

Build a first-class enterprise and strive for a better future

China Resources Microelectronics Limited  
Sustainable Development Report

2023

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# About this Report

This Report details the practices and performance of China Resources Microelectronics Limited in the fields of economic, environmental, social and corporate governance responsibilities in 2023, aiming to communicate effectively with various stakeholders and systematically respond to the expectations and requirements of stakeholders.

## Reporting Cycle

This Report is the third sustainable development report made public by CR Micro. Beforehand, CR Micro released eight social responsibility reports. The annual report for the previous fiscal year was officially released in April 2023.

## Scope of this Report

The organizational scope of this Report covers China Resources Microelectronics Limited and its main subsidiaries.

## Time Frame

The time frame of this Report is from January 1, 2023 to December 31, 2023. To enhance the comparability and perspectiveness of the Report, the time frame is extended to the previous year or next year for some contents.

## Preparation Basis

United Nations 2030 Sustainable Development Goals (SDGs)

Global Sustainability Standards Board, *Global Reporting Initiative Standards* (GRI Standards)

Chinese Academy of Social Sciences, *China Corporate Social Responsibility Reporting Guidelines* (CASSESG5.0)

International Sustainability Standards Board, *IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures*

Shanghai Stock Exchange, *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange (Revised in August 2023)* and *Guidelines No. 14 of the Shanghai Stock Exchange on the Application of Self-Regulation Rules for Listed Companies - Sustainable Development Report (Trial) (Draft for Comments)*

*China Resources Group Social Responsibility Management Measures*

## Notes to this Report

For the purpose of presentation and reading, this Report also uses such terms as "CR Micro", "Company", and "We" to refer to "China Resources Microelectronics Limited". The "China Resources Group" and "Group" used in the Report are the abbreviations of "China Resources (Group) Co., Ltd." Other main companies involved in this Report are abbreviated as shown in the table below.

Full Name of the Companies	Standard Abbreviations
Wuxi China Resources Shanghua Technology Co., Ltd.	CR Shanghua
China Resources Microelectronics (Chongqing) Co., Ltd.	Chongqing CR Micro
Wuxi China Resources Ansheng Technology Co., Ltd.	CR Ansheng
Runxi Microelectronics (Chongqing) Co., Ltd.	Runxi Micro
China Resources Micro Integrated Circuit (Wuxi) Co., Ltd.	CR Micro Integrated
Xipan Microelectronics (Chongqing) Co., Ltd.	Xipan Company
Jiequn Electronic Technology (Dongguan) Co., Ltd.	Jiequn
Runpeng Semiconductor (Shenzhen) Co., Ltd.	Runpeng Semiconductor
China Resources Semicon Microelectronics (Shenzhen) Co., Ltd.	Semicon

## Sources of Data

The financial data involved in this Report comes from official documents and statistical reports of CR Micro. Additionally, the financial data used in the report are expressed in RMB, unless otherwise stated.

## Preparation Process

This Report is prepared by the following steps: peer benchmarking, questionnaire survey, information collection, information review, report writing, management discussion, and review of the board of directors, ensuring the completeness, authenticity, and balance of the content.

## Reliability Guarantee

The Company guarantees that neither the Report contains false records, or misleading statements nor has any major omissions and the Company is responsible for the authenticity, accuracy, and completeness of the contents.

## Accessibility of this Report

This report is available in Chinese and English versions, and is published in both hard copy and electronic versions. In the event of any difference between the Chinese and English versions, the Chinese version shall take precedence. Electronic versions in Chinese and English can be obtained by visiting the official website of CR Micro (<https://www.crmicro.com/responsibilityReport/index.html>) or by sending an email to [crmic\\_hq\\_zi\\_gw@crmicro.com](mailto:crmic_hq_zi_gw@crmicro.com). To minimize the impact of hard copies on the environment, we strongly encourage readers to download and read electronic copies whenever feasible.



## Adhere to the innovation-driven strategy, release the "Chip" power for new productive forces, practice the ESG development concept, and devote ourselves to the Company's sustainable development and long-lasting business



Dear friends,

Our ESG concept is in line with the theoretical system of sustainable development that our country has long upheld and attached great importance to over time. The key words for China's high-quality development, "Socialist harmonious society", "Scientific outlook on development", "Construction of ecological civilization in the new era", "Two-mountain (Clean waters and green mountains are just as valuable as gold and silver)" concept and "Common prosperity", all emphasize the basic policy of simultaneously seeking economic development together with pursuing social benefits and protecting the natural ecological environment. China has promulgated a series of policies in recent years such as building a green financial system (especially putting forward the ambitious "Dual Carbon" goal), which have greatly given impetus to boost the promotion of the ESG concept and method in China. It can be said that the sustainable development concept lays the foundation for the overall ESG framework, and in turn, the ESG concept has become the specific methodology and point of strength for enterprises to practice the sustainable development concept.

As a China Resources Group's business unit responsible for the development of the integrated circuit business in the high-tech segment, CR Micro inherits China Resources' corporate cultural

concept system, proactively pursues high-quality and sustainable business development, implements the ESG development concept, promotes ESG management practices, and adheres to the longtermism spirit. Furthermore, CR Micro has established a corporate image of being socially responsible and environmentally friendly and continuously improving its corporate governance system, which plays a key role in achieving CR Micro's long-lasting business success.

Since 2023, CR Micro has continued to promote and improve its corporate governance, shoulder the mission of technological innovation, focus on power semiconductors, digital-analog hybrid, and intelligent control fields, supply core chips, and provide the underlying technical support for the development of green industries such as photovoltaic and new energy industries to drive the "Dual Carbon" development strategy. Meanwhile, we strengthen safety management, actively fulfill social responsibilities, and take multiple measures to assume the responsibilities of the company as a central enterprise. Specifically, we have performed operation activities in the following aspects:

**1. With respect to the company's high-quality sustainable development, facing the industry cycle fluctuation, CR Micro has demonstrated its development resilience to resist the cycle fluctuation, with its operation performance superior to the average level of market competitors.** By adhering to the IDM business model, CR Micro continues to accelerate the adjustment of its product structure and the expansion of its business reach in emerging markets, achieving coordinated regional economic development. Also, the company continues to deepen its nationwide business layout along the Yangtze River and three regions, takes major projects as its key points to steadily promote the development of new regional productive forces, and uses scientific and technological innovations to achieve social progress. At present, the main factory buildings of the Shenzhen 12-inch wafer project have been topped out, and the Chongqing 12-inch wafer project has been put into mass production. The Chongqing power semiconductor assembly & test base covers advanced wafer-level, panel-level, and module-level assembly processes. The Wuxi work will be built as a mask manufacturing base with leading technology and scale across the country. Therefore, the company can achieve the first half of the tasks of the "14th Five-Year Plan" strategy successfully.

**2. With respect to technological innovation, CR Micro adheres to an innovation-driven strategy, constantly strengthens the core position of technological innovation in development, strives to enhance the Company's independent innovation capabilities, steadily promotes its original innovation and integrated innovation capabilities, and continues to strengthen its core competitiveness.** By continuously increasing its investment in R&D, CR Micro aims to constantly improve the incentive system for scientific and technological innovation. The Company also encourages innovation activities, tolerates possible failures in innovation, and deepens the fault tolerance and correction system for scientific and technological innovation. By building a reliable R&D organizational guarantee system, CR Micro has set up a headquarters technology institute that focuses on the research and development of forward-looking technologies, aiming to keep its first-mover advantages in cutting-edge technologies.

Meanwhile, CR Micro has set up technology research institutes for business groups that focus on mainstream applications in the current market in a timely response to market changes. CR Micro has a keen insight into market changes from a scientific research perspective and has accelerated its entry into high-quality sectors such as industrial control and new energy sectors. The Company has completed the verification and assessment of nearly 100 automotive-grade products, with its third-generation semiconductor being put into large-scale mass production and the revenue from automotive, communication, and new energy businesses accounting for 70% of its total revenue. Also, we actively cultivate and incubate "Specialized and innovative" enterprises, focus on key nodes of the industrial chain and supply chain, and continue to gain strong scientific and technological innovation vitality for the development of the semiconductor industry.

**3. As for promoting ecological civilization, CR Micro actively builds itself into an environmentally friendly enterprise and is committed to the sustainable development of the company's everlasting businesses.** By continuing to practice the environmental protection concept of "Clear waters and green mountains are just as valuable as gold and silver", CR Micro makes great efforts to integrate the green sustainable development concept into all aspects of production and operations, improves environmental protection governance mechanisms, increases its investment in energy-saving technological innovations, and optimizes production processes. Also, by expanding its presence in the clean energy sector, the Company continues to enhance its energy conservation and energy substitution capabilities, laying a concrete foundation for the green, digital and intelligent transformation of the microelectronics industry in the context of the "Dual Carbon" strategy. Meanwhile, we seize the development opportunity formed by the market demand for new energy vehicles to expand our businesses in the domestic automotive-grade chip and charging station industry. We also release new products of IGBT and low-voltage MOS series power devices, helping the semiconductor industry become a green and new industry.

**4. With regard to stabilizing the ecological construction of the semiconductor industry and jointly creating a responsible value chain, as a leading semiconductor IDM company, CR Micro actively links the upstream and downstream industrial chains, sticks to the quality-oriented development concept, and builds a strong service capability.** Hence, the company aims to win the trust of customers in the market with excellent quality and dedicated service. By relying on our resource advantages, we build an open and diversified strategic cooperation platform and an innovation consortium to drive the sharing of scientific and technological innovation and development results, gather the joint efforts of partners, and create an efficient and sustainable cooperation model. Adhering to the people-oriented principle, CR Micro actively creates a harmonious development atmosphere between employees and the company. Also, the company always protects employees' rights and interests from infringement, continuously improves the salary and welfare system and equity incentive mechanism, and deepens the implementation of the strategy of building a powerful company with talents in the new era.

**5. For actively assuming social responsibilities and keeping in mind the company's original mission and accountabilities rooted in society, as a responsible and accountable enterprise, CR Micro adheres to the concept of a community with a shared future for mankind to focus on helping low-income groups through consumption and education.** Also, we continuously boost rural revitalization and drive the growth and reserve of industry talents. By setting up the "Runshanhui" trade union confederation organization and creating the "Yishanxin" public welfare brand and the "Nuan' xinhumiao" brand, the company is capable of carrying out a series of public welfare activities such as offering financial aid to impoverished students and doing tree planting activities. Also, the company actively promotes volunteerism, duly fulfills corporate social responsibilities to jointly create a beautiful and harmonious society, gathers people's love, and makes a contribution to society, drawing a new picture of a harmonious and beautiful society.

**6. With respect to deepening the ESG concept, accelerating integration, comprehensively upgrading top-level logic, and consolidating sustainable development management, CR Micro attaches great importance to the leading role of the ESG strategy and continuously improves the corporate sustainable development management system.** Based on the establishment of the "Strategic and Sustainable Development Committee", the company further upgrades the top-level construction comprehensively and optimizes and integrates the sustainability development report reporting mechanism. Also, the company encourages subordinate business groups to deeply participate in the preparation of the company's report and simultaneously pushes the preparation of the sustainable development report. Thus, it is possible to promote the efficient management of the company's sustainable development work, helping the company achieve a deep integration of sustainable development and business operations.

**Making forward-looking goals and shouldering missions.** Chip technology, the heart of the modern electronics industry and the cornerstone of information technology, is the core support for promoting the transformation and upgrading of traditional industries and improving China's "Intelligent manufacturing" level. Also, the chip industry is a strategic, basic, and guiding industry that promotes economic and social development. With technological innovation and application guiding, new opportunities arising from the semiconductor industry are available for use by CR Micro in the current time and trend. Marching into the breadth and depth of technology and shouldering the heavy responsibilities for scientific and technological innovations are the responsibilities and accountabilities of all CR Micro employees. Furthermore, in-depth implementation of the sustainable development concept and scientific outlook on development is the firm consensus and ambition of all CR Micro employees.

CR Micro will seriously implement the mission of "Better life with the CR Micro chip", promote human economic and social development, and make technological progress with a determined spirit of moving forward and pursuing constant self-improvement. Besides, the company is committed to becoming the global leading product and solution supplier of power semiconductor and intelligent sensor. Meanwhile, the company continuously explores new forms of benefiting society and strives to make new contributions to driving scientific development, promoting social harmony and progress, and achieving the common growth of mankind and nature.

CR Micro also continues to deeply understand and implement the ESG concept and, in turn, uses the ESG concept as the "soft power" to shape the corporate brand image and promote the company to practice the "hard principle" of longtermism. With respect to ESG, CR Micro still constantly deepens theoretical learning, strengthens practical exploration, continues exploring ESG governance systems suitable for Chinese enterprises, fuses the ESG development concept into the context of corporate operation and development, and enables the company to achieve high-quality and sustainable development. As a high-tech enterprise that is responsible to society, customers, employees, and partners, CR Micro, with its unremitting fighting spirit, adheres to its innovation-driven strategy, releases the "Chip" power for new productive forces, practices the ESG development concept, and devotes itself to the sustainable development of the company and its everlasting business!

Thanks

Dr. Li Hong  
Executive Director and General Manager of the Company  
Chairman of the Strategic and Sustainable Development  
Committee



# About CR Micro

## Company Profile

Being subordinate to China Resources Group, China Resources Microelectronics Limited is a high-tech enterprise engaged in investment, development, operation and management of microelectronics business. The company has successively integrated some Chinese semiconductor pioneering companies such as Huake Electronics, China Huajing and CSNC Technology. After several years' of development and a series of integration, the Company has become a comprehensive semiconductor enterprise with great influence in China. Since 2004, it has been continuously rated as top 100 Chinese electronic information enterprises by the Ministry of Industry and Information Technology.

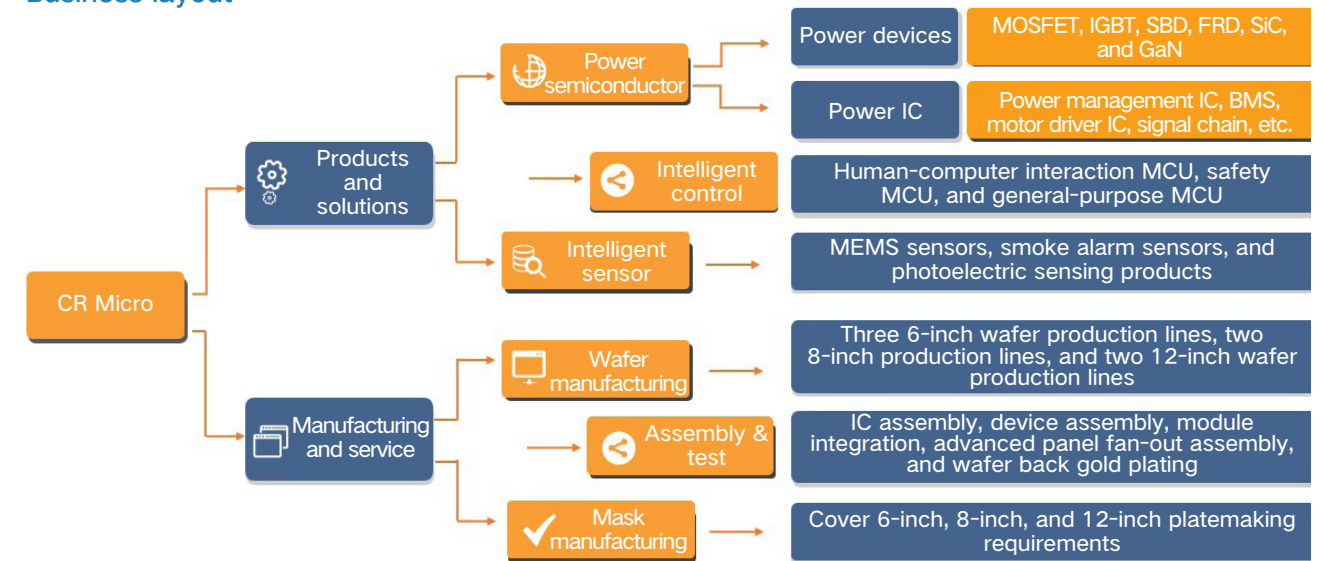
The company was listed on the science and technology innovation board on February 27, 2020 (stock abbreviation "CR MICRO" and stock code "688396"), being the first domestic red-chip company. The company is an IDM semiconductor enterprise capable of the integrated operation of the whole industrial chain such as chip design, mask manufacturing, and wafer manufacturing, assembly & test. Adhering to the business layout of "Yangtze River Delta + Chengdu-Chongqing Economic Zone + Greater Bay Area"

and combining regional, market, and application advantages, the company has optimized resources allocation, with its business scope covering Wuxi, Shanghai, Chongqing, Hong Kong, Dongguan, and Shenzhen. At present, the company's main business can be divided into two business sectors: products & solutions and manufacturing & services. The company can independently design products and keep the manufacturing process controllable. In addition, the Company has possessed strong capability in product technology and manufacturing process in the fields of discrete devices and integrated circuits and has formed advanced product lines with special process and seriation.

