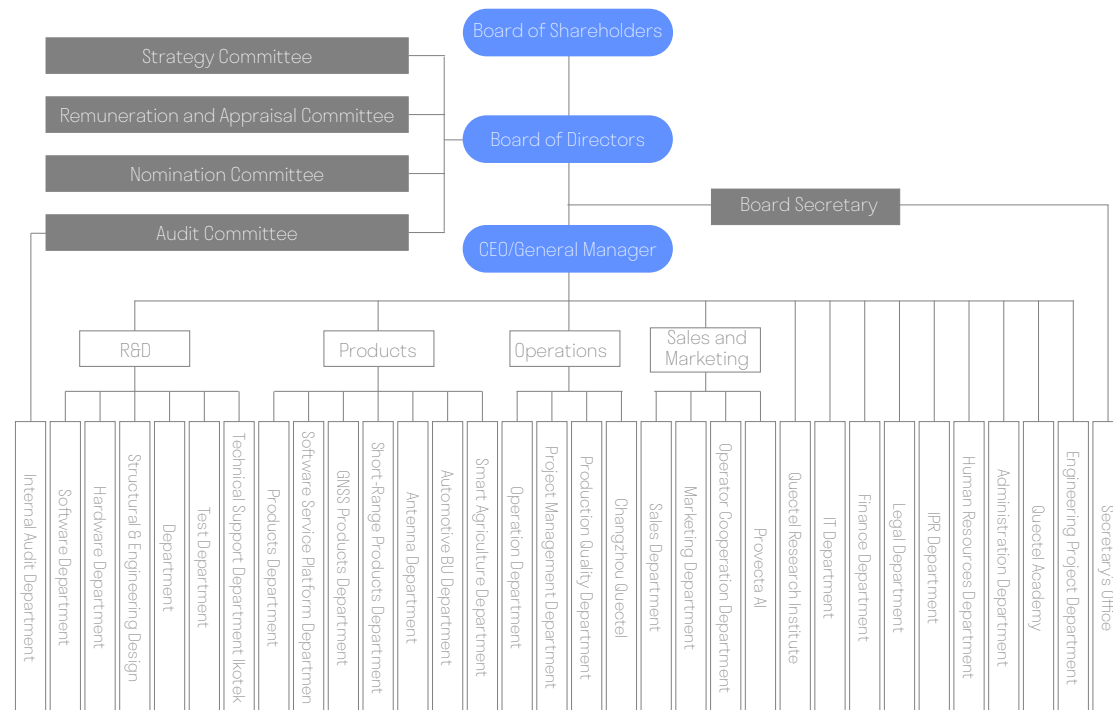


Improving Corporate Governance

>>> Governance Structure

In accordance with the Company Law, the Securities Law, and the Code of Corporate Governance for Listed Companies in China, as well as other applicable laws, regulations, and normative documents, Quectel has established a corporate governance framework composed of the Board of Shareholders, the Board of Directors, and the management team, featuring coordination, mutual support, and effective checks and balances. Our specialized committees, based on internal regulations and practical control requirements, implement standardized and efficient management decision-making and operational supervision mechanisms, providing professional support for the Board's decisions.

We revised the Articles of Association of Shanghai Quectel Wireless Solutions Co., Ltd., the Rules of Procedure for the Board of Shareholders, the Rules of Procedure for the Board of Directors, and other documents. Guided by the principles of scientific design, streamlining, efficiency, transparency, and checks and balances, we have rationally structured our internal functions, clearly defining responsibilities and authorities in alignment with our development strategy, corporate culture, and management requirements.



Note: The Company, in accordance with the latest provisions of the Company Law and other relevant laws, regulations, and normative documents, and in light of its actual circumstances, has decided to abolish the Supervisory Board and supervisors, which was deliberated and approved at the Sixth Meeting of the Fourth Supervisory Board regarding the "Proposal to Abolish the Company's Supervisory Board."

