

INHERITANCE AND TRANSCENDENCE

2024

Sustainability (and ESG) Report



Released for eighteen consecutive years
from 2008 to 2023

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MANAGEMENT TEAM ADDRESS

Inheritance and Transcendence

In 2024, the development wave of artificial intelligence (AI) technology deepened exploration at the industrial application level, and AIGC technology gradually expanded in a multimodal direction. The construction of computing infrastructure and the continuous optimization of algorithm models were providing new technological support and solutions for various production and living scenarios in human society, creating efficiency value. In this transformation, SCC, as a leading global integrator of electronic circuit technology and solutions, has built a hardware-level foundation for interconnectivity for the digital world with more than 40 years of deep industry experience. It actively seizes the demand opportunities in areas such as AI accelerated evolution and automotive electrification/intelligence trends, and actively engages in the advancement of digital technology in order to contribute its corporate value and creativity.

"Customer-centric, continue to create value for customers" is the business philosophy that SCC has adhered to for more than forty years. Thanks to the growth of related markets, the demand for the products of SCC in high-speed network communications, data centers, automotive electronics and other fields is continuing to increase. In order to support the implementation of customer applications, SCC is accelerating the construction of professional factory capabilities and fully addressing customer needs in new product introduction, quality control, and delivery. At the same time, SCC and its customers are committed to creating social value, integrating the philosophy of low carbon and environmental protection into its products and solutions, and achieving sustainable development. For this purpose, SCC is committed to exploring low-carbon development opportunities throughout the entire lifecycle of its design, R&D, procurement, production and service. In response to the increasing demand for product carbon footprint accounting from customers, SCC has independently developed a PCB product carbon footprint management system. After multiple iterations of improvement and verification, compared with the data calculated

by professional software, this system has kept the accounting error within $\pm 10\%$, effectively ensuring data quality. Moreover, the response time has been reduced from 40-60 days to about 7 working days, effectively meeting customers' carbon footprint traceability requirements. Customer satisfaction is an important criterion for testing the quality of SCC's products and services. SCC attaches great importance to customer feedback and will continue to take actions specially for quality and delivery improvement. Through multiple measures such as technological innovation, process optimization, and personnel training, SCC has continuously enhanced its product competitiveness and customer satisfaction.

The green development strategy is the only way to achieve the "world-class" dream of SCC. For many years, it has always adhered to the bottom line in clean production, implemented with high standards and stringent requirements, and achieved industry-level (internationally advanced) clean production standards. In recent years, with the promotion of its Carbon Emission Management Committee, continuously exploring, establishing, and improving the product lifecycle carbon emission management system is one of the core tasks of SCC. In 2024, SCC implemented 15 projects of energy conservation and carbon reduction, achieving an annual carbon reduction of 5,945tCO₂e and the energy consumption per RMB 10,000 comprehensive output value down by 6% year-on-year. The achievement rate of the "Dual-carbon (Carbon Peak and Carbon Neutrality)" work target in 2024 reached 100%. In terms of the cooperation in supply chain, SCC held a discussion meeting on promoting "Dual-carbon Management" on the supply chain side, encouraging joint actions across the supply chain side to jointly promote the achievement of global carbon reduction goals.

The foundation of SCC's longevity lies in the creativity of its employees. SCC's "Happy customers and solid employee relationships" is not only a career platform, but also a home for employees' growth and development. We always safeguard the dignity of workers with sincerity, convey happiness and a sense of belonging through humanistic care, and let the warmth of "home culture" permeate every moment of work and life of our employees. Here, we provide our employees with a diverse and inclusive work environment combined with fair and smooth development channels. Guided by the philosophy of sustainable development, SCC has developed a comprehensive system for employee growth to create a healthy, substantial and fulfilling career for its employees. In 2024, it created 1,865 new jobs, including 46 locally recruited personnel for its first overseas base in Thailand.

Standing at a new starting point of the forty years, we are grateful to the generations of people of SCC who have adhered to their original aspirations and forged the position of the electronic circuit technology and solution integrator of "Happy customers and solid employee relationships" with high-quality products and services. In the future, facing new challenges, we will spare no effort to fulfill its "world-class" corporate mission with "responsibility". We look forward to working together with global customers, partners, employees, and all sectors of society to practice the path of low-carbon development, jointly realize the vision of a digital world, and light up the starry sea of human digital civilization!

SPECIAL TOPIC: The Path of Responsibility

Forty Years of Journey:

Writing Growth with Struggle

Longgang Manufacturing Base, representing the high-end PCB construction project of SCC, is the first step of SCC towards multi-factory operation. Longgang Manufacturing Base broke ground in September 2006, and the first batch of equipment was installed and debugged in June 2007. On December 12, 2007, the full process trial production was successful; and by January 2008, it had achieved a monthly output value of RMB 2.85 million. This remarkable construction speed was a true embodiment of the "Shenzhen spirit". The construction of Longgang Manufacturing Base not only laid a strategic pivot for the development of SCC, but also obtained valuable experience in the construction of multi-regional bases.

Looking back at the construction process, we find that each milestone bears witness to the pioneering courage: In 2005, in order to find suitable development land for SCC, the then general manager You Lei and deputy general manager Zhou Jinqun almost traveled to every corner of Shenzhen. In order to ensure the effectiveness of the construction project, on the eve of the Chinese New Year of 2006, SCC's main managers were still in meetings with designers to discuss the construction plan. From April 2007, Shenzhen experienced 59 days of continuous heavy rainfall, and a series of factors such as complex geological conditions and difficult construction of professional factories put SCC employees' perseverance and courage to the test.

At that time, most of the employees of SCC lived in Nanshan without subway. They took Bus No. 361 from Taoyuan Village, Nanshan, bumping for three and a half hours to reach Pingdi Middle School, and then walked for another 15 minutes to reach Longgang Manufacturing Base. At that time, there were still scaffolds hanging in Plant 2, and



▲ Zhou Jinqun, then Deputy General Manager, led the team in site selection and survey of development land

there were no air conditioning or fans. SCC employees wearing safety helmets and steel-toed shoes were shuttling in the plant. When the equipment debugging came to the critical period, they often had to stay inside for fifteen or sixteen hours. When really tired, many employees would lie on a piece of cardboard or doze off against a wall.

In terms of work, SCC employees were not afraid of hard work and fulfilled their duties diligently. After nightfall, everyone temporarily resided in the urban villages and enjoyed themselves amidst the hardships. At that time, Zimei Street was still a dirt road with only one popsicle stall and one KTV. SCC employees enjoyed singing at KTV after work for RMB 1 per song while eating popsicles. Most of the time, they stayed in rural housing to recharge and study. Engineer Chen Li (currently the Deputy General Manager of SCC), who joined the construction of the second factory as soon as he graduated, is very grateful for that experience now. "Without Internet or television, although the conditions were harsh, it was the most fulfilling and colorful time for me. In the period, I read at least 200 books, learned many new technologies, and found joy in simplicity and hardship."

At different stages, SCC employees have different forms of struggle. The timeline unfolded until 2024, and the industrial zone in Ayutthaya, Thailand welcomed new builders. After Tan Wenbo landed in Thailand, the first challenge he encountered was his inability to adapt to the local environment, with his body sounding an alarm and experiencing a cycle of internal heat and stomach problems. Especially in the first week, he just wanted to pack up and return to Shenzhen. But after he had been to Thailand a few more times, his body finally adapted to the local environment, and Tan Wenbo warned himself, "Don't break your promise". Since I had chosen to fight on this land, no matter how difficult it was, I must persevere and work harder than before. In the unknown field, he tackled one uncertainty after another, overcoming challenges step by step. Through the unremitting efforts of this "pioneer", SCC finally took the first step of building a factory in a foreign country.

The primary challenge in a foreign land was language. When Tan Wenbo decided to expand his new base in Thailand, he had already found a training institution to learn Thai at his own cost. He knew that not only he needed to learn, but also everyone in the team needed to learn in the future. He had to take the lead in learning first. At first, everyone thought memorizing commonly used words and phrases was enough, but Tan Wenbo firmly adhered to his learning philosophy: starting with phonetic transcription. His sharp-eyed colleagues soon saw that Tan Wenbo's phone case had been replaced with a style with Thai letters. Inspired by him, the team collectively embarked on a "language campaign".

Tan Wenbo is a person who likes to tinker. In 2000, Tan Wenbo, who had just graduated, joined SCC and became the most ordinary frontline employee at the grassroots level. His willingness to take on the tasks others avoided became his earliest moment of recognition. Before anyone else came to work, Tan Wenbo had already sorted out the waste materials from the production process. In 2003, a production bottleneck occurred in a certain process, and three directors were replaced consecutively, but there was still no effective improvement. Tan Wenbo volunteered and took the initiative to take on the task, taking the lead in solving the problem. Through continuous exploration and tinkering, Tan Wenbo and his team's abilities had been continuously improved, gradually achieving excellent production results. In 2019, he became the Deputy Director of Production at Shenzhen Plant 1 of the PCB Division; and in December 2020, he became the Deputy Director of Wuxi Factory 1 of the PCB Division. From Shenzhen to Wuxi and then to Thailand, from a frontline employee to a grassroots officer and then to middle-level officer, Tan Wenbo has always followed the development pace of SCC. When recalling his services of more than ten years for SCC, Tan Wenbo only says, "I am just an ordinary person who is willing to work seriously and just wants to do things well".

Nowadays, although no longer needing to start from scratch, SCC and many of its employees still continue to explore and innovate on the new path of development with an "entrepreneurial" mentality, and this spirit is unfading.

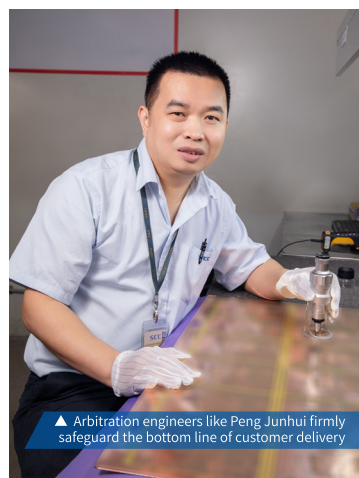


▲ Tan Wenbo and his team launched a "language battle" to overcome communication barriers

Continuously Surpassing:

Create happy customers and solid employee relationships together

Over forty years, SCC has grown from its initial "workshop" of several hundred square meters to a world-class electronic circuit technology and solution integrator with a good development pattern of multiple regions, businesses and factories. Behind the development of forty years, generations of SCC employees have weathered challenges and contributed brick by brick to create happy customers and solid employee relationships together".



▲ Arbitration engineers like Peng Junhui firmly safeguard the bottom line of customer delivery

Some SCC employees say that the "Happy customers and solid employee relationships" is a platform for creating value for customers. Peng Junhui, who joined SCC in 1995, started from the grassroots level and moved from Huaqiangbei Factory Area to the OCT Industrial Zone with SCC. Later, he moved to Longgang with OCT and gradually grew from an inspector to a Quality Assurance Engineer. In his view, saving products, reducing scrap losses, and delivering products with ensured quality are the most important things. What left the deepest impression on him was that once, after delivering products to a customer and testing them after installation, it was found that there were 5 pieces of the products abnormal through testing. In order not to affect the customer's production schedule, he had already left work, but drove back immediately to fetch the replacement boards, returned to the SMT site to swap the defective ones, and rushed back for root cause analysis—all before 1 a.m. After half an hour, Peng Junhui determined from the slicing results that the cause was the tin plating line, and quickly identified the number of

abnormal areas through process monitoring. How to effectively identify the defective PCBs? He suddenly remembered that there was a copper surface thickness tester on site, and immediately arranged to test the copper surface of the defective tin strip. After data comparison and analysis, it was found that a PCB with the copper surface thickness less than 40um was defective. In order not to affect the progress of the customer's production line, we first selected PCBs from the PCBs of the same cycle that were not put onto the production line. Then, after the customer's production line finished work, we went to the designated location on site to pick PCBs. Finally, we found all the defective PCBs at the customer's location. At this time, it had been 1 a.m. Although the daily work of Quality Assurance Engineers may not be as prominent as that of product development colleagues tackling new product development challenges for customers, they still firmly adhere to the bottom line of the delivery of products to customers.

Some SCC employees also say that the "Happy customers and solid employee relationships" is a trustworthy partner. For a long time, the work of SCC in energy conservation has been at the forefront of the industry. With the deepening of the "Dual-carbon" work, the government and many customers are willing to jointly carry out projects of energy conservation with SCC. While being trusted by clients is usually a source of pride, Energy Management Engineer Nie Yu found himself facing a challenging dilemma. The carbon footprint cooperation project pilot with the government and customers was smoothly completed in 2023, and the increase of cooperation projects increased to dozens last year. How to meet these needs has become his "a bittersweet challenge". At present, there is a lack of the databases related to PCB products in the market for the professional software of carbon footprint accounting. The accounting time is about 40-60 days, and there are many challenges such as cumbersome collection process, huge data volume and difficult traceability. To address this issue, the Carbon Emission Management Promotion Committee of SCC decided to independently develop a carbon footprint management system suitable for PCB products. After the development of the data model was completed, the accounting time was reduced to about 7 working days, which made Nie Yu and his team overjoyed.

However, after comparison, the accuracy of the data was not enough, and the error was large, far from meeting customers' requirements. Therefore, they iterated on the model again, and after multiple iterations and validations, the error was finally controlled within $\pm 10\%$. Nie Yu says: "The model is not yet perfect, but I believe that by continuing to iterate, our accuracy will be further improved."

Some SCC employees say that the "Happy customers and solid employee relationships" is a welcoming and inclusive workplace. With the rapid progress of the preparation for the Thai Base, SCC also welcomed the first batch of localized employees in Thailand. For many years, SCC have provided a lot of services for international customers, but the arrival of a significant number of Thai employees at once was both exciting and challenging for HR. In order to ensure the smooth onboarding and rapid integration of Thai employees into the big family, the officers of the HR Department left no efforts to arrange their clothing, food, housing, and transportation from the moment they were picked up at the airport. In order to better break the barriers between the Chinese and Thai employees, the officers of the HR Department also prepared a series of surprises for Thai employees, including essential gift packages and various interesting ice-breaking games. Despite differences in language, culture and dietary habits, the Thai employees quickly adapted to the new environment under the careful arrangement of the training team. Deng Huiqin says: "In the learning process at the factory site, each Thai employee was accompanied by a one-on-one mentor partner for guidance. Of course, although the mentors had also studied some Thai diligently, there were still times when they used body language to assist in communication. Despite facing many challenges, the Thai employees had demonstrated extremely high growth potential. They were able to independently complete their work in their respective positions within just one month, and even began guiding newly hired Thai employees two months later". Yang Yue, an outstanding Thai student, described her trip to China: "As a fresh graduate, I initially had concerns about my life in the Company, but after coming into contact with enthusiastic colleagues from China, my pressure gradually disappeared. My colleagues patiently guided me, which made me feel very warm. Although I currently lack work experience, I am determined to do my job well."



▲ To address communication challenges effectively, the Human Resources Department thoughtfully provided translation equipment for Thai colleagues



▲ A thrilling sports activity can bridge the gap between Chinese and Thai employees

For the past forty years, the pioneers of the older generation have created the "Happy customers and solid employee relationships", and then generation after generation of SCC employees have continuously injected new connotations into the "Happy customers and solid employee relationships". As SCC continues to move towards the dream of being "world-class", we firmly believe that in the "Happy customers and solid employee relationships", SCC will interconnect and coexist with customers, employees, partners and other stakeholders, sharing and co-creating a bright future.

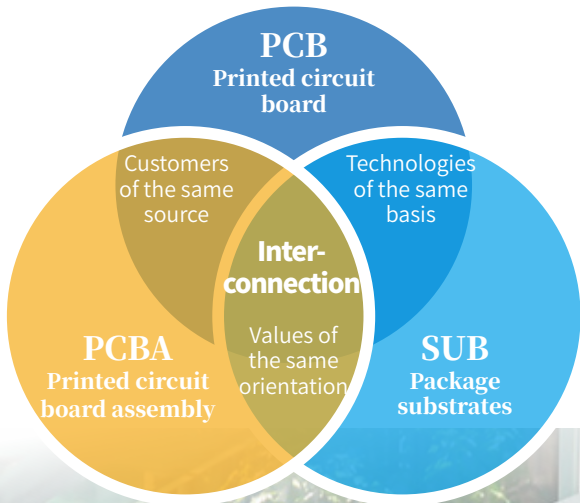
01

ABOUT SCC

- ◇ Company Profile
- ◇ Corporate Culture
- ◇ Sustainable Development Performance

Company profile

SCC specializes in the field of electronic interconnection, adhering to a customer-oriented and technology-driven philosophy. We are committed to becoming a world-class provider of integrated electronic circuit technologies and solutions. Our core businesses include Printed Circuit Boards (PCB), Substrate-like PCBs (SLP/SUB), and Electronic Assembly (PCBA), making us a leading player in China's electronic circuit industry, a pioneer in the substrate segment, and a specialist in PCBA services. Headquartered in Shenzhen, Guangdong, our major production facilities are located in Shenzhen, Wuxi, Nantong, Guangzhou, and Ayutthaya, Thailand (currently under construction). Our products are widely applied in telecommunications, data centers, industrial control, medical devices, automotive electronics, and more. We have established long-term strategic partnerships with top-tier global communications and medical equipment manufacturers.



SCC "3-In-One" strategy

Corporate Culture

Since 2007 when SCC systematically explored and constructed its corporate social responsibility, it has let the initiative of sustainable development into the cultural gene of "Happy customers and solid employee relationships". Its vision has changed from "build a world-class PCB enterprise" to "be the world-class provider of electronic circuits technology and solutions ". It has further defined the focus on electronic circuit field and the "persistent" and "innovative" pursuit of providing customers with first-class products and services" and the "win-win" concept of "build a Happy customers and solid employee relationships". In July 2011, it first released a complete set of cultural concept system in order to pass on its cultural genes to all its members.

With SCC's multi-business, multi-region and internationalized development, the change of employee scale and intergenerational change, as well as the change of internal and external environment, it started to tidy up its cultural philosophy system in February 2019. The Corporate Culture Department of the Company has reinterpreted the connotation of its mission and vision through interviews and research, workshops for middle and senior management, in-depth research and improvement of key projects, and reinterpreted the Company's values. SCC has jointly developed a new code of conduct for employees through full participation and brainstorming. The new cultural system integrates the achievements of years of exploration of SCC in social responsibility, and constructs a responsibility culture philosophy of "co-creation and sharing", emphasizing the interconnection and symbiosis between the Company and stakeholders such as customers, employees, partners, environment, community, etc., to jointly create and share the value of sustainable development.

In 2024, designated as the Year of "Inheritance and Transcendence", SCC rolled out a series of cultural initiatives, including global supplier conferences and technical forums, to demonstrate its strength and corporate image to stakeholders. Through regional culture days, creative IP campaigns, a 40th-anniversary documentary titled *Journey*, themed exhibitions, and employee story collections, staff are encouraged to deeply engage with and embrace the culture of “Happy customers and solid employee relationships” — fostering stronger organizational identity.