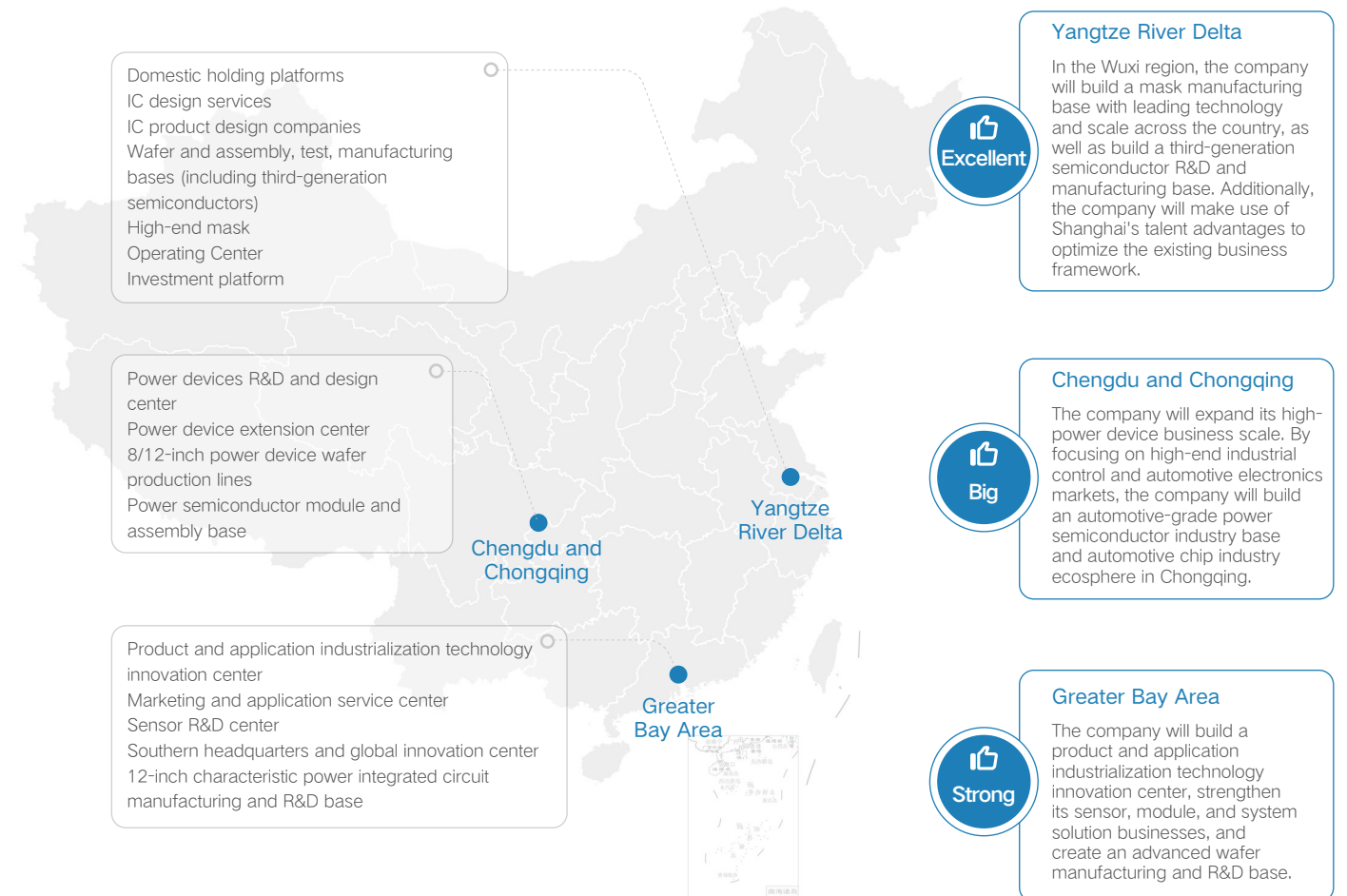
In the future, the company will take its own core advantages, improve the core technologies and integrate the internal and external resources, so as to continuously promote the enterprise development, further transform ourselves into a comprehensive and integrated product company, solutions on power semiconductors and to be the global leader in power semiconductor and intelligent sensor.



## Business layout



## Operation regions

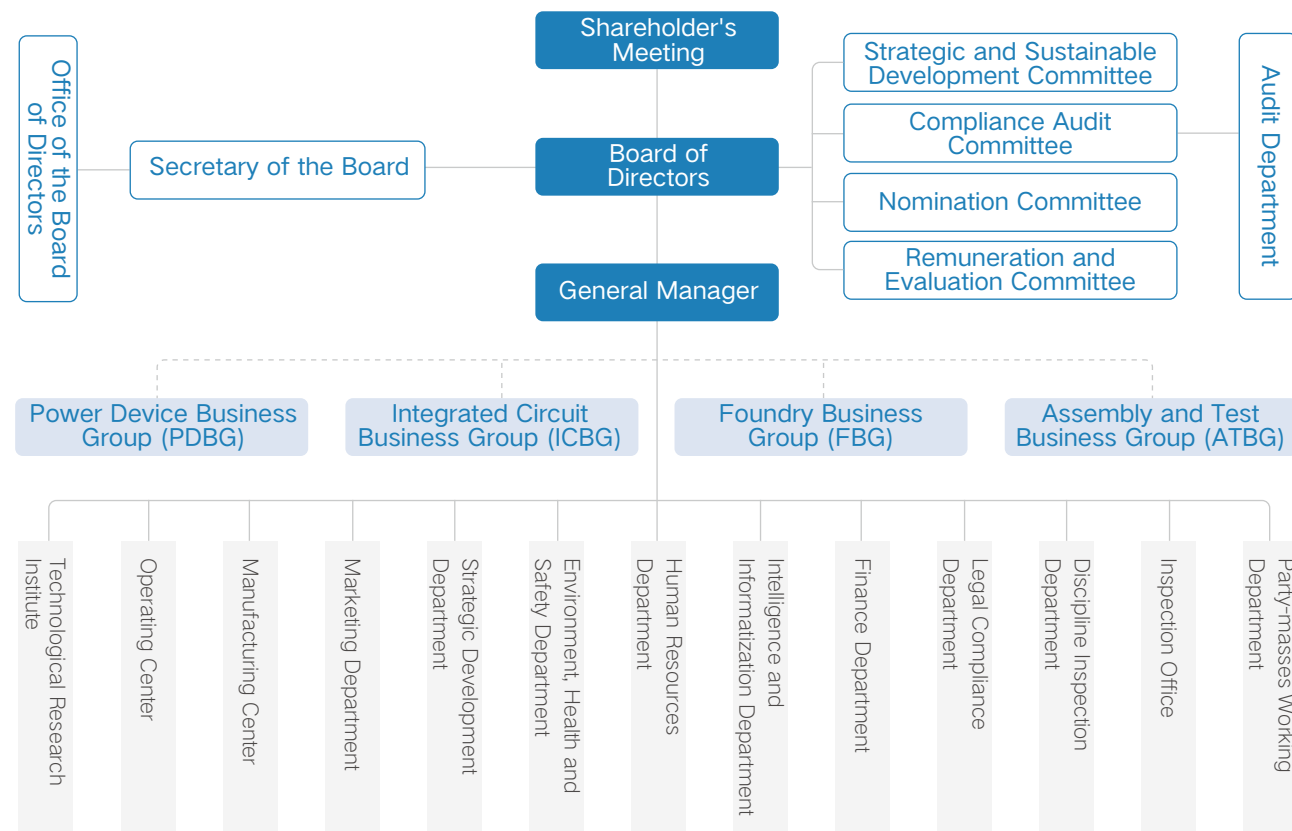


CR Micro's nationwide business map

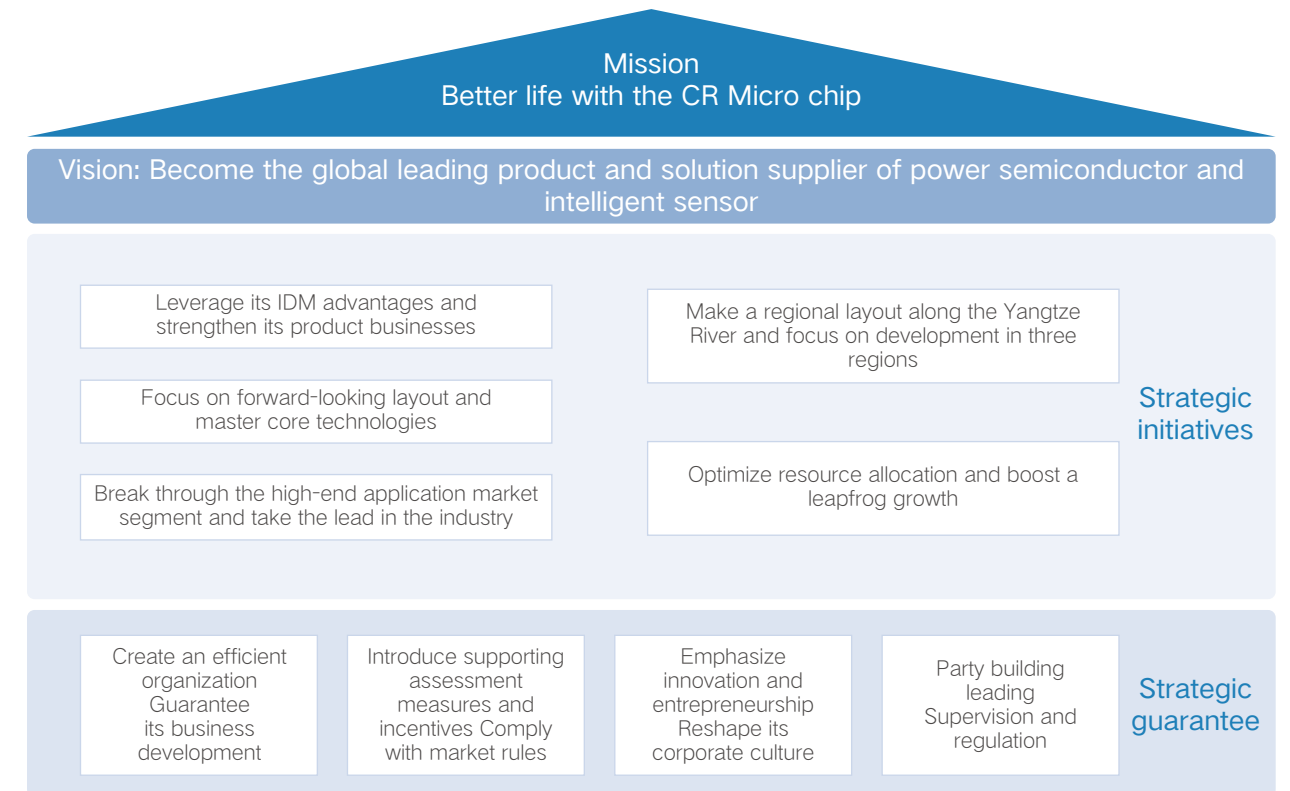


## Organization Structure

CR Micro is affiliated with the Technology and Emerging Industries Division of China Resources Group. To solve problems encountered in the development process, match the organization structure with its strategic goals, meet the expectations and requirements of the capital market, and continuously deepen the reform of the state-owned enterprise, the company benchmarks against leading international semiconductor companies, integrates its products and manufacturing resources, and optimizes the headquarters structure, promoting the specialized development of the company's product and manufacturing businesses through platform-based operations.