Key Corporate Governance Performance in 2025

Board of Shareholders	3 meetings: 1 Annual General Meeting, and 2 Extraordinary General Meeting	28 proposals were deliberated 100% approved
Supervisory Board (Before cancellation)	4 meetings 100% of supervisors attended	25 proposals were deliberated 100% approved
Board of Directors	8 meetings 100% of directors attended	77 proposals were deliberated 100% approved

Special Committees under the Board of Directors

Special Committees under the Board of Directors	Number of Meetings	Proposals for Deliberation
Audit Committee	5	14
Strategy Committee	2	5
Nomination Committee	0	0
Remuneration and Appraisal Committee	1	6

The approval rate for the above proposals was 100%

Board Effectiveness

To enhance Board decision-making quality and overall governance effectiveness, we have taken a systematic approach across four key dimensions: structural optimization, process standardization, capability building, and digital empowerment.

Optimizing Structure and Decision-making Mechanisms	In strict compliance with the Company Law and corporate governance rules, we continuously optimize the composition of the Board, emphasizing diversity of professional backgrounds. Directors are encouraged to contribute independent and well-informed perspectives based on their expertise, thereby enhancing the independence and scientific rigor of decision-making.
Introducing Professional Support	We standardize procedures for convening Board meetings and making decisions. For complex or specialized matters, we actively engage independent third-party institutions, such as external financial advisors, to provide professional opinions and support informed Board decision-making.
Emphasizing Both Evaluation and Training	We have established and implemented a scientific performance evaluation mechanism to urge diligence and responsibility. At the same time, directors participate in professional training organized by regulatory authorities to continuously strengthen their capabilities in corporate governance, industry trends, and risk management.
Enhancing Efficiency through Digital Empowerment	Digital platforms such as Lark are leveraged to manage Board affairs, streamline meeting processes, improve information processing and collaboration efficiency, and enhance the transparency and standardization of decision-making.

Board Diversity

Board Independence

In accordance with the Measures for the Administration of Independent Directors of Listed Companies and other applicable regulations, we have continuously strengthened the role of independent directors within our corporate governance structure, with a view to enhancing standardized governance.

As of the end of the reporting period, our Board consisted of 5 members, including 2 independent directors, representing 40% of the Board.

In 2025, we revised the Independent Director Work System, and disclosed the Special Report on the Self-Examination of the Independence of Independent Directors by the Board of Directors. These measures ensured that independent directors could perform their duties independently and express independent opinions on major corporate matters, thus safeguarding the overall interests of the Company, with particular attention to protecting the legitimate rights and interests of minority shareholders.

Board Diversity

To enhance the scientific rigor and effectiveness of Board decision-making, we adhere to a merit-based principle in director selection and promote a diversified Board composition. In nominating and appointing directors, we evaluate candidates based on their professional expertise and experience, while also considering diversity factors such as age, gender, cultural background, educational background, and professional skills. This multi-dimensional approach leverages diverse perspectives to support sound decision-making and ensures a balanced and well-structured Board.

Gender Diversity		
Female		
20%	Male	
	80%	

Educational Background Diversity	
Bachelor's degree	Master's degree
60%	40%

Age Diversity		
35-45 years	45-55 years	55 years and above
20%	60%	20%

Professional Background Diversity	
Directors with industry expertise or experience	Directors with finance and tax management experience
80%	20%

»» Remuneration Management

In compliance with applicable laws and regulations, Quectel has established a set of remuneration policies aligned with industry benchmarks and tailored to its operational context, including the Implementation Rules of the Remuneration and Appraisal Committee of the Board. The remuneration of directors and senior management is disclosed in periodic reports, ensuring a professional and institutionalized remuneration management framework. The remuneration system for directors and senior management is implemented in strict accordance with established policies and is administered in a standardized and reasonable manner. Directors' remuneration is determined by the Board of Shareholders, while that of senior management is determined by the Board of Directors. Remuneration levels are benchmarked against industry and regional standards and are tied to the Company's annual performance as well as individual performance evaluations. Allowances for independent directors follow the same principles. Senior management is subject to an annual salary system, comprising a fixed base salary paid monthly and a performance-based component tied to appraisal results. Overall remuneration incentives are strictly aligned with job value and performance outcomes. During the reporting period, we had no non-compliance incidents, ensuring that incentives are commensurate with performance and the Company's development objectives.

