



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited\*

*(a joint stock limited company incorporated in the People's Republic of China)*

(Stock Code: 1385)

## **Environmental, Social and Governance Report 2023**



*\*For identification only*

## INTRODUCTION OF THE REPORT

### SCOPE

Shanghai Fudan Microelectronics Group Company Limited (the “Company”, “Fudan Microelectronics” or “we”) and its subsidiaries (the “Group”) considers the integration of sustainability principles into its strategic planning and day-to-day operations through transparent measures as its key of business, with a view to delivering long-term value to stakeholders of the Group and maintain its competitive edge. The Company is delighted to publish this environmental, social and governance (“ESG”) report (the “Report”) highlighting its initiatives and efforts in pursuit of sustainability. The data and information contained herein cover the ESG practices of Shanghai Fudan Microelectronics Group Company Limited (HK01385/SH688385) and its subsidiaries from 1 January 2023 to 31 December 2023 (the “Current Year” or “Reporting Period”). To ensure continuity and for the convenience of comparison, some of the data and information provided are not limited within the year 2023.

### Principle for preparation

The report is prepared in compliance with the Environmental, Social and Governance Reporting Guide under Appendix of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx ESG Reporting Guide”), The Report has been reviewed and approved by the board of directors of the Company.

The report focuses on reporting the responsibilities of the Company with regard to among others, the corporate governance, product responsibility, environmental protection obligation, employee care and common development from ESG aspects, based on the principles such as materiality, consistency, quantitative and balance under the HKEx ESG Reporting Guide. The collection of data and information in this report has been conducted in accordance with the Company’s existing working processes.



**2023 ESG Performance Statistics Table**

Category	Performance Indicator	2023
Environment	Investment in environmental protection (RMB 0'000)	108.07
	Total electricity consumption (KWH)	20176.36
	Electricity consumption density (KWH / 10,000 units)	0.078
	Water consumption (tonne)	39046
	Water consumption density (tonne / 10,000 units)	0.15
	Total package material consumption (kg)	419662.68
	Packaging material consumption density (kg/ 10,000 units)	8.9
	Direct GHG emission (TCO <sub>2</sub> -e)	45.84
	Indirect GHG emission (TCO <sub>2</sub> -e)	8474.07
	Intensity of GHG emission (TCO <sub>2</sub> -e /10,000 units)	0.03
Social	Charitable investment (RMB 0'000)	44.3
	Customer satisfaction	100%
	Total number of personnel receiving training on anti-corruption	316
	Number of customer complaints	63
	Proportion of sold products recalled for safety and health (%)	0
	Capital investment for safety (RMB0'000)	169.30
	Number of safety incidents (times/year)	0
	Work-related fatalities (person/year)	0
	Lost hours due to work incidents (hour)	0
	Investment in employee training (RMB0'000/year)	117.5
	Total training hours per year of employees (training hours/year)	28130
	Types of training courses (number/year)	565
	Average employee training hours (training hours/person/year)	18.52

## **Board's Statement**

The ESG Committee is the management and supervisor of the ESG system and responsible for the reporting to the Board matters relating to ESG issues of the Group, and monitoring the formulation and implementation of vision, strategy, objective and policy of ESG. The established ESG Committee Working Group and ESG Committee Secretary are responsible for formulating ESG management policies, formulating and promoting strategic planning and implementation of plans, and including evaluating and prioritizing the management of major ESG-related issues and risks, and also guide, supervise and inspect the implementation of ESG by all functional departments and subsidiaries of the Company. The Board has full responsibility of the Group's ESG strategy and reporting and responsible for evaluating and determining related risks of ESG, and ensuring that appropriate and effective ESG risk management systems are in place. The Company committed to increase sustainability performance through resource optimization and is dedicated to integrating ESG factors across its business operations as to protect and enhance the well-being of the environment, our staff and our community. The Company wishes to advance its sustainability journey constantly through ongoing processes of regular monitoring, review, and proactive actions. The Group will strengthen its ongoing environmental management system in order to minimize any negative effects across its operations.

## **Code of Business Conduct**

The Company has always strictly complied with the "Civil Code of the People's Republic of China", "the Anti-Unfair Competition Law of the People's Republic of China", "the Provisional Provisions on Prohibition of Commercial Bribery" and "the Prevention of Bribery Ordinance of Hong Kong", and other relevant laws and regulations, and has resolutely opposed and expressly prohibited corrupt practices.

We encourage our employees, customers, suppliers and other stakeholders to report any suspected violations of the "Code of Business Conduct" or any applicable laws or company policies. We have formulated the "Anti-fraud and Whistleblowing Complaint System" and designated the Audit Department as the standing organisation for the Company's anti-fraud work to implement specific tasks such as acceptance, supervision, investigation and tracking and handling.

We have always regarded the culture of integrity as an important part of our corporate culture, organised the relevant departments to carry out corporate integrity training, explained the relevant laws and regulations, introduced the hazards of corruption, and created a clean, honest and sincere cultural atmosphere within the Company, which has effectively helped our employees to establish the values of integrity and honesty. The Company has formulated the "Code of Business Ethics and Compliance", which regulates the behaviour and ethical standards of the Company's employees, and has signed the "Commitment to Comply with the Code of Business Ethics and Compliance" with its employees, which transmits the Company's commitment to ethical management to each and every one of its employees. During the year, the Company provided training on anti-corruption to 14 directors and supervisors and 302 employees.