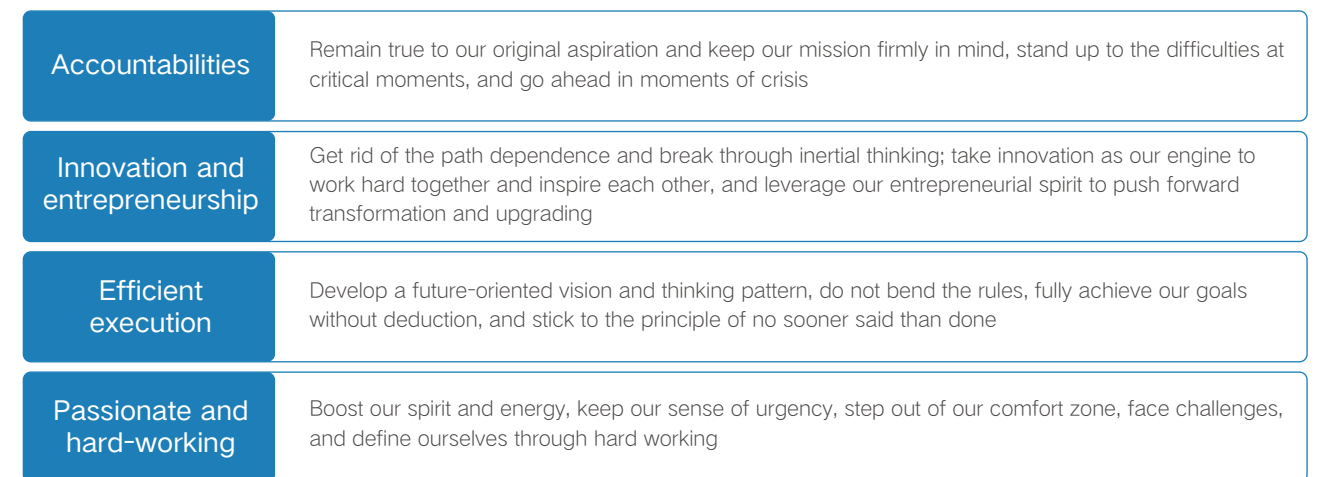


## Corporate Strategy



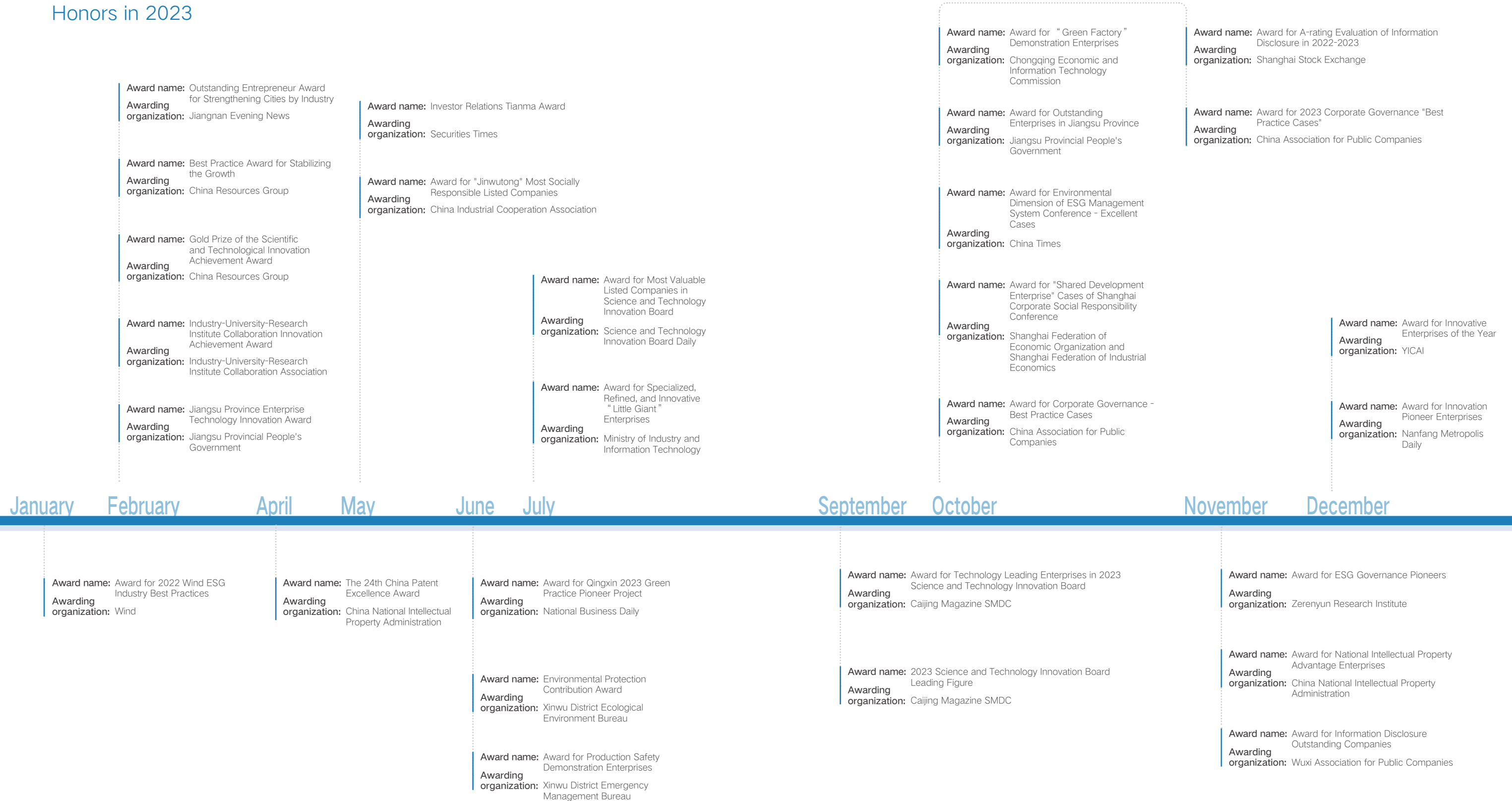
## Corporate Culture

Create a corporate culture that meets the characteristics of the semiconductor industry





## Honors in 2023



Events in 2023 - CR Micro in 2023

January 17

CR Micro held a summary meeting for the completion of the 12-inch power semiconductor wafer production line in its Chongqing Park. A ceremony for putting the production line into mass operation was held at the meeting. Additionally, 12 outstanding suppliers were prized. Meanwhile, CR Micro announced strategic cooperation with customers.



January 21

On New Year's Eve, the management of CR Micro and the heads of relevant functional departments visited colleagues working in various workshops, chemical warehouses, duty rooms, dormitories, and guard rooms, and extended their best wishes for the Spring Festival to them.



March 6

CR Micro held the celebration event for the third anniversary of being a public company listed in the science and technology innovation board themed "Start Our Chip Business Together" and 2022 project appraisal and commendation event. Over the three years since its going public on the science and technology innovation board, the company saw rapid growth in its performance and high-quality development. The company's management awarded honorary awards to the award-winning teams.



March 31

The Chongqing Postdoctoral Management Office held the 2023 Postdoctoral Salon event themed "Building the Future". As the only semiconductor company among the 16 companies, Chongqing CR Micro was awarded the title of "National Postdoctoral Research Workstation".



April 17-19

The 25th China Integrated Circuit Manufacturing Annual Conference and Supply Chain Innovation Forum themed "Building a New Pattern for Chip Development and Foster a New Development Stage" was held in Guangzhou. Dr. Li Hong, General Manager of CR Micro, as a specially invited entrepreneur, delivered a wonderful speech titled *Promising Future for the Development of the New Energy Industry; Steady Progress in the Power Semiconductor Field*.

June 17-18

The Second Nansha International Integrated Circuit Industry Forum was held in Guangzhou. As a specially invited entrepreneur, Dr. Li Hong, General Manager of CR Micro, gave a keynote speech titled *Harnessing the Power of 'Chip' to Foster Prosperous Ecosystem for Integrated Circuits in the Greater Bay Area*.



July 2

CR Micro's first automotive-grade chip CS3629BB passed the AEC-Q100 automotive-grade chip assessment certification. CR Micro is accelerating the perfection of its automotive-grade electronic product system and will constantly introduce high-quality products in the automotive market.

July 11-13

CR Micro showcased its products at the 2023 electronica China.



July 25

The Wuxi factory of the ATBG held a ceremony for putting the nitrogen production center into operation. This project greatly increases the stable supply of nitrogen gas to the Wuxi factory and also reduces nitrogen consumption costs, laying a concrete foundation for the company to continuously push forward cost reduction and efficiency improvement.

August 9-11

The 2023 Integrated Circuit (Wuxi) Innovation and Development Conference was held in Wuxi, Jiangsu Province. Dr. Li Hong, General Manager of the company, attended the opening ceremony of the main summit and delivered a wonderful keynote speech titled *Leading with 'Chip': New Patterns in the Development of the Semiconductor Industry Chain at the Semiconductor Equipment Annual Conference and Industry Chain Cooperation Forum*.



August 11

The CR Shanghai's latest generation of 0.15 μm 40V BCD process platform was officially debuted. This process platform focuses on high-power power management chips and motor control chips, and is used in PMIC applications such as fully integrated motor drives and high-performance DC-DC.

September 15

The Shenzhen 12-inch Runpeng Semiconductor Project Investment Agreement signed by and between CR Micro and external investors was approved by the shareholders' meeting. The external investors introduced this time include 12 institutions, such as the China Integrated Circuit Industry Investment Fund Phase II, the Shenzhen Municipal Government Investment Platform, and the China State-owned Enterprise Structural Adjustment Fund Phase II, with over RMB 10 billion raised.

September 18

The CR Micro's Fourth Science and Technology Conference with the theme of "With the CR Micro's Chips, Dream Our Future and Create Our Glory" was successfully held in Wuxi, in which outstanding scientific and technological personnel were prized for their outstanding performance in 2022 and major scientific and technological achievements in the past three years.





### September 21-22

The 2023 China (Shenzhen) Integrated Circuit Summit was held in Shenzhen, Guangdong. Dr. Li Hong, General Manager of CR Micro, was invited to attend the Semiconductor and Integrated Circuit Summit Forum and delivered a keynote speech titled "Pooling innovation and application advantages to promote high-quality development of the integrated circuit industry."



### October 10

The main structure of the CR Micro Rungpeng Semiconductor's 12-inch integrated circuit production line project located in Greater Bay Area Chip Valley, Baoan District, Shenzhen, covering 17 production systems, 11 production buildings, and 4 supporting buildings, completed overall roof sealing.



### October 30-November 1

The industry event, electronica SouthChina, was held at the Shenzhen World Exhibition & Convention Center (Baoan New Hall). CR Micro made a splendid appearance by showcasing its power device products and modules, intelligent sensors, supporting system solutions, and other products.



### November 8-10

The first domestic Energy Electronics Expo was held at the Zhuhai International Convention & Exhibition Center in Guangdong. The PDBG of CR Micro focuses on the new energy and automotive electronics fields and made a splendid appearance by showcasing a series of power device products and solutions.



### November 10-11

The integrated circuit industry event, ICCAD 2023, themed "Work with you in the Greater Bay Area, Create a prosperous future for the chip industry", was held in Guangzhou. CR Micro showcased its wafer manufacturing and mask manufacturing capabilities to the guests.



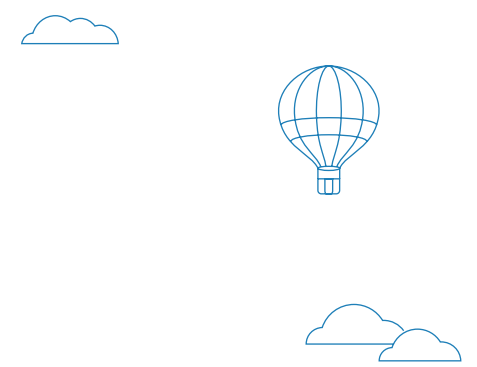
### November 25

The Chongqing Integrated Circuit Industry Development Summit Forum was successfully held in Yuzhou, Chongqing. As a specially invited entrepreneur, Dr. Li Hong, General Manager of CR Micro, delivered a keynote speech themed *Bringing Intelligence to Chip Development: Constructing the Chip Ecosystem to the guests.*



### December 7

CR Micro successfully held the 2023 Investor Open Day and New Product Release Meeting in Chongqing. The event was themed "Chase the dream in the chip industry and create our chip future". The company's management and product line leaders had in-depth communication and exchange with investors and analysts from all over the country.





# Topic 1

## Seize the clean development opportunity and deepen the application of low-carbon products

In response to the urgent challenges of global climate change and environmental degradation, the development of clean technologies can reduce the impact on the environment and improve resource use efficiency, which has become an important strategic direction for modern enterprises to achieve their green growth and fulfill their social responsibilities. CR Micro knows deep down that the development of semiconductor technology is an important driving force for creating a green and low-carbon society. CR Micro makes an in-depth exploration of the application of low-carbon products, and continues to develop low-carbon products and optimize production processes, laying a solid foundation for the green, digital, and intelligent transformation of the microelectronics industry in the "Dual Carbon" context.

### Gain a Momentum to Create Low-carbon Competitiveness in Products

CR Micro takes the promotion of advanced product layout as its core development strategy and relies on the technology and experience accumulated in the manufacturing process of upstream components in the field of new energy applications to effectively support its transformation and development. The company's SiC MOSFET devices, Cu Clip assembly technologies, and IPM intelligent power modules play a vital role in supporting the development of products in the new energy application field. In 2023, the company's technology research and development in the new energy field has achieved significant progress, giving momentum to the global clean energy transformation process.

### Third-generation Semiconductor R&D and Applications in the Green Field

The third-generation wide bandgap semiconductor material represented by silicon carbide (SiC) embodies superior properties such as lower power consumption and higher switching frequency in high-voltage and high-power power conversion applications. In addition, such material, well known as one of the most promising semiconductor materials in the power electronics field, presents a rapid development trend.

SiC MOSFET devices are the mainstream devices for SiC applications and are mainly used in high-power density and high-frequency applications such as automobiles, solar energy, power grids, and base stations. The company initiated the advanced research and development of SiC MOSFET devices in 2020. By adding special process development equipment to the existing SiC JBS wafer production line, the company developed key processes, and built basic technical capabilities and a research and development platform, forming complete technologies. Through project implementation, the company accomplished the development of the first-generation SiC MOSFET products, built the first 6-inch SiC production line in China, and forged a planar SiC MOSFET wafer process platform and an assembly and test platform.

Progresses and achievements

- > The company actively expands its businesses in high-end application fields such as automotive electronics, develops the SiC MOSFET G2 platform, and completes product solidification in 2023. Furthermore, the company has completed the serialization of a total of 7 products produced by the 650V/1200V voltage platform, with the product parameters and performance being up to that of the international mainstream third-generation SiC MOSFET products.
- > For SiC modules that are useful in the electric drive of new energy vehicles, the company pushes technology research and development and expands its product layout.

### Advanced Cu Clip assembly technology to drive green production

Assembly is one of the core processes of power modules. The company has developed and built seven major process platforms: PDFN, DSCQFN, Dr.MOS 6X5, PPAK (T0.9)LFPAC, Dr.MOS 5X5, and PPAK Clip, and Wire; and three power device assembly technology platforms that focus on different customers' requirements for assembly processes, realizing the improvement in both the performance and efficiency of power device products.

Effectiveness Improvement

The DSCQFN double-sided heat dissipation assembly technology developed by the company achieves lower assembly resistance, enhances high current capability and low assembly inductance, and increases product switching speed. Compared with the standard PPAK (Ribbon bond) assembly technology, the DSCQFN assembly technology is able to reduce the thermal resistance by about 28%, the assembly resistance by 95.5%, and the assembly inductance by 91.7%.


Efficiency Improvement

The special process developed by the company increases the process efficiency by 5 times as against the current efficiency level, achieving energy conservation, emission reduction, and green production.

### Intelligent Power Modules to Promote Low-carbon Technology Innovation

IPM is an important component of the frequency conversion controller, which in turn is the core component used for the frequency conversion control of white home appliances. In the overall context of energy conservation, emission reduction, and green environmental protection, a higher energy efficiency standard for home appliances results in higher market requirements for the function, energy consumption, volume, weight, and reliability of IPM. On the other hand, with the rapid growth of IPM demand in such fields as electric vehicles and photovoltaic wind power, the requirements for the stability and reliability of IPM performance are gradually increasing.

After many years of continuous R&D investment, the company's IPM product line has covered low-power full-bridge IPM, low-power half-bridge IPM, and medium-to-high-power IPM. On the basis of the low-power IPM product design and development platform, the company continues to strengthen the building of key platforms for IPM modules. During the reporting period, the company launched a company-level major project, "Research and development of medium-voltage high-power IPM intelligent power modules." The purpose is to reduce the product size, lower product energy consumption, and enhance product market competitiveness on the premise of meeting performance requirements.



Integrating an MCU with a motor engine enables the module to have higher flexibility and higher programmability. Meanwhile, the high level of integration makes the module smaller in volume and offers convenience for meeting the client's high-density design requirements. Applications: plastic-sealed motors, etc. It adopts high- and low-side drive control and has built-in undervoltage protection. It is highly cost-effective and small in volume, making it more suitable for the current miniaturization trend in application fields.

Fully integrated low-power IPM module CS12XMM65 Applications: plastic sealed motors, etc.



It adopts high- and low-side drive control and has built-in undervoltage protection. It is highly cost-effective and small in volume, making it more suitable for the current miniaturization trend in application fields.