Mission

Create happy customers and solid employee relationships

Vision:

To be the world-class provider of electronic circuits technology and solutions

Core values

Customer Focused

Entrepreneurial

Continuously Improve

Responsive

Supportive

GROWTH FOOTPRINT

Sustainable Development Performance

		2024	2023	2022
Business performance	Gross Revenue (100 million yuan)	179.07	135.26	139.92
	Total profit (100 million yuan)	20.23	13.98	17.20
	Net profit (100 million yuan)	18.79	13.98	16.41
	Total tax provision (100 million yuan)	7.68	6.00	3.03
	R&D investment (100 million yuan)	12.72	10.73	8.20
Shareholders Return	Net profit for parent company (100 million yuan)	18.78	13.98	16.41
	Cash dividend per each of 10 shares (yuan)	15.00	9.00	10.00
	Total cash dividends (100 million yuan)	7.69	4.62	5.13
	Proportion of cash dividends in net profit	40.97%	33.02%	31.28%
Green performance	Energy consumption per 10,000 yuan of comprehensive output value (year-on-year rate of change)	-6%	7.41%	10.44%
	Energy consumption per 10,000 yuan of comprehensive added value (year-on-year rate of change)	-6%	5.68%	-4.51%
	Carbon intensity	0.93	1.06	1.18
	Energy-saving projects to reduce carbon emissions (tCO2e)	5,945	2,910	6,233
	Change of reclaimed water usage (10,000 tons)	275.65	240.35	205.19
	Volume of waste liquid produced in outer layer	9.7%	8.3%	-5%
Social performance	New jobs opening (per person)	1,865	1,005	-1,300
	Labor contract execution rate	100%	100%	100%
	Coverage rate of performance evaluation	100%	100%	100%
	Coverage rate of five insurances and one housing fund	100%	100%	100%

02

SUSTAINABLE DEVELOPMENT MANAGEMENT

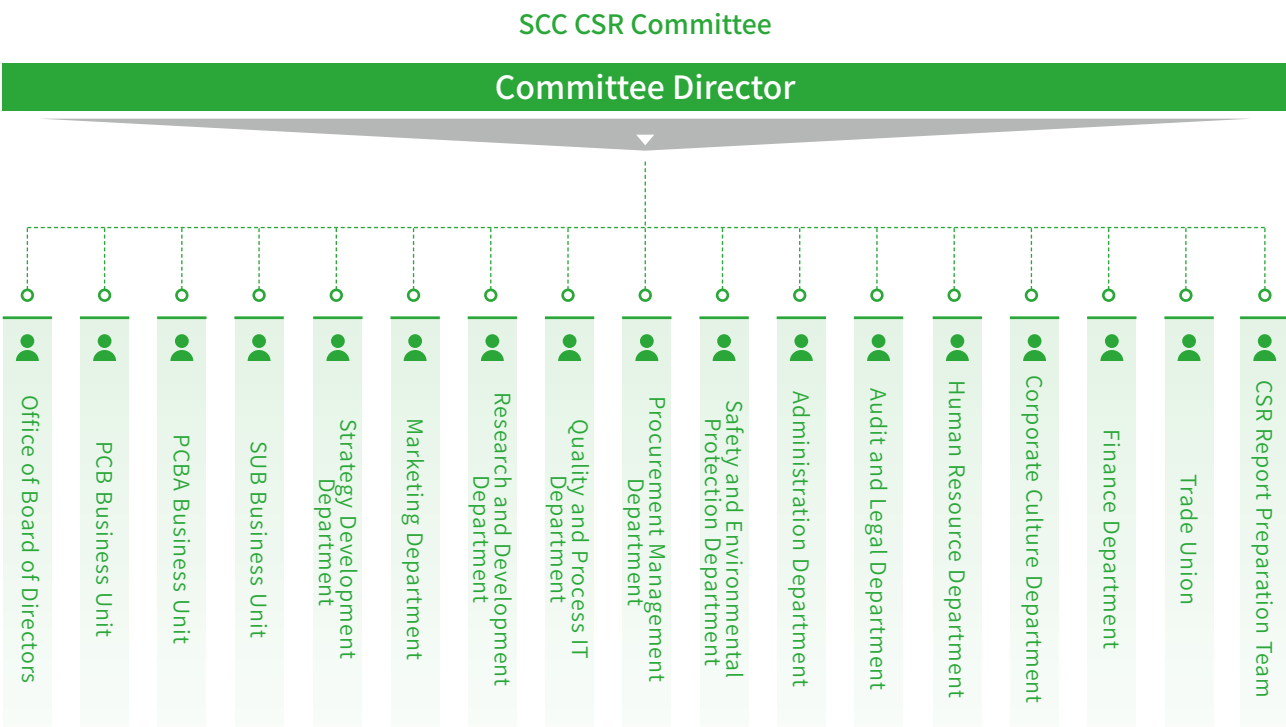
- ◇ Sustainable Development Goals (SDGs)
- ◇ Communications with Stakeholders
- ◇ Sustainable Development Topic



Since 2007 when SCC systematically explored and constructed its corporate social responsibility, it has let the initiative of sustainable development into the cultural gene of "Happy customers and solid employee relationships". Its vision has changed from "build a world-class PCB enterprise" to "be the world-class provider of electronic circuits technology and solutions". It has further defined the focus on electronic circuit field and the "persistent" and "innovative" pursuit of providing customers with first-class products and services" and the "win-win" concept of "build a Happy customers and solid employee relationships". In July 2011, it first released a complete set of cultural concept system in order to pass on its cultural genes to all its members.

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In 2024, designated as the Year of "Inheritance and Transcendence", SCC rolled out a series of cultural initiatives, including global supplier conferences and technical forums, to demonstrate its strength and corporate image to stakeholders. Through regional culture days, creative IP campaigns, a 40th-anniversary documentary titled *Journey*, themed exhibitions, and employee story collections, staff are encouraged to deeply engage with and embrace the culture of "Happy customers and solid employee relationships" — fostering stronger organizational identity.



Sustainable Development Goals (SDGs)

In the blueprint of SCC's mission and vision, "Happy customers and solid employee relationships" is a platform for interconnecting and coexisting with customers, employees, partners, the environment, communities, and other stakeholders. SCC actively embraces and fulfills its global social responsibility commitments. Taking into account its business strategy, ESG-related requirements, and the 17 UN Sustainable Development Goals, the Company has created a social responsibility action plan with a focus on "providing a sustainable connectivity foundation for the Internet of Everything"(SDGs). The goal is to foster balanced development across business, society, and the environment. In 2024, international geopolitical conflicts continued, global economic uncertainty remained high, and the electronic information industry was recovering due to demand driven by AI, electric vehicles (EVs), new energy and other factors. SCC continued to fulfill its social responsibility in three dimensions, i.e. "Sustainable Innovations ", "Sustainable Green Development" and "Sustainable Future", and cooperated with all stakeholders to overcome difficulties and jointly connect a better future.



PROVIDE A SUSTAINABLE FOUNDATION FOR THE WORLD OF IOE

Sustainable Innovations

- **Delivering sustainable products and services for the connected world through continuous innovation**
◎ Through continuous innovation, we explore future-oriented electronic interconnection technologies based on customer needs, provide customized solutions, and meet personalized and customized needs with a one-stop service platform;
◎ Throughout the entire life cycle of design, R&D, procurement, production, and service, the Company provides customers with more environmental-friendly products and solutions through continuous innovation.
- **Promote the sustainable development of customer product applications with high-quality products and services**
All employees have established the concept of quality first, guided by customer needs, deepened quality management based on digital technology, and continued to provide quality assurance for the promotion of customer product applications with high-quality products and services.

Sustainable Green Development

- **Green and low-carbon operations**
We are committed to improving resource utilization efficiency and reducing greenhouse gas and waste emission intensity in all aspects of corporate operations.
- **Green industrial chains**
Collaborate with both upstream and downstream partners in the supply chain to address sustainability challenges in industrial development.

Sustainable Future

- **Standardized governance**
SCC continues to standardize corporate governance, promptly and accurately disclose operating information, and protect the interests of shareholders.
- **Adhere to business ethics and operate in compliance**
Strictly abide by business ethics, oppose corruption, dumping and monopoly, abide by laws and regulations, and operate with integrity.
- **People-oriented, empowering employees' growth**
Adhere to people-oriented, protect employees' interests and achieve employee value.
- **Safety first**
Adhere to people-oriented and create a safe and healthy working environment.
- **Giving back to society**
Participate in global sustainable development and make positive contributions to countries and communities where we operated.

Communications with Stakeholders

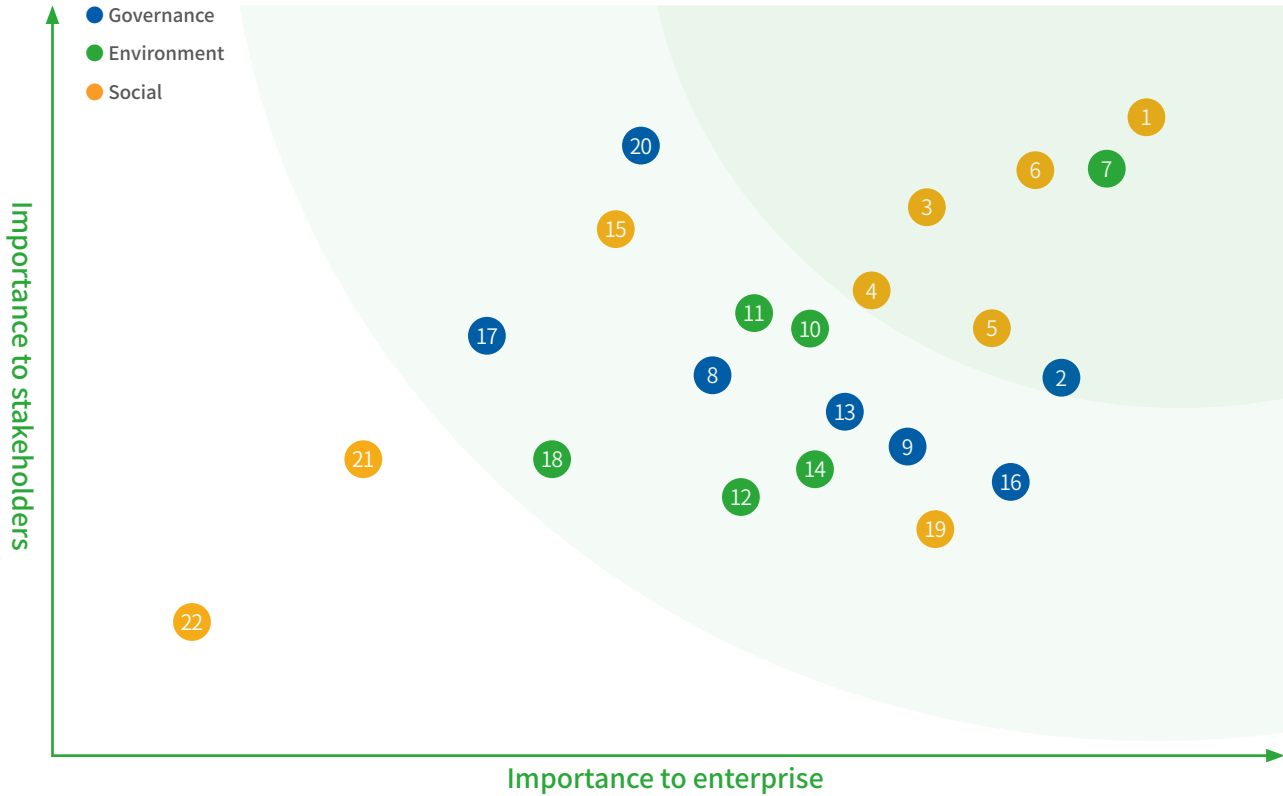
The main stakeholders of SCC include shareholders, customers, employees, partners, governments, industry organizations and communities. We engage in direct or indirect communication, focusing on economy, environment, and society, to foster dialogue on mutual concerns, understand their views, demands and expectations. In this case, we can adjust the Company's sustainable development goals and actions to effectively respond to the reasonable expectations and interests of various stakeholders through appropriate communication channels and methods.

Relevant parties	Main responsibilities	Ways of communication
Shareholder(s)	Operating with integrity and compliance, we optimize strategies, allocate resources efficiently, and enhance profitability	General meeting Information disclosure Investor survey/roadshow Investor hotline/email/interaction

Sustainable Development Topic

Feedback from stakeholders helps SCC to identify the areas that need attention or improvement, and improve sustainable development management. In 2024, SCC continued to collect report topics through stakeholder surveys (online/offline), customer satisfaction surveys, and employee satisfaction surveys, among others. Through the identification and analysis of issues, SCC clarified the key issues of concern to all stakeholders, and determined the priority of the issues.

Compared to 2023, the electronics industry benefited from the computing power demand driven by AI and periodic inventory replenishment in 2024, resulting in a slight recovery in demand. On the other hand, the global 'dual-carbon' goals, along with ESG-related policies and actions, continued to deepen, bringing higher requirements and challenges for the high-quality development of the industry. Among various issues, customers continued to maintain a high level of attention to on-time delivery and quality assurance, while their attention to the "dual-carbon" goals and practical results further increased. The government and investors continued to pay attention to ESG-related issues, and partners had a high level of attention to supply chain continuity.



Major issues	Medium issues	Minor issues
1. Customer satisfaction 2. Technological innovation 3. Occupational health and safety 4. Employee rights and interests, and protection 5. Employee training and development 6. Product quality and service 7. Energy management and "dual-carbon" goals	8. Corporate governance and risk management 9. Compliance management 10. Green products 11. Water resources and waste water management 12. Waste management 13. Sustainable growth 14. Supply chain sustainability 15. Information security and privacy protection 16. Business continuity 17. Business ethics management 18. Exhaust gas management 19. Remuneration and benefits 20. Stakeholder communication and response	21. Employee diversity and equal opportunities 22. Community participation

03

SUSTAINABLE INNOVATIONS

- ◇ Innovation Supporting Customers in Implementing New Technologies
- ◇ Empowering High-quality Development Through Digitalization, Committed to Providing Reliable Products and Services

Innovation is the primary productive force. Science and technology innovation has made important contributions to promoting high-quality economic and social development. "Technology and solutions" is the core value of SCC for customer services. SCC insists on a strategy of leading technology. Through continuous innovation and high-quality products, it meets customer needs and solves problems in the industry. It helps customers in telecommunications, industrial medical control, EVs, server/storage, etc., realizing a richer application so that more people can benefit from the development of the electronic information industry. At the same time, a green and low-carbon development model is the way to a better future. Throughout the entire life cycle of design, R&D, procurement, production, and service, SCC strives to provide customers with lower-carbon and more environment-friendly products and solutions through continuous innovation.

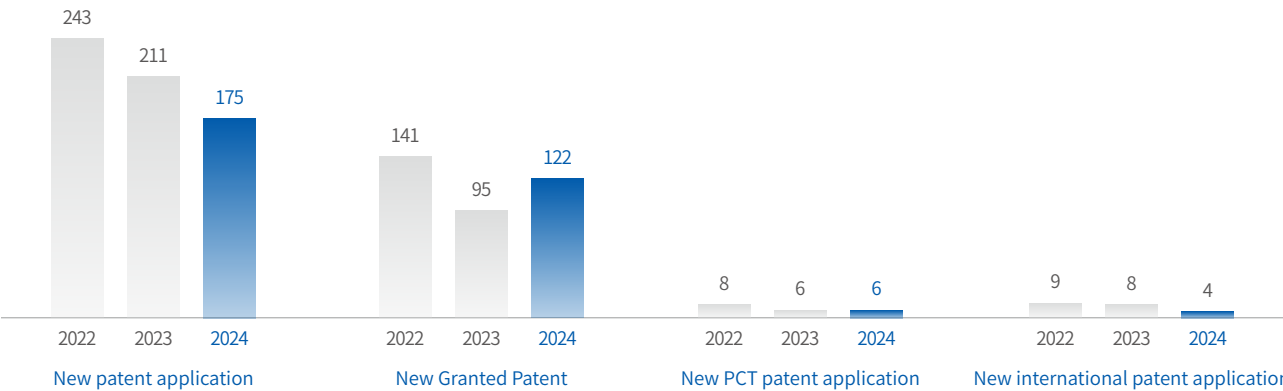
Innovation Supporting Customers in Implementing New Technologies

Innovation results

In 2024, SCC, around the strategic goal of "innovation-driven development", deeply reformed the construction of innovation mechanism with the total R&D investment of nearly RMB1.272 billion in order to pursue high-quality development. By promoting changes in business processes, using technology as the foundation and characteristics as the benchmark for internal and external alignment, the company has established an independent research and development system to provide valuable technologies and solutions for printed circuit boards, packaging substrates, and electronic assembly customers, achieving a series of innovative results.

In 2024, the company led and participated in the development of 5 industry standards, formulated and published 3 national, industrial, and group standards, and published 40 papers, including 8 at international conferences/journals (3 of which were SCI papers). In terms of patent layout, SCC accelerated the implementation of its strategic layout of intellectual properties, improved the patent value evaluation system, comprehensively promoted the layout of high-value patents, and cumulatively authorized 960 patents, including 533 invention patents and 31 international patents.

Development of Intellectual Properties in the Past Three Years



Case | SCC won multiple awards at 2024 IPC CEMAC

On October 24, IPC CEMAC 2024 was grandly opened in Shanghai. The theme of the conference was "Making Imagination a Reality", bringing together leaders, technical experts and business representatives from the global electronics manufacturing industry to discuss the future development trends and opportunities of the electronics industry. The conference focused on ESG sustainable development and promoted the development of the electronics industry towards the green, environmentally-friendly and responsible direction. SCC won the inaugural 'IPC China ESG Benchmark Enterprise Award' for its outstanding ESG performance, and its general manager, Zhou Jinqun, won the '2024 IPC China ESG Outstanding Individual Award'. Furthermore, SCC also won multiple awards such as the "IPC Asian Standard Education Star Unit Award", "IPC Asian Standard Committee Outstanding Leadership Award", and "IPC Asian Standard Committee Outstanding Service Award".



Case | SCC was awarded "Advanced Unit of Standardization Work 2024"

On December 21, 2024, the annual meeting of SAC/TC47 was held in Beijing. Over the years, SCC has cooperated closely with both upstream and downstream sectors through SAC/TC47, making outstanding contributions to industry standards and earning the "Advanced Unit of Standardization Work 2024" award. In the future, SCC will continue to contribute its wisdom to industry standards.



Continuous stimulation of innovation

Science and technology workers are the main body of science and technology innovation. To foster innovation and build a strong innovation ecosystem, SCC Science and Technology Association has developed an incentive system covering patents, papers, standards, and professional titles, and has established science and technology awards, young scientific and technological talents and advanced workers are selected once a year to commend and encourage teams and individuals who have contributed to innovation, and to stimulate the innovation enthusiasm of scientific and technological workers. In 2024, a total of 49 science and technology awards, 12 young scientific and technological talents, and 8 advanced workers were selected.

Science and Technology Awards
49

Young Science and Technology Talents
12

Advanced Workers
8



▲ The group photo of the leaders of SCC and award-winning representatives at the Science and Technology Awards Conference 2024

Micro-innovation: Innovative shimmering leading technological upgrades

To sustain innovation, SCC encourages employees to actively participate in operations through innovation activities, contributing their ideas and efforts. After 15 years of development from 2009, the number of people participating in the "micro-innovation" activity every year has grown from dozens to thousands, and that the activity has become one of the important platforms to build the Company's innovation gene. In the digital environment, all employees use the light of each "micro-innovation" to help the implementation and continuous optimization of the company's "digitalization".

Moreover, SCC actively promotes the construction of a continuous improvement project system. It opened a total of 10 Lean Six Sigma training camps including black belt, green belt, and yellow belt throughout 2024. Through systematic training and project-based practical training, key personnel have been promoted to master the core concepts and tools related to Lean, Six Sigma and project management. Significant achievements have been made in improving employee skills, optimizing processes, and promoting continuous improvement, laying a solid foundation for the high-quality development of the Company.

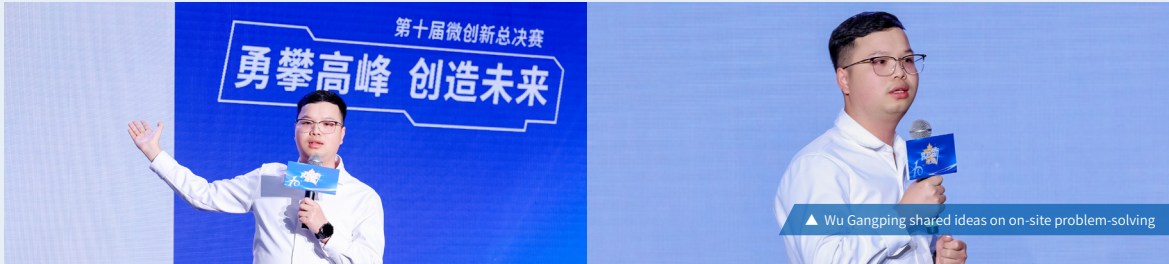
At the annual micro-innovation press conference, outstanding projects were presented in formats like skits and speeches, offering a clear understanding of the cutting-edge concepts used by the winning projects.

	2022	2023	2024
Micro-innovation proposals (pcs)	35,749	38,374	41,405
Micro-innovation participants (person)	5,583	6,057	6,341
Lean Six Sigma (pcs)	1,450	1,073	542
Black Belt	15	15	13
Green Belt	276	278	213
Yellow Belt	792	780	316
Financial balance (10,000 yuan)	8,742	8,820	6,617

Note: The number of micro-innovation proposals and the number of micro-innovation participants are cumulative data, as of December 31, 2024.