Protecting Investor Rights and Interests

Protecting investors' rights and interests is both a fundamental obligation of a listed company and the cornerstone for building market credibility and earning investor trust. At Quectel, we have revised policies such as the Investor Relations Management System, the Information Disclosure Management System, and the Board Secretary Work Guidelines to ensure that investors receive information timely and fairly. We provide multiple communication channels for investors, patiently answering their inquiries and establishing a responsible and reliable corporate image.

»» Investor Communication

We attach great importance to extensive and in-depth engagement with investors and continuously improve our investor relations management system. We have established a multi-level, multi-channel communication framework to ensure timely and effective information dissemination. Adhering to the principles of compliance, fairness, proactiveness, and integrity, we provide full and transparent disclosures, accurately address investor concerns, and actively solicit and incorporate investor feedback. On this basis, we effectively safeguard the legitimate rights and interests of investors, especially minority shareholders, and are committed to creating a regulated, healthy, and mutually trusting market ecosystem.

Investor Communication Channels: General Meetings, Investor Hotline, the SSE e-Interactive Platform, Seminars, Investor Briefings, Analyst Meetings, Roadshows, Visitor Reception and Periodic Report Disclosures.
Regular Training: Regular Training: We regularly provide systematic training on investor relations management for directors, senior management, and relevant personnel.

Shareholder Returns

Since its listing, the Company has implemented 8 dividend distributions with a cumulative payout of approximately RMB 749 million. We assessed the feasibility of multiple dividend distributions, convened General Meetings in accordance with relevant rules, authorized the Board to formulate and implement interim dividend plans. In 2025, we distributed an interim cash dividend exceeding 143 million (tax inclusive), accounting for 30.54% of the net profit attributable to shareholders of the listed company in the interim consolidated financial statements. The Company's proposed annual cash dividend for 2025 amounts to RMB 109.37 million (estimated; the final amount is subject to approval at the 2025 Annual General Meeting).

Key Investor Communication Performance in 2025

Sessions of Investor Reception	82 sessions
Earnings Briefing Sessions	3 sessions
Responses to e-Interactive Platform Inquiries	110 times

Information Disclosure Management

In accordance with the latest regulatory requirements, including the Measures for Administration of Information Disclosure of Listed Companies, we continuously optimize our internal management system and have revised and enhanced policies such as the Information Disclosure Management System, the Management of Insider Information and Insiders, the Internal Reporting System for Major Information, and the Management of Deferred and Exempt Business in Information Disclosure. These efforts aim to improve the standardization, transparency, and readability of information disclosure. By integrating operational and financial information, we ensure the effective communication of material matters and safeguard the legitimate rights and interests of investors.

To strengthen communication with stakeholders, we regularly publish public reports covering both financial and non-financial information. Every year, we engage external audit firms and auditors through public bidding or targeted invitations to ensure the independence and credibility of financial information disclosure. We have published bilingual environmental, social, and governance (ESG) reports for three consecutive years, systematically disclosing our management practices, key progress, and performance results in the field of sustainability, fully demonstrating our corporate social responsibility.

During the reporting period, there were no instances of publishing correction or supplementary announcements, nor did we face regulatory penalties for information disclosure violations.

Key Information Disclosure Performance in 2025

During the reporting period, we disclosed a total of 137 announcements and related documents (4 regular reports and 133 interim announcements). Information disclosure rating: B in 2025; A from 2022 to 2024. Quectel's ESG rating: Wind ESG: AA, Sino-Securities ESG: A, and awarded EcoVadis "Committed" recognition.