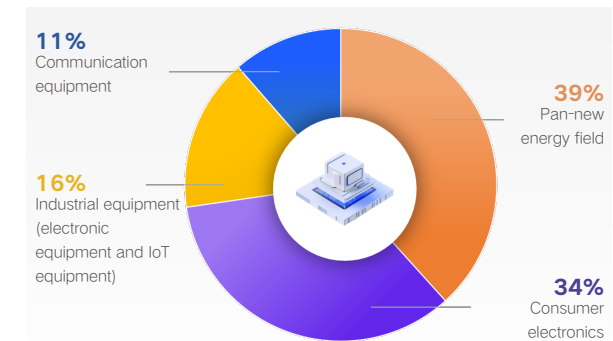
Medium-power IPM module DPM15C60FG2 Application: air conditioning compressor, electric tools, etc.

## Multi-dimensional Efforts to Release a New Momentum for Green Development

Stimulated by the market demand for new energy vehicles, the automotive-grade chip industry is facing new opportunities and challenges. CR Micro actively extends its business reach to the green mobility sector and insists on making efforts in system construction, product upgrading, industry cooperation, market expansion, and other aspects simultaneously, being committed to serving the green mobility industry.

Driven by "independent research and external expansion", the company already has complete SiC and GaN product series, with technology research and development being mature and stable and products having industry-leading performance across the industry. Relying on the existing 6-inch and 8-inch wafer workshops and advanced assembly and test bases, and with the support of senior power device teams, the company has sufficient production capacity and has established long-term cooperative relationships with many auto makers. In addition, the company intensifies its customer development efforts in new energy fields such as photovoltaic inverters and frequency converters. The company's operating revenue from the new energy fields sees an increasing proportion in the products and solutions sector. The company's products are successfully installed in the products manufactured by Sungrow, Deye, Inovance Group, and other key customers.

The proportion of CR Micro's own products in the pan-new energy field



In December 2023, the company launched new IGBT and low-voltage MOS series power devices as well as new integrated circuit products, including safety MCU, IPM, and high-voltage optocouplers.



In the future, the company will continue to provide continuously optimized solutions for products in clean energy applications such as variable-frequency home appliances and new energy vehicles, further improving energy efficiency.



# Topic 2

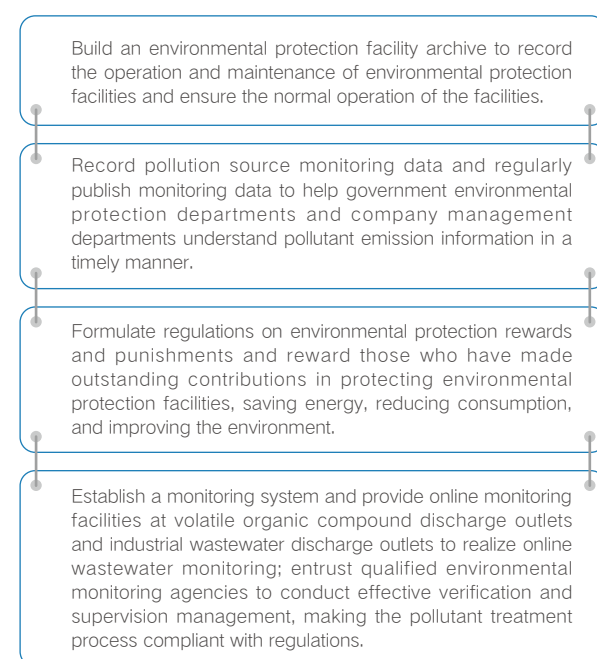
## Protect clear waters and green mountains, and take multiple measures to protect the ecology of the Yangtze River

Green is the most breathtaking background color of the Yangtze River, and the protection of the Yangtze River is to firmly maintain this kind of background color. The trunk stream section of the Yangtze River in Jiangsu and the Taihu Lake basin lie in the plain in the lower reach of the Yangtze River and are an important area of the Yangtze River Delta. The phosphorus-containing wastewater produced by industrial enterprises along the lake and river is one of the main pollution sources leading to river water pollution.

CR Micro is well aware of the importance of protecting rivers, lakes, and other waters in the ecological environment. The company actively responds to and implements the call of the Party Central Committee and the Wuxi government on the protection of the Yangtze River and shoulders the responsibility for protecting the ecological environment of the Yangtze River Basin. Also, the company insists on ecological priority and green development and boosts the high-quality development of the Yangtze River economic zone.

### Improve the system and strengthen operation and maintenance management

Improving water quality is a long-term, systematic project. Through strict implementation of the *Overall Plan for Comprehensive Management of the Water Environment in the Taihu Basin*, *Action Plan for the In-depth Protection and Restoration of the Yangtze River*, *Three-Year Action Plan for Promoting Fundamental Improvement of Water Quality in Taihu Lake and Wuxi Waters (2023-2025)*, and other plans, CR Micro continuously improves relevant environmental management systems, and strengthens operation and maintenance management of the water projects from the top-level building. This guarantees that sewage treatment projects can achieve their maximum benefits. Also, the company can do a good job in the tough battle against protecting the Yangtze River water ecology with higher standards and greater efforts.



### Take Multiple Measures to Improve Water Quality and Water Control Effectiveness

Phosphorus-related materials are required in the daily production and operation activities in CR Micro's factories. The company is deeply aware of the importance and urgency of strengthening the treatment of phosphorus-containing wastewater. By carrying out phosphorus-related rectification projects, we can effectively reduce and control phosphorus-related emissions and respond to phosphorus leakage events, reducing total phosphorus pollution emissions.

#### Phosphorus reduction is controlled from the source of raw and auxiliary materials

By actively replacing phosphorus-containing raw materials and adjusting phosphorus-related processes, the company can strictly control the procurement, transportation, and storage processes of phosphorus-containing raw materials and auxiliary materials on the basis of not reducing product quality. As a result, it is possible to reduce the use of phosphorus-containing raw and auxiliary materials and reduce total phosphorus emissions.

### Special Rectification to Effectively Control Phosphorus Emissions

The rainwater and sewage diversion system in the factory area was comprehensively renovated and transformed, thoroughly solving the leakage problem of domestic sewage pipelines in the factory area. The company built an initial rainwater collection system to effectively reduce the total phosphorus emission concentration at the rainwater discharge outlets. Meanwhile, the company has set up rainwater collection troughs inside the entrances and exits of all production workshops and warehouses in the plant area and built a new emergency tank with a capacity of 1,224 m3. This ensures that the emergency water in the contaminated area is sent through the collection troughs to the newly built special drainage pipe for emergency water and then discharged into the newly built emergency tank in the plant, improving emergency response capabilities and fulfilling environmental protection requirements.

### Emergency Plan to Deal with Phosphorus Leakage

The company carries out regular leakage emergency drills for the leakage of waste phosphoric acid storage tanks to enhance its ability to deal with emergencies. In 2023, the company updated the emergency plan for environmental emergencies and worked out a special phosphorus-related emergency plan for phosphorus pollution risks.

Photo of the Taihu Basin taken by the CR Micro Trade Union Photographic Association



### Engineering Transformation to Improve Quality and Effectiveness

By adhering to the environmental priority and sustainable development concept, CR Shanguhua, a subsidiary of CR Micro, does a good job in improving the wastewater treatment system through a series of transformation measures, such as eliminating and renovating old equipment, optimizing and upgrading processes, enhancing the stable operation level of the wastewater system, and improving the efficiency of treating pollution factors. Meanwhile, an optimized dosing system and an online monitoring system were provided to ensure safe, reliable, and technologically advanced wastewater treatment and to ensure that the concentration of pollutants in the discharged wastewater is significantly reduced.

### Protect the Clear Waters to Draw a Picture of a Clean and Vibrant Environment.

The Yangtze River keeps flowing day and night, like an ever-lasting song. CR Micro will move forward with firm steps and take more pragmatic measures to shoulder the responsibility for ecological civilization and ecological environment protection. The company will stay focused on and make precise and sustained efforts in sewage treatment. The company also continues to cultivate the green concept in pursuing high-quality development, aiming to consolidate and improve the effectiveness of Taihu Lake environment management. Furthermore, the company works with enterprises along the river to do a good job in implementing the "Yangtze River Protection" policy that benefits future generations, creating a beautiful and picturesque riverside environment where mankind harmoniously coexists with nature.

# Sustainable Development Management

## Build a Responsible Organization

### Responsibility Strategy

CR Micro always shoulders the mission of "Better life with the CR Micro chip". By adhering to the vision of "becoming the global leading product and solution supplier of power semiconductor and intelligent sensor", and practicing the values of "Honesty and trustworthiness, performance orientation, people orientation, and win-win cooperation", the company takes the initiative to assume social responsibilities, deepens ESG practices, and manifests the responsibilities of

a central government-owned enterprise with its strength.

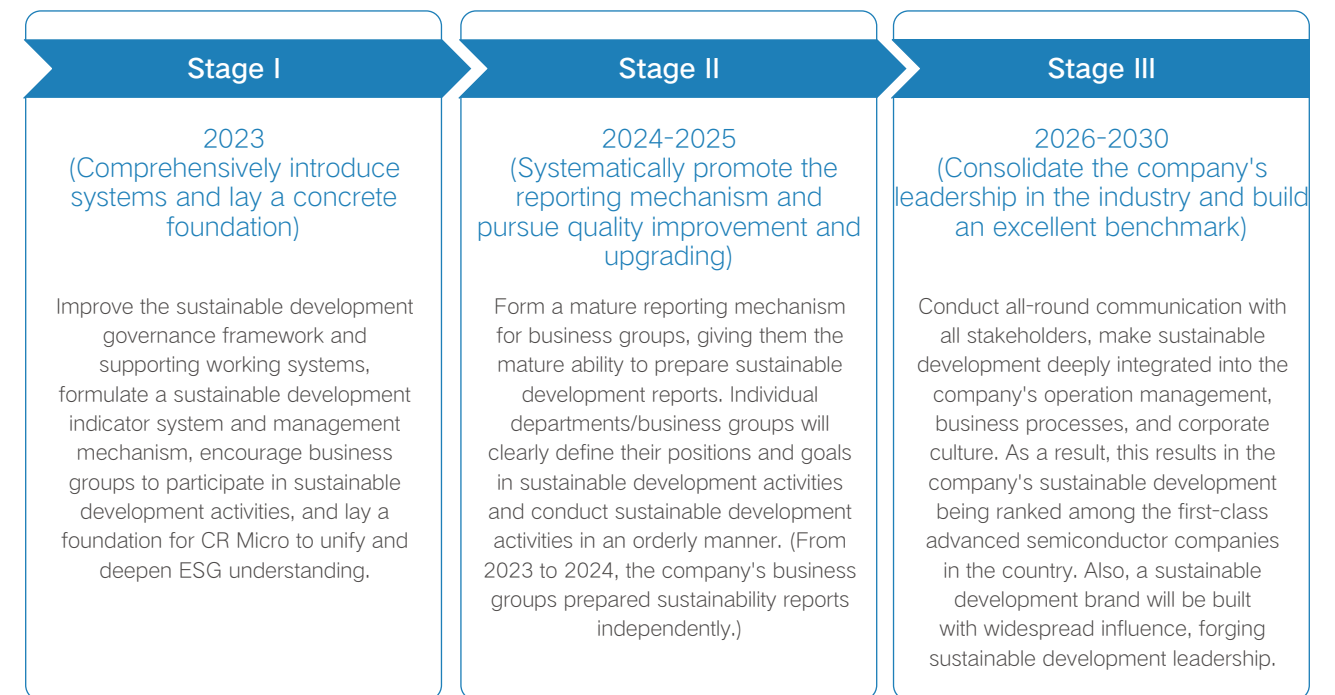
We actively carry out the six major strategies for social responsibility, and on the basis of expanding and optimizing our main businesses, pursue the matched economic, social, and environmental benefits, building a sustainable development brand image for CR Micro.



### Responsibility Planning

To achieve higher-level and higher-quality development, the company integrates its social responsibility into the processes of corporate development strategy formulation, daily business operations, and functional management. Besides, the

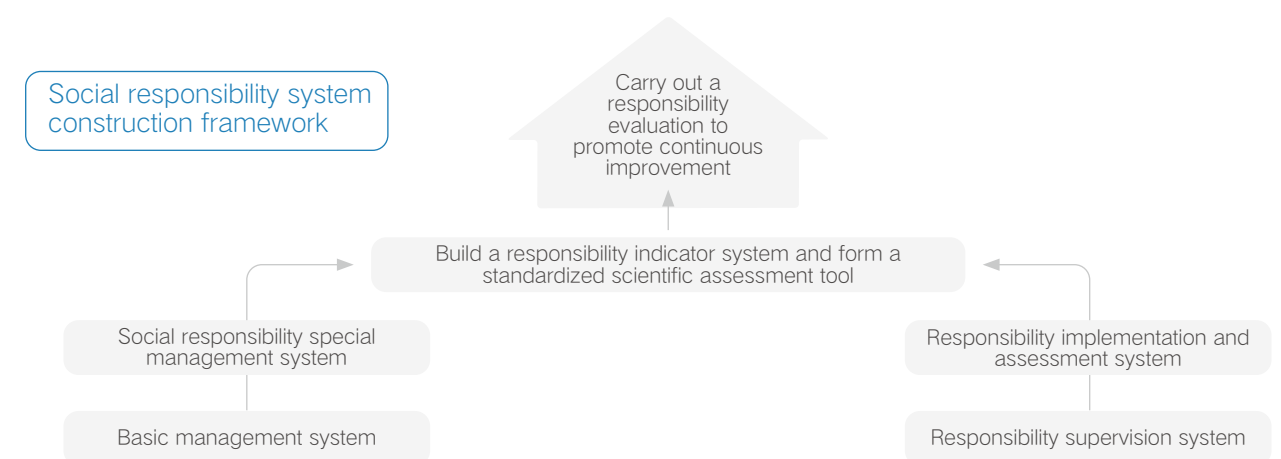
company, on the basis of reality, studies and works out social responsibility development goals, builds a social responsibility framework and an institutional system, and plans a focused and practicable social responsibility implementation path.



### Responsibility System

In the process of promoting social responsibility management, the company regards system construction as an important means to improve the level of implementation of the social responsibility system. By establishing, improving, and gradually optimizing specifications for the social responsibility system,

the company continuously promotes the institutionalization, standardization, and normalization of the company's sustainable development activities, enhancing the company's social responsibility management level, quality, and efficiency.