Case | On-site problems solved on site

In 2024, a new product in the SUB business sector was introduced and entered the production stage, but the exposure equipment capacity only reached 60% of the planned capacity, becoming a bottleneck in factory production and causing the production manager of the factory to panic. The on-site problem needed to be solved on site. After taking over the project improvement task, technical engineer Wu Gangping stayed on-site for an extended period. He made a very detailed observation of the entire workflow of the exposure machine and found that the CCD lens of the exposure machine needed to go back and forth multiple times to capture the target. If the frequency to go back and forth could be reduced, the production capacity could be improved. On the premise that the workflow of the exposure machine itself could not be changed, he utilized the improvement idea of lean "ECRS" and proposed the idea of "single shot" to "continuous shot" to optimize equipment functions. He found that it could indeed solve the efficiency problem, but it also brought up the new problem of inaccurate alignment. Wu Gangping never gave up on new problems, but actively sought ways to solve them. Digitization has long been integrated into SCC, with many alignment issues solved through algorithms. He promptly contacted equipment manufacturers to refine the algorithms and resolve alignment challenges, successfully broke through the bottleneck of production capacity, increased efficiency by 40%, and provided strong guarantees for timely delivery of products to customers.



▲ Wu Gangping shared ideas on on-site problem-solving

Case | Overcame the problem of blind via tin penetration with soldering wick

The PCBA Wuxi Factory introduced a new process product that included SMT blind via soldering. The vertical tin filling rate was only 65%, which could not meet the product quality standard of 75%. Zuo Rongwen, a frontline maintenance worker, came into contact with this product. In the maintenance process, he actively studied the technical principles of the process and ultimately identified the cause of the problem: in the SMT process, the solder paste liquefied and covered the blind via, causing the internal gas to be unable to be discharged, and the liquid tin was difficult to penetrate to the bottom. He searched for information to deepen his understanding of the relevant process technology while constantly trying, and finally found that by cleverly filling the bottom of blind via with soldering wick and performing reverse welding on the product, the vertical filling rate of blind vias could exceed 90%, and the one-time pass rate of welding reached 100%. This plan has been evaluated by the customer's quality department and R&D department, and has been recognized and highly praised, exploring a new method for blind via repair.



Continuously deepening quality digitization to promote high-quality development

In 2024, SCC continued to promote the construction of a digital system for quality management. By collecting quality data from various stages of the full product manufacturing process and using technologies such as BI and big data for analysis, SCC has achieved the data-driven quality management, promoting the informatization, networking, and intelligence of the full process of quality planning, quality control, quality assurance, and quality improvement. At present, the main processes of quality management are supported by IT systems.

In 2024, SCC continued to promote digital empowerment for high-quality development. Based on the construction of process digitization, equipment digitization, and product digitization, it carried out digital integration of process level quality elements, break down the indicators Y-y-x of process management, implemented them into the dimensions of human/machine/material /process quality/environment/measurement of process management, and combined them with the logic of process quality management to achieve transparency and integration of operational data, thereby improving the ability and efficiency of process quality management. Taking a factory of Shenzhen Base as an example, the management elements of the process are decomposed according to methodology, and the management interface is output to identify abnormal points in advance and manage the closed loop in advance, so as to achieve stable overall cost indicators, reduce process fluctuations, and promote more comprehensive and efficient quality management work at process level.



Empowering High-quality Development Through Digitalization, Committed to Providing Reliable Products and Services

SCC has always adhered to the philosophy of "quality first". In terms of quality digital construction based on process management digitalization, with complex business, simple organization, and human-computer interaction as the characteristics, by precisely positioning problems digitally, the Company has stimulated the management innovation kinetic energy, improved the communication efficiency, and reduced energy consumption, thus successfully setting up a management mode of efficient operation of the process-based organizational development across multiple regions, multiple sites, and multiple functions. Response time, product quality, and cost management are all enhanced in this model.

SCC has successfully established an intensive process management system covering multiple regions and factories. Practice has shown that this system reduces the quality response time by 40%, increases the quality defect closed-loop rate to 98%, and reduces organizational management energy consumption by 20%. It forms a virtuous cycle of continuous improvement in three dimensions: operational efficiency, quality stability and cost control.

Quality response
time reduced by
40%

Abnormality closure
rate increased to
98%

Organizational management
energy consumption reduced by
20%

Continuously enhancing the integration of online and offline customer service system

SCC has consistently adhered to the "customer-centric" business philosophy, committed to offering customers quick, easy services, and working to enhance the after-sales support system for goods and services. The Company has established a professional and diverse after-sales service platform. To ensure that the after-sales service forms a closed loop, the after-sales service response progress is timely recorded online through the system platform. A skilled customer after-sales service team has been established offline in East China and South China, where the geographic distribution of customers is concentrated, and they can reach the customer site within 24 hours to provide service. In 2024, SCC accelerated the expansion of its overseas offices to enhance its capabilities to respond to and serve its international customers.

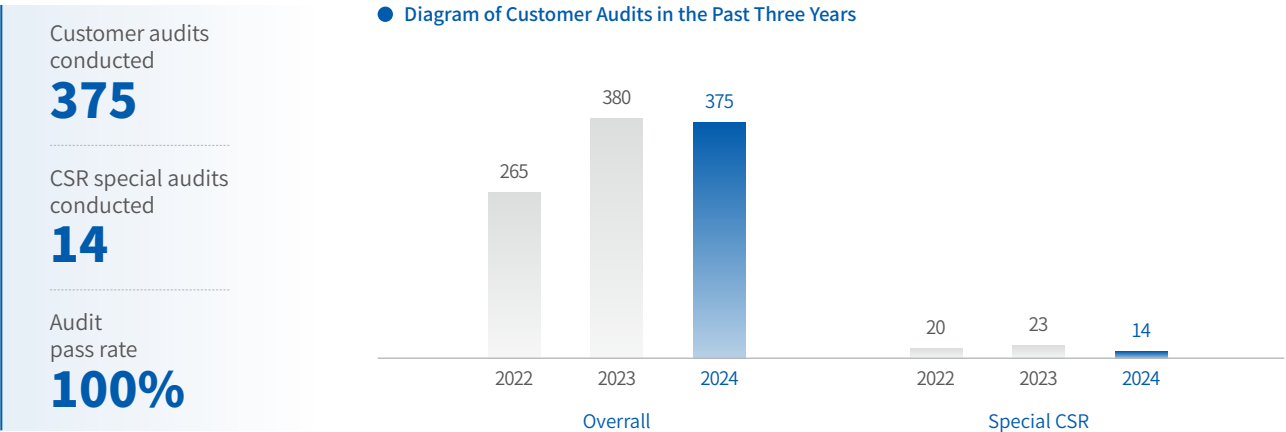
For customer feedback on abnormal problems, the company divides customer complaints into three categories according to their impact on customers. Each business has designated a team of excellent industry FA analysts who can examine failure samples promptly using qualified tools and equipment to identify abnormal failure modes. They investigate the true causes of customer feedback issues from the ground up and use the customer complaint system to structurally and methodically address the abnormal issues with customer feedback. In addition, the closed-loop management and prompt resolution of customer complaints are strongly guaranteed by the online customer complaint system.

The Company manufactured products in strict compliance with the production control process and quality management process, provided customers with material names, material compositions, environmental testing reports (in compliance with RoHS requirements) and safety regulations when shipping products, and posted relevant labels on packaging boxes for customers to identify products.

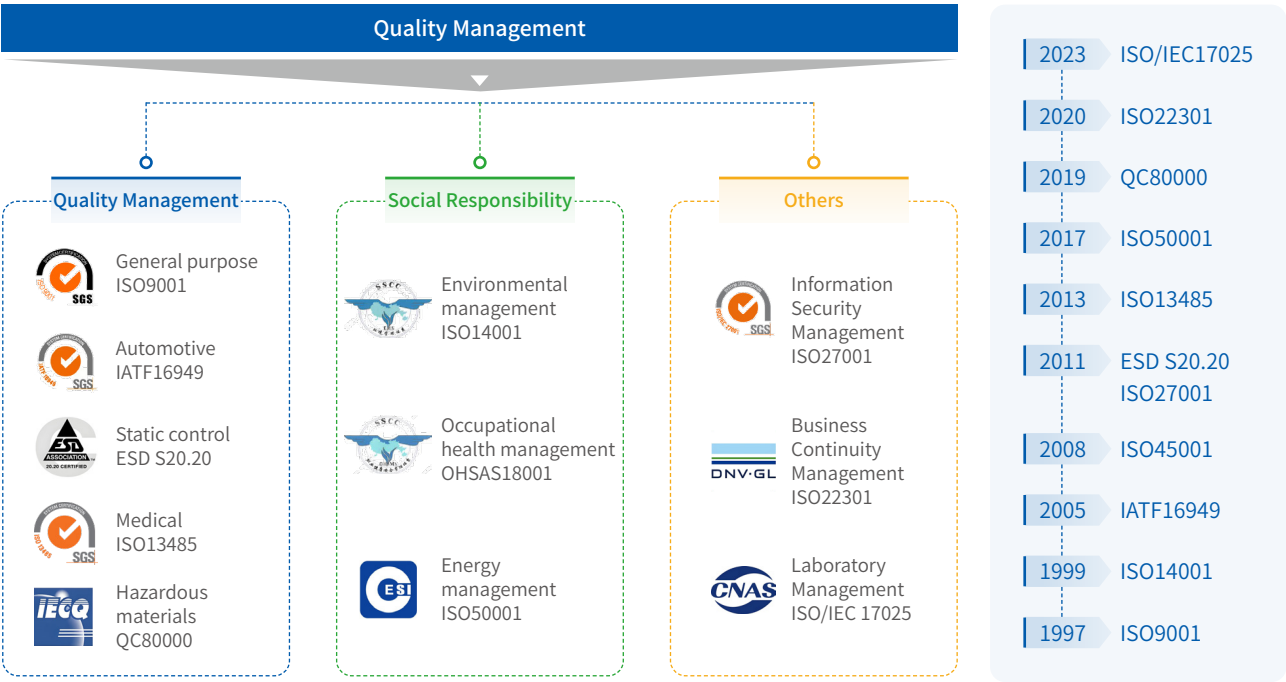
If a product delivered to a customer exhibits issues beyond their expectations or if potential problems are identified during risk screening, the company will promptly initiate the product recall process, engage in active communication with customers, and suggest temporary solutions to minimize any impact on customer interests.

System management level continuously recognized by customers

SCC has complete and diverse capacity building, providing strong guarantees for its high-quality delivery and operation. The Company has a 100% pass rate on 375 customer audits and 14 special CSR audits in 2024. Such an audit not only verified the effectiveness of the company system operation, but also became one of the important ways for the Company to understand customer needs and absorb improvement suggestions.



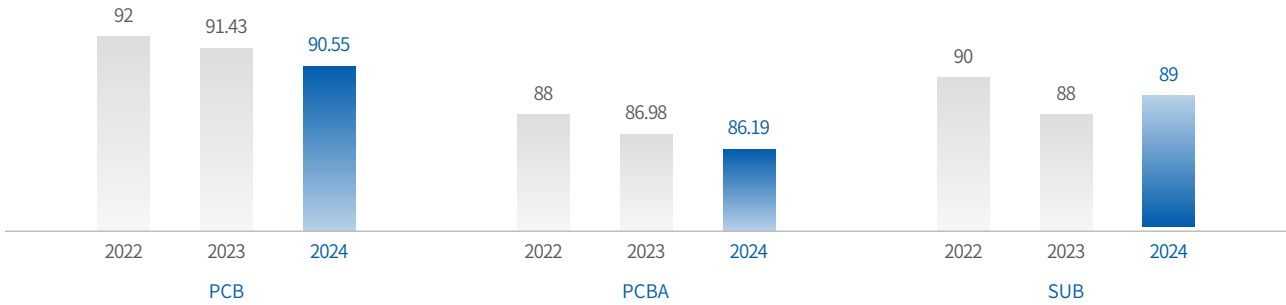
SCC System Certification Footprint



Customer satisfaction management

The Company conducts customer satisfaction surveys for its key clients at the end of each year to gain a deeper understanding of how customers perceive and feel about the Company's goods and services. The questionnaire objectively reflects customers' opinions about the Company in five dimensions, including quality, technology, delivery, service, and cost. In 2024, overall customer satisfaction remained at a high level. In the future, the Company will continue to take quality and delivery improvement actions and keep improving product competitiveness and customer satisfaction through multiple measures such as technological innovation, process optimization and personnel training.

Diagram of Customer Satisfaction Changes in the Past Three Years



04

SUSTAINABLE GREEN DEVELOPMENT

- ◇ Green Development Governance
- ◇ Green Operation
- ◇ Green Industrial Chain

As a leader and promoter of the electronic circuit industry, SCC adheres to the policy of "being the first to practice, playing an active role, and creating happy customers and solid employee relationships." It actively responds to the risks and opportunities in environmental issues, practices green development of low-carbon and environmental protection through technological innovation, and minimizes the adverse impact on the environment in the course of business operations.

Green Development Governance

During the early stages of its growth, SCC recognized the value of environmental protection and began to set up a systematic environmental management system. In 1999, the environmental management system was certified according to ISO14001. Over the years, SCC has implemented scientific development, prevention-oriented management ideas, the implementation of energy saving and emission reduction, and the implementation of clean production, and achieved significant results. According to the standard requirements of "Cleaner Production Standard Printed Circuit Board Manufacturing", the Company can achieve the first level of cleaner production (international advanced level) in four dimensions: production process and equipment, resource and energy utilization, pollutant generation, and waste recycling.

The SCC Green Production Management Committee is a company wide, cross departmental environmental management body. The Company's general manager serves as the committee's director of cleaner production, and the deputy director is the director of the safety and environmental protection department. The committee is designed to establish four promotion groups, including green procurement, source reduction, resource reuse, and pollution reduction. Its members represent the business units and functional departments related to green production. It can offer organizational and strategic assurance for carrying out environmental protection work methodically, thoroughly, consistently, and effectively.

Moreover, the Carbon Emission Management Promotion Committee of SCC is the special committee responsible for the accomplishment of the "dual-carbon" work goal, with the Company's general manager serving as the director. The Committee is responsible for implementing the Company's proposed "dual-carbon" work plan, leading various business departments to coordinate the emission reduction work, organizing carbon emission management planning, and achieving the main goals of "carbon peak and carbon neutrality". The Committee has 15 professionals holding the certificates of corporate energy management personnel.

Green Operation

SCC is experiencing a rapid development of multi-regional operations. The Company attaches great importance to industrial operations and environmental protection, continues to strengthen environmental protection investment, and is committed to improving the efficiency of resource utilization in all aspects of corporate operations and reducing greenhouse gas and waste emissions and minimizing adverse environmental impacts during operation. SCC spent more than 90 million yuan on equipment and operating expenses for pollution prevention and control facilities in 2024, and throughout the year, all pollution factors were controlled to 100% of the required levels with no environmental violations. Therefore, SCC was honored as "Jiangsu Leading Enterprise of Green Development".

Management of climate impacts, risks, and opportunities

SCC fully integrates environment-related risks (such as climate change, water resources, etc.) into the risk management process of multiple departments, ensuring that natural dependencies, environmental impacts, risks, and opportunities are closely linked to the Company's overall risk management framework. The integration process is carried out as per the following steps:


Positioning And
Information Collection
STEP 01

Using tools such as ENCORE, WRI Water Risk Atlas, and Ecoinvent, a comprehensive analysis has been conducted on the geographical locations of the Company's production bases (Shenzhen, Wuxi, Nantong, Guangzhou), identifying the connection points between the Company and natural capital, and determining the dependence and potential impact of operational activities on natural resources. In this process, the Company simultaneously conducted industry classification and geographical location surveys on first-tier suppliers to clarify their natural resource dependence and assess their impact on the environment. On this basis, the scope of information collection includes initial risk information of external environment, historical data, and future climate change scenarios (such as RCP8.5), laying a firm foundation for the scientific nature of subsequent risk assessment and management.


Assessment and
risk identification
STEP 02

Through the risk management process, the collected information is screened, analyzed and evaluated in the annual and daily dynamic identification process to determine the physical risks (such as water shortage, extreme weather) and transformation risks (such as policy changes, carbon emission regulation) faced by SCC's business and suppliers. Such risk information helps the Company identify significant dependencies on natural resources and environmental impact points, ensuring accurate identification of key environmental risk sources throughout the Company's overall operations. The Company follows the LEAP model of thinking, first identifying dependencies and impact points related to natural resources, then conducting assessments to identify potential risks and opportunities, and ultimately ensuring that these factors can be effectively incorporated into the overall risk management system of the Company.


Developing risk
response strategies
and solutions
STEP 03

After identifying key risks, SCC develops risk response strategies and designs detailed response plans for different types of risks, including environmental dependence and climate impact. Such solutions include risk management tools such as risk-taking, avoidance, transfer and hedging, ensuring that each business unit considers the actual situation and external environment, and defines the responsible parties, resource allocation and expected results when formulating risk strategies.


Execution and
cross-department
collaboration
STEP 04

Each department of SCC develops specific implementation plans based on the requirements of the risk response plan, and ensures that they are reviewed by relevant responsible persons and submitted to the Risk Control and Compliance Office. When it comes to cross-department risks, the Risk Control and Compliance Office will organize and coordinate, and designate the main responsible department to lead the development of specific response plans, ensuring that risks related to natural capital are systematically managed and forming a coordinated risk response mechanism within the Company.


Follow-up and
assessment
STEP 05

For major natural risks and environmental opportunities, SCC tracks the execution of each business unit on a quarterly basis, using sampling, on-site inspections and data analysis to ensure the effective implementation of response measures by each department, and reports the results to the responsible person of the main department. The triggering conditions will be submitted to the Risk Control and Compliance Committee to ensure that key natural risks are continuously managed and optimized.


Supervision,
evaluation and
improvement
STEP 06

The supervision and evaluation process of risk management at SCC covers all aspects from initial information collection to the implementation of risk response plans. The Company regularly evaluates natural dependencies, environmental impacts and potential opportunities, and it adjusts response plans based on changes. For climate-related opportunities, the Company follows the same process to ensure comprehensive coverage of risk and opportunity identification and assessment. By integrating the identification of natural capital-related dependencies, impacts, and risks into the overall risk management system of the Company, SCC can ensure effective implementation of environmental risk management in various departments and maintain sustainable development in the face of future environmental challenges.

Practicing low-carbon development through energy conservation and consumption reduction

In order to achieve the goal of low-carbon development, the Carbon Emission Management Promotion Committee of SCC takes high-quality development goals as guidance, plans and deploys its business comprehensively, decomposes and implements the "dual-carbon" work to various business units, strengthens top-level design and coordination, strengthens assessment and accountability, consolidates responsibilities, and ensures that the overall goals, strategic ideas, and implementation routes of the "dual-carbon" work are consistent with the Company's strategic deployment, and achieves the "dual-carbon" work goals in a planned and step-by-step manner. By 2030, the comprehensive energy consumption per RMB10,000 industrial output value will decrease by 25% compared to 2020; the carbon dioxide emissions from industrial output of RMB10,000 have decreased by more than 65% compared to 2015, and the carbon dioxide emissions will have reached their peak and steadily decreased. By 2060, the green and zero carbon industrial system of SCC will be fully established, energy utilization efficiency will reach the international advanced level, forming a green and low-carbon core competitive advantage, achieving fruitful results in ecological civilization construction, and fully realizing the goal of carbon neutrality. To address climate change, SCC has developed a comprehensive transformation plan, with some businesses firstly participating in the Science-Based Targets Initiative (SBTi). This segment commits to net zero emissions by 2050 under SBTi, aiming to limit warming to 1.5 ° C. In 2024, the achievement rate of the phased progress of the "dual-carbon" work target was 100%.

In 2024, in accordance with the Carbon Emission and Carbon Quota Management System of SCC, the Company strengthened the control and management of carbon dioxide emissions in the production process and strictly supervised the process, continuously reducing the concentration of carbon dioxide, effectively reducing the cost of carbon reduction, controlling the risk of carbon trading compliance, realizing the appreciation of carbon quota value, and promoting the sustainable development of the Company. Therefore, this management regulation was formulated.