Compliance and Internal Control

Compliance Operations

At Quectel, we adhere to a compliance governance philosophy of "legality, standardization, rigor, applicability, and controllability," ensuring that all business operations, processes, and documentation fully comply with applicable domestic and international laws and regulations, industry standards, and internal policies. Our business processes strictly follow established procedures, with reviews focusing on logical rigor and

clarity of provisions to eliminate potential loopholes. Management measures are closely aligned with operational needs, and through systematic risk identification, assessment, and preventive control mechanisms, compliance risks are maintained within acceptable limits. We have also established internal policies such as the Export Control and Trade Compliance Policy, the Contract Management Policy, the Authorization and Signature Management Policy, and the Corporate Seal Management Measures, forming a robust compliance management framework that ensures all business activities are governed by clear and enforceable compliance standards.

Compliance Governance Measures

Internal and External Focus	Key areas	Closed-loop Management
We take a holistic approach to stakeholder management. Externally, we focus on policies, regulatory requirements, business partners, and shareholder concerns, strengthening the management of related-party transactions and compliance risks. Internally, we emphasize governance structure, employee feedback, and functional department input to ensure timely response to concerns.	Cover core aspects such as corporate governance, anti-commercial bribery, information security, data protection, product quality, environment and safety, and employee rights and interests, building a comprehensive compliance management framework.	Establish sound compliance policies and processes, and promptly identify and correct deviations through review and auditing; establish smooth feedback channels, encourage employee participation in supervision, and promote the continuous optimization of compliance mechanisms.

Case Compliance Culture Development

We place strong emphasis on fostering a culture of compliance. Through regular compliance training, the development of compliance manuals, and the establishment of compliance communication boards, we enhance employees' awareness and encourages adherence to compliance requirements. In 2025, we conducted compliance-related training totaling 4,395.42 hours, with 3,570 participants. Training topics included the introduction to the Contract Management System (CMS), IP compliance, and extraterritorial compliance.

Internal Audit

We continuously improve our internal control system, supervise and regulate the implementation of internal control, and continuously optimize the internal control framework. We have established internal policies such as the Internal Control Audit Evaluation Guidelines and the Internal Control Manual (2020 Edition) to clarify the objectives, principles, and overall framework of our internal control. The internal control systems propose specific control requirements for key areas, with process designs covering all stages from start to finish, and provide detailed operation manuals to offer clear guidance to employees.

Internal Control Management Measures

Governance Structure and Checks and Balances Mechanism	We have established a governance structure that balances the Board of Directors, and senior management to ensure scientific decision-making and effective supervision. The organizational structure is tailored to business characteristics to enhance interdepartmental coordination and internal control constraints.
Information Sharing and Supervision	We have established a smooth internal and external information communication mechanism to facilitate cross-departmental collaboration and stakeholder engagement. We have improved a multi-level supervision system that combines internal audit, self-assessment, and external supervision, continuously assessing and optimizing the effectiveness of internal control.
Control over Key Processes	We have improved the financial approval, fund management, and accounting systems to ensure the authenticity and completeness of financial information. Procedures for asset acquisition, utilization, and disposal are standardized to safeguard asset security. Key business processes, including procurement, R&D, production, and sales, are subject to standardized management to mitigate operational risks and prevent fraud.

Key Performance in 2025

- We did not identify any significant or material deficiencies in internal controls over financial or non-financial reporting.
- Throughout the year, 656 issues were identified through audits, with a rectification rate of 79%.

» Tax Governance

At Quectel, we strictly comply with applicable tax laws and regulations, including the Law of the People's Republic of China on the Administration of Tax Collection, the Law of the People's Republic of China on Enterprise Income Tax, the Interim Regulations of the People's Republic of China on Value-Added Tax, as well as tax policies in the jurisdictions where we operate. We adhere to lawful and compliant tax practices, ensuring the accuracy and timeliness of tax filings. We continuously conduct internal training and external consulting to stay updated on the latest tax policies. There were no material tax violations throughout the year, effectively maintaining our tax credit and reputation. Additionally, we strengthen communication with tax authorities, dynamically track policy changes, enhance the professional capabilities of tax management personnel, and reinforce the foresight and adaptability of tax management. Within a compliant framework, we conduct prudent tax planning and actively leverage applicable tax incentives to support improved operational performance.