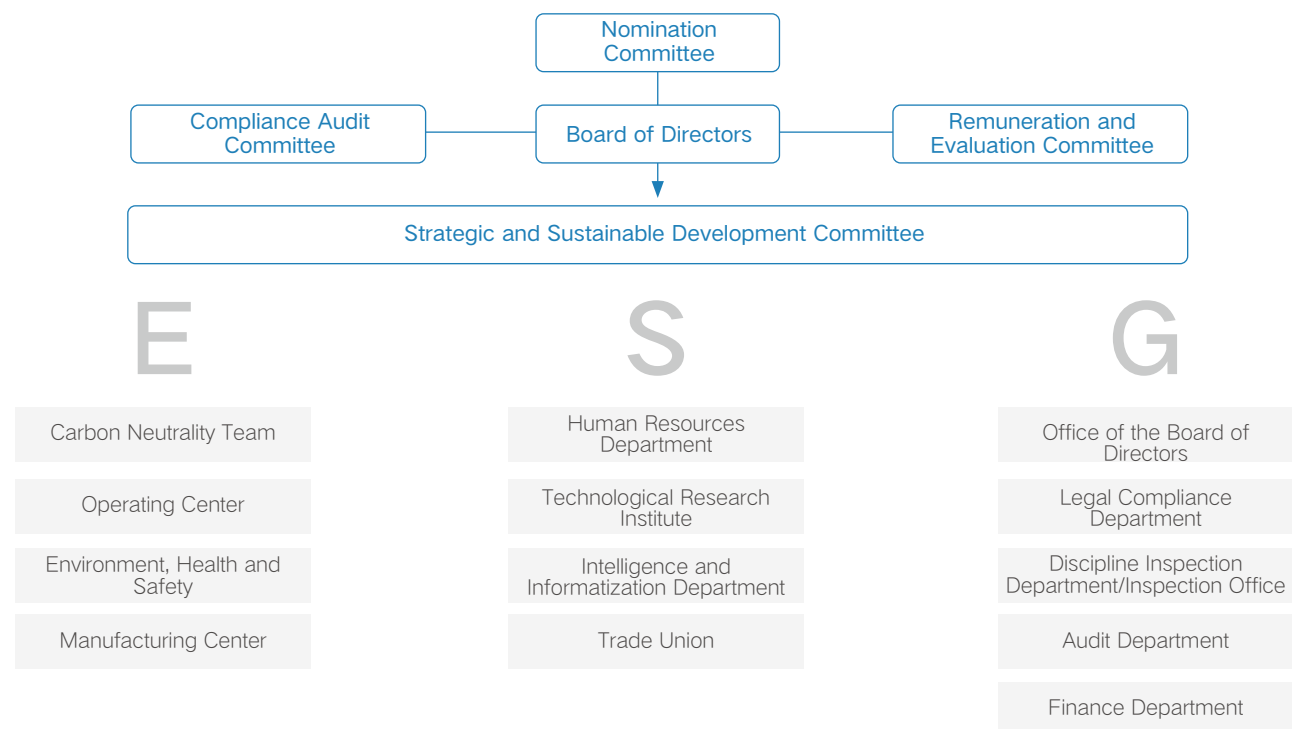
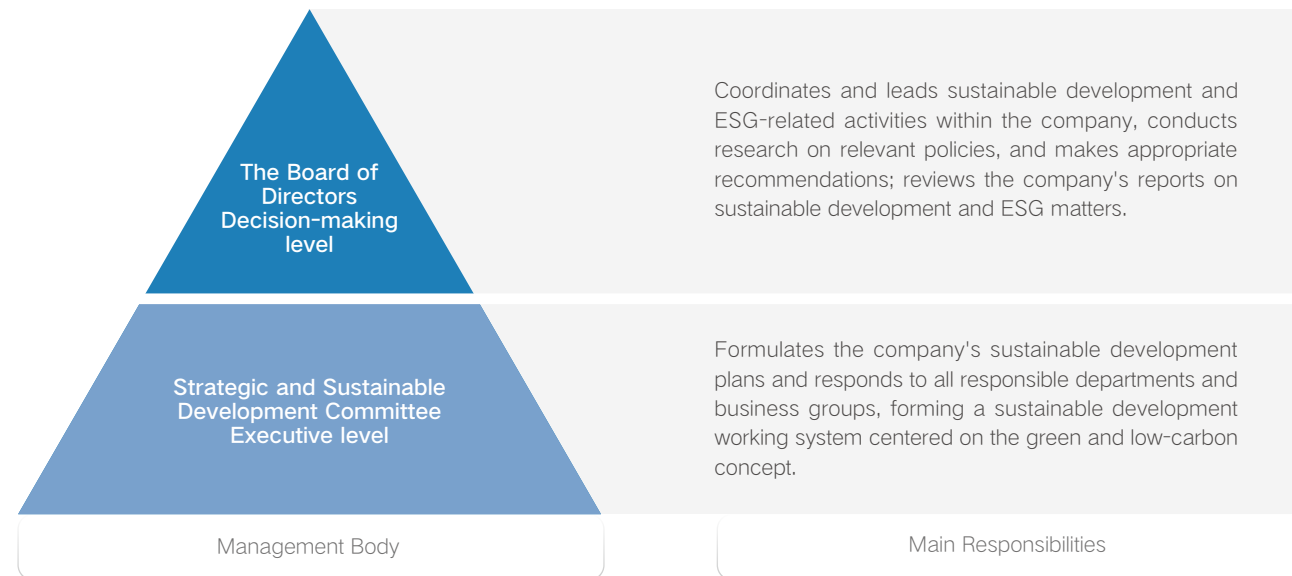




### Responsibility Organization

An efficient and collaborative organizational system is an essential guarantee for promoting social responsibility system. The company actively improves the ESG governance structure, and on the basis of the existing social responsibility management structure, perfects the management levels and division of labor, forming an ESG governance system composed of a two-level structure, including the management level and the executive level.

In April 2023, the original "Strategic Committee of the Board of Directors" was changed to the "Strategic and Sustainable Development Committee of the Board of Directors", adding the authority requirements for researching and making recommendations on the company's sustainable development/ESG-related policies.



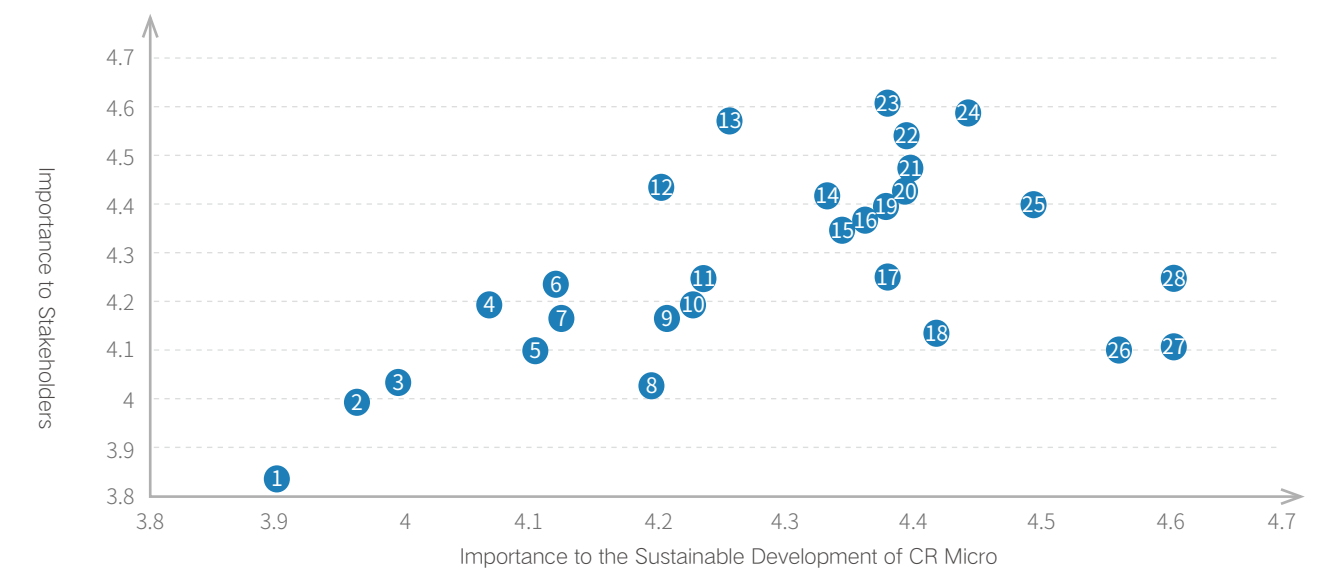
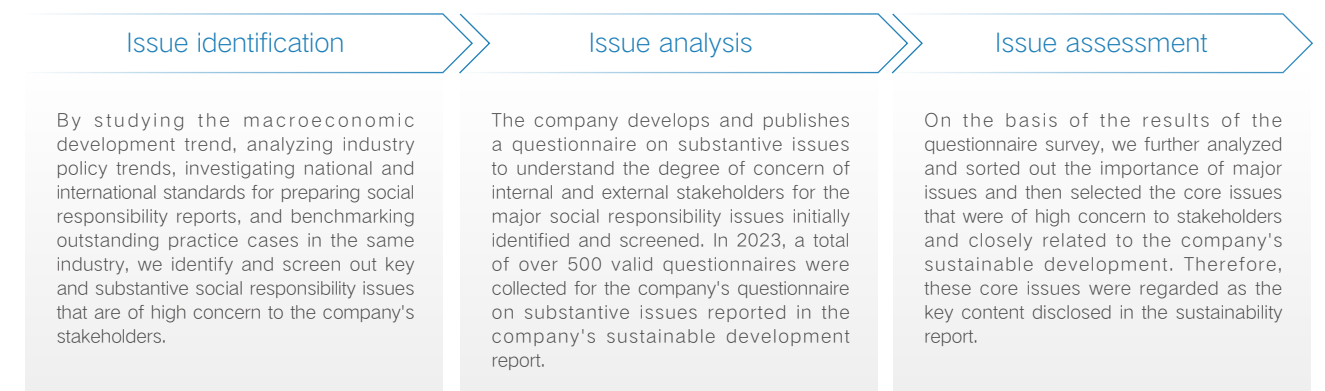
### Promote the Integration of Responsibilities

#### Responsibility Issues

To deeply understand the stakeholders' appeals, enhance the pertinence and responsiveness of the report, and accurately highlight the sustainable development performance and

progress of CR Micro, the company has established a standardized issue identification and assessment process to construct a matrix of substantive issues, define key issues, and disclose them in the report.

CR Micro's substantive issue identification and assessment process



1	Environmental management system	8	Strengthen risk management	15	Provide high-quality products and services	22	Water pressure management
2	Help rural revitalization	9	Business ethics and anti-corruption	16	Improve customer satisfaction	23	Clean technology opportunities
3	Conduct public welfare charity activities	10	Strategic cooperation mechanism and platform	17	Intelligent manufacturing and digitalization	24	Promote energy conservation and emission reduction
4	Energy management system	11	Industry development leadership	18	Technology R&D and innovation	25	Occupational health and safety
5	Protect ecological safety	12	Strengthen corporate party building	19	Controversial procurement management	26	Implement employee care activities
6	Improve corporate governance	13	Intellectual property protection	20	Create a responsible supply chain	27	Perfect compensation and benefits system
7	Compliant and legitimate operation	14	Information security and privacy protection	21	Cope with climate change	28	Smooth career development channel

## Responsibility and Capacity

The company continues to promote responsibility assumption and capacity building to provide strong support for the implementation of corporate social responsibility. The company organizes the functional departments of the headquarters, the responsible departments of subsidiaries, and the EHS departments to conduct special propaganda and education and awareness training activities on ESG concepts, key issues, and risk management, aiming to improve the comprehensive quality and ability of employees that conduct social responsibility activities. Additionally, the company organizes and encourages workers to participate in internal and external social responsibility exchange activities and find shortcomings by benchmarking good practices in responsibility management within China Resources Group and other outstanding companies.

In 2023, on the basis of the establishment of the "Strategic and Sustainable Development Committee", the company further comprehensively upgraded its top-level construction. By working with subordinate units, sticking to the principle of "from existence to excellence", and optimizing and integrating the sustainability report preparation mechanism, the company mobilized various subordinate business groups to explore excellent materials and deeply involve in the preparation of company reports. Also, business groups made sustainable development reports independently to show their highlights and responsibilities. This is an initial move and a good start to promote the integration of corporate responsibilities and boost the quality and efficiency of sustainable development activities.

### Preparation of 2023 Annual Sustainable Development Report of CR Micro

1 report at the corporate level

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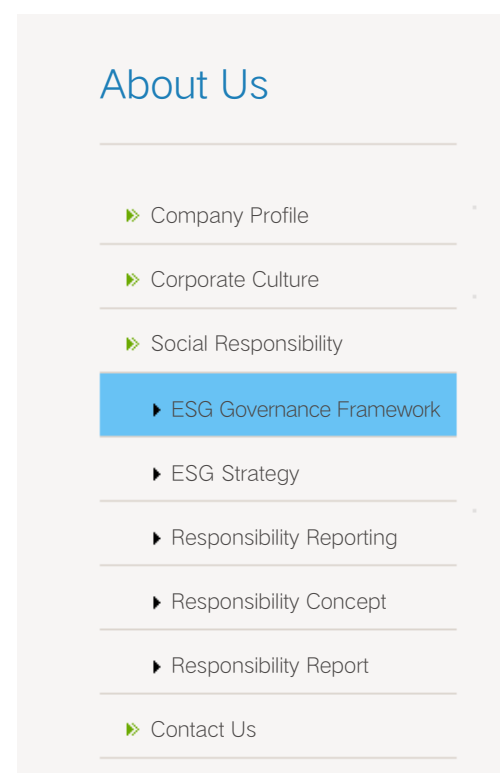
4 independent reports for each business group

- > Sustainable Development Report of CR Micro (to be publicly released)
- > Sustainable Development Report of the FBG, CR Micro
- > Sustainable Development Report of the ATBG, CR Micro
- > Sustainable Development Report of the PDBG, CR Micro
- > Sustainable Development Report of the ICBG, CR Micro

## Strengthen Responsibility Communication

By establishing diversified communication mechanisms and channels, the company, on the basis of its actual business operations, disseminates the company's responsibility concept and responsibility performance dynamics and enhances stakeholders' understanding of and support of the company. We set up a "Social Responsibilities" sector on our official website and promptly disclose the company's ESG-related information or up-to-date events information on our official WeChat platform and mainstream media websites to enhance stakeholders' understanding of and support to the company.

The social responsibilities sector on the company's official website



In 2023, we continued to improve our diversified internal and external communication platforms, maintain an open mind, conduct in-depth research on issues of concern to the government, investors, customers, employees, partners, communities, environmental agencies, and other stakeholders, listen to their expectations and appeals, and incorporate relevant opinions into the company's decision-making process and transform them into corporate social responsibility action goals and plans.

## Stakeholders' appeals and CR Micro's response

Stakeholders	Topics of concern	Communication methods and practices
Government and regulatory agencies	Complying with laws and regulations Paying taxes in accordance with the law. Supporting local development	Conducting business with integrity and compliance Diligently paying taxes in accordance with the law Responding to major government policies
Shareholders and investors	Improving corporate governance Protecting interests and rights of investors Ensuring fair access to information	Improving governance structure Standardizing the operation of three meetings Ensuring a compliant disclosure of information
Customers	Meeting diverse needs Ensuring product quality Providing excellent services Enhancing customer satisfaction	Promoting innovative research and development Enhancing quality management Ensuring service quality Safeguarding a timely response and resolution of customer demands
Suppliers and industry	Supply chain management Adhering to business ethics Integrity and mutual benefit Promoting industry development	Establishing sound supplier management mechanisms Engaging in transparent procurement Promoting win-win partnerships Participating in industry exchanges and collaborations
Employees	Protecting employee rights and interests Supporting employee growth Ensuring health and safety Balancing work and life	Optimizing labor management Improving career development system Concerning for occupational health and safety of employees Enriching employee activities
Community	Actively engaging with the community Participating in volunteer activities Assisting disadvantaged groups	Implementing public welfare projects Promoting rural revitalization Establishing volunteer service teams
Environment	Environmental management Water resource utilization Low-carbon and energy-saving initiatives Ecological conservation	Environmental monitoring Practicing energy conservation and emissions reduction Promoting green and low-carbon development Advancing resource conservation



# New Journey

## Gather our Hearts and Minds to Draw a New Chapter

CR Micro adheres to the organic integration of party leadership and corporate governance, continuously improves internal governance, clarifies the boundaries of governance subject rights and responsibilities, carries out system construction and supervision of risk management, enhances the level of corporate governance operation, and activates the intrinsic driving force for high-quality development.