In 2024, the Company’ s Scope 1 and 2 emissions were 646,250 tCO e. The technological transformation for energy conservation was steadily advancing, and the special project for energy conservation and carbon reduction reduced carbon emissions by 5,945tCO2e throughout the year. Due to the promotion of the Company's energy conservation and carbon reduction management work and the implementation of the technological transformation for energy conservation, the energy consumption per RMB 10,000 comprehensive output value in 2024 decreased by 6% compared to 2023, and the energy consumption per RMB 10,000 added value decreased by 6%. Carbon intensity across all three sites remained below the government set emission quota.

the achievement rate of the phased progress of the "dual-carbon" work target

100%

Energy consumption per 10,000 yuan of comprehensive output value decreased year-on-year

6%

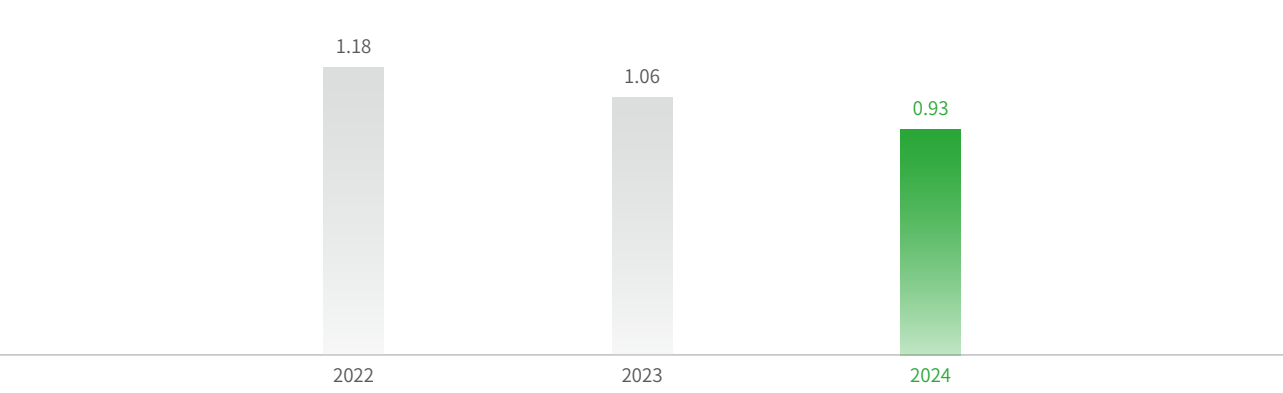
Energy consumption per 10,000 yuan of value-added decreased year-on-year

6%

Energy Consumption Data Sheet for the Recent Three Years

Energy consumption forms	2022	2023	2024
Electricity (10,000 kWh)	71,777.1	74,557	98,602.2
Natural gas (10,000 m³)	485.90	512.9	608.02
Gasoline (tons)	41	39.4	32.82
Diesel (tons)	4	10.3	12.52
Heat (million kJ)	448,566.7	416,167.1	422,471
Total (10,000 tons of standard coal)	10.65	11.06	14.31

Carbon Emission Intensity Table in the Past Three Years



In 2024, the Company conducted a verification of carbon emissions for 2023 based on ISO14064, and the final verification results are as follows:

Scope 1 (tCO ₂ e)	52,190.62	
Scope 2 (tCO ₂ e)	Location-based	506,135.55
	Market-based	525,372.78
Scope 3 (tCO ₂ e)	2,686,575.37	100.00%
Outsourced goods and services	1,521,219.36	56.62%
Capital goods	15,709.1	0.58%
Fuel and energy-related activities	108,949.17	4.06%
Upstream transportation and distribution	30,047.49	1.12%
Waste generated during operation	3,981.4	0.15%
Business travel	3,112	0.12%
Employee commuting	15,682.69	0.58%
Downstream transportation and distribution	25,007.09	0.93%
Processing of sold products	950,507.35	35.38%
Use of sold goods	5,039.64	0.19%
Disposal of sold products at the end of their lifespan	7,320.11	0.27%
Total	3,264,138.77	

● Special project for energy conservation and carbon reduction

Implementing project	Reduction of carbon emissions (tCO ₂ e/year)
13 technological upgrades for energy conservation in the factory	528
Purchase of green power*	2,600
PV project*	2,817
Total	5,945

※Note: The purchase of green power is mainly to increase the proportion of green power. The Company currently has a sufficient carbon surplus. The difference between the revenue of PV projects and the disclosed data in 2023 is due to the fact that the PV projects of each base were synchronized to the grid and delivered at the end of June 2024.

 Case | Independently developing PCB product carbon footprint management system

With the continuous deepening of the "dual-carbon" work, the demand for carbon footprint management from the government and customers is becoming increasingly frequent. Currently, professional software for carbon footprint accounting in the market has long calculation cycles and lacks the related databases related to PCBs. The accounting time for PCB products is about 40-60 days, and the data collection involved in carbon footprint accounting requires the cooperation of the employees from multiple departments such Internal Procurement, System, Finished Product Warehouse, IE, Equipment, etc., but the collection process is cumbersome, the amount of data is huge, the traceability is difficult, and timeliness and accuracy are difficult to guarantee.

In order to solve this problem, SCC has independently developed a carbon footprint management system suitable for PCB products. At the early stage, a large amount of data was provided by the employees from relevant departments, and a data model was established. Now, only raw data such as raw materials, chemicals and raw material transportation, production electricity, natural gas and scraps, waste recycling, and finished product delivery need to be collected in the product production process, and then imported into the system to quickly output product carbon footprint data. After multiple rounds of refinement, iteration and verification, the accounting data for the Company's carbon footprint system now has an error of within $\pm 10\%$ compared to the data calculated by professional software. With the assurance of data quality, the accounting time has been reduced to around 7 working days. In the accounting process, data are retained in the system, making traceability simple and convenient. In the future, with the continuous improvement of database information, the accuracy of accounting data will be further enhanced.

Reducing resource consumption and waste emissions

SCC continuously pays attention to the consumption of energy resources and the generation of waste in the production process. According to the management idea of "reduction, resource utilization, and harmlessness", SCC systematically promotes the special work of reducing energy resource consumption and waste disposal.

Wastewater Reduction and Recycling

SCC has carried out thorough and meticulous research and planning in all aspects of wastewater treatment around the limitations and issues of conventional treatment processes, from program demonstration, investigation, and construction, and has departed from the typical mode of PCB wastewater treatment in order to ensure the effectiveness of wastewater disposal. It systematically plans the classification of waste water and waste liquid in an inventive manner. It has developed various treatment procedures

for various wastewater and meticulously categorizes the generated wastewater into heavy metal wastewater, cyanide-containing wastewater, nickel-containing wastewater, developing and stripping wastewater, high COD, nitrogen, and phosphorus wastewater, complexed wastewater, and organic wastewater.

Additionally, SCC has established wastewater discharge standards, real-time monitoring, and alarm systems that are stricter than national regulations. SCC is also capable of transmitting pollution data in real-time through online monitoring equipment to the monitoring platform of environmental protection departments. While this is going on, the Company frequently hires a qualified unit from a third party to monitor wastewater. The monitoring results, which are made public through the platform of the environmental protection department and the company's official website, are significantly below the discharge standard for the area surrounding the factory.

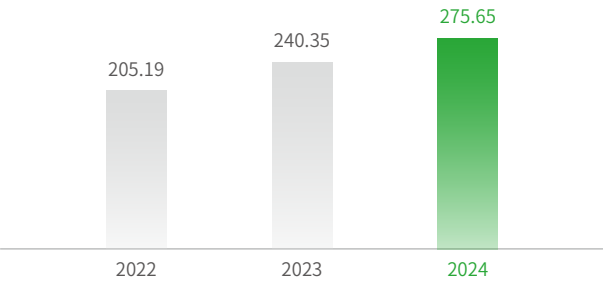
● Wastewater Pollution Factor Concentration Table for the Recent Three Years

Territorial	Wastewater discharge concentration	Total copper (mg/L)	COD (mg/L)	Total nickel (mg/L)	Ammonia nitrogen (mg/L)	Total phosphorus (mg/L)
Shenzhen	Local Standard	0.5	80	0.5	15	1.0
	SCC Standard	0.18	33	0.3	6	0.4
	Actual Value 2022	Less than 0.12	Less than 33	0.07	0.29	0.09
	Actual Value 2023	Less than 0.08	Less than 33	Less than 0.05	0.31	0.09
	Actual value in 2024	Less than 0.06	Less than 33	Less than 0.011	0.69	0.08
Wuxi	Local Standard	0.3	50	-	8	0.5
	SCC Standard	0.3	50	-	8	0.5
	Actual Value 2022	Less than 0.3	Less than 50	-	5.49	0.15
	Actual Value 2023	Less than 0.3	Less than 50	-	0.14	0.06
	Actual value in 2024	Less than 0.3	Less than 50	-	5	0.1
Nantong	Local Standard	0.5	250	-	35	8
	SCC Standard	0.5	250	-	35	8
	Actual Value 2022	Less than 0.5	Less than 250	-	6.5	0.78
	Actual Value 2023	Less than 0.5	Less than 250	-	6.9	0.5
	Actual value in 2024	Less than 0.5	Less than 250	0.001	8.45	0.64
Guangzhou	Local Standard	0.3	500	-	45	8
	SCC Standard	0.3	500	-	45	8
	Actual value in 2024	0.054	29	-	0.871	0.02

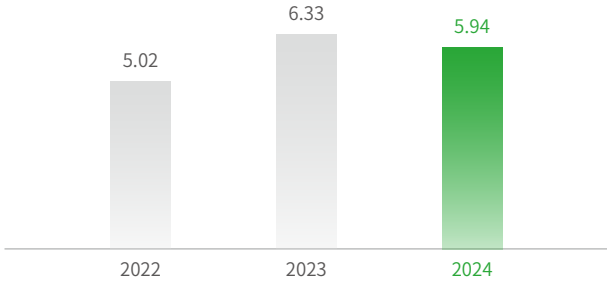
※The items with measurement values that are too small (below 0.001) or 0 are marked as "-".

SCC continues to promote the use of recycled water. In 2024, the Company's total water consumption was 12.0422 million tons, including 9.9119 million tons for industrial purposes. The proportion of industrial recycled water consumption was 27.81%, exceeding 2.7565 million tons. The water consumption intensity was 5.5 tons per RMB10,000 income, and the water consumption per unit area was better than the first-level clean production standard of the industry.

● Table of Changes in Industrial Reclaimed Water Usage for the Recent Three Years (10,000 tons)



● Water Consumption Intensity Table in the Recent Three Years (ton/RMB10,000 income)



Waste gas emission management

SCC strictly implements national, local and industrial standards for waste gas emission management. Monitoring data is disclosed on the national pollutant discharge permit management information platform. To strengthen the waste gas management and give early warning in a timely manner, the Company has established a real-time waste gas emission monitoring system, which can effectively ensure the pollutants are stably discharged under the specified standards. In 2024, the monitoring results of various emission concentrations of SCC were all below the limits specified in the pollutant discharge standards, with pollutant concentrations below 60% of the emission limits and total emissions not exceeding the approved total emissions by the competent authority.

● List of Waste Gas Emissions for the Recent Three Years

Waste gas emissions	Shenzhen Emissions (tons)			Wuxi Emissions (tons)			Nantong Emissions (tons)			Guangzhou Emissions (tons)	
	2022	2023	2024	2022	2023	2024	2022	2023	2024	2024	
Nitrogen oxide	3.547	2.909	4.51	0.72	0.8	0.078	0.615	1.53	0.969	0.852	
Particulates	9.23	16.721	15.093	2.14	1.48	0.237	0.326	0.216	0.864	8.65	
Tin and its compounds	0.007	0.001	0.002	0	0	0.001	0	0	0	/	
Formaldehyde	0.082	0.336	0.465	0	0	0	0.209	0	0.094	0.347	
Ammonia (NH ₃)	0.879	0.884	0.792	0.29	0.04	0.046	0.543	0.984	0.53	0.092	
Non-methane total hydrocarbon	3.08	3.217	4.21	-	-	0.913	/	/	/	3.12	
Chlorine hydride	0.654	3.054	3.762	0.19	0.4	0.308	13.254	5.743	7.517	2.189	
Hydrogen cyanide	0.016	0.017	0.0227	-	-	0	0.0221	0.0045	0	0.123	
Hydrogen sulfide	-	0.007	0.009	0	0	0	0.002	0.003	0.075	-	
Sulfuric acid mist	1.541	41.159	25.322	-	1.2	0.651	4.34	7.07	1.184	0.788	
Sulfur dioxide	-	-	-	0.04	0.13	0.016	-	-	-	-	
Volatile organic compounds (VOCs)	0.47	0.922	4.582	0.18	2.29	0.913	0.43	1.636	0.84	-	
Lampblack	-	-	-	0.01	0.01	0.01	-	-	0.009	-	

※Note: Items with measurement values that are too small (less than 0.001) are marked as "-", and previous data are uniformly formatted to the third place after the decimal point.

Case | Utilization of hazardous waste resources to promote circular economy

The adsorption of organic matter in the organic waste gas treatment system generates waste activated carbon. SCC has always adhered to the disposal philosophy of "reduction, resource utilization, and harmlessness" for hazardous waste. Through experimental demonstration and cost analysis, activated carbon with high iodine value is selected to adsorb organic matter. Not only does it have a longer service life, but the waste activated carbon generated can also be recycled into products for secondary sale through regeneration processes, realizing "Trash into Treasure" for waste activated carbon. The Company's disposal of waste activated carbon has shifted from paying to collecting, which not only reduces disposal costs, but also to some extent reduces the temporary storage of hazardous waste and the phenomenon of hazardous waste hoarding due to delayed transfer, effectively reducing environmental hazards. In 2024, the Company regenerated a total of 110t activated carbon through the disposal of waste activated carbon.

Reduction of pollutants

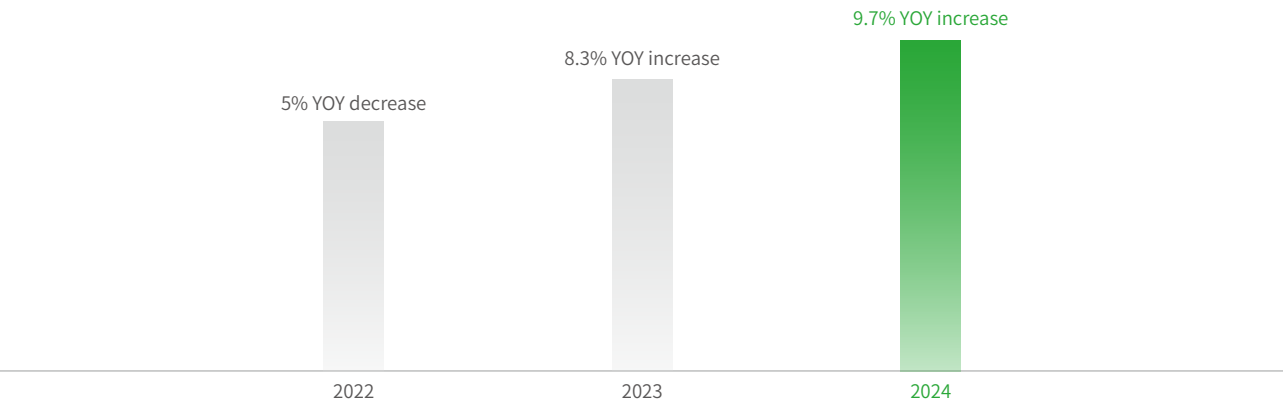
SCC is concerned about the impact of hazardous waste on the environment. It continues to carry out special improvement work to reduce hazardous waste generated in the production process.

At the source of hazardous waste, the Company continues to optimize the waste liquid production process by reducing the amount of syrup added and extending the replacement cycle of syrup in terms of technology, and strictly controls waste liquid generation in all aspects to reduce the production of waste liquid in terms of management. At the end of hazardous waste collection, some waste liquid is recycled and utilized to realize the recycling of waste liquid.

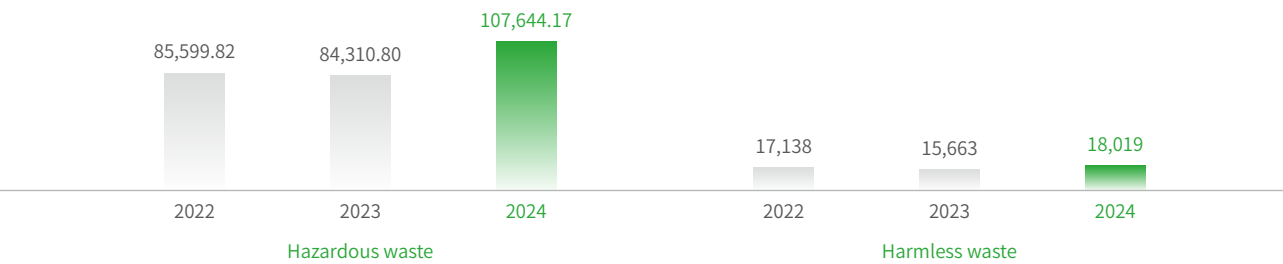
To ensure the safe management of hazardous waste throughout the entire process, SCC has developed a comprehensive system specification for hazardous waste treatment and disposal. Each department and process must strictly classify, collect and package hazardous waste as required to ensure that the packaging is intact and undamaged. The hazardous waste temporary storage area must meet the requirements of rain protection, sun protection, and leak prevention in order to ensure a safe storage environment. All hazardous waste must be handed over to the purification process for treatment. In the handover process, it is ensured that the packaging, vehicles, or containers containing hazardous waste are intact and leak-free. It is strictly prohibited to discard or dump them at will. Ultimately, hazardous waste is handed over to third-party units with corresponding qualifications for processing, and detailed ledger records are kept, including waste name, quantity, destination and other information, to ensure traceability. In 2024, SCC reduced the amount of hazardous waste by 1% and achieved a 100% safe disposal rate of hazardous waste by controlling the moisture content of sludge in wastewater treatment. Both hazardous and harmless waste did not have a significant impact on the environment.

In 2024, due to changes in product structure, the amount of waste liquid generated per unit area slightly increased, with a 9.7% increase in waste liquid generated per unit area.

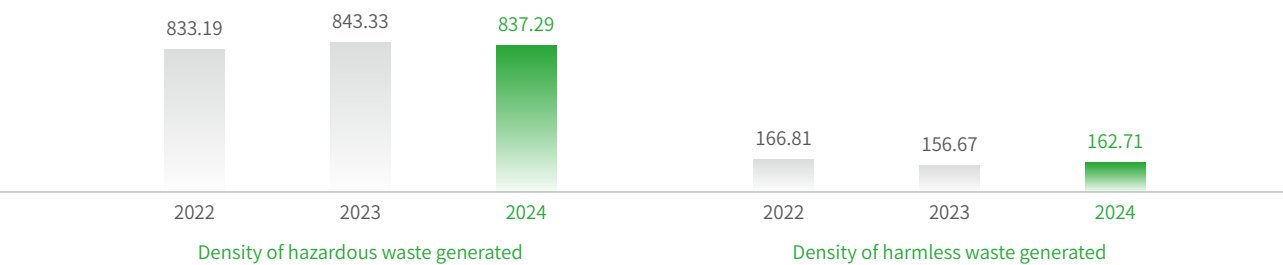
● Diagram of Changes in the Amount of Waste Liquid Produced per Outer Layer Output Area in the Past Three Years



● Amount of solid waste generated in the last three years (tons)



● Density of Solid Waste Generated in the Recent Three Years (kg/t)



Management of the impact of pollutant emissions on the communities around

SCC strictly adheres to national, local and industrial standards for pollutant emission management, and strictly implements the requirements of environmental monitoring and monitoring information for pollutant discharge permits to ensure that monitoring plans and processes are carried out legally and compliantly. Monitoring data is publicly available on the national pollutant discharge permit management information platform, achieving 100% compliance in internal monitoring, online monitoring, and government law enforcement monitoring of pollutant emissions. Every three years, a retrospective evaluation of emergency plans is conducted to ensure that environmental risks are controllable and to ensure the environmental health of employees, local community residents, and other groups. In 2024, the production and operation activities of SCC did not have a significant impact on the ecosystem and biodiversity.

Case | Achieving improved efficiency in organic waste gas treatment through technological transformation

SCC continuously pays attention to the consumption of energy resources and the generation of waste in the production process. According to the management idea of "reduction, resource utilization, and harmlessness", SCC systematically promotes the special work of reducing pollutant emissions. In 2024, SCC upgraded and transformed the organic waste gas treatment facilities in the coating and screen printing workshops of the waste gas treatment system into water spray+activated carbon adsorption/desorption catalytic combustion equipment. The efficiency of organic waste gas treatment thereby increased to 95%, reducing VOCs emissions by 0.348t and hazardous waste by 7.4t annually.