Number of concluded legal cases regarding corrupt practices brought against the Company or its employees during the Reporting Period is zero.

### Code of Conduct

**Integrity operation:** The Company operates its business under the principles of fairness, integrity and compliance, abides by anti-corruption and anti-bribery laws and regulations in the place of business, and resolutely eliminates any form of corruption and bribery in order to standardize the its business activities.

**No improper benefits:** No employee shall offer, promise, give, solicit or accept bribes directly or indirectly to customers, suppliers, business partners or other entities and individuals for securing business opportunities.

**Conflicts of interest:** All employees must act in the Company's overall interests and must behave in a manner that reflects the Company's commitment to integrity, ethics and professionalism to customers, suppliers, shareholders and the public. All employees must ensure that any financial, commercial or other conduct they engage in outside of work does not conflict with the interests of the Company.

**Competition and fair trade:** The Company participate in business competition following the principles of fairness and honesty and is committed to improving market competitiveness through high-quality products and services, and resolutely opposes unfair competition.

Intellectual property rights and confidentiality: The Company maintains a strict intellectual property protection and confidentiality policy. Employees are not allowed to obtain the commercial secrets of the company and its partners such as customers, suppliers, and friendly company in any unlawful form, and are obliged to protect confidential information including but not limited to the privacy and commercial secrets of the Company, its customers, and other third parties that they have come to know legally in the course of their business.

Responsible mineral procurement: The Company always attaches importance to fulfilling social responsibilities and opposes mineral transactions that may seriously violate human rights. The Company undertakes that the metals used or contained in all products and their packaging do not come from "conflict minerals".



Corporate Integrity Training

## Key ESG Issues

In order to obtain and respond to the needs of stakeholders in a timely manner, the Company has identified the requirements and expectations of stakeholders with reference to the requirements of ISO26000: 2010 Guidelines for Corporate Social Responsibility and GRI Sustainability Reporting Guide, and adopted the "matrix evaluation method" to evaluate the key issues that stakeholders are concerned about from two dimensions, being the "impact on the Company's financial condition, environment and the society" and "impact on stakeholders". The ESG report of the year is compiled on the basis of stakeholder surveys and evaluation of key issues. The Company hopes to respond to the requirements and expectations of stakeholders through the communication and participation of stakeholders, so as to achieve its strategic development goals.

### Statistics on key issues communicated and concerned by stakeholders

Stakeholders	Issues concerned	Way of communication	Evaluation results Stakeholders' concern X impact on the Company's financial condition, environment and the society
Customers	High quality products, Customer satisfaction and complaint, Product development and technological innovation	Customer satisfaction survey, Customer complaint, Customer demand and communication	9X9 6X5 9X8
Shareholders and investors	Return and growth, Risk control	Financial report, Shareholders communication	8X8 7X5
Suppliers and contractors	Justice, fairness and integrity, Compliance and law-abiding	Supplier conference, On-site review	6X5 6X8
Employees	Competitive remuneration, Occupational health and safety, Training and career development	Employee satisfaction survey, Safety management system, Internal meeting	8X6 7X5 6X6
Environment	Hazardous substance control, Supplier environmental management, Respond to climate change	Contract and customer requirements, Supplier audit, Sustainability report	8X9 5X6 7X6
Government and regulatory authorities	Compliance with laws and discipline, Paying taxes according to law, Support economic development	Government conference, Seminar, On-site visit and communication	4X5 7X9 4X3
Community and NGO	Promoting regional economic development, Assuming social responsibility	Regular information disclosure, Visits	3X3 5X3

The collected feedbacks were analyzed and plotted in a materiality matrix to prioritize the ESG topics. Issues with high evaluation results were defined as the topics that matter most to both the Group's business operation and our stakeholders' concern. Hence, this ESG report will focus on those issues and reflect the Group's related strategies and impacts. The results from the assessment will also be considered for ESG performance improvement in future.

## Quality Control System

### Comprehensive quality control system

The Company strictly complies with domestic and foreign laws and regulations and quality control system standards, continuously improves technology and product quality, establishes a perfect quality control system, and devotes itself to the quality control of the whole product life cycle to ensure that we can provide our customers with products that satisfy their expectations and needs.



### Quality Control System Certification

#### Total Quality Control

With the continuous development of science and technology, the design is becoming more diverse and complex, the application is becoming more and more diversified, the improvement of quality requirements. We need to start from the project (product) research and development, to the consistency of the quality of the product in the production process to monitor the consistency of the product until the end of the product life cycle of the whole process and total quality control.

#### Research and Development Stage

The Research and Development (“R&D”) process of the Company's products follows the CPD R&D process, starting from the initiation of the product project, and controlling the quality of R&D in the requirement analysis, development planning, outline design, detailed design, simulation verification, initial sample verification, sample verification, and design finalisation at various points. The project leader develops product quality objectives and product quality plans, defines the overall quality strategy, key quality objectives and various quality assurance and control activities. The environmental requirements of the products are taken into full consideration in development planning, and green raw materials are selected to ensure that green products are put on the market. The project quality engineer monitors the implementation of the quality plan and tracks and supervises the implementation of DFMEA during the R&D process, and conducts audits at each stage of product development to ensure that the R&D team is able to carry out product development in accordance with the Company's established product development process.