### Our Actions:

- Regulate Corporate Governance Activities
- Promote Risk Compliance

### Relevant SDGs:



## Our Performance

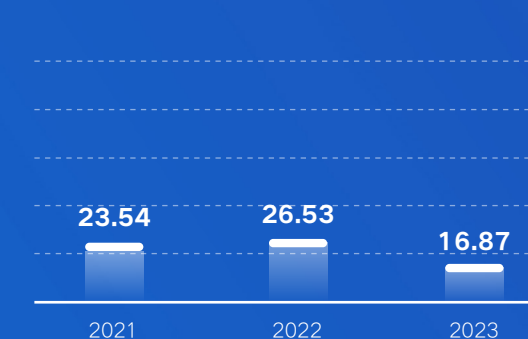
### Operating Income

Unit: RMB 100 million



### Total profit

Unit: RMB 100 million



### Net profit attributable to owners of the parent company

Unit: RMB 100 million



### Equity attributable to owners of the parent company

Unit: RMB 100 million





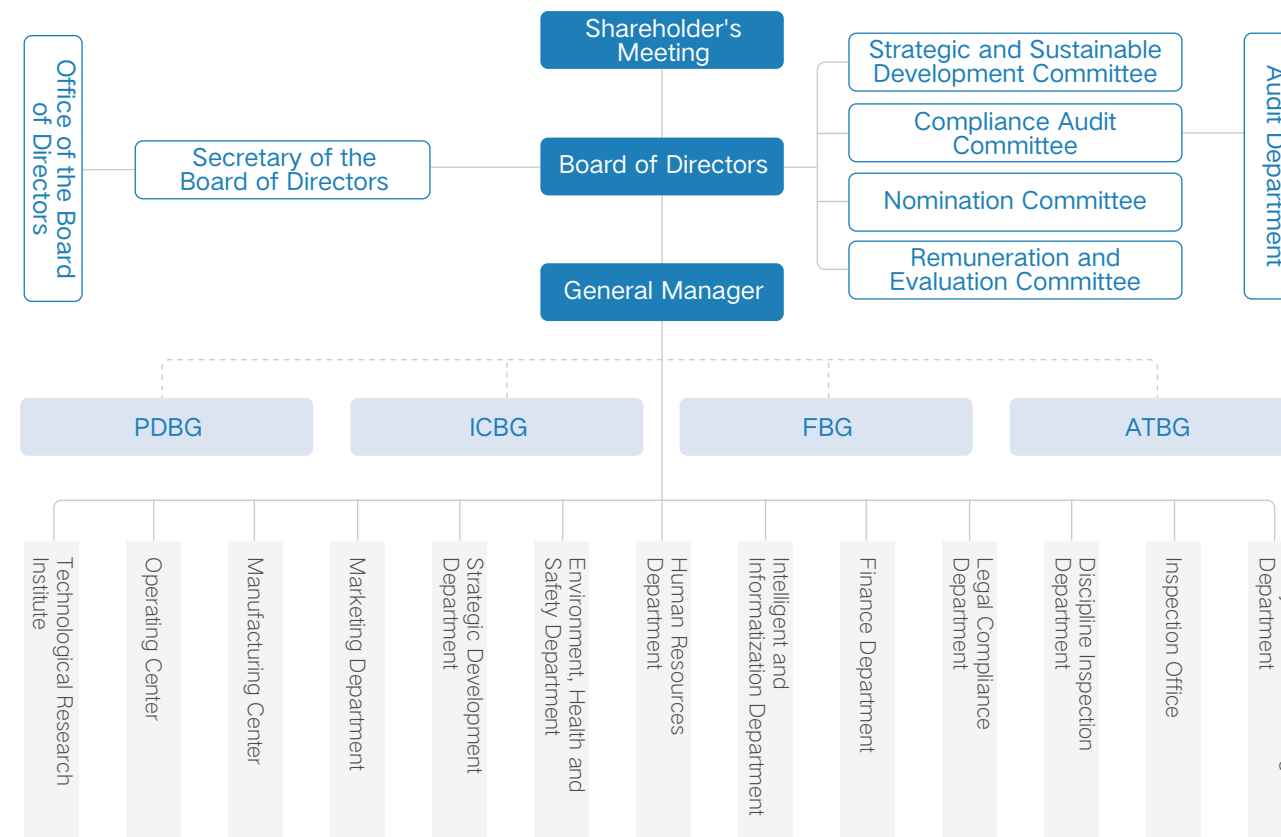
# Regulate Corporate Governance Activities

CR Micro continuously improves its corporate governance structure, strengthens the construction of the Board of Directors, attaches importance to information disclosure, aggregates strength to enhance management efficiency, and continuously promotes the modernization of the governance system and governance capabilities. We are determined and steady on the path of high-quality development.

## Improve Governance System

The Company continuously improves the legal governance structure and operational mechanisms composed of the Shareholder's Meeting, the Board of Directors, and the management of the Company. It operates a standardized system based on the three meetings by "the Shareholder's Meeting, the Board of Directors, the Special Committee of the Board of Directors", respectively, adhering to the governance principles of "statutory and transparent rights and responsibilities for coordinated operation and

effective checks and balances" in managing the three meetings. The Board of Directors of the Company has four special committees to provide consultation and advice for major decisions by the Board of Directors, ensuring the professionalism and efficiency of the Board's discussions and decisions. Independent directors and the secretary of the Board of Directors effectively enhance the fairness and reasonableness of decisions by the Board of Directors.





## Strengthen the Construction of the Board of Directors

The Company, in accordance with *the Company Law*, *the Guidelines on Corporate Governance for Listed Companies*, *the Articles of Association*, and other laws, regulations, and rules and systems, has formulated *the Implementation Plan for the Exercise of Authorities by the Board of Directors*. The Plan aims to optimize and improve the discussion processes

of the Board of Directors, establish mechanisms for the management to be accountable and report to the Board of Directors, standardize the positioning and exercise methods of the Board of Directors' rights and responsibilities, and enhance the efficiency and quality of decisions made by the Board of Directors.

### During the reporting period

- > **1** female director was added.
- > **11** Special Committee meetings, **7** Board of Directors meetings, and **3** Shareholders' meetings were held.
- > Three corporate governance systems were newly established, namely *the Management System for Information Disclosure Deferral and Exemption Affairs*, *the Evaluation Method for the Board of Directors of the Subsidiary*, *the Evaluation Method for Directors of the Subsidiary*. Additionally, four corporate governance systems, including *the 'Three Major and One Significant' Decision-making System of CR Micro* and *the Implementation Regulations of the Strategic Committee under the Board of Directors*, were revised and improved.

### Ensure Diversification of the Board of Directors

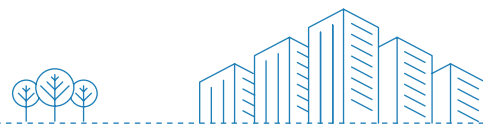
The Company adheres to the policy of diversification for the members of the Board of Directors and considers various factors, including but not limited to age, gender, educational background, professional experience, skills, and tenure when determining the composition of the members of the Board of Directors. The Company has a total of 12 directors, including one female director and four independent directors, to achieve the diversification of the members of the Board of Directors.

### Support the Performance of Duties by External Directors

In accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council regarding the standardization of support for the performance of duties by external directors in central enterprises, the Company has established *the Support Plan for the Performance of Duties by External Directors*. This includes organizing various types of training, exhibitions, and special meetings, providing support such as specialized information submission and pre-communication for major decision-making matters, and actively providing relevant materials needed for the performance of duties by directors to meet their decision-making demands. Additionally, director and executive liability insurance has been purchased to ensure the support for the performance of duties by directors.

### Ensure the Independence of the Board of Directors

In accordance with *the Opinions on the Reform of the Listed Company Independent Director System*, *the Measures for the Administration of Independent Directors of Listed Companies* and other relevant regulations, *the Working Rules for Independent Directors of China Resources Microelectronics Limited* has been revised. A dedicated meeting mechanism for independent directors has been established to strengthen their performance of duties and supporting guarantees, fully leveraging the role of independent directors.



## Enhance Information Disclosure

The quality of information disclosure is an important reflection of the quality of a listed company and a crucial basis for investors to understand reliable and key information about the Company. CR Micro has always adhered to the principle of "high standards and strict requirements" and attached great importance to information disclosure. Guided by investor demands, the Company actively improves the quality of information disclosure and standardizes the operating level, effectively safeguarding the legitimate rights and interests of investors.

### Ensure Compliant Information Disclosure and Safeguard Investors' Rights and Interests

In accordance with the relevant requirements of *the Companies Act of the Cayman Islands*, *the Securities Law*, and *the Administrative Measures for Information Disclosure of Listed Company*, the Company strictly fulfills its information disclosure obligations, ensuring compliant and efficient disclosure of corporate information to enhance the value transmission and transparency of information disclosure. During the reporting period, a total of 83 announcement documents covering corporate governance, intermediary agency reports, Shareholders' meeting, and other types were disclosed, with a total count of approximately 1.16 million words.

### Honors and Awards

- In May 2023, the Company was honored with the "Investor Relation Tianma Award" in the 14th Securities Times Investor Relations Awards.
- In October 2023, the Company received an A-level evaluation for information disclosure work in the 2022-2023 period from the Shanghai Stock Exchange and was recognized as a "Best Practice Case" in corporate governance by the China Association for Public Companies.
- In November 2023, the Company obtained the "Award for Information Disclosure Outstanding Companies" by the Wuxi Association for Public Companies.

## Strengthen Communication and Deepen Investor Relations

Adhering to the concept of two-way communication, the Company conducts investor relations maintenance work and carries out investor communication activities in accordance with *the Investor Relations Management System of China Resources Microelectronics Limited*. By establishing effective channels of communication with investors, the Company conveys the voice of the capital market internally and communicates the Company's value externally, maintaining good investor relations and helping establish a trustworthy market image for the Company.

### Enhance research capability and listen to the market

- > By establishing a mechanism for selecting and organizing weekly information on public relations and investor relations, the Company collects and compiles information such as investor feedback, weekly public opinion reports, and industry trends, providing references for internal management.
- > By establishing a weekly maintenance and information feedback mechanism, the Company guides and disseminates investor feedback, industry trends, and company operations, providing investors with deeper insights into the Company.

### Host investor open day to deepen market connections

- > For three consecutive years, the Company has proactively organized three Investor Open Days to expand the coverage of investor communication and foster positive interaction.
- > Combining with new product launches, the Company promotes its new technologies, products, and developments to investors, thereby boosting investor confidence.

### Conduct performance briefings to gain market trust

- > Following the quarterly/half-yearly/annual performance announcements, the Company organizes performance briefings and roadshows to showcase the Company's highlights.
- > By adopting a flexible approach combining online and offline methods, the Company expands communication channels through live streaming, video conferences, teleconferences, and collective performance briefings.
- > By employing innovative forms of value communication, the Company creates visual annual reports and dynamic video interpretations of annual performance to enhance communication effectiveness.

### Dream of a Blue Ocean for Chip, Pioneer the Future of Semiconductors



In December 2023, CR Micro held the 2023 Investor Open Day & New Product Launch. Themed "dreaming of a blue ocean for chip, pioneering the future of semiconductors", the event facilitated in-depth communication and exchanges between the management of the Company, product line leaders, investors, and analysts from across the country. They discussed CR Micro's operational highlights, overall strategic layout, development trends of the semiconductor industry, and the growth of the automotive electronic chip industry. The Company patiently and meticulously addressed market concerns and jointly outlined a new blueprint for its high-quality development.



#### During the reporting period

- > A total of **118** investor communications were conducted, with the participation of **1,200+** institutions and over **1,800** attendees.
- > Investors of the Company raised **86** questions to CR Micro on the "Shanghai Stock Exchange e-Interaction" platform, with a response rate of **100%**.

## Promote Risk Compliance

Relying on the Committee for Law-based Governance, Risk Control, and Compliance Management, CR Micro establishes and supervises the system of legal affairs, compliance, internal control, and risk management, thereby enhancing the Company's capacity for legal and compliant operation and significant risk prevention. Efforts are made to promote the construction of party conduct and clean governance and anti-corruption work, providing a strong political guarantee to address risk challenges and achieve healthy development.

### Compliance Management System

The Company has formulated the *Compliance Management System* and established a mechanism for communication and reporting on significant risks, facilitating two-way communication between the Legal Compliance Department and the Business Department, thereby improving management efficiency and avoiding significant risks for the Company. At the same time, the whole-process compliance management system, including compliance obligation identification, risk assessment, and response, is established with the Business Department as the main body, and coordinated and guided by the Legal Compliance Department.

### Internal Control Management

The Board of Directors, as the highest decision-making body for internal control system management, is held liable for establishing and implementing an effective internal control system. The Committee for Law-based Governance, Risk Control, and Compliance Management, as the leading body, is held liable for coordinating, organizing, and promoting the implementation of specific tasks. Each functional department is the responsible party for the construction and supervision of the internal control system, implementing relevant work on internal control and risk management according to its respective functions. The designated organizations of each subsidiary serve as the leading bodies for internal control and risk management, and the authority and responsibilities are delegated to the respective responsible departments and individuals, forming a well-led, clearly defined, process-oriented, and standardized management mechanism.

#### During the reporting period

- > The Company issued a total of **62** systems, including **17** new ones, revised **45** ones, and abolished **55** ones. These systems cover areas such as corporate governance, operations, legal affairs, compliance, human resources, research and development, and information management, effectively ensuring that all management work is well-founded and supported.
- > The coverage rate of economic responsibility audits and major project investment audits is **100%**, and the overall rectification of internal audit projects is at **100%**.

#### Construction of the internal control system

The *Internal Control Management System* has been formulated to establish a comprehensive and interconnected internal control management system. The *Regulations on the Management of Rules and Systems* has been revised to improve the mechanisms for the formulation, assessment, and improvement of the internal control system, covering areas such as corporate governance, operations, legal affairs, compliance, human resources, research and development, and information management, thereby promoting standardized management.

#### Internal control evaluation

Based on the fundamental elements of internal control and considering comprehensiveness, an annual internal control evaluation is conducted in key business areas. The evaluation aims to continuously optimize the internal control system through evaluation-driven improvements.

#### Internal control informatization construction

The risk management measures are incorporated into information systems, covering key business areas such as sales, assets, funds, and financial management. This transformation upgrades control from a "human-based" approach to a "technology-based" approach, enhancing the level of informatized control.



### Internal Audit

Continuously improve the leadership structure of internal audit under the direct leadership of the Party Committee and the Board of Directors, further clarify the matters to be reported by the Audit Department to the Company's Party Committee and the Board of Directors, and incorporate them into the manual of rights and responsibilities. Systems such as the *Internal Audit System of China Resources Microelectronics Limited*, the *Implementation Measures for Economic Responsibility Audit of China Resources Microelectronics Limited*, and the *Measures for the Implementation of*

*Accountability for Illegal Business Investment of China Resources Microelectronics Limited* were established and improved, further enhancing the audit system and providing strong guarantee for deepening internal audit.

Furthermore, quality control management and enhancement, exploration of combined inspection and audit models, and informatization of auditing are carried out in response to annual internal audit plans, summaries, major issues identified by internal audits, and the implementation of rectification measures.