▲ Water spray+activated carbon adsorption/desorption catalytic combustion equipment

Building a resource-friendly enterprise via green operation

To embrace the concept of a green office, the Company has accelerated the integration of equipment transformation and information systems while deepening the transformation of digitalization and information. Paperless has also become a key component of the company's intelligent manufacturing, significantly reducing the use of paper. Furthermore, the company actively carries out environmental protection publicity and actions to promote the concept of building a resource-friendly enterprise. In 2024, green offices saved 18,387t water and 4.97mkwh power, of which 4.74mkwh from PV power generation projects.

The PV construction projects of SCC's bases in Wuxi, Nantong and Guangzhou were delivered successively by the end of June 2024, achieving grid-synchronized power generation with a total installed capacity of over 11MW, annual power generation more than 4.74mKWH and annual carbon emissions reduced by 2,817 tCO₂e.

Water conserved via green office initiatives
18387 tons

Electricity conserved via green office initiatives
497 million kWh

Annual carbon emission reduction to reach
2817 tCO₂e



▲ Photovoltaic grid-connected power generation at Wuxi Base

Case | SCC won the "Sustainable Development Award" from FORVIA Group

On April 16, 2024, FORVIA Group, the world's seventh largest automotive technology supplier, held its first supplier conference in China, inviting over 800 supplier representatives to attend. SCC won the heavyweight award "Sustainable Development Award" from FORVIA for outstanding suppliers, thanks to its relentless pursuit of green products and innovative services over the years.

In the future, SCC will continue to strengthen the promotion and implementation of "dual carbon" work, increase the evaluation, investment, and implementation of green and low-carbon projects, continue to deeply integrate with its customers, combine high-quality resources from both sides, and jointly focus on technology, quality, supply chain and other aspects to help its customers create high-quality products with sustainable competitiveness, and contribute to the global low-carbon economy and social development.



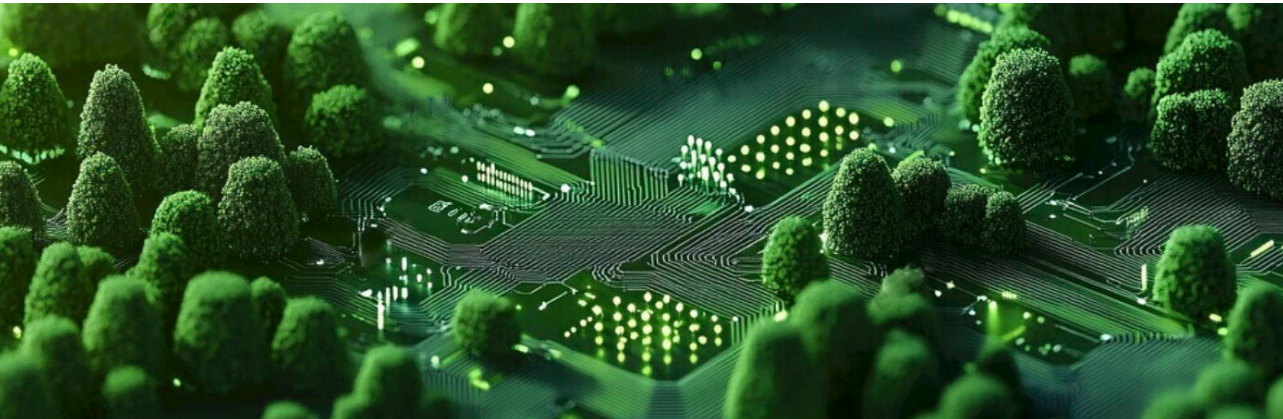
FORVIA BEST SUPPLIER AWARDS 2024

TIANMA MICRO-ELECTRONICS GROUP
天马微电子股份有限公司
Micron Technology Inc.
美光科技有限公司
Shennan Circuits Co., Ltd.
深南电路股份有限公司

▲ SCC won the "Sustainable Development Award" from FORVIA Group

Green Industrial Chain

The rapid development of SCC is closely related to the industrial chain, and it is inseparable from the full support of upstream and downstream partners. The Company attaches great importance to constructive communication with our partners, actively develops suppliers with common CSR values, and adopts sustainable development practices in business cooperation to overcome challenges and bottlenecks encountered in our development and achieve win-win cooperation.



Green procurement

SCC adheres to the CSR management policy of "being the first to practice, playing an active role, and building a Happy customers and solid employee relationships", and strictly controls the environmental compliance of purchased materials. All materials to be certified must meet RoHS2.0 and comply with policies on occupational health, green supply, waste discharge, environmental protection, and conflict mineral management, and achieve error prevention and traceability with targeted support programs. At the same time, the Company continues to deepen cooperation with suppliers, and through supplier certification, performance management and special assistance and support, continue strengthening the supply chain's sustainable development capabilities.

SCC adheres to the principles of fairness and impartiality, selection and daily cooperation. In TQRDC(Technology, Quality, Response, Delivery, Cost) five aspects, it made a comprehensive comparative evaluation of suppliers. In addition, it cooperated with related suppliers in the development of key projects to achieved mutual benefit. In 2024, the signing coverage of the Supplier Social Responsibility Agreement reached 89%, and the Company continued to promote harmless material substitution. More than 190 materials that meet safety and environmental requirements were certified in 2024, which strongly supports the Company's green development strategy.

Conflicting Mineral Management

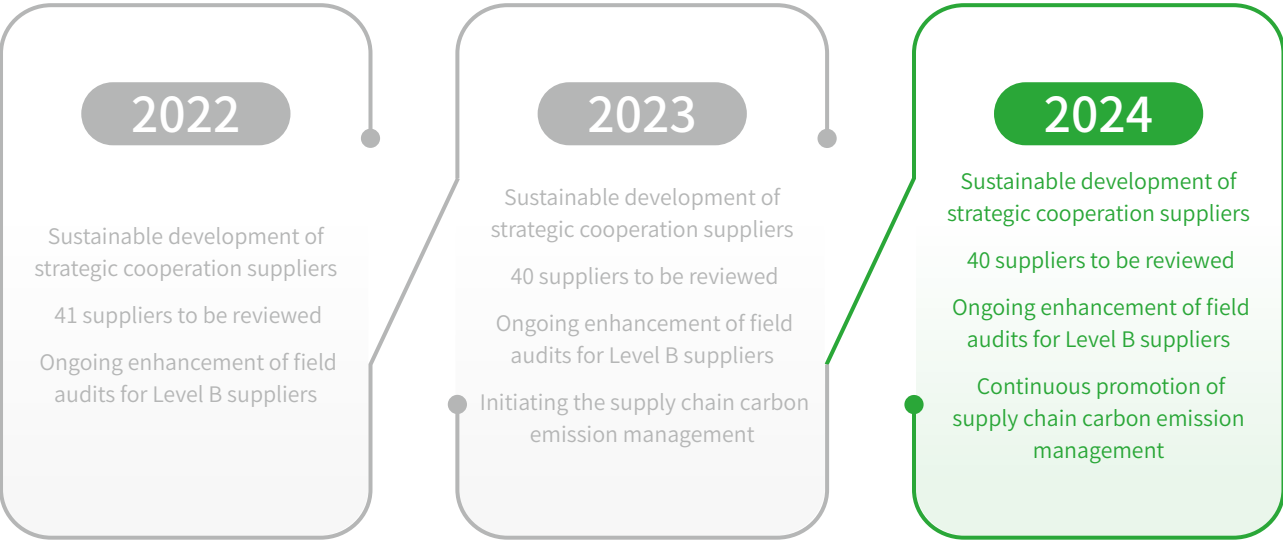
SCC promises and aims to purchase tin, tantalum, tungsten, gold, cobalt, mica and other minerals used in a responsible way, and, by referring to OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, promotes suppliers to establish policies to prevent and reduce the risk of the minerals contained in their manufactured products directly or indirectly providing funds or benefits the groups with serious human right violations, serious environmental hazards, serious health and safety risks, serious corruption, etc. in the high-risk areas.

SCC, based on the Responsible Mineral Initiative (RMI), collaborates with its supplier partners to address issues related to conflict minerals, and uses the RMI conflict mineral questionnaire to conduct a supply chain survey. The Company initiates annual supplier due diligence, traces the sources of minerals in its products step by step through suppliers, identifies the smelter list, and shares the survey results with customers. In 2024, the signing rate of conflict minerals declarations from the Company's main material suppliers was 100%. There are a total of 5 suppliers involved in 3TG metal procurement, and the investigation rate was 100%. The 3TG smelters purchased by the suppliers were all qualified smelters certified by RMAP.

CSR management of supply chain

SCC's strategic aim for supply chain social responsibility is to foster suppliers who share our CSR values and enhance the economic and social benefits of our business partnership. We align with industry benchmarks to assess suppliers' sustainability status and identify areas for improvement. We collaborate with suppliers to address deficiencies, striving for industry-leading standards together.

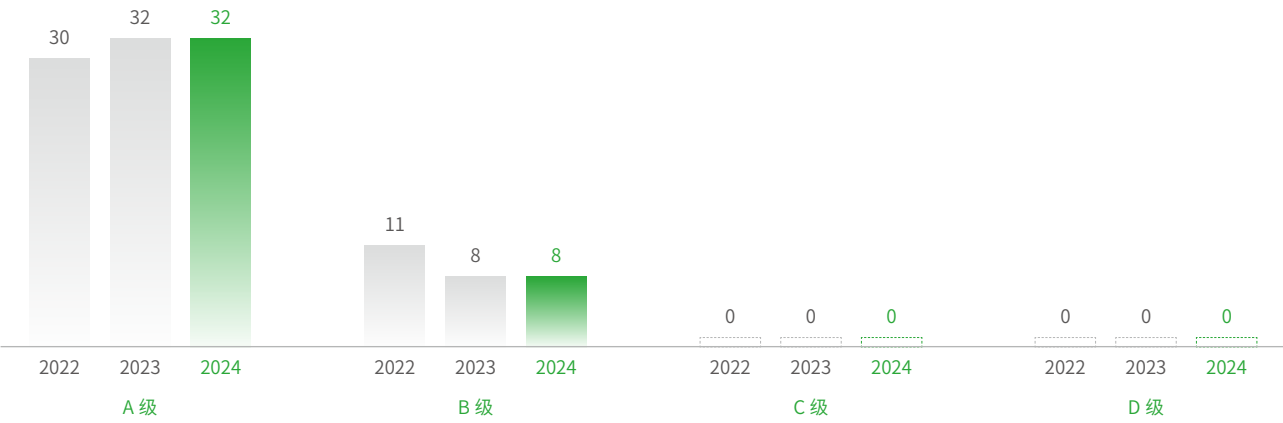
Stage goal



Supply Chain CSR Management Performance

In accordance with ISO14000 system standards, the company evaluates suppliers CSR performance across 12 aspects. For key significant suppliers rated as C/D in performance evaluations, we prompt them to submit improvement reports, conduct senior officer interviews, perform field audits, and reduce shares to enhance performance. In 2024, SCC conducted on-site audits of key suppliers, with an audit rate of 22%. Compared with 2023, the CSR management level of suppliers was further improved, and no Level C suppliers had been found for six consecutive years. Furthermore, 38 dedicated CSR audits were conducted, generating over 300 improvement suggestions. All improvement projects were completed within the year, achieving a 100% closure rate.

Supplier Evaluation Results in the Past Three Years



Case | The 2024 Global Partner Conference titled "Drive Development with Digital Intelligence, Co-create the Future with Technology" was successfully closed

On April 11, 2024, SCC held its 2024 Global Partner Conference in Guangzhou under the theme "Driving Development with Digital Intelligence, Co-creating the Future with Technology". The senior management of SCC, representatives from over 100 core partners, and key employees from relevant departments of SCC attended the Conference. Before the opening of the Conference, SCC invited more than 300 suppliers to visit the exhibition hall and production site of Guangzhou Base, fostering stronger mutual understanding between suppliers and SCC. At the Conference, the senior management of SCC introduced its development strategy plan to the suppliers through a report, deepening the consensus on cooperation between the parties. Afterwards, at the award and recognition ceremony, SCC specially provided the comprehensive awards such as "Gold Partner" and "Excellent Partner", as well as the individual awards such as "Joint Innovation", "Best Support" and "Best Quality". 56 partners with outstanding performance in various areas were recognized, and sincere gratitude was expressed to the long-term partners who had supported SCC's work.



▲ Photo of the Opening Ceremony of 2024 Global Partner Conference Titled "Drive Development with Digital Intelligence, Co-create the Future with Technology"

Case | The seminar on promoting "dual-carbon management" in the supply chain was successfully held

On November 27, 2024, the Procurement Management Department, Administrative Management Department, Safety and Environmental Protection Department, Marketing Department, and Quality and Process IT Department of SCC held a seminar in Shenzhen and Wuxi simultaneously to launch the "Dual-carbon Management Supply Chain Implementation Plan", involving all supply chain business modules of the Company's business. At the seminar, discussions and reviews were conducted on the carbon reduction promotion plan and implementation details for the supply chain in 2025. This seminar comprehensively considered the carbon reduction targets of the government, customers, and SCC, and reasonably decomposed them into carbon reduction initiatives on the supply chain side. It encouraged joint action on the supply chain side to jointly promote the achievement of global carbon reduction goals.



Case | SCC successfully conducted hazardous chemical safety supply training for its suppliers

On May 16, 2024, the Procurement Management Department of SCC conducted a hazardous chemical safety supply training for all hazardous chemical suppliers at Longgang Base in Shenzhen. The training covered basic knowledge of hazardous chemicals, emergency safety management requirements, delivery standards, etc. After the training, an on-site exam was arranged. A total of 63 suppliers participated in this training, with 623 taking the exam and 611 passing the exam. This further enhanced their awareness and ability to supply hazardous chemicals safely, and provided strong support for the Company's business continuity.



▲ SCC launched offline training regarding hazardous chemical safety supply for its suppliers

05

SUSTAINABLE FUTURE

- ◇ Standardized Governance
- ◇ Caring for Employees and Supporting Their Success
- ◇ Occupational Health and Work Safety
- ◇ Giving Back to Society

Standardized Governance

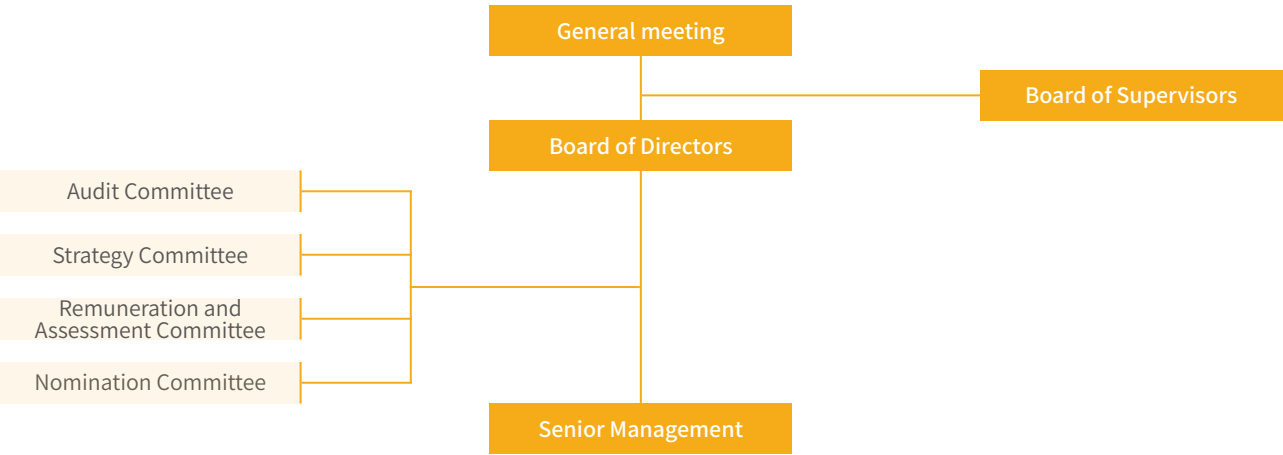
SCC continues to improve its corporate governance structure, attaches importance to protecting the rights and interests of investors, implements the principles of anti-corruption and fair competition, and strives to create a benchmark for corporate governance in the industry. Moreover, it strictly abides by local laws and regulations in all operating bases or offices worldwide, and actively fulfills its tax obligations.

Improving corporate governance and enhancing standardized operations

Corporate Government Structure

SCC has established a relatively complete corporate governance structure in accordance with current laws, regulations, and rules such as the Company Law, the Securities Law, Shenzhen Stock Exchange Listing Rules, and Self-regulatory Guidelines for Listed Companies No. 1- Standardized Operation of Main Board Listed Companies, standardizing its corporate operations, improving its corporate governance, and helping it fulfill its economic responsibilities. SCC has set up the "three boards and one management" corporate governance structure consisting of General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and Management. The Board of Directors consists of four special committees, i.e. the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee. In addition, it has established a specialized meeting mechanism for independent directors in accordance with the Measures for the Management of Independent Directors of Listed Companies, and each division has clear responsibilities and coordinated operations.

Board members are nominated by the nomination committee and approved by the board of directors and shareholders’ general meeting. The board comprises 9 directors, including 3 independent directors. Mr. Yang Zhicheng, the company’ s board chairman oversees board resolution implementation. In 2024, the Company held three general meetings of shareholders to make resolutions on issues such as regular reporting and related-party transactions; convened 7 meetings of the Board of Directors, covering topics such as regular reporting, related-party transactions and election of the Board of Directors. The four special committees under the Board of Directors, namely the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee, and the Strategy Committee, performed their duties normally and provided scientific and professional opinions and references for the decision-making of the Board of Directors. In addition, the Company also convened 6 meetings of the Board of Supervisors, covering topics such as regular reporting and the use of raised funds. The supervisors of the Company possess professional knowledge and work experience, and independently and effectively exercise supervisory and inspection functions from the perspective of protecting shareholder interests. They are able to convene and hold meetings of the Board of Supervisors in strict accordance with the Company's Articles of Association, and effectively supervise the Company's related-party transactions, the storage and use of raised funds, financial status, as well as the legality and compliance of the performance of duties by the directors and officers of the Company. The Company actively provided an effective way for its shareholders to participate in corporate governance, and gave full play to the leadership and supervision role of the Board of Directors and the Board of Supervisors in scientific decision-making, standardized management, risk control, shareholder return, social responsibility and so on.



Standardizing Information Disclosure and Protecting the Interests of Investors

SCC has established a Board of Directors Office to undertake investor relations management functions. The Office adheres to the philosophy of "professional, compliant, and sincere" for investor relations management, and carries out the annual work plan for investor relations management in accordance with the Investor Relations Management System of the Company, ensuring that the Company can communicate with investors and the public in a compliant, fair and effective manner and can actively convey its value to the capital market.

In 2024, the Company continued to deepen its investor relations management work, and enhanced its proactive service awareness and quality. Throughout the year, the Company engaged with over 1,500 investors and hosted 34 online and in-person strategy conferences. On the investor interaction and exchange platform, the Company responded to 85 questions from investors with a 100% response rate. It actively held online annual performance briefing sessions, released visual annual reports, carried out investor online group reception days and other activities to help small and medium-sized investors understand the business and get to know it better. To spread awareness of investor rights among our staff members and investors, we took part in the "Shareholder is Coming" investor rights knowledge competition organized by the Securities Regulatory Bureau and the Investment Service Center. The Company received the “Outstanding Contribution Award” from the Shenzhen Stock Exchange Investor Service Center. In 2024, the Company consistently reported and efficiently disclosed information, issued a total of 92 disclosure announcements and actively communicated its business performance to the capital market. The Company’ s securities affairs management was recognized by shareholders, institutions, and regulators with the Shenzhen Stock Exchange grading its information disclosure assessment as A for two consecutive five-year periods, from June 2019 to June 2024.