Business Ethics

» Anti-Fraud and Anti-Corruption

Anti-Bribery System Development

At Quectel, we strictly adhere to laws and regulations such as the Company Law and the Interim Provisions on Prohibiting Commercial Bribery. We have established and improved the management system for preventing commercial bribery, corruption, and fraud. We are committed to upholding integrity in operations and safeguarding our corporate reputation. By formulating policies such as the Anti-Corruption and Anti-Fraud Management

Measures and the Anti-Corruption Standards on Resource Procurement, we regularly conduct anti-corruption training and awareness education, effectively promoting the implementation of these systems, strengthening integrity construction, ensuring market order, and safeguarding the Company's sustainability.

During the reporting period, we did not experience any significant incidents related to corruption or commercial bribery.

Anti-Fraud and Anti-Corruption Measures

Risk Assessment and Control	<ul style="list-style-type: none"> • We conduct comprehensive and in-depth risk assessments on key business processes such as procurement, R&D, production, and sales, and formulate corresponding internal control measures. We strictly regulate business processes and operational standards to reduce the risks of commercial bribery, corruption and fraud from the source.
Business Ethics Audits	<ul style="list-style-type: none"> • We perform regular and ad hoc audits of business operations, with a focus on key departments and high-risk areas, to promptly identify and rectify potential non-compliant practices.
Employee Integrity Commitment	<ul style="list-style-type: none"> • Employees are required to sign the Employee Integrity and Honesty Commitment, which standardizes behavior in the workplace and upholds professional integrity and honesty. 100% of our employees have signed the Employee Integrity and Honesty Commitment.
Integrity Management of Business Partners	<ul style="list-style-type: none"> • To ensure transparency in the procurement process, we require all suppliers to sign the Supplier Integrity and Honesty Commitment and strictly adhere to it, firmly prohibiting any form of commercial bribery, improper benefit transfer, or other unethical behavior. • Transaction screening is conducted rigorously, including reviews of contracts, pricing rationality, and payment methods with suppliers, customers, and partners, to detect potential improper interests.
Multidimensional Oversight System	<ul style="list-style-type: none"> • We have established a multidimensional supervision system that combines internal and external oversight, fully leveraging the roles of the internal audit department and external auditors, while also accepting supervision from regulatory authorities. Our comprehensive job rotation system requires key personnel to rotate regularly to avoid a single individual being responsible for particular business, effectively preventing excessive concentration of power. We have formed a multi-level anti-corruption system for reporting acceptance and internal auditing.
Disciplinary Measures	<ul style="list-style-type: none"> • We have established clear and strict disciplinary measures. Any verified cases of commercial bribery, corruption, or fraud will result in strict penalties in accordance with laws, regulations, and internal policies, including termination of employment, legal liability, and internal dislosure for deterrence.
Awareness and Training	<ul style="list-style-type: none"> • In terms of publicity, we communicate policies and regulations against commercial bribery and embezzlement through various channels such as our intranet and training courses. • We strengthen training and education for employees to ensure they fully understand the dangers of commercial bribery and embezzlement, as well as the Company's zero-tolerance stance. We have established a strict accountability system, with no tolerance for violations.



Strict Enforcement Against Misconduct and Upholding Integrity

We always maintain a zero-tolerance approach towards commercial bribery, embezzlement, and fraud. In 2025, two external whistleblowing cases were reported. The Internal Audit Department conducted prompt investigations, accurately determined the nature of the violations, and implemented appropriate disciplinary actions. The cases involved abuse of position for personal gain and were duly resolved. Our firm stance, "strict action upon detection and decisive resolution," effectively safeguards a fair competitive market environment and a culture of integrity.