#### Audit quality control management

Strengthen quality control management and enhancement, with the *Quality Control Measures for Audit Projects of China Resources Microelectronics Limited* being formulated. The evaluation indicators for audit projects are continuously improved, and indicators such as the amount of audit findings and transfer of leads are included as bonus items. Rectification measures are implemented for areas requiring improvement identified in audits and inspections by shareholders.

#### Exploration of combined inspection and audit models

The Audit Department collaborates with the Audit Project and Inspection Office to jointly carry out special inspection work, exploring a new model of "combined inspection and audit" to promote the organic integration of "economic examination" and "political examination", achieve timely communication and sharing of information, effectively reduce the burden at the grassroots level, and fully leverage the synergistic effect of "1+1<2" in resource utilization and "1+1 >2" in supervisory effectiveness".

#### Construction of the audit information system

Develop and launch the Audit Project Management System of CR Micro, enhancing functions such as issue identification, bookkeeping/write-off, rectification feedback, rectification verification, performance evaluation, process traceability, reminder notifications, and dynamic notifications. This effectively improves project management efficiency and promotes closed-loop management of audit rectification.

### Anti-monopoly and Anti-unfair Competition

Strictly adhere to relevant provisions of the *Anti-Monopoly Law* and the *Anti-Unfair Competition Law*, and improve the examination mechanism for anti-monopoly and anti-unfair competition in key areas and critical processes. Establish a compliance complaint platform, appoint dedicated personnel for management, and set up a dedicated email for compliance reports. Procedures for acceptance are defined to promptly identify and address illegal and non-compliant behaviors. During the reporting period, no complaints were received regarding violations of the *Anti-Monopoly Law* and the *Anti-Unfair Competition Law*.

### Total Risk Management

The Company continues to optimize and improve its comprehensive risk management system and operating norms. In accordance with the requirements of the State-owned Assets Supervision and Administration Commission and the Group, and based on its own circumstances, CR Micro constructs a comprehensive risk management system that is tailored to its characteristics.

#### Institutional mechanism

Provide work mechanisms and specific guidelines for comprehensive risk management through the formulation of the *Legal Risk Management System*, the *Classification Monitoring and Event Reporting Management Measures for Significant Operational Risks*, the *Risk Management Guidelines*, and other systems.

#### Work mechanism

Establish a management model of "pre-event risk identification and response - during-event risk monitoring and early warning - post-event risk reporting and disposal" and sets up a long-term mechanism for early detection, early warning, and early disposal.

#### Meeting mechanism

The Committee for Law-based Governance, Risk Control, and Compliance Management holds periodic meetings to study and address key and difficult issues. The Legal Compliance Department organizes periodic activities to implement daily or special risk management work.

### Risk And Identification

In 2023, the Company organized functional departments and business groups to conduct top-down risk assessments. Key risk indicators were monitored in real-time, and risk assessment procedures were followed. The top ten risks of the year were selected to prevent the spread and accumulation of significant risks.

#### Top Ten Risks of CR Micro in 2023

Operating efficiency risk, macroeconomic and policy risk, human resources risk, market risk, health, safety, and environmental risk, procurement and supply chain management risk, product risk, innovation risk, engineering project management risk and marketing risk.

The ICBG establishes a Risk and Opportunity Assessment Committee and holds regular meetings for risk and opportunity assessment management.



#### Risk prevention and control mechanism

- > Optimize the risk classification monitoring indicator system, set up risk quantification monitoring indicators that highlight the characteristics of the semiconductor industry and the Company, strengthen quarterly monitoring of major operational risks, and enhance the application of monitoring results.
- > Focus on key areas of risk, carry out special governance for risks, increase prevention and control efforts, and ensure clear visibility and effective management of risks in key business areas.

#### Risk capacity building

- > Enhance risk management discussions, optimize the risk assessment mechanism, and explore issues, challenges, and solutions in risk management.
- > Conduct risk management promotion and training to ensure that business personnel have a comprehensive understanding of laws, regulations, and management requirements, and enhance their risk management awareness.

Conduct contract management training



Facilitate risk compliance exchanges



### Risk management and response

Closely monitor significant risk changes and, based on the analysis of significant risks in 2023, develop targeted risk response measures. Continuously track changes in the level of significant risks and risk trends, and ensure effective implementation of significant risk control measures.

## Anti-corruption and Integrity Building

The Company is deeply committed to implementing the Party's strategy of self-revolution and the comprehensive strict governance of the Party. Guided by the spirit of the 20th CPC National Congress, we are earnestly promoting the construction of Party conduct and integrity, as well as anti-corruption efforts. We continuously rectify discipline and punish corruption to create a clean and upright political environment.

### Conduct Supervision and Inspections

Centered on the overall situation and serving the greater good, we comprehensively implement the work deployment of the Party Committee of China Resources Group regarding Party conduct, integrity, and anti-corruption. We clarify task assignments and promote concrete and regular political supervision. To address systemic and industry-specific violations and illegal activities, with a focus on rectifying issues such as "relying on one enterprise to sustain another" and implementing the spirit of the eight central regulations, we aim to enhance daily supervision in a thorough and meticulous manner. For major scientific and technological projects, we develop supervision plans and implement precise oversight through methods such as supervision and research, daily education, and disciplinary recommendations. This provides strong support for project development.

### Supervision Throughout Key Projects

Pre-event

#### Develop a supervision work plan

Implement over **20** measures in terms of political supervision, daily oversight, and integrity education. Education, supervision, and accountability are integrated throughout the entire project.

During-event

#### Conduct supervision and research and ensure effective daily education

Assign one disciplinary inspector to be stationed in the project team, attending **73** progress meetings and procurement committee meetings

Carry out **1** special supervision inspection on administrative expenses, conduct **1** investigation on business operations and enterprise management, supervise **1** time in the field of bidding and procurement, and conduct **1** project progress survey

Conduct integrity education in batches, covering **9** sessions and reaching **257** individuals

Post-event

#### Provide recommendations and improve regulations and systems

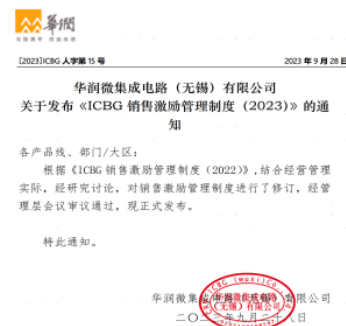
Issue disciplinary inspection suggestions, offering **10** work recommendations and optimizing and revising **8** systems

### Deepen reform through case studies

Maintain a high-pressure environment against corruption and uphold strict discipline. Intensify efforts to investigate and handle cases in key areas and critical stages. Utilize the joint case handling mechanism of "office, group, and local" to enhance cooperation and communication with local supervisory commissions and public security agencies. Adhere to case-led approaches, thoroughly analyze the causes of cases, promote the establishment of regulations, plug risk loopholes, and strengthen both symptomatic and fundamental measures.

#### Enhance sales incentive systems

Urge the implementation of suggestions from the People's Procuratorate of Xinwu District, promote the improvement of one sales incentive system, plug risk loopholes and strengthen both symptomatic and fundamental measures.



#### Conduct in-depth research in the sales field

Hold 2 briefings, present 2 special reports, submit 4 self-assessment reports, present 1 case analysis report, conduct 12 interviews, and compile 1 research report.



### Create an Atmosphere of Integrity

Produce an educational video for warning titled *Upholding Discipline and Strict Integrity* to raise awareness. Convene an education conference for warning to share exemplary cases, educate individuals through relatable incidents, resonate with the education recipients, and achieve a comprehensive effect of punishment, deterrence, and vigilance. Enhance daily education management for investment and acquisition enterprises. Conduct integrity lectures at the grassroots level and continue to extend the strict governance of the Party to the grassroots.

Produce an educational video for warning.



Convene an education conference for warning



### Broaden the Channels of Publicity

#### Establish a dedicated column for publicity

Leverage the internal network's "Disciplinary Inspection" column as the main platform for publicity. Take the initiative to voice positive guidance and consistently publish articles that reflect the understanding and practice of disciplinary inspection. A total of 27 information articles were released in 2023.



#### Compile promotional handbooks

Create an organizational atmosphere of integrity and purity. Continuously enhance the "Integrity CR Micro" brand. Compile and distribute 480 copies of the promotional handbook titled *Start by Changing Your Habits*, covering 11 units.



#### Pre-holiday integrity reminder

Create an atmosphere of integrity and purity during the holidays. Pay close attention to important time points and display pre-holiday integrity reminder pop-ups to all staff members. Produce one electronic book on integrity and issue four notices on maintaining integrity during the holidays.





# New Momentum

## Serve Customers to Share a Better Future

CR Micro dedicates itself to fulfilling its primary responsibilities and core business activities. It regards technological innovation as the catalyst for its progress, bolstering its research and development capabilities. Furthermore, it places great emphasis on fortifying its quality management system, augmenting its proficiency and standards in quality management, and striving to deliver exceptional customer service. The objective is to establish a brand and corporate image that exemplifies top-notch products and outstanding services, thereby solidifying its competitive advancement.

### Our Actions:

Product innovation and R&D  
Enhancing the quality control  
Offering high-quality services

### Relevant SDGs:



## Our Performance:

### > Research and development innovation performance:

The research and development investment amounted to RMB **1.154** billion, representing a year-on-year growth of approximately **25.30%**.

The research and development intensity, measured as the percentage of research and development investment to operating income, was **11.66%**.

By the end of 2023, the Company had a total of **10,249** employees, with **4,179** being research and development technicians, accounting for **40.78%** of the total workforce.

### > Research and development innovation achievement:

CR Ansheng established the first IPM assembly platform based on DBC technology at CR Micro

The "Assembly and Test Key Technologies and Applications for Advanced Power Module" was included in the list of major scientific and technological achievements of central and state-owned enterprises.

### > Quality management performance in 2023:

The "Positive Award" of the Xinwu District Mayor's Quality Award was received for the first time.

Audits from **1,175** customers were successfully passed.

A total of **40** quality management audits were conducted by the Quality Management Department, identifying **714** aspects for improvement.

The *Automotive Quality Management Guide* and automotive rework standards were developed. To ensure the implementation of control measures, **16** relevant documents were updated, and system optimization was carried out.

### > Customer service performance in 2023:

Each business group of the Company conducted satisfaction surveys for **175** key customers. The FBG, the PDBG, and the ICBG all achieved comprehensive satisfaction scores of **92** or above (out of 100).

The customer complaint resolution rate reached **100%**.

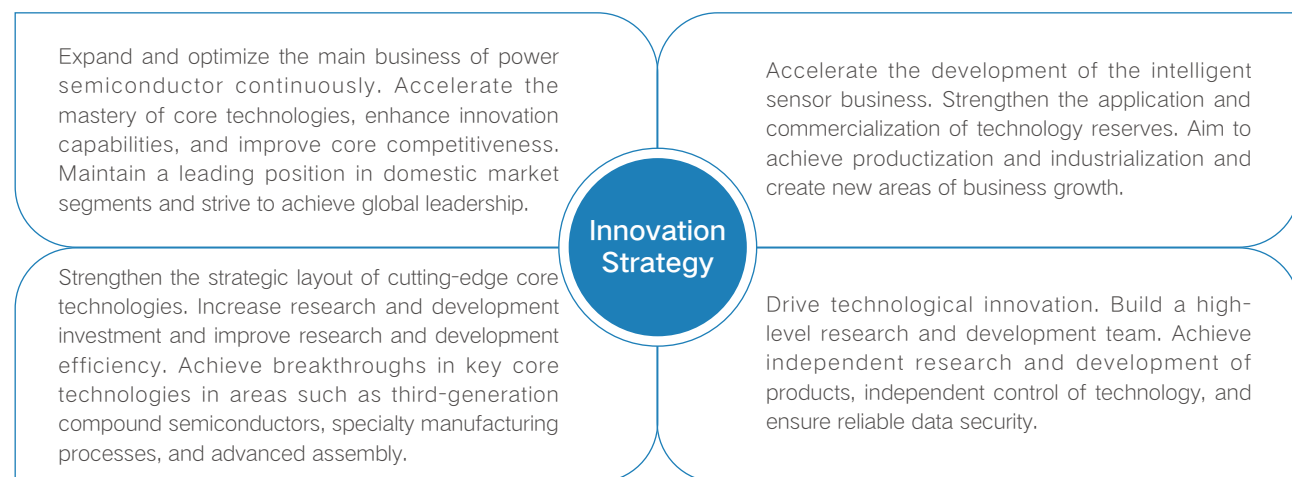
# Product innovation and R&D

Innovation serves as a powerful driving force for the progress of the Company, and continuous improvement in research and development capabilities is a key factor in maintaining long-term core competitiveness. CR Micro focuses on innovation-driven development, enhances the construction of innovation management systems, intensifies efforts in core technology breakthroughs, establishes a platform for technological innovation, strengthens the innovation awareness of all employees, and contributes to the high-quality development of the Company.

## Develop Innovation Strategy

The Company adheres to an innovation-driven approach, considering the enhancement of independent innovation capabilities as a primary task in innovation research and development management. It revises innovation systems such as the *Technology Achievement Reward Management*

*Process and the Evaluation Guidelines for the Performance of R&D Projects* in line with the Company's 14th Five-Year R&D Innovation Strategic Plan, establishing the Technological Innovation Hub of CR Micro.



## Improve the Innovation System

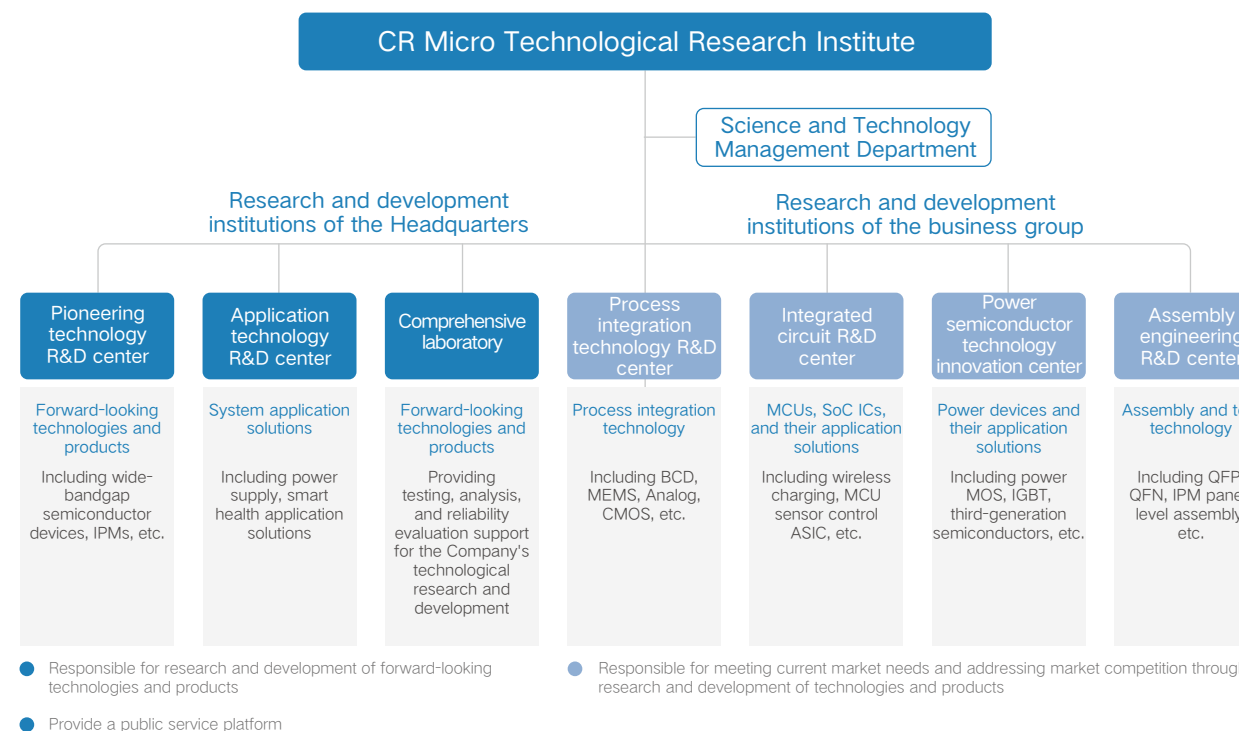
### Leadership of the Headquarters

The Company established CR Micro Technological Research Institute, responsible for the unified planning and management of major research and development projects. The Science and Technology Management Department is held liable for the organization, coordination, and management of daily research and development work. The Technological Research Institute is composed of two categories: Headquarters-level and business group-level, with a total of 7 research and development institutions responsible for different research fields and directions. The Technological Research Institute of the Headquarters focuses on the future technological development needs of 3-5, or even 10 years, conducting forward-looking research on the

microelectronics industry. The Technological R&D Centers of the Business Groups carry out technology research and development based on market demands for 1-3 years. Since its establishment, it has obtained 11 provincial and 10 municipal research and development institution qualifications.