Operation according to laws and regulations

SCC has completed the establishment of a compliance management system from four aspects, i.e. organizational construction, institutional construction, operational mechanism and guarantee mechanism. In terms of fulfilling compliance management responsibilities, in 2024, the work rules of the Strategy Committee of the Board of Directors clearly stated that the Strategy Committee of the Board of Directors should be responsible for the construction of the rule of law. Starting this year, the Company’ s compliance efforts will be included in the annual legal compliance report for review, and compliance systems and policies would be reviewed in accordance with the latest list of responsibilities. In terms of implementing the responsibilities of the first line of defense, SCC effectively consolidated its responsibility as the main body, transformed the main department responsible for compliance obligation review, with self-inspection as the main focus and review as a supplement, and implemented the main responsibility of "managing business must manage compliance". It promoted the embedding of compliance requirements into business processes, adding compliance audit points at key nodes with various methods such as process approval node embedding, process form prompts, process content filling error prompts, file/form embedding, and training material embedding, ensuring that compliance obligations were not only required by the system, but also implemented in practice, and enhancing the effectiveness of its compliance management. In 2024, the Company rectified and improved 16 compliance problems after review, and no major compliance risk incidents occurred.

In 2024, despite the ongoing rise in external uncertainty factors, SCC consistently upheld the principle of credit and honored its contractual obligations. Throughout the year SCC lawfully paid taxes amounting to 768 million yuan and maintained its Class A taxpayer status for 12 consecutive years.

Conducting risk control and audits with focus on key areas

SCC has established an Audit Committee under the Board of Directors, formulated detailed rules for the work of the Audit Committee, and clarified its responsibilities, authorities, and decision-making procedures. The Audit Committee holds quarterly meetings to review the work plans and reports submitted for internal audits. The Audit Legal Department is established under the Audit Committee as an internal audit organ responsible for the specific implementation of internal audit work of the Company and its subsidiaries. At the end of each year, an audit plan for the following year is prepared and submitted to the Audit Committee for review.

The leading body of SCC regularly listens to internal audit work reports, participates in audit project-related meetings, supervises and guides important audit work matters, gives instructions on important audit issues, reviews the audit rectification situation in its respective areas, and ensures the effectiveness of rectification.

In 2024, the Audit and Legal Department completed 13 audit projects according to the audit plan, covering multiple business areas such as procurement, R&D, assets, engineering and overseas management. At the same time, it used information technology to promote the closed-loop rectification of audit findings and improve the internal control system.

Risk management and internal control

SCC has established a risk management and internal control system based on its actual situation. The Board of Directors serves as the decision-making body for risk management, organizing and leading the sound and effective operation of the risk control system. The leading body coordinates the construction and supervision of the risk control system, studies and discusses major issues related to the construction and supervision of the risk control system, and promotes the implementation of decisions and deployments related to preventing and resolving major risks. The management is responsible for researching and reviewing major risk management issues, and supervising each subsidiary and department to establish and improve risk control management rules and regulations, work plans, and processes in their respective business areas.

The subsidiaries, departments and business units of SCC are the specific executing organs for risk control, and play a role in risk control in accordance with the management rules and regulations of SCC. The risk control function of the Audit and Legal Department of SCC is responsible for leading and managing risk control and the centralized management of risk control institutional construction and supervision. The audit and accountability function of the Audit and Legal Department of SCC supervises and evaluates the construction and operation of the risk control system.

In 2024, SCC evaluated the effectiveness of internal control of SCC and its subsidiaries from January 1, 2024 to December 31, 2024 according to the Basic Specifications for Corporate Internal Control and its supporting guidelines, as well as other internal control regulatory requirements, in consideration of the Company's internal control rules and regulations, and evaluation methods, by focusing on internal control environment, risk assessment, control activities, information and communication, internal supervision and other elements, on basis of daily and special internal control supervision.

According to the criteria for identifying major internal control defects in SCC, there are no major or significant internal control defects as of the benchmark date of the internal control evaluation report. The Company has taken corresponding corrective measures for the general internal control deficiencies discovered in the evaluation period, sorted out the links with internal control design defects, and formulated and improved corresponding control measures and institutional documents. Moreover, it has strengthened publicity and supervision of internal control implementation defects, enhanced the effectiveness of the execution of rules and regulations, and ensured the rectification and implementation of internal control defects.

SCC has embedded the annual risk identification and assessment process into the annual business plans of the Company and its departments. Guided by the annual business plans of the Company and its departments, the annual risk self-identification and assessment of various businesses, functional departments, and subsidiaries have been carried out around the achievement of business goals. After evaluation and judgment, a list of major risk issues and prevention measures for 2024 have been output, and the management and control of major risk issues for 2024 have been followed up quarterly. According to the criteria for determining major risk incidents in SCC, no major risk incidents have occurred as of December 31, 2024.

Abiding by business ethics and adhering to integrity

SCC has established the Code of Business Ethics of Shennan Circuits Co., Ltd., insisting on and committing to conducting business globally with high standards of legal and ethical standards. SCC requires all employees to abide by the principle of fair competition, perform their duties with reasonable business judgment to identify and avoid conflicts of interest, maintain a "zero tolerance" attitude towards bribery and corruption, continue to strengthen the construction of anti-corruption and anti-commercial bribery management system, continuously communicates the integrity-based cooperation principle, sign an honest cooperation agreement; Additionally, SCC provides its employees with complaint channels and encourages them to report violations. The supervisory complaint mailbox is fawu@scc.com.

In 2024, SCC maintained a consistent, targeted, and results-oriented approach to anti-commercial bribery and anti-corruption, and strengthened integrity and business ethics education through various methods such as training, assessments, and visits to anti-corruption education bases. Throughout the year, the managers at all levels conducted educational sessions reaching approximately 56,000 participants within their areas of responsibility. According to the characteristics of the rights and responsibilities of the personnel in their positions, hierarchical and graded training was carried out, with a total of 28 specialized training sessions on integrity and business ethics, 2 warning education training sessions, and 1 visit to the warning education base. A total of 3,508 employees participated in the training, achieving 100% departmental coverage and a 100% pass rate on integrity assessments. Moreover, the Company promoted the construction of a clean and honest culture at all levels, summarized and extracted the essence of clean and honest culture construction, refined core slogans such as “Advance with Integrity on the SCC Path” and “Integrity First, Together Clean, Winning the Future with SCC” , and used follow-up evaluations and other assessment methods to refine the strategies for building a culture of integrity and clean governance, forming a complete cycle of “implementation – evaluation – improvement” .

Publicity & education (person-times, total)	Hierarchical training sessions	Total participants (people)	Department coverage rate	Professional test pass rate
56000	31	3508	100%	100%



▲ Integrity Training for Newly Promoted Middle Managers

Caring for Employees and Supporting Their Success

SCC always regards every struggler within the Company as the key to creating outstanding performance. On the one hand, the Company is guided by strategy, constantly improving the talent training system, increasing the intensity of talent training, building a multi-level talent echelon, providing employees with broad development space and fair competition opportunities, and helping employees realize their self-worth while effectively safeguarding their various rights and interests; on the other hand, the Company pays attention to the physical and mental health of its employees, actively organizes a variety of cultural and sports activities, advocates a healthy lifestyle, helps employees balance work and life, and enhances their sense of happiness and belonging.

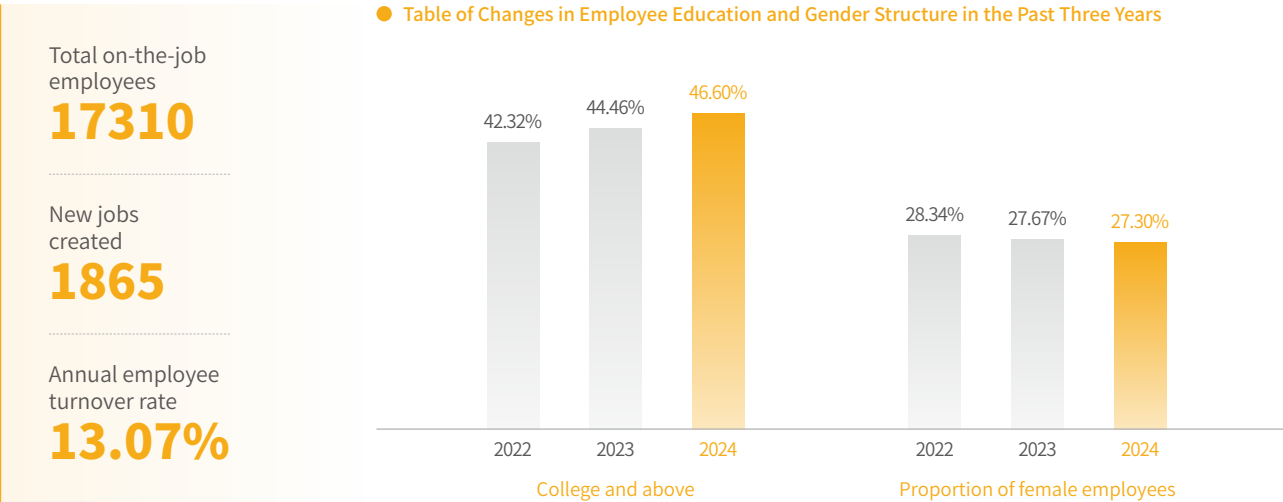
Employee diversity and equality

SCC always adheres to the principle of people-oriented, continuously optimizes and improves the corporate recruitment system, upholds the principles of fairness, equality, respect, and transparency, and provides equal employment opportunities for all eligible candidates. On this basis, the recruitment process is interrelated, with complete electronic records of the source of each resume submission, the entire interview process, and employment decisions, providing a basis for internal supervision and data insights for optimizing the recruitment system, continuously improving process standardization. In addition, the Company also provides an internal open competitive employment and talent recommendation mechanism:

Internal open competitive employment: When there is a job vacancy, the Company will publish a competitive employment announcement on the internal platform, clarifying the job requirements, responsibilities, and competition process. Employees can register independently and go through resume screening, written exams, interviews, and other processes to compete fairly.

Talent recommendation mechanism: The Company encouraged employees to recommend outstanding talents, and give certain rewards to those employees who are successfully recommended and perform well. If the recommended person performs well during the probationary period after joining the Company, the recommender can receive higher rewards. At the same time, the Company will track and evaluate the quality of recommended talents to ensure their effectiveness.

As of the end of 2024, SCC had a total of 17,310 employees with an increase of 1,865 jobs. Among them, 46 employees were recruited from the Thai base with the localization rate of 15.49%. The annual employee turnover rate was 13.07%. 46.82% of employees are under 30 years old, 52.83% are between 30-50 years old, 46.60% have a junior college degree or above, 27.30% are female, 9.49% are female managers, 5.78% are from 34 ethnic minorities. In the past three years, the educational level of employees has continued to rise.

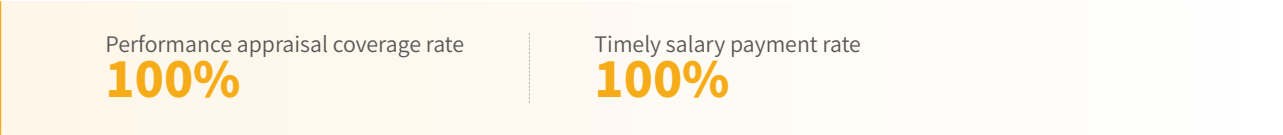


Remuneration and benefits

Based on a scientifically rigorous job evaluation system, SCC accurately anchors the scope of responsibilities and skill requirements of each position. The Company ensures a high degree of alignment between the remuneration system and job values through comprehensive quantitative analysis of job complexity, responsibility breadth, and impact on the Company's core business performance, and implements the scientific distribution principle of "job-based salary and matching between job and remuneration". To ensure the dynamic competitiveness of the remuneration system, SCC continues to conduct external remuneration research, closely tracking industry remuneration trends and market dynamics, and adjusting and optimizing the remuneration structure in a timely manner based on its internal operational conditions and strategic development needs. It strictly follows the principle of "remunerations follows the job, high performance is paid high", so that high-value created positions can receive corresponding remuneration returns and enhance the Company's attractiveness and retention of talents. Moreover, the Company fully considers fairness in formulating its remuneration strategy, balancing the remuneration differences between new and old employees, new and old business segments, and different regions, providing stable and predictable career development guarantees for employees, enhancing their sense of occupational security and belonging, and helping the Company achieve its strategic goals of sustainable development. In order to deeply align with its long-term development strategy and fully stimulate organizational efficiency and employee potential, SCC has ingeniously constructed a scientific, comprehensive, and highly forward-looking incentive system. At the core mechanism level, it focuses on consolidating the strength of all employees and fully promoting the deep integration of the "company-business-staff" community of interests. The Company actively guides all employees to proactively undertake its strategic goals and transform them into practical and feasible personal work objectives through the designed motivation mechanism and remuneration package mechanism. It promotes the close connection between employees and the Company, shares risks and benefits and fully stimulates individual innovation vitality and subjective initiative in order to achieve a good situation of resonance, joint progress, and collaborative growth between employees and the Company.

At the same time, SCC attaches great importance to the continuous growth and diversified development of its employees and actively creates a comprehensive and multi-level incentive channel for them. The Company encourages innovation and provides employees with a broad platform to showcase their talents and professional abilities through a series of flexible and diverse incentive mechanisms, such as product development incentives, quality benchmark incentives, and material cost surplus incentives. On the path of pursuing excellence, employees not only can hone their skills and expand their knowledge boundaries, but also have the opportunity to receive honors and material rewards, achieving a dual harvest of personal value and professional achievement.

In 2024, the performance evaluation coverage rate of SCC reached 100%, and the timely payment rate of remuneration was 100%.



Protection of Employee Rights and Interests

The Company adheres to the fair concept of equal pay for equal work, and guarantees the fairness and equality of employment at the institutional level, creating a fair and competitive professional environment for its employees. Furthermore, the Company strictly adheres to the anti-discrimination policies, prohibits forced labor and child labor, respects employees’ personal beliefs, and safeguards their privacy. The Company always adheres to a highly responsible attitude towards its employees, strictly follows the clear requirements of national laws and regulations, and makes full contributions to five insurances and one housing fund for all employees in a timely manner, building a solid social security foundation. At the same time, the Company fully considers the unique nature of the industry and the potential risk factors of different positions, and provides a series of supplementary insurances such as comprehensive accident insurance for employees at specific positions.

In the field of employee health care, the Company is fully committed to implementing a comprehensive employee health plan that covers all employees. By regularly organizing professional and comprehensive health check-ups, as well as providing free labor protection supplies to its employees, practical measures are taken to provide strong protection for their physical health.

SCC collects employee opinions and suggestions through various channels, forming a smooth communication mechanism from top to bottom, effectively safeguarding the legitimate rights and interests of employees, and ensuring that their opinions are fully



respected and reflected. The Company fully utilizes multiple online and offline channels such as the corporate WeChat platform, employee communication meetings, general manager lunch meetings, factory suggestion mailboxes, employee homes, and complaint hotlines to understand employee demands and promote solutions. These measures together constitute a system for the Company to facilitate the expression of employees' interests and demands, ensuring that their voices can be heard and their demands can be responded to and resolved.

In 2024, the contract signing rate of SCC was 100%, and the coverage rate of the five insurance and one housing fund was 100%. There have been no incidents of violating the basic rights and interests of employees in various employment processes, no major labor disputes, no complaints about human rights issues received, and the completion rate of external complaints from employees was 100%. There have been no incidents of administrative penalties or warnings from regulatory authorities. In terms of employee benefits, the Company provides 12,958 health check-ups and 10,300 occupational health check-ups for employees through the employee health plan including pre-employment/in-service/out-of-service check-ups); 280 employees enjoyed marriage leave, and 526 employees enjoyed maternity leave and paternity leave. Additionally, employees received an average of 6.38 days of paid leave per person per year, effectively safeguarding their interests.

Case | The Employee Representative Conference safeguards the rights and interests of employees

On April 17, Shenzhen, Wuxi, Nantong, and Guangzhou SCC simultaneously held the second session of the Second Employee Representative Conference, with 403 employee representatives in attendance. At the conference, 403 employee representatives listened to and considered four reports, including the Company's operating condition and medium- and long-term strategic planning report, 2023 work report on the Company's human resources and work safety, and the employee proposal review report. They considered and adopted two systems for handling employee violations and disciplinary actions, and attendance and leave management, and considered and filed three employee proposals to improve employee activity facilities, enrich employee life, make staffing and day-off arrangements, and improve the working environment and resource allocation in Nantong SCC. During the conference, employee representatives participated in the election of employee supervisors, resulting in the election of Cui Rong as the fourth employee supervisor of SCC. The conference allows employees to express their demands by relying on their representatives. Resolving the matters that concern their immediate interests can not only better protect employees' rights and interests, but also stimulate the wisdom of the employees and promote continuous improvement of corporate management. As of the end of 2024, the Company's union membership rate was 100%.



▲ Voting for motions by employee representatives at the Second Session of the Second Employee Representative Conference

 Case | Caring for employees and improving employee satisfaction

SCC attaches great importance to the physical and mental health of its employees, conducts satisfaction surveys according to regions, continuously tracks changes in employee satisfaction trends, makes analyses and develops improvement plans based on survey results, and accepts the supervision from employees to continuously improve employee satisfaction.

In 2024, the Company continued to make improvements in various aspects such as food, housing, and transportation, providing its employees with better work and life experiences. In order to enhance the dining experience of employees, all dishes in the Company's canteens across the country were managed digitally. Popular star dishes continued to be provided to employees, while other dishes were replaced by new dishes by rotation quarterly. In terms of accommodation, the employee dormitory at Pingxi Base was officially put into use in the Shenzhen area, enhancing the living experience for employees; at Wuxi Base, the Company sought higher quality dormitory resources to solve the problem of long commuting time for employees on shuttle buses. In order to solve the problem of parking difficulties, the bases of the Company further adjusted their parking plans to address the issues related to employees, such as dormitory and parking, the lack of parking spaces for new employees, etc. The overall satisfaction of regional employees has increased by 5%.

Employee complaints

To safeguard the legitimate rights and interests of employees, SCC has established a comprehensive set of complaint rules aimed at ensuring fair handling of employee concerns. Such rules allow employees to file complaints through formal channels when they believe their rights have been violated or have objections to work arrangements. The complaint process is clear and concise, including feedback platform, processing time requirements, and result feedback and escalation mechanism, to ensure timely and fair handling of complaints. Furthermore, the Company pays attention to protecting the privacy of employees who file complaints, ensuring that the complaint process does not cause unnecessary inconvenience to employees.

Category	Employee complaint channel
Offline	Employee Home
	Business ethics whistleblowing mailbox (at the entrance to each factory canteen) Mailing address for the whistleblowing letter: The Audit and Legal Department of Shennan Circuit Co., Ltd.
	Audit and Legal Department Office, HR Department Office
Online	Enterprise WeChat - Complaint and Suggestion Channel
	Business Ethics Whistleblowing 1. Whistleblowing hotline: 0755-89300000 ext 80234 or 80527 2. Whistleblowing email: fawu@scc.com.cn
	EHR System Complaint and Suggestion Window
	Factory Online Feedback Channel (mailbox)

Providing a more diversified platform to encourage employees to grow and develop better

Talents are the precious wealth of SCC and an important force for the Company to achieve sustainable development. In line with the respect for the individual characteristics of talents and based on the Company's strategic orientation and the needs of individual growth of its employees, SCC continuously promotes the construction of talent development channels, forming a relatively complete training system with leadership, professional skills, general skills, and new employee training as the main training sequence, supported by lecturer system, curriculum system, training system and other supporting systems as the cornerstone.

The Company's multi-territory and multi-business portfolio has quickly developed, enhancing a more diversified growth platform for employees at all levels. In order to support the rapid growth of foundational talents at all levels and incubate high-quality industrial talents, the Company organizes various special activities for talent training and consistently provides qualified management and professional talents at all levels. In terms of leadership, training programs for "reserve sequence", "newly promoted sequence", and "on-the-job sequence" have been established for leadership development of the officers at all levels.

Among them, the "reserve sequence" mainly focuses on cultivating middle and high-level reserve teams, and conducts a two-year training through assessment, practical courses, action learning, and IDP. It has 34 participants. The "Newly Promoted Sequence" mainly targets new managers, new senior executives and new supervisors, and conducts course learning and IDP practice through three dimensions of self-management, management and personnel management. It is conducted annually and has 375 participants. The "On-the-job Sequence" targets incumbent managers and aims to continuously enhance their job performance through advanced management courses and mentorship. It has 28 participants. In addition, there is a special project to enhance frontline grassroots managers for in-service and reserve directors and supervisors, covering approximately 360 individuals. In terms of professional skills, each business unit and department actively implements on-the-job capability enhancement plans based on strategic goals and annual priorities. In terms of general skills, in 2024, based on organizational orientation and employee needs, a combination of online and offline thinking and tool courses were offered to all employees, reaching a total of 861 participants. As for new talents, in addition to hiring new employees through social recruitment, SCC also provides three training series specifically for university recruits— "Sailing," "Endurance," and "Long Voyage" —designed to accelerate their development through a comprehensive and multi-dimensional approach. 560 people participated in this program in 2024.