#### Project Realisation Stage

Through the means of initial sample validation, positive sample validation, stereotyping, effective collaboration with various suppliers of flow, testing and packaging, and through corner lot and DOE tests to solidify the production process, we can ensure that the results of the design outputs will be introduced into new products to ensure that the quality of new products meets the requirements of the design.

### Mass Production Stage

Through SYL and SBL, SPC control, yield tracking at the production stage to monitor product quality and stability, and through BOM optimisation to upgrade processes, we continue to improve product yields to further ensure the optimisation of product performance and effective application.

### Product Reliability Guarantee

The Company has established a strict reliability testing process to assess the reliability of new R&D products and mass production products. Our products are subject to stringent reliability tests before they are put into mass production. The Company's annual routine test plan is formulated in accordance with the product enterprise standard, product test specification and other documents, and the routine test is implemented according to the plan to comprehensively assess and evaluate the reliability of the mass production products.

The Company has established a reliability laboratory, which is capable of conducting various types of reliability tests on semiconductor ICs, including ESD, environmental tests, and life tests.

### Product Reliability Trial and Testing

The Quality Control Department of the Company is responsible for conducting the test, initial sample verification, positive sample verification, and identification inspection of newly developed products and design and development change products. The Company also formulates the annual routine test plan according to the product enterprise standard, product test specification and other documents, and implements the routine test according to the plan to comprehensively assess and evaluate the reliability of the mass production products. The Company has set up a product testing room with a variety of reliability test equipment, which is capable of carrying out various types of reliability tests on semiconductor devices.



Product Testing Workshop



R&D product validation testing



Reliability Lab

### Intellectual Property Rights

In order to protect its own intellectual property rights and trade secrets, as well as to respect the intellectual property rights and trade secrets of others, the Company has formulated the Code of Business Ethics and Compliance and the Intellectual Property Management Rules. The Human Resources Department will also require the candidates to sign an Undertaking on the Protection of Intellectual Property Rights and Trade Secrets when recruiting senior engineers and supervisors or above. The Company has dedicated staff responsible for a series of intellectual property management work, including patent application and patent protection, and key technologies have been granted patent protection. In order to effectively motivate the R&D personnel, the Company extracts a certain percentage of the gross profit from the sales to reward the R&D personnel engaged in product design, so that the R&D personnel and the Company can share the direct benefits brought by the R&D results.

As at the end of the Reporting Period, the Company has been granted 25 new patents for inventions, and has obtained a total of 243 domestic and overseas patents for inventions.

Category	Additions during the period		Accumulated (active)	
	Number of applications (pcs)	Number of obtainments (pcs)	Number of applications (pcs)	Number of obtainments (pcs)
Invention Patent	56	25	205	243
Utility Model Patent	1	1	1	14
Exterior Design Patent	0	0	0	3
Software Copyright	24	22	223	288
Others (Integrated Circuit Layout Design)	17	29	17	182
Total	98	77	446	730

## **Customer Satisfactory**

The Company has always insisted on customer-oriented, through a variety of channels to listen to the voice of customers, understand customer needs, suggestions and complaints. We also use this as a starting point to improve our products and services and enhance customer satisfaction. All customer complaints are investigated by the relevant departments in a timely manner. At the same time, we will implement targeted improvement measures based on the fundamental causes of the complaints to reduce the risk of similar incidents occurring. We collect customer feedback and suggestions proactively through annual customer satisfaction surveys to further understand customer needs.

After the Company receives customer feedback, the sales staff passes the "Customer Service Information Form" and "Quality Information Feedback Sheet" through the Company's OA system to the internal staff. Customer service engineers and quality control engineers lead the problem handling, analyze and investigate the cause of the problem, formulate and implement improvement measures, and issue analysis reports. If the investigation result shows that the problem is serious, the Company will arrange to recall the product.

In 2023, the Company received 63 customer complaints, with a 100% response rate within 24 hours, a 100% response rate within 5 working days, and a 91.22% completion rate of closure within 10 working days. During the Reporting Period, there were no recalls due to product safety and health concerns.

The Company strictly adheres to confidentiality agreements with its customers, and has established a Code of Business Ethics and Compliance that specifies the relevant business compliance guidelines that all employees are required to follow, and that all employees are expected to maintain the confidentiality of sensitive business information, technical information, or other material information, except for authorised disclosure approvals and any disclosure required by law.

The Company provides a reporting platform where all reports and investigations are conducted on a confidential basis. Employees can report any violation of the Code of Business Ethics and Compliance or any other unlawful or illegal behaviour through the platform.

Reporting Telephone number: (021) 65168288-834

Reporting Email: jubao@fmsh.com.cn

The Company conducts customer satisfaction surveys twice a year to gain a comprehensive understanding of the level of customer recognition of the products and services provided by the Company, covering such aspects as product quality, packaging & delivery, service assurance and HSF capability. The average weighted score of the customer satisfaction survey for the year 2023 was 96.82. 100.00% of the customers were satisfied with the Company's overall rating, and the comments received in the survey were analysed and responded to seriously.