Key Anti-Corruption and Anti-Fraud Performance in 2025

Total Number of Participants in Anti-Corruption and Anti-Fraud Training	2,834 participants
Total Number of Management in Anti-Corruption and Anti-Fraud Training	178 participants
Proportion of Directors Participating in Anti-corruption and Anti-fraud Training	100%
Total Sessions of Anti-corruption and Anti-fraud Training	26 sessions
Employee Pass Rate for Anti-corruption and Anti-fraud Training	100%
Number of Employees Dismissed or Disciplined Due to Corruption	2 cases
Number of Business Partners Terminated or Not Renewed Due to Corruption-related Issues	1 case

Whistleblowing and Reporting Mechanism

We have established multiple public reporting channels to jointly uphold our integrity image and promote the healthy development of the entire industry, contributing to the creation of a fair and transparent market environment.

Reporting Channels

Whistleblower mailbox, email, telephone, our WeChat official account, QR code, and the online EIP compliance platform.



Whistleblower Protection

- Independent and confidential reporting channels (including email, hotline, and online platforms) are provided for employees, business partners, and the public to report concerns safely and conveniently. Each report is handled promptly by designated personnel, with strict confidentiality to prevent any adverse impact on the whistleblower's employment, compensation, or career development.
- Any form of retaliation against whistleblowers is strictly prohibited and will be dealt with seriously to ensure protection from threats or reprisals.

Report Handling

- The Internal Audit Department leads a rapid response mechanism and establishes dedicated investigation teams to handle reports in a fair, objective, and professional manner. Cases are reported to the Board in accordance with the Dispute and Case Management Measures. Depending on severity, disciplinary actions may include performance downgrading, bonus deductions, warnings, demerits, or termination. Cases involving criminal conduct are referred to judicial authorities.

Incentives for Reporting

- Whistleblowers who provide valid evidence may receive financial rewards proportionate to the direct economic losses recovered for the Company. Non-monetary recognition, such as commendations or awards, may also be granted.

» Anti-Unfair Competition

At Quectel, we strictly comply with applicable domestic and international laws and regulations, including the Anti-Monopoly Law, the Law Against Unfair Competition, and the Foreign Trade Law. We adhere to the principle of fair competition. Through policies such as the Code of Business Ethics and Compliance, we standardize our transactions with customers, suppliers, and other partners to ensure openness, fairness, and integrity. In response to false statements, misleading information, or malicious defamation, we take proactive measures and legal action where necessary to protect our legitimate rights and interests, safeguard our reputation, and maintain orderly market competition, thereby contributing to greater social value.

Anti-Unfair Competition Risk Control Measures				
Protection of Trade Secrets	Prevention of False Advertising	Export Compliance	Anti-Fraud and Anti-Money Laundering	Agent Management
We sign non-disclosure agreements with employees, suppliers, and partners, and strictly prohibit obtaining competitors' information through bribery, coercion, theft, or other illegal means.	It is prohibited to make false or misleading statements regarding product performance or commercial reputation in advertising or promotional activities to ensure truthful and transparent communication.	We strictly adhere to export control regulations, trade restrictions, and embargo requirements imposed by the United Nations and relevant jurisdictions to prevent compliance risks related to unfair competition or monopolistic practices.	Employees are required to act with integrity and must not provide false information. Customer onboarding should involve due diligence procedures to mitigate risks related to money laundering, terrorist financing, and other high-risk transactions.	All agents are required to sign an Integrity Commitment Letter and fulfill compliance obligations, jointly fostering a fair and ethical business environment.

Case Antitrust and Fair Competition Training

We provide annual training for all employees, particularly those in sales, marketing, and business functions, on anti-unfair competition practices. Training topics include trade secret protection, interpretation of the Law Against Unfair Competition, and codes of conduct for employees and business partners, thereby enhancing awareness and preventing anti-competitive behavior across the organization.