Regarding the development of learning resources and the instructor system, SCC always firmly believes that the best practices of officers and experts in their respective positions are the most valuable asset of the Company. In 2024, through the "Chip Gardener" internal trainer development plan, SCC continued to promote and independently develop 152 courses, with 244 newly certified instructors. Among them, there were 38 intermediate courses and 43 intermediate lecturers. The proportion of Level 6 and above managers among the instructors reached a record high. Through a series of high-quality courses, more officers and experts were brought to the podium to empower the organization. The newly established Level 8 training programs (including management and professional lines) and grassroots management projects (including incumbent and reserve directors and supervisors), which had relied on external teachers for many years, were delivered entirely by the internal instructor team. The further consolidation of endogenous talent cultivation ability provides strong support for the construction of the talent team at SCC, continuously fostering a culture of organizational learning.

In 2024, SCC allocated over RMB 7 million for employee training, achieving a 100% coverage rate for employee training. The average training time per employee reached 81 hours, with an average of 20 training sessions per person.



Case | making onboarding easier with mentors' help

Liu Xue from the PCB Business Unit has strong professionalism and excellent skills in his position. He works diligently and has never encountered any quality defects in his work. He consistently ranks among the top performers in technical skills and is regularly in the top three for material replacement standards, and he helps others drive neighboring positions to increase their utilization rate in their work. He is also very skilled in mentoring new employees, providing careful and patient guidance in the process. He arranges for new employees to take notes and thereby has received unanimous praise from them. In 2024 alone, 8 new employees grew rapidly with the help of Liu Xue, of whom 6 took key positions in the production process and 2 became process team leaders. Liao Rongye from SUB Business Unit is also trusted by new employees. In 2024, all 9 new employees under Liao Rongye's guidance were successfully converted to full-time employees, achieving a 100% conversion rate. He provides patient and meticulous guidance to new employees, able to explain in detail the key control points and abnormal handling methods of the position, so that personnel can understand and quickly take up their posts. During his guidance, new employees provided positive feedback without any negative feedback, indicating high employee satisfaction. The Company's mentorship mechanism helps new employees quickly adapt and better integrate into the team.

Case | Making glory from the "Long for Glory"

"Long for Glory" is a project launched by SCC to explore the bright points of ordinary employees. It encourages employees to be the better versions of themselves in work and life, and cultivate responsible and civilized consciousness and behavior from ordinary work and life, so that ordinary employees can achieve glory in the process of participating in the project. In 2024, the Company organized 12 "Long for Glory" events. A total of 16,289 cards were submitted, resulting in 2,156 winners.

Employee promotion mechanism

In the field of career planning, SCC focuses deeply on the personal growth of employees, and every year, managers and key personnel jointly develop career development plans (IDP). To ensure the effective implementation of career planning, the Company has established a comprehensive tracking and feedback mechanism, implemented a closed-loop online management process through the E-HR system, closely integrating the Company's strategic implementation with the development needs of employees. In terms of career advancement, we have established a dual-dimensional promotion mechanism guided by performance and ability, while taking into account the employees' implementation of corporate culture and values. The Company conducts a comprehensive evaluation of its employees every year, and based on the evaluation results, provides promotion opportunities for outstanding employees.

Employee privacy management

SCC attaches great importance to the protection of employee privacy and has formulated a series of strict privacy management policies and regulations that run through all aspects of human resource management, aiming to ensure the security and confidentiality of employees' personal information.

In the onboarding process, the Company clearly informs employees of the purpose of collecting, using, storing, and transmitting personal information, and obtains their explicit consent, which is clearly stipulated in the employment contract. In daily work processes, strict restrictions are imposed on the transmission and dissemination of information related to personal privacy, and strict permission management mechanisms are established. Regular inspections and information security training are conducted to reduce the risk of personal privacy leakage.



▲ The HR Department is carrying out employee privacy training

Building the "Happy customers and solid employee relationships" in 2024

"Happy customers and solid employee relationships" represents a home for dedicated employees. The Company is committed to building a sustainable connection between employees' work and life, not only creating an efficient, easy and caring working atmosphere for employees but also continuing to improve their sense of gain and happiness, sharing the development achievements with strugglers, and repaying employees' efforts and struggles in a more caring way.

Successful Closure of SCC Singer Competition Titled "Best Voice from Chips"

In November and December, SCC Singer Competition titled "Best Voice from Chips" was held in South China and East China respectively, attracting nearly a thousand employees from different departments to cheer and support the competitors. After more than a month of competition, including auditions, preliminary rounds, and revival rounds, the winning competitors from various factories and functional departments stood on the final stages of South China and East China respectively, delivering a delightful audiovisual experience to the live audience. The competition not only provided a platform for employees to showcase their personal musical talents, but also witnessed countless employees gaining confidence and growth through the competition and pursuing their dreams.



▲ Group Photo of "Best Voice from Chips" East China Competition Arena

Enterprise Culture Day

Corporate Culture Day, held annually in early July, is a longstanding tradition at SCC and a festive occasion for employees. The food street and amusement park are open to all employees and their families. Once again, SCC's leaders took on the role of food vendors, serving employees and expressing gratitude for their contributions. 2024 marked the 40th anniversary of the establishment of SCC, and the enterprise culture day under the theme of "Inheritance and Transcendence" was held successively at the bases in Shenzhen, Wuxi, Nantong and Guangzhou, serving as a bridge for employees and their families to connect with SCC's corporate culture.



▲ SCC's leaders are serving employees on the food street



▲ Family members are attending a park party at SCC

During the enterprise culture day, the collective weddings at each base also received full blessings from others.



▲ The chairman of SCC is sending blessings to the new couples



▲ The new couples from Wuxi Base are stepping into the venue



▲ The Fashionable Retro Style of Nantong Base



▲ The new couples from Guangzhou Base are stepping into the venue

Happy Parent-child Summer Camp

Every summer vacation, the SCC Parent-Child Summer Camp always brings more laughter and fun to employees. The rich and diverse experience programs broaden the children's horizons, and the heartwarming parent-child activities strengthened the bond between employees and their children and bring them a sense of happiness. In August 2024, the 13th Parent-Child Summer Camp of SCC was restarted offline, with over 300 families, over 670 employees, and children embarked on a joyful journey together.



▲ Learn about animal conservation in the world of wildlife



▲ The most exciting thing in summer is definitely playing in the water



Blooming club activities

In order to enrich SCC staffs' lives, the company employee union provides activity funds for the associations with active and positive employee activities. Currently, SCC has multiple clubs including basketball, football, badminton, table tennis, yoga, fishing, reading, photography, mountaineering and volunteering, and hosts a wide range of competitions each year.



▲ Blooming club activities

Enjoying learning and reading, growing via knowing the new

As a long-term employee activity of the Company, "Happy Reading at SCC" added more than 500 new members this year and currently has over 1,600 members. In 2024, the Company continuously innovated its activity forms, with the theme of "knowing the new", and entered various business units to plan and organize 37 activities such as efficient communication and collaboration, structured review, etc., fostering emotional connection and the exchange of knowledge and experience among employees. The number of participants in the activities exceeded 2,300, becoming a booster for many frontline employees to advance to management. There are a total of 24 shared book drifting points in the four locations of SCC. More than 400 books have been recommended and donated by middle and senior management. The online library of "Happy Reading Bookstore" has listed 3,000 shared books, and readers can access the collection of books online, enabling seamless borrowing and returning. In 2024, the Company also introduced high-quality audiobook resources and obtained 28 days of free membership, ten free courses, and lifetime access to nine audiobooks for free. It was awarded the "Annual Bookish Enterprise" by Fanshu.

At present, the Happy Reading Project has more than 1,600 members. In 2024, more than 18,000 people participated in reading and check-in activities and many employees developed a habit of reading and sharing during the participation process, enhancing their awareness of lifelong learning and growth. Employee learning and growth have also become an important force in promoting the growth of the Company.

"Happy Reading" members

1600

Reading check-ins (person-times) over

18000

Activities planned & organized

37

Activity participants (person-times) over

2300



▲ "Tearing and Enjoying the Book" Activity



Occupational Health and Work Safety

SCC conscientiously implements national safety laws and regulations as well as ISO45001. Guided by safe development, it adheres to the safety principle of "putting people first and life first", insists on coordinated development and safety, continuously improves the modernization of occupational health and work safety capacity, and therefore it achieved zero safety accidents, zero occupational diseases, and zero environmental pollution accidents throughout the year in 2024. The training and certification rate of the main responsible persons and safety management personnel was 100%, the completion rate of hidden danger rectification was 100%, and the completion rate of the "three simultaneities" of work safety and occupational health in construction projects was 100%. In a word, it fully achieved its annual safety management goals and tasks.

Comprehensively promoting intrinsic safety management and continuing to eliminate potential risks

Safety hazards identified (total items)

1042

Rectification rate within deadline

100%

In 2024, the Company revised the Work Safety Responsibility Rules in accordance with the latest requirements of the Work Safety Production Law of the People's Republic of China, continuously improving its essential safety management capabilities. A total of 1,042 safety hazards were investigated in Shenzhen, Wuxi, Nantong, and Guangzhou, and the rectification rate reached 100% on schedule. The Company carried out investigation methods according to the categories of hazardous chemical safety, electrical safety, and mechanical injury, and continuously promoted the governance of electrical safety and mechanical injury hazards, and carried out the improvement of equipment and facility leakage problems in various production plants.

Fully implementing safety education and enhancing safety awareness

The three-level safety education and training for new employees in Shenzhen, Wuxi, Nantong, Guangzhou and Thailand have reached 100%. All new employees, main responsible persons, safety management personnel at all levels, and key personnel in special operations in the three regions of the Company have been 100% certificated for employment. In 2024, SCC organized the main responsible persons and full-time (part-time) safety management personnel to undergo initial training and secondary training. The details of the training: main responsible persons, 6 person-times; safety management personnel, 450 person-times (all certified for their work); new special operation personnel added, re-educated and certified, 324 person-times; personnel involved in drug operations and receiving the training on highly toxic certificates, 491 person-times; external construction unit supervisors and project leaders, 1,209 person-times.

Safety education & training coverage

100%

Certified employment rate

100%

Participation of the main principals (person-times)

6

New/re-trained special operation personnel certification training (person-times)

324

Certification training for security managers (person-times)

450

Training for supervisors/project managers of external construction units (person-times)

1209

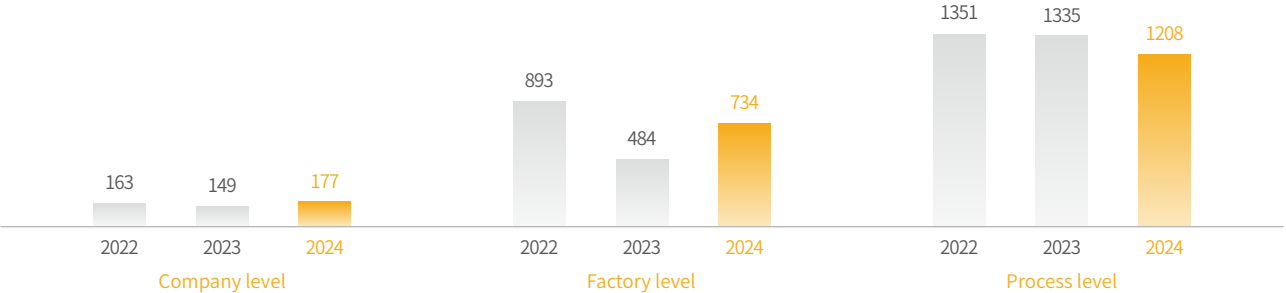
Toxic substance operator training (person-times)

491

Strengthening practical drills to continuously improve emergency response capabilities

The Company has established a three-level (company level, factory level and process level) emergency response organizational structure, which includes comprehensive emergency plans, special emergency plans, and on-site response plans. Emergency drills are conducted as closely as possible to actual combat situations. The bases of SCC in Shenzhen, Wuxi, Nantong and Guangzhou completed 177 company-level drills, 734 factory-level drills, and 1,208 process-level drills throughout the year, effectively improving employees' ability to handle accidents in emergency and enhancing their risk prevention awareness and self-rescue and mutual aid capabilities.

● Emergency Drills in 2024



Strengthening occupational health protection and continuously improving the working environment

SCC entrusts professional testing institutions with nationally recognized qualifications every year to comprehensively sort out occupational hazards on its production sites. In 2024, SCC conducted occupational disease hazard factor testing at 4,452 points in Shenzhen, Wuxi, Nantong and Guangzhou. All tested hazard factors did not exceed the occupational exposure limit and 100% met national health requirements. The total working time lost due to work-related injuries throughout the year was 10 days.

Information security protection

With the acceleration of SCC digital construction and intelligent manufacturing, the large increase in data has brought new challenges to the information security work. Information security is of great significance for future digital business interconnection, and stable and sustainable development. Through technological innovation and management change, SCC constantly upgrades network security strategies and technologies in order to prevent data leakage and improve network security capability. Building an active and sustainable information security team can help customers to achieve data security and network security.

SCC complies with laws, regulations and supervisory requirements, and has established a data security management system, under which data owner is set up according to data categories, with the data owner responsible for the security management of the data under his/her jurisdiction. Furthermore, based on the reference to industry data security standards and excellent practices, SCC has established and improved data security control requirements and measures from two dimensions: on the one hand, security control is carried out according to the data lifecycle, and security requirements and control measures are formulated for various links including data collection, data transmission, data storage, data use, data openness and sharing and data destruction; on the other hand, it establishes general security management requirements and control measures for data security, including security requirements and standards for data classification and grading, permission management, security risk assessment, security auditing, partner management, emergency response, education and training.

In 2024, the Company comprehensively enhanced its virus defense capabilities, monitoring and intercepting approximately 281,300 network attacks throughout the year, representing a year-on-year decrease of 98%. Through the situational awareness system, 5,934 security incidents were monitored and handled. In addition, the factory network was fully segregated, and the production and office networks were 100% isolated, effectively ensuring the security of the Company and customer information. There were no data security incidents in 2024.

Giving Back to Society

For a long time, SCC not only has adhered to the road of independent development but also has been concerned about the sustainable development of society. Moreover, it has maintained a high degree of attention to popular topics like actual situations and community needs. In 2024, SCC always stuck to its original intention and worked closely with all parties to create a better future.

Paying attention to science popularization and education for young people, and helping them grow

In order to cultivate the technological literacy of young people, SCC has been carrying out aviation science popularization and education activities for a long time under the guidance of the Guangdong Aerospace Society. In 2024, the Science Popularization Center of SCC brought interesting aviation science courses to young visitors. SCC's science popularization instructors include public welfare courses such as aviation history, simulated flight driving, and aircraft model production. SCC's science popularization instructors also actively participated in public welfare activities such as Blue Chalk, visited schools in Xixiang of Shaanxi, Guanling of Guizhou, and other places, and brought aviation science popularization courses to young people. These courses have been recognized and loved by students. The annual science popularization activities directly benefited nearly 400 young people, helping to cultivate their comprehensive scientific literacy and enhance the scientific literacy of the whole population.



The 20th "SCC Cup" Aviation Model Competition was successfully concluded

On November 3, 2024, the 20th "SCC Cup" Aviation Model Competition with the theme of "Building Dreams at Low Altitudes, Leading the Future" was held at Yunhe School, Longgang District Foreign Language School (Group) in Shenzhen. It attracted nearly 600 young competitors from nearly 200 schools in Guangdong Province, and over 1,500 students and citizens participated in the event. This competition was guided by Chinese Society of Aeronautics and Astronautics, jointly hosted by Guangdong Society of Aeronautics and Astronautics, Shenzhen Municipal Education Bureau, and Shenzhen Science and Technology Association, and organized by Shennan Circuit Co., Ltd., Longgang District Education Bureau, and Longgang District Enterprise Service Center.

At the opening ceremony, Zhang Yueyi, the leader of the eVTOL Aircraft R&D Project developed by Kemi Technology (Shenzhen) Co.,



▲ Teenage competitors are showing their skills on the field



▲ He Congfa and Andrea Cervi are bringing wonderful fancy performances

Ltd., He Congfa, the national freestyle flying champion, and Andrea Cervi, the Italian F3A aerobatic/F3P indoor flying champion, presented exciting model flight performances. Zhang Yueyi single-handedly controlled the 3D stunt flight of the oil powered helicopter, leading the audience to enjoy high-tech action performances such as standard flight path, roll, somersault, reverse flight, and stall landing, which shocked many viewers. He Congfa still brought a light and butterfly-like ultra-low altitude fancy flight, and teamed up with Andrea Cervi to bring the audience a "world-class" model flight performance: ultra-low altitude reverse flight, crane rotation, continuous somersault, like performing a scene of "aerial ballet", winning applause from the entire audience.

This competition consisted of 11 events, including aerial football, fixed wing aircraft through-gate racing, rocket assisted glider time competition, and emergency landing challenge. The tense and intense atmosphere on the field was intertwined, with players controlling their own model aircraft. The models shuttled flexibly in the air, sometimes rolling, sometimes diving, demonstrating superb flying skills, and jointly performing exciting and unparalleled "aerial duels".

In addition to intense competition events, there was also a science popularization experience area on site, where teenagers could learn about aerospace knowledge through diverse experiences such as the knowledge challenge and the Little Flying Man.



▲ Technology and science popularization have become the favorite of teenagers

▲ Zhang Yueyi's stunt skill of controlling the helicopter with one hand

Annex 1: About the Report

Report Object

Since 2008, Shennan Circuits Co., Ltd. (hereinafter referred to as "SCC", or "the Company") has been taking the initiative to report the status of sustainable development to the public and invites the public to understand and supervise our sustainable development work. SCC issues the sustainable development report to the public every year to disclose the concept and practices of sustainable development of the Company, and promote the understanding, communication and interaction between the Company and the stakeholders as well as the Company and the public, to achieve sustainable development.

Report Scope

The organizational range of this Report covers all the entities whose financial and operational policies and measures the Company has control right over or that the Company has a significant impact on, and that is covered by the Company's annual report. Unless otherwise specified, the Report describes the global operation of the Headquarters and all branches of SCC in terms of economy, environment and society within the reporting period (from January 1, 2024 to December 31, 2024), and all the data are taken from the formal documents and the 2024 Annual Report of Shennan Circuits Co., Ltd.

Disclosure Principles

The Report has been prepared following the relevant requirements of the Guidelines for the Standard Operation of Listed Companies in Shenzhen Stock Exchange (December 2023), and by reference to the GRI Standards 2021, CASS-ESG 6.0, Corporate Social Responsibility Guide ISO26000, and the Corporate Social Responsibility Evaluation Guidelines of Shenzhen. The Report mainly sets forth the issues from the economy, environment and society, and focuses on the sustainable development practices of SCC in terms of customers, environment, employees, partners and communities.

The Chinese version of the Sustainable Development Report, as an independent report, will be released in the first quarter of 2025 after being reviewed and approved by the Board of Directors in March 2025 (the previous report was released in the first quarter of 2024), and the English version will be released in the second quarter of 2024 (the previous report was released in the second quarter of 2024). In order to protect the environment and reduce the use of paper, please visit: www.scc.com.cn>About SCC-Social Responsibility to browse or download the Report online.

SCC would like to express thanks to the stakeholders for offering suggestions and comments on the Sustainable Development Report of SCC and will persistently improve the report quality as usual. In case of any comments or suggestions on the Report, please contact SCC by the following means, and we also kindly invite you to participate in the 2025 stakeholder survey to let SCC know more about the sustainable development aspect you are concerned about.



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This document may contain predictive information. Uncertainties in practice may lead to differences between the actual results and the predictive information, so this document is only used for reference without any offer or commitment. Please understand that Shennan Circuits Co., Ltd. may modify the above information without any prior notice. Sorry for any inconvenience.