## **Environmental protections, Emissions and Use of resources**

The Company adheres to the concept of sustainable development of the environment and society, "Maintaining the environment on which the Company and its customers depend is the basic philosophy of the Company's sustainable management" is the Company's strategic approach to sustainable development in order to protect the global environment.

### Environmental Protection Management

Fudan Microelectronics Group fulfils its environmental protection responsibilities and strictly complies with the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Pollution from Miscellaneous Communications, the Law of the People's Republic of China on Prevention and Control of Pollution from Solid Waste, the Law of the People's Republic of China on Prevention and Control of Air Pollution and the Law of the People's Republic of China on Environmental Impact Assessment, as well as other laws and regulations. The Company has established a comprehensive environmental protection mechanism in accordance with the ISO14001 environmental management system standard and conducts compliance evaluation annually. As at the end of the Reporting Period, the Company has not experienced any incidents of environmental pollution and has not received any complaints from relevant parties in relation to the environment.

As a "fabless" IC design company, Fudan Microelectronics does not generate industrial waste gas, waste water, or large amounts of hazardous and non-hazardous waste during its operations. However, the Company insists on protecting the environment as a prerequisite for sustainable development and has formulated the document "Solid Waste Management Regulations" to regulate the control of solid waste, reduce the generation of solid waste and pollution caused to the environment. The Company also set an annual environmental target of "promoting paperless offices, reducing resource consumption and adding more than two new electronic process items" to protect the environment by reducing the amount of paper used. The Company uses water mainly for office use and has not encountered any problems in sourcing suitable water sources. In order to reduce water consumption and improve water efficiency, the Company uses water-saving sanitary ware to conserve water and to protect the water environment.

### Supplier Environmental Management

As a design company, Fudan Microelectronics takes into account the production link in the supply chain as a whole, promotes the joint fulfilment of social responsibilities by external suppliers, reduces the impact of environmental pollution, and endeavours to minimise the environmental and climate impacts caused by the production and operation activities of external suppliers. Supplier site audits include environmental management system audits to ensure supplier compliance and legal production.

The Company signed the "Guarantee of Non-use of Hazardous Substances Agreement " with suppliers and included the control of hazardous substances in the performance assessment of suppliers.

The Company signed the "CSR Behavioural Commitment for Suppliers" with suppliers to promote the fulfilment of suppliers' social responsibilities in the areas of society, governance, energy saving and emission reduction.



### ISO14001 Environmental Management System Certificate Certificate

### Environmental Public Welfare Activities

In order to realise the Company's commitment to environmental protection and sustainable development, the Company has set up the Rehabilitation Tree Planting Association and has organised members of the Association to call on the Company's staff to actively plant trees in order to fulfil their tree planting obligations. The Association organises and calls upon its staff to participate in online adoption work, including the number of parks, green spaces in parks, old and valuable trees, and other adoption work. The working areas include the city's municipal parks and administrative districts, such as the Gongqing Forest Park, the Shanghai Binjiang Forest Park, the Shanghai Chenshan Botanical Garden, the Shanghai Botanical Garden and so on. The Association has innovated the form of its activities by launching planting activities such as office seed paper and fruit and vegetable cup seeding, as well as launching specialised planting mini-courses. It not only builds a platform for staff to communicate and interact with each other, but also allows them to learn the knowledge of plant maintenance and experience the fun of planting, and better convey the concept of green and environmentally sustainable development while harvesting a green and lush.

## Green Products

From the beginning to the end, the Company insists on the green product output. The Company establishes the hazardous substance management system and passes the third party certification, and publishes the "Environmental Management Substance Standard" in accordance with the standard "IECQ QC080000 Hazardous Substance Process Management System Requirements". It is clearly stipulated that the plastic sealing products and module products must comply with the EU RoHS Directive, REACH regulations and other requirements, which effectively controls and reduces the environmental pollution caused by the Company's products and achieves the purpose of protecting the global environment. In the future, the Company plans to maintain emissions, energy and waste generation per unit of output at the same level (or lower) as last year.