Benchmarking Index Table

Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)

Disclosure	Reference Chapter
Climate Change Response	Climate Change Response
Pollutant Emissions	Pollutant and Waste Management
Waste Disposal	Pollutant and Waste Management
Ecosystem and Biodiversity Conservation	Safeguarding the Ecological Environment (Our operational sites are not located in key protected areas, and our production and business activities do not have significant negative impacts on ecosystems and biodiversity.)
Environmental Compliance Management	Environmental Compliance Management
Energy Consumption	Optimizing Energy Consumption
Water Resource Consumption	Water Resource Consumption
Circular Economy	Circular Economy
Rural Revitalization	Rural Revitalization Initiatives
Social Contribution	Social Contribution
Innovation-Driven Development	Innovation-Driven Development, Digital and Intelligent Development
Ethics in Science and Technology	Ethics in Science and Technology
Supply Chain Security	Supply Chain Security
Equal treatment to SMEs	Supply Chain Safety (We treat SMEs equally on an equal basis and there were no overdue payments owed to them.)
Safety and Quality of Products and Services	Product and Service Quality
Data Security and Customer Privacy Protection	Data Security and Privacy Protection
Employees	People-Oriented Approach, Occupational Health and Work Safety
Due Diligence	Compliance and Internal Control, Materiality Assessment
Stakeholder Communication	Materiality Assessment
Anti-Bribery and Anti-Corruption	Business Ethics
Anti-Unfair Competition	Business Ethics

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
GRI 2: General Disclosures		
2-1	Organization details	Quectel: Empowering a Connected World with Ambitions
2-2	Entities included in the organization's sustainability reporting	About the Report
2-3	Reporting period, frequency and contact point	About the Report
2-4	Restatements of information	About the Report
2-6	Activities, value chain and other business relationships	Quectel: Empowering a Connected World with Ambitions
2-7	Employees	People-Oriented Approach
2-8	Workers who are not employees	People-Oriented Approach
2-9	Governance structure and composition	Sustainability Governance Framework; Improving Corporate Governance
2-10	Nomination and selection of the highest governance body	Improving Corporate Governance
2-11	Chair of the highest governance body	Improving Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance Framework; Sustainability Management Mechanism
2-13	Delegation of responsibility for managing impacts	Sustainability Governance Framework; Sustainability Management Mechanism
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance Framework; Sustainability Management Mechanism
2-16	Communication of critical concerns	Materiality Assessment; Improving Corporate Governance
2-17	Collective knowledge of the highest governance body	Sustainability Governance Framework; Sustainability Management Mechanism
2-18	Evaluation of the performance of the highest governance body	Improving Corporate Governance
2-19	Remuneration policies	Improving Corporate Governance; Refer to Annual Report
2-20	Process to determine remuneration	Improving Corporate Governance; Refer to Annual Report
2-22	Statement on sustainable development strategy	Message from Our Chairman
2-23	Policy commitments	People-Oriented Approach

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
2-24	Embedding policy commitments	Compliance and Internal Control; Supply Chain Security
2-25	Processes to remediate negative impacts	People-Oriented Approach; Business Ethics
2-26	Mechanisms for seeking advice and raising concerns	People-Oriented Approach; Business Ethics
2-27	Compliance with laws and regulations	Improving Corporate Governance; Environmental Compliance Management
2-28	Membership associations	Supply Chain Security
2-29	Approach to stakeholder engagement	Materiality Assessment
2-30	Collective bargaining agreements	Materiality Assessment
GRI 3: Material Topics		
3-1	Process to determine material topics	Materiality Assessment
3-2	List of material topics	Materiality Assessment
3-3	Management of material topics	Materiality Assessment
201: Economic Performance		
201-1	Direct economic value generated and distributed	Refer to Annual Report
201-2	Financial implications and other risks and opportunities due to climate change	Climate Change Response
203: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Refer to Annual Report
203-2	Significant indirect economic impacts	
204: Procurement Practices		
204-1	Proportion of spending on local suppliers	Refer to Annual Report
205: Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Compliance and Internal Control; Business Ethics