Annex 2: Key Performance Indicators for 2024

Financial performance

Metrics	Unit	2024
Operating revenue	RMB100 million	179.07
Total profit	RMB100 million	20.23
Net profit	RMB100 million	18.79
Total tax paid	RMB100 million	7.68
R&D investment	RMB100 million	12.72
R&D investment as a percentage of operating revenue	%	7.10%
Net profit attributable to the parent company	RMB100 million	18.78
Cash dividend per 10 shares	RMB	15.00
Total cash dividends distributed	RMB100 million	7.69
Proportion of cash dividends in net profit	%	40.97%

Governance performance

Metrics	Unit	2024
Male directors	%	100
Female directors	%	0
Directors aged 30-50	%	55.56
Directors aged above 50	%	44.44
Directors from ethnic minorities	%	11.11
Percentage of officers informed of anti-corruption policies and procedures	%	100
Percentage of officers informed of anti-corruption policies and procedures	%	100
Percentage of officers having received anti-corruption training	%	100
Percentage of employees (except officers) having received anti-corruption training	%	100

Environmental performance

Metrics	Unit	2024
Total gasoline consumption	Ton	32.82
Total diesel consumption	Ton	12.52
Proportion of fossil energy consumption	%	49.89
Proportion of non-fossil energy consumption	%	50.11
Organizational energy consumption (Scope 1 and 2)	10,000t standard coal	14.31
Energy intensity	Tons of standard coal per RMB10,000	0.08

Metrics	Unit	2024
Quantity of waste generated	Ton	125,663.17
Quantity of harmless waste disposed of	Ton	18,019
Density of harmless waste generated	kg/t	162.71
Quantity of hazardous waste disposed of	Ton	107,644.17
Density of hazardous waste generated	kg/t	837.29
Waste diverted from disposal (recyclable)	Ton	0
Waste entering disposal (non-recyclable)	Ton	125,663.17
Nitrogen oxides (NOx)	Ton	6.409
Particulate matters (PM)	Ton	24.844
Sulfur oxides (SOx)	Ton	0.016
Total water consumption	10,000 ton	1,204.22
Proportion of production water consumption	10,000 ton	991.19
Proportion of domestic water consumption	10,000 ton	213.03
Fresh water consumption	10,000 ton	928.57
Reclaimed water consumption	10,000 ton	275.65
Water resource consumption intensity	ton/RMB 10,000 revenue	5.5
Water withdrawal: including amount sourced from water-stressed areas	%	0
Total wastewater discharge	10,000 ton	874.957
Percentage of wastewater discharge treated by municipal sewage treatment plants	%	100
2023 greenhouse gas verification data (verified by a third-party based on ISO14064)		
Total greenhouse gas emissions	tCO ₂ e	3,264,138.77
Total direct greenhouse gas emissions (Scope 1)	tCO ₂ e	52,190.62
Total indirect greenhouse gas emissions (Scope 2, market-based)	tCO ₂ e	525,372.78
Total greenhouse gas emissions from upstream and downstream (Scope 3)	tCO ₂ e	2,686,575.37

Social performance

Metrics	Unit	2024
Percentage of officers informed of anti-corruption policies and procedures	%	100
Percentage of new suppliers undergoing CSR audits	%	100
Number of suppliers identified through audits as having actual or potential significant negative environmental and social impacts	/	0
Percentage of suppliers unanimously agreeing to improve after evaluation	%	0
Number of suppliers terminated after evaluation	/	0
Percentage of suppliers terminated after evaluation	%	0
Confirmed complaints involving infringement of customer privacy or loss of customer data	/	0
Proportion of qualified suppliers involved in conflict mineral investigation in product raw materials	%	100
Total employees	Person	17,310
New jobs added	Per person	1,865
Flexible employment positions	Per person	0
Proportion of underage workers	%	0
Percentage of male employees	%	72.70
Percentage of female employees	%	27.30
Percentage of employees from ethnic minorities	%	5.78
Percentage of female officers	%	9.49
Percentage of employees aged below 30	%	46.82

Metrics	Unit	2024
Percentage of employees aged 30-50	%	52.83
Percentage of employees aged 50 and above	%	0.35
Percentage of employees with postgraduate degree or above	%	4.03
Percentage of employees with bachelor's degree	%	20.12
Percentage of employees with associate college degree	%	22.49
Percentage of employees with other academic degrees	%	53.36
Total training duration for all employees	Hour	1,402,110
Average training duration for employees	Hour	81
Employee training coverage rate	%	100
Per capita training frequency for employees	Time	20
Labor contract execution rate	%	100
Coverage rate of performance evaluation	%	100
Coverage rate of five insurances and one housing fund	%	100
Annual input amount of work-related injury insurance	RMB 10,000	735.08
Annual loss of working days due to work-related injuries	Day	10
Per capita paid annual leave days	Day	6.38
Number of employees receiving health checkups as part of welfare benefits	Person	12,958
Number of employees undergoing occupational health examinations	/	10,300
Employee turnover rate *	%	13.08
Labor disputes	%	0

※Note: Employee turnover rate =Number of resigned employees/(Number of employees on board at the beginning of the year+Number of newly hired employees for the year)

Annex 3: Index to Indicators

Statement of Use	This report, covering the period from January 1 to December 31, 2024, is prepared by Shennan Circuits Co., Ltd. in accordance with the GRI Standards
GRI 1 used	Foundation 2021

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 2: General Disclosure 2021					
2-1	Organization details		P3.1-P3.3	Corporate profile	
2-2	Entities included in the organization sustainability report		P1.2	About the Report	
2-3	Reporting period, reporting frequency, and contact person		P1.2	About the Report	
2-4	Information restatement		P1.2	About the Report	NA
2-5	External authentication		P1.2	/	This Report has not undergone external verification.

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 2: General Disclosure 2021					
2-6	Activities, value chain, and other business relationships		P3.3	Company profile; Key performance data	
2-7	Employee		S4.1.1-S4.1.12	Caring for employees and supporting their success; Key performance data	
2-8	Workers outside of employees		S4.1.2, S4.1.10	Key performance data	
2-9	Governance structure and composition	SDG5, SDG16		Standardized governance	
2-10	Nomination and selection of the highest governing body			Standardized governance	
2-11	Chair of the highest governance body			Standardized governance	
2-12	In terms of management impact, the supervisory role of the highest governing body	SDG16		Standardized governance	
2-13	Authorization of responsibility for managing impact			Standardized governance	
2-14	The role of the highest governing body in sustainable development report			Standardized governance	
2-15	Conflict of interests			Sustainable development management	
2-16	Communication of important concerns			Stakeholder communication	
2-17	Common knowledge of the highest governing body			Management team address; Sustainable development management	
2-18	Performance evaluation of the highest governing body			Standardized governance	
2-19	Salary policy		S4.1.5	Remuneration and benefits	
2-20	Procedure for determining remuneration			Remuneration and benefits	
2-21	Annual total remuneration ratio			/	The Company adheres to the principle of “position-based remuneration and job-salary alignment” , and omits detailed disclosure to protect employee privacy
2-22	Statement on sustainable development strategy		P2.1	Management team address; Sustainable development management	
2-23	Policy commitment		P2.1	Management team address	
2-24	Integration policy commitment		G1.1.1-G1.1.8, G1.1.10	Sustainable development management	
2-25	Procedures for remedying negative impacts			Stakeholder communication	
2-26	Mechanism for seeking advice and raising concerns			Sustainable development issues	
2-27	Abiding by laws and regulations			Compliance with the law	No illegal or irregular activities occurred in the reporting period
2-28	Membership of association			/	
2-29	Method of stakeholder engagement	SDG16	G1.3.1, G1.3.2	Stakeholder communication	
2-30	Collective agreement negotiation			Guarantee of employee rights and interests	
GRI 3: Substantive Issues 2021					
3-1	Process of determining substantive issues		G1.1.9	Sustainable development issues	
3-2	List of substantive issues		G1.1.9	Sustainable development issues	
GRI 201: Economic Performance 2016					
3-3	Management of substantive issues				
201-1	Directly Generated and Distributed Economic Value	SDG2, SDG5, SDG7, SDG8, SDG9	A2	Sustainable development performance; Key performance data	

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 201: Economic Performance 2016					
201-2	Financial impacts and other risks and opportunities brought about by climate change			Management of climate impacts, risks, and opportunities	
201-3	Obligatory fixed benefit plans and other retirement plans			Remuneration and benefits	
201-4	Financial subsidies provided by the government			/	The information of this section is subject to the annual disclosure report of the BoD Office.
GRI 202: Market Performance 2016					
3-3	Management of substantive issues				
202-1	The ratio of starting salary to local minimum wage based on gender standards			/	The Company insists on equal pay for equal work and provides basic information that is not lower than the local minimum wage standard. Due to confidentiality requirements, disclosure is omitted
202-2	The proportion of executives hired from local communities			/	Not currently involved in the reporting period
GRI203: Indirect Economic Impact 2016					
3-3	Management of substantive issues				
203-1	Infrastructure investment and support service	SDG2, SDG5, SDG7, SDG9, SDG11		/	The information of this section is subject to the annual disclosure of the BoD Office.
203-2	Significant indirect economic impact	SDG1, SDG2, SDG3, SDG8, SDG10, SDG17	P2.1.1-P2.1.5, P2.1.8-P2.1.13 S1.2.1, S1.2.5, S1.2.6	Innovation supporting customers in implementing new technologies; Giving back to society	
GRI 205: Anti-corruption 2016					
3-3	Management of substantive issues		G2.1.1-G2.1.8	Abiding by business ethics and adhering to integrity	
205-1	Operation Sites with Corruption Risk Assessment Performed	SDG16		Abiding by business ethics and adhering to integrity	
205-2	Communication and Training of Anti-corruption Policies and Procedures	SDG16		Abiding by business ethics and adhering to integrity Key performance data	
205-3	Confirmed Incidents of Corruption and Actions Taken	SDG16		Abiding by business ethics and adhering to integrity	No incidents occurred during the reporting period
GRI 206: Anti-unfair Behavior 2016					
3-3	Management of substantive issues		G2.2.1-G2.2.3	Standardized governance	
206-1	Legal Action Against Unfair Competition Practices, Antitrust and Antitrust Practices	SDG16		Index of Indicators	No incidents occurred during the reporting period
GRI 207: Taxation 2019					
3-3	Management of substantive issues			Compliance with the law	
207-1	Tax management measures			Compliance with the law	
207-2	Tax governance, control, and risk management			Compliance with the law	
207-3	Stakeholder involvement and management of tax-related matters			Compliance with the law	

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 207: Taxation 2019					
207-4	CbC Report			/	SCC complies with the operational requirements of various regions and pays taxes according to law.
GRI 302: Energy 2016					
3-3	Management of substantive issues			Practicing low-carbon development through energy conservation and consumption reduction	
302-1	Internal energy consumption within the organization		E3.1.1-E3.1.5	Practicing low-carbon development through energy conservation and consumption reduction	
302-2	External energy consumption of the organization			/	The energy consumption of upstream and downstream activities cannot be accurately disclosed due to missing data
302-3	Energy intensity			Practicing low-carbon development through energy conservation and consumption reduction; Key performance data	
302-4	Reduce Energy Consumption	SDG7、SDG8、SDG12、SDG13		Practicing low-carbon development through energy conservation and consumption reduction	
302-5	Reduce Energy Demand for Products and Services	SDG7, SDG8, SDG12, SDG13		Practicing low-carbon development through energy conservation and consumption reduction	
GRI 303: Water Resources and Wastewater 2018					
3-3	Management of substantive issues			Reducing resource consumption and waste emissions	
303-1	Interaction between Organization and Water (as a shared resource)	SDG6	E3.2.3, E3.2.4	Reducing resource consumption and waste emissions	
303-2	Management of Drainage-related Impacts	SDG6		Reducing resource consumption and waste emissions	
303-3	Water intake	SDG6	E3.2.1	Key performance data	
303-4	Water draining	SDG6	E3.2.4	Key performance data	
303-5	Water consumption	SDG6	E3.2.1, E3.2.2	Reducing resource consumption and waste emissions Key performance data	
GRI 304: Biodiversity 2016					
3-3	Management of substantive issues		E2.3.1, E2.3.3, E2.3.4	/	NA
304-1	Operation points owned, leased, and managed by the organization in or adjacent to protected areas and areas with abundant biodiversity outside protected areas			/	NA
304-2	The significant impact of activities, products, and services on biodiversity		E2.3.5	/	NA
304-3	Protected or restored habitats		E2.3.2	/	NA
304-4	Species in habitats affected by operations that have been included in the Red List of the International Union for Conservation of Nature (IUCN) and the National Conservation Register			/	NA

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 305: Emissions 2016					
3-3	Management of substantive issues		E1.1.1-E1.1.6, E1.1.10-E1.1.16	Green development governance; Management of climate impacts, risks, and opportunities Practicing low-carbon development through energy conservation and consumption reduction	
305-1	Direct (Scope 1) greenhouse gas emissions		E1.1.7	Practicing low-carbon development through energy conservation and consumption reduction	
305-2	Indirect energy (Scope 2) greenhouse gas emissions		E1.1.8	Practicing low-carbon development through energy conservation and consumption reduction	
305-3	Other indirect (Scope 3) greenhouse gas emissions		E1.1.9	Practicing low-carbon development through energy conservation and consumption reduction	The verification data in Scope 3 are for 2023
305-4	Greenhouse gas emission intensity			Practicing low-carbon development through energy conservation and consumption reduction	
305-5	Greenhouse gas reduction	SDG13, SDG14, SDG15	E1.1.17-E1.1.19	Practicing low-carbon development through energy conservation and consumption reduction	
305-6	Emissions of ozone depleting substances (ODS)			/	NA
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other major gas emissions		E1.1.13	Reducing resource consumption and waste emissions	
GRI 306: Waste 2020					
3-3	Management of substantive issues		E2.1.1, E2.1.3, E2.1.4, E2.1.7, E2.1.9, E2.4.1-E2.4.4	Green development governance; Reducing resource consumption and waste emissions	
306-1	Generation of waste and significant impacts related to waste		E2.1.5	Reducing resource consumption and waste emissions	
306-2	Management of significant impacts related to waste		E2.1.6, E2.1.8	Reducing resource consumption and waste emissions	
306-3	Waste generated		E2.1.2, E2.2.1-E2.2.7	Reducing resource consumption and waste emissions	
306-4	Waste transferred from disposal	SDG3, SDG12		Key performance data	
306-5	Waste entering for disposal			Key performance data	
GRI 308: 供应商环境评估 2016GRI 308: Supplier Environmental Assessment 2016					
3-3	Management of substantive issues		S3.1.1	Green procurement	
308-1	New Suppliers Screened with Environmental Criteria	SDG12	S3.1.3, S3.1.4	Green procurement	
308-2	Negative social impacts of the supply chain and actions taken	SDG12	S3.1.3, S3.1.4	Supply chain CSR management	
GRI 401: Employment 2016					
3-3	Management of substantive issues			Employee diversity and equality; Guarantee of employee rights and interests	
401-1	New employees and employee turnover rate			Employee diversity and equality; Key performance data	

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 401: Employment 2016					
401-2	Benefits for Full-time Employees (excluding temporary or part-time employees)	SDG3		Remuneration and benefits	
401-3	Parental leave	SDG3		Remuneration and benefits	
GRI 402: Labor Relations 2016					
3-3	Management of substantive issues			Guarantee of employee rights and interests	
402-1	Minimum notice period for operational changes			/	
GRI 403: Occupational Health and Safety 2018					
3-3	Management of substantive issues			Occupational health and work safety	
403-1	Occupational Health and Safety Management System	SDG8	S4.2.2, S4.2.3	Occupational health and work safety	
403-2	Hazard Identification, Risk Assessment and Incident Investigation	SDG3, SDG8	S4.2.1	Occupational health and safety	
403-3	Occupational Health Service	SDG3, SDG8		Occupational health and work safety	
403-4	Occupational health and safety affairs: worker participation, consultation and communication	SDG8		Occupational health and work safety	
403-5	Occupational health and safety: worker participation, consultation, and communication	SDG8	S4.2.4	Occupational health and work safety	
403-6	Promoting worker health	SDG8		Occupational health and work safety	
403-7	Prevent and Mitigate Occupational Health and Safety Impacts Directly Related to Business Relationships	SDG8		Occupational health and work safety	
403-8	Workers Covered by the Occupational Health and Safety Management System	SDG8		Occupational health and work safety	/
403-9	Work-related injury insurance	SDG8	S4.2.5	Occupational health and work safety	
403-10	Work-related health issues	SDG8	S4.2.6	Occupational health and work safety	
GRI 404: Training and Education 2016					
3-3	Management of substantive issues		S4.3.1	Providing a more diversified platform to encourage employees to grow and develop better	
404-1	The average number of training hours per employee per year	SDG5, SDG8		Providing a more diversified platform to encourage employees to grow and develop better	
404-2	Employee Skills Upgrading Program and Transition Assistance Program	SDG8	S4.3.2-S4.3.6	Providing a more diversified platform to encourage employees to grow and develop better Key performance data	
404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews	SDG5, SDG8		Remuneration and benefits; Key performance data	
GRI 405: Diversity and Equal Opportunities 2016					
3-3	Management of substantive issues			Employee diversity and equality	
405-1	Governance Body and Employee Diversity	SDG5, SDG8	S4.1.1-S4.1.3, S4.1.11	Employee diversity and equality; Key performance data	
405-2	Ratio of Basic Salary and Remuneration Between Male and Female Employees	SDG5, SDG8, SDG10		Index of Indicators	The Company insists on equal pay for equal work, but disclosure is omitted due to information confidentiality requirements.
GRI 406: Anti-discrimination 2016					
3-3	Management of substantive issues			Guarantee of employee rights and interests	

Standards (Foundation 2021)	Description	United Nations Sustainable Development Goals (SDGs)	China Enterprise Social Responsibility Reporting Guidelines (CASS-ESG 6.0)	Locations	Notes
GRI 406: Anti-discrimination 2016					
406-1	Incidents of Discrimination and Corrective Actions Taken	SDG5, SDG8, SDG16		Index of Indicators	No incidents occurred during the reporting period
GRI 407: Freedom of Association and Collective Bargaining 2016					
3-3	Management of substantive issues		S3.1.1	Guarantee of employee rights and interests	
407-1	Operating points and suppliers that may face risks in terms of freedom of association and collective bargaining rights	SDG8, SDG12	S3.1.3, S3.1.4	Supply chain CSR management	No incidents occurred during the reporting period
GRI 408: Underage Workers 2016					
3-3	Management of substantive issues		S3.1.1	Guarantee of employee rights and interests	
408-1	Operation Sites and Suppliers at Risk of Significant Child Labor Incidents	SDG8, SDG16	S3.1.3, S3.1.4	Supply chain CSR management Key performance data	No incidents occurred during the reporting period
GRI 409: Forced or Compulsory Labor 2016					
3-3	Management of substantive issues		S3.1.1	Guarantee of employee rights and interests	
409-1	Operation Sites and Suppliers at Risk of Significant Forced Labor Incidents	SDG8	S3.1.3, S3.1.4	Supply chain CSR management Key performance data	No incidents occurred during the reporting period
GRI 413: Local Community 2016					
3-3	Management of substantive issues			Giving back to society	
413-1	Operational points with local community participation, impact assessment, and development plans			Giving back to society	
413-2	Operational points that have actual or potential significant negative impacts on the local community			Giving back to society; Reducing resource consumption and waste emissions	No incidents occurred during the reporting period
GRI 414: Supplier Social Assessment 2016					
3-3	Management of substantive issues		S3.1.1	Green procurement	
414-1	New Suppliers Screened with Social Criteria	SDG12	S3.1.3, S3.1.4	Green procurement	
414-2	Negative Social Impacts of the Supply Chain and Actions Taken	SDG12	S3.1.3, S3.1.4	Supply chain CSR management	No incidents occurred during the reporting period
GRI 416: Customer Health and Safety 2016					
3-3	Management of substantive issues		S3.3.1-S3.3.6	Empowering high-quality development through digitalization, committed to providing reliable products and services	
416-1	Assessment on Health and Safety Impact of Product and Service Categories	SDG12		Empowering high-quality development through digitalization, committed to providing reliable products and services	
416-2	Violations Involving Health and Safety Impact of Products and Services	SDG16		Index of Indicators	No incidents occurred during the reporting period
GRI 418: Customer Privacy 2016					
3-3	Management of substantive issues		S3.4.1-S3.4.4	Ensure information security	
418-1	Verified Complaints Related to Breaches of Customer Privacy and Data Loss	SDG16		Key performance data	No incidents occurred during the reporting period



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