## Low Carbon Operation

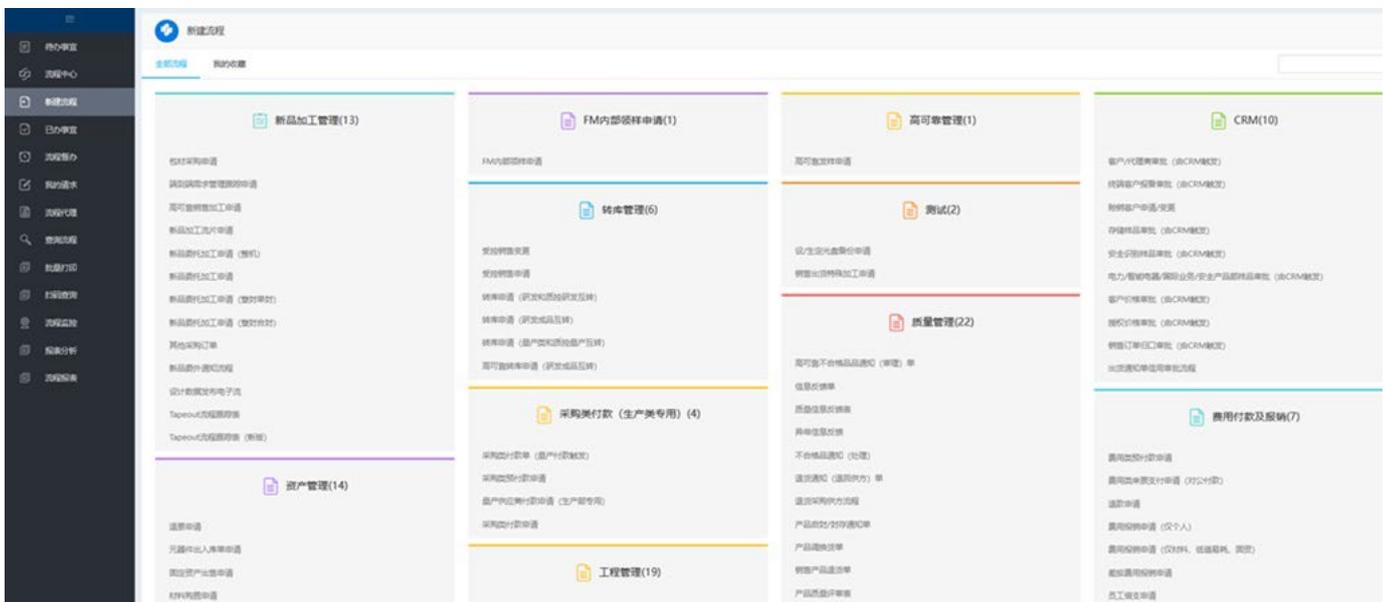
Global climate change will profoundly affect the earth's ecological environment and human survival. As one of the global citizens, Fudan Microelectronics is willing to contribute to the mitigation of climate change. Extreme weather such as typhoons, heavy rain (snow), thunderstorms, hailstorms and high winds can affect the health of employees and the continuity of the Company's business. The Company has formulated the "Meteorological Disaster Field Management Plan" to guide the Company to react in the face of extreme weather quickly and methodically, to control and minimise bodily injuries to employees in a timely manner, and to restore the normal production and operation order of the Company as soon as possible.

In order to reduce greenhouse gas emissions, the Group and its subsidiaries have adopted the following energy saving and emission reduction measures:

Upgrading the air-conditioning system: By upgrading the air-conditioning system of the laboratories, we can save 40KWH of electricity per hour and reduce greenhouse gas emissions by about 147 tonnes of carbon dioxide equivalent per year.

Large-scale promotion of paperless office: Fudan Microelectronics promotes paperless office through the use of ERP, MES and other online systems to achieve the purpose of reducing the use of paper, thereby reducing the felling of trees, mitigating the greenhouse effect, and fulfilling the enterprise's responsibility to protect the environment and care for the earth.

Greenhouse Gas Monitoring: Since 2011, the Company has established a greenhouse gas monitoring management programme to accurately grasp the status of greenhouse gas emissions through an annual inventory of greenhouse gas emissions. The Company has also adopted energy-saving methods, such as LED lighting replacement, to improve energy efficiency and achieve the goal of energy saving and carbon reduction.



Online system application interface

## **Supplier Environmental Management**

The cooperation between Fudan Microelectronics Group and its suppliers is based on shared values and ethical principles, and through regular supplier assessments and compliance reviews, it ensures that suppliers comply with the Company's environmental, social and governance principles. At the same time, we have built strong partnerships with our suppliers, which not only helps to minimise environmental and social risks, but also creates more opportunities for our business development. We are committed to building a sustainable supply chain with our suppliers. Through supplier training counselling and resource support, we help to enhance their processing capabilities and practices to ensure the sustainability of the entire supply chain. This collaboration not only drives our business growth, but also contributes positively to global sustainability. We strictly control the introduction of suppliers, day-to-day management and performance assessment to ensure quality and stable supply.

### Supplier introduction

We have formulated comprehensive operating procedures for supplier selection, assessment and approval which specifying the principles of supplier selection, qualification requirements for suppliers, assessment criteria and on-site audit procedures.

### Supplier CSR management

We are committed to building a green supply chain and enhancing the management of corporate social responsibility in the supply chain. We require suppliers to recognise Fudan Microelectronics' requirements for its partner companies in the supply chain in respect of human rights, environmental protection and social responsibility, and to sign the Supplier CSR Behavioural Commitment and the Agreement on Guarantee of Non-Use of Hazardous Substances.

When conducting business, suppliers must comply with the laws and regulations of the country in which they do business and are prohibited from engaging in illegal business practices such as bribery, corruption, fraud, money laundering and unfair competition. Suppliers are required to protect workers' freedom of association and the right to bargain in accordance with international labour standards, prohibit forced labour, child labour and discrimination in employment, provide workers with a healthy and safe working environment, and respect workers' internationally recognised personal rights and refrain from infringing on these rights in any way. At the same time, suppliers need to take up the responsibility and obligation to protect the environment, take precautionary measures against environmental challenges, actively develop and promote environmentally friendly technologies, and gradually phase out some environmentally polluting production processes. Suppliers are committed to reducing environmental pollution and enhancing environmental protection by providing Fudan Microelectronics with process technology, products and packaging materials that meet the Environmental Management Substance (EMS) Standards.