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
205-3	Confirmed incidents of corruption and actions taken	Compliance and Internal Control; Business Ethics
206: Anti-competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
207: Tax 2019		
207-1	Approach to tax	Compliance and Internal Control
207-2	Tax governance, control, and risk management	Compliance and Internal Control
207-3	Stakeholder engagement and management of tax-related concerns	Compliance and Internal Control
301: Materials		
301-1	Materials used by weight or volume	Circular Economy
301-2	Recycled input materials used	Circular Economy
301-3	Reclaimed products and their packaging materials	Circular Economy
302: Energy		
302-1	Energy consumption within the organization	Optimizing Energy Consumption
302-2	Energy consumption outside of the organization	Optimizing Energy Consumption
302-3	Energy intensity	Optimizing Energy Consumption
302-4	Reduction of energy consumption	Optimizing Energy Consumption
302-5	Reductions in energy requirements of products and services	Optimizing Energy Consumption
303: Water Resources and Wastewater		
303-1	Interactions with water as a shared resource	Water Resource Consumption
303-2	Management of water discharge-related impacts	Water Resource Consumption
303-3	Water withdrawal	Water Resource Consumption

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
303-4	Water discharge	Water Resource Consumption
303-5	Water consumption	Water Resource Consumption
304: Biodiversity		
304-2	Significant impacts of activities, products and services on biodiversity	Safeguarding the Ecological Environment
305: Emissions		
305-1	Direct (Scope 1) GHG emissions	Climate Change Response
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Response
305-4	GHG emissions intensity	Climate Change Response
305-5	Reduction of GHG emissions	Climate Change Response
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Pollutant and Waste Management
306: Waste		
306-1	Waste generation and significant waste-related impacts	Pollutant and Waste Management
306-2	Management of significant waste-related impacts	Pollutant and Waste Management
306-3	Waste generated	Pollutant and Waste Management
306-4	Waste diverted from disposal	Pollutant and Waste Management
306-5	Waste directed to disposal	Pollutant and Waste Management
308: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Supply Chain Security
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Security
401: Employment		
401-1	New employee hires and employee turnover	People-Oriented Approach

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
401-2	Benefits provided to full-time employees that are not temporary or part-time employees	People-Oriented Approach
401-3	Parental leave	People-Oriented Approach
403: Occupational Health and Safety		
403-1	Occupational health and safety management system	Occupational Health and Work Safety
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Work Safety
403-3	Occupational health services	Occupational Health and Work Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Work Safety
403-5	Worker training on occupational health and safety	Occupational Health and Work Safety
403-6	Promotion of worker health	Occupational Health and Work Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Work Safety
403-8	Workers covered by an occupational health and safety management system	Occupational Health and Work Safety
403-9	Work-related injuries	Occupational Health and Work Safety
403-10	Work-related ill health	Occupational Health and Work Safety
404: Training and Education		
404-1	Average hours of training per year per employee	People-Oriented Approach
404-2	Programs for upgrading employee skills and transition assistance programs	People-Oriented Approach
405: Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	People-Oriented Approach; Improving Corporate Governance
406: Non-Discrimination		
406-1	Incidents of discrimination and corrective actions taken	People-Oriented Approach
408: Child Labor		

GRI Standard 2021		
GRI Standards	Disclosure	Reference Chapter
408-1	Operations and suppliers at significant risk for incidents of child labor	People-Oriented Approach; Supply Chain Security
409: Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	People-Oriented Approach; Supply Chain Security
413: Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution
414: Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Supply Chain Security
414-2	Negative social impacts in the supply chain and actions taken	Supply Chain Security
416: Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Product and Service Quality; Green and Low-Carbon Operations
416-2	Incidents of non-compliance concerning the health and impact of products and services	Product and Service Quality
417: Marketing and Labeling		
417-1	Requirements for product and service information and labeling	Product and Service Quality
417-2	Incidents of non-compliance concerning product and service information and labeling	Product and Service Quality
417-3	Incidents of non-compliance concerning marketing communications	Product and Service Quality
418: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Product and Service Quality; Data Security and Privacy Protection

QUECTEL

移远通信