### Managing Risks and Building a Sustainable Supply Chain

Fudan Microelectronics Group has also established a Supply Chain Assurance Committee, which is responsible for optimising the supply chain control and ensuring the safe, effective and sustainable development of the supply chain operation.

Currently, the Company has 41 external suppliers, including 40 domestic suppliers and 1 overseas supplier. The Company conducts annual on-site audits of outsourced suppliers and quarterly and annual comprehensive evaluations to check the improvement of each supplier's long-term quality enhancement, handling of quality incidents, technical capabilities, production capacity and delivery, control of hazardous substances, CSR management and other aspects, and the audit conclusions and evaluation scores serve as the basis for increasing or decreasing the volume of business.

## **Our Staff**

Fudan Microelectronics is convinced that the development of the Company and the progress of the employees are interrelated. Employees are the most important assets and wealth of the Company, employees work hard for the prosperity of the Company, while the Company also provides a platform for employees to create honour and value, and work together to draw a better future.

### Caring for Staff

Fudan Microelectronics strictly complies with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Minors and other relevant laws and regulations. Internal systems such as Human Resources Management Procedures, Staff Requirement Application Workflow, Staff Recruitment and Hiring Workflow and Performance Appraisal were formulated and refined. The labour contract signing rate was 100%.

Under no circumstances that the Company can hire staff who is under the age of 16. The Company is prohibited from employing forced, bonded (including debt bondage) or contractually bound labour, involuntary prison labour, slavery or human trafficking, including transporting, harbouring, recruiting, transferring or accepting such labour or services by means of threats, coercion, duress, abduction or deception. In order to eliminate any chance of child labour, all applicants are required to provide legal identity cards or certificates of identity prior to enrolment so that we can conduct stringent screening. Fudan Microelectronics will not hesitate to terminate the employment contract and take legal action if any forged documents are found.

No department of the Company or any person shall collect money or goods from the employees who join the Company as "deposit for joining the factory", nor shall they withhold or mortgage the employee's resident's identity card, temporary resident's card and other certificates proving personal identity, and personal qualification certificates. During the Reporting Period, there were no cases of child labour or forced labour in the Company.

The Company is committed to providing an equal, fair, inclusive and diverse work environment and does not discriminate against employees on the basis of race, social class, nationality, religion, physical, disability, gender, sexual orientation, union membership, political affiliation or age in the process of hiring, compensation, training opportunities, promotion, termination, or retirement, and other treatment and benefits.

We believe that at Fudan Microelectronics firmly: if it is the sun, it will rise; if it is gold, it will shine.

HR Performance Data	2023
Total number of employees	2045
Ratio of male and female employees	2.39:1
Ratio of employees aged below 30/aged between 30 and 50/ above 50	7.23: 11.06: 1
Full-time to part-time staff ratio	340:1
Number of foreign employees	5 人
Number of disabled employees	18
Ratio of employees with bachelor's degree or above/high school education or above/junior high school education and below	31.18: 7.92: 1
Staff turnover rate (%)	7.04%
Employee Personal Performance Appraisal Coverage Rate	100%
Proportion of same remuneration of men and women in the same positions (%)	100%
Employment contract signing rate (%)	100%
National statutory "five insurance and one pension" coverage rate (%)	100%
Proportion of male staff among resigned staff (%)	70.83%
Proportion of female staff among resigned staff (%)	29.17%
Proportion of resigned staff who aged below age 30(%)	43.06%
Proportion of resigned staff who aged between 30 and 50 (%)	50.69%
Proportion of resigned staff who aged above age 50(%)	6.25%
Staff turnover rate of foreign staff(%)	0%

Channels for the free flow of speech

In order to continue to create an open, tolerant, respectful and diversified employment environment, the Company has established a rationalisation proposal platform, which makes use of this open and transparent communication mechanism to listen to the voices and aspirations of the employees, and to accept and respond positively to any suggestions and criticisms.

Staff Cultural Activities

The Company launches different activities to increase staff cohesion.



Company Anniversary Celebration



Company Anniversary Activities



Company Christmas Activities

#### Health safety

It is the Company's responsibility to protect the safety and health of its employees. The Company always puts the health and safety of its employees in the first place, and establishes and implements an occupational health and safety management system in accordance with the ISO45001 standard. Through continuous improvement of the management system, the Company provides and maintains a safe and reliable working environment to ensure the safety and health of its employees.

Typhoons, rainstorms (snow), thunderstorms, hailstorms, gales and other extreme weather will affect the safety of employees. The Company has formulated the "On-site Handling Plan for Meteorological Disasters", which guides the Company to respond promptly and in an orderly manner in the face of extreme weather to control in a timely manner and minimise the bodily injuries caused to the employees.

#### Production safety

The Company strictly complies with the Law of the People's Republic of China on Work Safety, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Measures for the Administration of Emergency Preparedness for Occupational Safety Accidents and other laws and regulations, and establishes a safety management mechanism with the General Manager as the main responsible person, the departmental leaders as the persons responsible for safety in the departments, the safety officers of the Company as the person in charge, and the office as the supervisor and inspector, with the participation of all the staff. Safety inspections are carried out at regular intervals and monthly safety inspections are conducted to ensure the safe development of the Company.

#### Safety training

Every year, the Company invests in safety improvements and organises various safety training and fire drills to continuously improve the safety awareness, safety management standards and emergency response capabilities of its staff.



Fire Drill

#### 2021-2023 Company Safety Performance Statistics

Safety performance indicator	2023	2022	2021
Investment in safety (RMB0'000)	169.30	148.54	107.28
Total training hours on safety (H)	3336	1248	503
Total number of safety officer	45	41	42
Total number of major accidents	0	0	0
Serious injuries and fatalities	0	0	0
Number of lost-time accidents (times)	0	1	1
Number of occupational diseases (per year)	0	0	0
Lost time due to work-related injury (H)	0	256	252

#### Occupational Health and Safety

The Company arranges annual health checks for all staff, places first aid boxes in each workplace, conducts Red Cross first aid training, and conducts fire drills for all staff.



Red Cross First Aid Training

#### Remuneration package

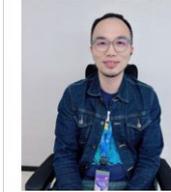
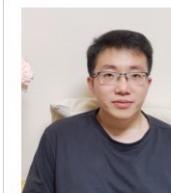
The Company provides employees with competitive remuneration and benefits, including basic salary, fixed allowances, variable bonuses, social insurance, housing provident fund, health check, supplementary commercial medical insurance and other welfare systems. In 2023, under the impact of the epidemic, Fudan Microelectronics insisted on giving its employees a pay rise and valued their hard work.

#### Selection of Outstanding Employees

The Company set up the Fight Award, Style Award, Co-operation Award, Eagle Award, Woodpecker Award and Innovation Award, and launched the Outstanding Employee Election activities in the whole company, in which all the employees of the Company voted for and selected the outstanding employees of the year.



投票说明:点击红心图标给候选人投票,每人最多可以投票10位候选人.

 <p><b>王怀春</b> 产品管理部 项目管理工程师 憨憨的外表藏不住使命必达的执行力,他是每年200个小... 详细介绍 <b>323</b> <b>290</b> ❤️</p>	 <p><b>关姗</b> 存储产品事业部 前端工程师 关家有女, 娴然从容。工作中的她冷静、细致、不急不... 详细介绍 <b>553</b> <b>220</b> ❤️</p>	 <p><b>吕琪</b> 存储产品事业部 硬件工程师 超萌大眼睛、爽朗而魔性的大笑是她的标志。她可以是FA... 详细介绍 <b>560</b> <b>220</b> ❤️</p>	 <p><b>张晓印</b> 存储产品事业部 高级前端工程师 他,是NVM数字组的技术大拿,是 NOR flash 自带体系的... 详细介绍 <b>211</b> <b>50</b> ❤️</p>
			

Selection of Outstanding Employees

Share Incentive

The Company firmly believes that employees are the core driving force of enterprise development. In order to attract and retain excellent talents, the Company has formulated the Restricted Share Incentive Scheme and completed the first grant of Restricted Share Incentive, which has fully mobilised the motivation and creativity of the employees, and effectively enhanced the cohesion of the employees and the core competitiveness of the enterprise.

Quality Culture Award

In order to increase the motivation of all employees to implement the quality policy, encourage staff innovation, and promote the excellent quality culture, the Company selects teams and individuals openly who have made outstanding contributions to the Company's development and awards them the "Quality Culture Award" every year.

Career Development

The Company adheres to a people-oriented approach, focusing on staff capacity enhancement and career development, and provides staff with vocational training and development channels to achieve mutual growth and development of the Company and its employees.

Staff Competency Development

The Company provides a variety of basic ability training, transfer training, professional knowledge and skills, management skills and other training, to provide a platform for self-improvement and growth of employees. Also make the structure of talents meet the needs of business development and realise the common growth and development of the company and its employees.

In 2023, the Company invested RMB1.175 million in training, with a total 28,130 training hours.

Table: 2021-2023 Employee Education and Training Performance Statistics

Indicator data	2023	2022	2021
Employee training input (RMB 0'000 / year)	117.5	75.8	72
Total annual training hours for employees (hours/year)	28130	17270	13354
Number of training courses (per year)	565	293	334
Average training hours for employee (hours/person/year)	18.52	11.23	11.15
Percentage of senior management trained	100%	100%	-
Average training hours for senior management	28.85	26.88	-
Percentage of intermediate management trained	100%	100%	-
Average training hours for intermediate management	22.33	36.73	-
Average training hours for male staff (hours/person/year)	18.80	-	-
Average training hours for female staff (hours/person/year)	18.34	-	-
Percentage of male staff training	95.56%	-	-
Percentage of female staff training	93.27%	-	-

New staff training: The Human Resources Department and the direct supervisor of department prepare a "Probationary Induction Training Programme" for each new employee, and conduct induction and basic competency training for the position during the probationary period. New employee training includes basic company profile, development history, employee handbook, company management system documents, administrative rules and regulations, professional skills training, etc. New employees are encouraged to participate in company management and improvement actively.

Technical personnel training: Technical training includes internal and external training. Internal training is conducted by way of center, department regular meeting, project regular meeting, technical seminar, internal technical lecture, among others. The content includes process training, use of design tools and environment, technical problem discussion and others. The Company's technical forum has become a platform for its technical exchanges. Dozens of technical lectures and other exchange activities are held every year. It is a grand event for the Company to communicate and share in the technical field. External training is mainly to learn new technical methods and design tools, understand cutting-edge industry information, learn from advanced technical methods and concepts, and further improve the comprehensive technical research and development capabilities and quality of the Company's personnel.

Management skills training: The Company organises training in various management skills to effectively enhance the management skills of supervisors at all levels in the areas of human resources planning, recruitment, staff development, position management, performance management and salary management, and to enhance the management effectiveness of the Company effectively.

#### Career Development Mechanism

The realisation of employees' personal value is the perpetual motors of the Company's innovation and development. The Company attaches great importance to the discovery and cultivation of all kinds of talents, and has set up a double pipeline career development promotion channel for excellent technicians and management personnel. The formation of engineers, senior engineers, fellow engineers, to the future's chief engineer, technology connoisseur, which is the technical development channel; team leader, department manager, product manager, R & D centre manager, which is the management channel. There are two growth paths, so that different types of employees can achieve good career development, in order to meet the needs of the staff and the Company's common development.

By the end of 2023, the Company has formed a diversified and multi-level talent pipeline, and the excellent staff team has better supported the sustainable development of the Company.

## Public Welfare and Charity

Fudan Microelectronics participates in public service charities actively. Since 2017, with the Shanghai Charity Foundation, the “Special Fund of Fudan Microelectronics” was established. The Company is committed to giving back to the community through practical actions, and continue to care about the disadvantaged groups and carry out various charitable activities.

Year	Expenditures of the Special Fund (RMB)	Funded projects
2021	24,950	The Hearing Impaired Children’s Choir - “Little Snail Choir” recorded “The Most Beautiful Choir”
	3,000	Snail Baby Choir on June 1st
	3,000	
	50,000	Lazi County Middle School Library Facilities and Equipment Project
	150,000	Older Star Youth (Autism) Skills Training Program
2022	50,000	Hearing Impaired Children’s Choir Project
	100,000	
	11,500	National Ear Care Day Benefit Concert "Listen to Me and Say Thank You" Song Filming
	100,000	Medical assistance for children with congenital heart disease
	250,000	Paediatric Strabismus and Paediatric Ophthalmology Program
	200,000	Older Star Youth (Autism) Skills Training Program
2023	83,809	Hearing Impaired Children’s Choir Project
	100,000	Older Star Youth (Autism) Skills Training Program
	250,000	" Fudan Microelectronics Cup" Electronic Design Competition for National University Students (Public Interest Competition)
	10,000	Paediatric Strabismus and Paediatric Ophthalmology Program
Total	1,386,259	

### Continuous funding to Hearing Impaired Children's Choir Project

In 2023, Fudan Microelectronics contributed RMB83,809 to continue to fund the "Hearing Impaired Children's Choir Project". To help children with hearing impairment grow up healthily, Fudan Microelectronics joined with the Shanghai Rehabilitation Centre for Deaf Children, Shanghai Conservatory of Music and China Construction Bank Shanghai Branch in 2019 to establish Shanghai's first choir of children with hearing impairment, the "Snail Baby Choir". Professional vocal teacher will provide weekly training on music knowledge and skills, as well as rehearsal of choral songs. Since the launch of the project, the choir has performed at the Maryland Theatre, the White Magnolia Theatre, the "Blue Sky Charity Gala" and the "National Ear Care Day Charity Concert", receiving widespread attention and support from the community.



"Baby Snail Choir" on the show

### Continue to care for "owl babies"

Children carry the hope and future of a family. In order to alleviate the financial burden of treating children with eye diseases from poor families, improve the problem of children's eye diseases, enable early detection, early intervention and early treatment of children's and adolescents' eye diseases, and improve the overall standard of children's and adolescents' vision health. In 2022, Fudan Microelectronics invested RMB250,000 to join hands with Shanghai Heping Eye Hospital to launch the "Enlightenment Core Project" to care for children with strabismus, amblyopia, congenital cataract, congenital ptosis, childhood glaucoma, retinoblastoma, retinal detachment, penetrating eye injury, traumatic cataract and other blinding eye diseases across China. For every child with the condition to have a bright, healthy pair of eyes and a brighter future, just like Baby Owl.



Owl Babies Rescue Targets and Conditions

"Star Youth Skill Practice Base" was officially launched

For three consecutive years since 2021, Fudan Microelectronics has been sponsoring a group of older young people. In 2022, it funded the establishment of the "Star Youth Skills Practice Base", which has been in operation for one year, focusing on the self-care, skills training and art therapy of elderly Star Youth. Through the collective training mode and the integrated one-to-one programme support pipeline, we can promote the overall capacity enhancement of young starlets, facilitate their contact with and integration into the society, promote their employment, and increase their possibilities of employment and smooth integration into the society. At the same time, it relieves parents' financial burden and mental pressure, improves the quality of life of the whole family, and makes the family atmosphere more harmonious and loving.