In addition, the "CR Micro Science Association" was established to continuously strengthen technological leadership and build a source of original technology. In 2023, the organizational structure of the CR Micro Science Association was improved by supplementing members based on the existing members, providing strong support for the Company's technological innovation work.

Structure of the CR Micro Technological Research Institute



### 11 provincial-level research and development institution qualifications

- Chongqing Power Semiconductor Technology Innovation Center - granted by Chongqing Science and Technology Commission
- Chongqing Enterprise Technology Center - granted by Chongqing Economic and Information Commission
- Key Laboratory of Industrial and Information Technology in Chongqing for Power Device Reliability Testing - granted by Chongqing Economic and Information Commission
- Jiangsu High-Value Patent Cultivation Demonstration Center - granted by the Intellectual Property Office of Jiangsu Province
- Jiangsu Optoelectronics Engineering Technology Research Center - granted by Jiangsu Provincial Department of Science and Technology
- Jiangsu ASIC Design Engineering Technology Research Center - granted by Jiangsu Provincial Department of Science and Technology/Finance Department
- Jiangsu Enterprise Technology Center - granted by Jiangsu Economic and Information Commission
- Jiangsu Advanced Power Semiconductor Assembly Engineering Research Center - granted by Jiangsu Development and Reform Commission
- Jiangsu Power Semiconductor Assembly and Test Engineering Technology Research Center - granted by Jiangsu Provincial Department of Science and Technology
- Jiangsu Integrated Circuit Engineering Technology Research Center - granted by Jiangsu Provincial Department of Science and Technology
- Jiangsu Integrated Circuit Advanced Assembly Technology Innovation Consortium - granted by Jiangsu Provincial Department of Science and Technology

### Qualifications of 10 municipal-level research and development institutions

- Wuxi Enterprise Technology Center - granted by Wuxi Economic and Information Commission (4 qualifications)
- Wuxi Key Laboratory of Audio and Video Signal Processing - granted by Wuxi Science and Technology Bureau
- Wuxi Integrated Circuit Technology Research Institute - granted by Wuxi Science and Technology Bureau
- Wuxi New Power Integrated Circuit Technology Research Institute
- Advanced Assembly Engineering Technology Research Center - granted by Wuxi Science and Technology Bureau
- Dongguan Advanced Assembly Engineering Technology Research Center for Semiconductor Integrated Circuits - granted by Dongguan Science and Technology Bureau
- Wuxi Key Laboratory of Power Semiconductors - granted by Wuxi Science and Technology Bureau



### The 4th Technology Conference held by CR Micro for fulfilling ambition through research

In September 2023, CR Micro held the 4th Technology Conference with the theme "Creating Brilliance with CR Chips". Relevant responsible individuals presented the *Summary and Innovation Plan of CR Micro for Technology Innovation Work* and the *Report on the Growth and Development of Technology Talents in CR Micro*, providing a phased summary of the Company's technological innovation work over the past three years, discussing and planning future technological innovation work, and commending outstanding scientific and technological personnel and achievements for the year 2022, as well as significant scientific and technological achievements over the past three years.

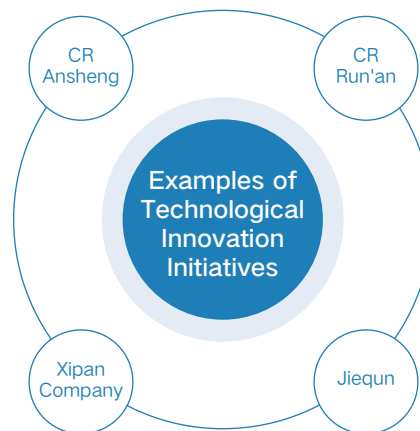


### Technological Foundation

The Company focuses on the field of power semiconductors, intelligent sensors, and key markets. With a focus on promoting the research and development of core products and technologies, the Company adopts an open and independent innovation approach, aiming to be "domestically leading and internationally advanced", by integrating

internal and external research and development innovation resources, increasing investment in technological research and development, nurturing advantageous technologies and product portfolios, narrowing the gap with the industry's advanced level, and enhancing the Company's core competitiveness.

The first IPM assembly platform based on DBC technology was established at CR Micro. Key process research and development were completed. A GaN module mass production assembly platform was established, and monthly shipments in the millions were achieved.



The power assembly and test base had 38 process platforms, with 100% connectivity for 8-inch and 12-inch wafers. Progress was made in advanced assembly techniques such as top-side heat dissipation for TOLT, the introduction of third-generation semiconductors SiC/GaN, and Trace to Die.

The Cu Clip assembly technology platform for power devices was established, as well as various automotive product technology platforms such as DSCPPAK Clip, SPPAK IC+MOS, TCPAK Clip, and TO263 ATV.

A system-level assembly technology platform for PSiP and an assembly technology platform for GaN power modules were established based on the advanced PLP process.

### Implementation of Achievements

Under the sound innovation management and research and development system, the Company has achieved numerous innovative results that are "domestically leading and internationally advanced", obtaining high-quality innovation outcomes accessible to the microelectronics industry in China.

CR Micro's Integrated "High-performance Low-temperature Rise Intelligent Power Module CS57XXXT" was honored with the "China Chip" Excellent Technology Innovation Product Award.



### Enhance efforts in technological breakthroughs to promote the transformation of scientific and technological achievements

Power modules are key components of power converters and inverters, with high industry concentration and significant head effects, heavily reliant on imports. To avoid the "bottleneck" issue and achieve domestic substitution, CR Micro has independently conducted research and development on the structural design simulation, key materials, and key assembly technologies of high-performance, highly integrated, and highly reliable power modules. Focusing on products such as IPM intelligent power modules, Copper Clip advanced process modules, and third-generation semiconductor modules, the Company has studied key assembly technologies, carried out the design, trial production, test, and verification of industrial control-grade and automotive-grade power modules, mastered the key assembly and test technologies of power modules, and established industrial production capabilities. A total of 20 authorized patents have been obtained, filling the technological gap in the domestic high-end power module assembly field, achieving technological independence and control, and reaching an internationally leading level.

In November 2023, the "Assembly and Test Key Technologies and Applications for Advanced Power Module" was included in the list of major scientific and technological achievements of central and state-owned enterprises.

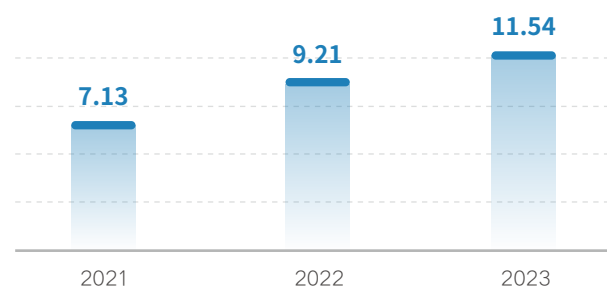


## Increase Investment in Research and Development

The Company continues to increase investment in research and development to ensure the continuity of innovative research and development. During the reporting period, in accordance with the overall planning requirements for promoting technological innovation during the "14th Five-Year Plan" period and the *Guiding Opinions on Preparing the R&D Budget for 2023*, R&D funds of RMB 1.154 billion were invested.

### R&D funds

Unit: RMB 100 million



## Incentives for Innovation Talents

The cultivation of scientific and technological talents is carried out, and efforts are intensified in innovation incentives. Activities are organized to select outstanding scientific and technological workers, and technological innovation is encouraged. An innovative culture is nurtured, and the innovative drive of researchers is stimulated. At the same time, the innovative vitality of female scientific and technological workers is given importance. Support and encouragement are provided for them to undertake major company-level R&D projects, and the potential of female scientific and technological workers is tapped into.

Female scientific and technological workers share experiences at a technology conference



## Talent Incentive System

The top-level design of the R&D innovation system is improved, and regulations such as the *Methods for Rewarding Technological Achievements* and the *Contribution Award for Technological Development Projects* are introduced to ensure the smooth progress of R&D innovation work. A fault-tolerant mechanism for technological innovation is introduced, specifying exempted behaviors during the technological innovation process and eliminating responsibilities and obligations that should not be borne by scientific and technological personnel.

## Incentive system for excellence

The evaluation and assessment of research and development projects are implemented based on project milestones, and a mechanism for rewarding research and development achievements and sharing development benefits after mass production is established. This encourages researchers to actively seek and make good use of external scientific and technological innovation resources.

## Establish an award recognition platform

Awards are set up for outstanding scientific and technological achievements, collaborative innovation, and excellent patents, forming a classified and graded patent reward mechanism.

## Illuminate brilliance and contribute the "female" strength of technological innovation

The application market for wide-bandgap semiconductor products is rapidly expanding, experiencing high growth in areas such as automotive electronics, green energy, 5G communications, and military applications. Zhang Xiaorong is a female scientific and technological worker in the Company. She has participated as a key member and successfully completed major research and development projects on "Design and Process Technology Development of Gallium Nitride Power Devices on Silicon Substrates" and "Enhanced Gallium Nitride Power Device Development on Silicon Substrates", establishing a research and production platform for gallium nitride devices. Thanks to the experience gained from the gallium nitride project, her abilities in project research and development as well as management have greatly improved. In 2023, she undertook the Company's forward-looking research and development project "Development of Gallium Oxide SBD Devices" and, as the project's principal, led a team to initiate the development of wide-bandgap semiconductor power devices.

## Talent Team Development

- > As of the end of the reporting period, the Company had a total of **4,179** research and development technical personnel.
- > Programs such as integrated circuit engineering workshops have been consistently implemented. By the end of 2023, **81** individuals with master's degrees (77 with equivalent qualifications) and **7** doctoral candidates (currently enrolled) had been nurtured.
- > A technical sharing platform has been established, and by the end of 2023, **32** sessions of expert lectures had been conducted.

## Deepen the industry-university-research collaboration

The Company focuses on its core business and continues to deepen cooperation and interaction with domestic universities. Through initiatives such as joint laboratory construction, collaborative training programs between universities and enterprises, promoting targeted internships and practical training partnerships with universities, implementing joint master's and doctoral degree programs, and establishing postdoctoral workstations, we are promoting comprehensive collaboration among industry, academia, and research institutes. This accelerates the independent development of outstanding talents in scientific research and engineering, providing talent support for tackling key core technologies in integrated circuits.

Through the Expert Forum and Business Group Engineer Forum of the Headquarters, we foster collaboration and facilitate internal sharing and exchange of scientific and technological talent across departments and units. This creates a technical sharing platform and cultivates a favorable internal scientific and technological atmosphere. The Expert Forum of the Headquarters has conducted 25 sessions (featuring lectures by industry experts, professors from universities, and internal experts), while the Engineer Forum (focused on internal technical and product sharing) has conducted 32 sessions in the PDBG, the FBG, and the ICBG. Additionally, the ATBG has organized three technical seminars to facilitate both internal and external communication, broaden the perspectives of technical personnel of the company, and inspire innovative thinking.

## Consistently implement programs such as integrated circuit engineering workshops

A pathway for the educational advancement of our scientific and technological talent is being established. This includes initiatives such as the National Master's and Ph.D. Pilot Program, Integrated Circuit Engineering Workshops, and Educational Assistance Programs, providing a comprehensive pathway for individuals to progress from high school education, college education, graduate education, postgraduate education to doctoral education. Among these initiatives, the National Master's and Ph.D. Pilot Program and Integrated Circuit Engineering Workshops are deep-rooted collaborative projects between the Company and universities. Currently, we have nurtured 81 individuals with master's degrees (77 with equivalent qualifications) and 7 doctoral candidates (currently enrolled).

From June 8 to 9, 2023, CR Micro held the "Integrated Circuit Engineering Workshops Phase II" ice-breaking and integration team-building activity, along with the opening ceremony. The workshop program contributes to enhancing employees' overall capabilities and job performance, effectively assisting the Company in building a well-structured, highly skilled, and energetic team with a sufficient number of scientific and technological talent. This lays a solid talent foundation for the Company's high-quality development.





# Enhancing the quality control

CR Micro adheres to the quality policy of "customer orientation, prevention-oriented, green and environmentally friendly, and continuous improvement", fostering a quality culture of "customer satisfaction, quality supremacy, and full employee participation". We continuously enhance the construction of our quality management system and comprehensively improve the Company's quality management capabilities and standards.

## Quality Management Systems

The Company always upholds the spirit of craftsmanship, prioritizing quality and emphasizing meticulous quality management. We adhere to the principles of high standards, systematic management, and integrated development, incorporating factors such as information security, environment, health and safety, energy, and environmental materials into the scope of quality management. We have established a quality management system in accordance with ISO9001, IATF16949, and QC080000 standards. Simultaneously, we pay full attention to and implement regulations such as the RoHS directive and REACH regulations, as well as customer requirements related to environmental materials. Throughout the entire product production process, from procurement to manufacturing and warehousing, we establish a comprehensive environmental material management system.

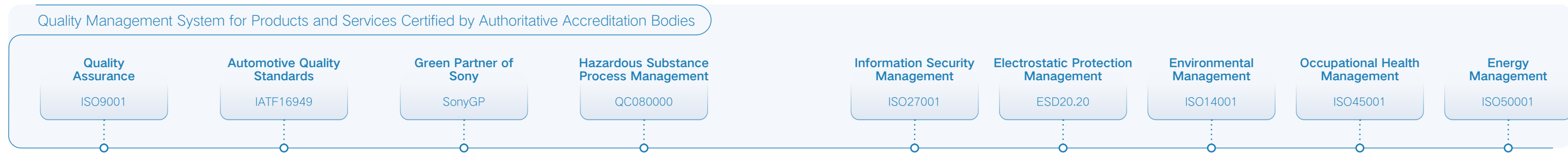
In 2023, we continued to promote the integration of quality management and the upgrade of vehicle regulation quality management. The Quality Management Department initiated eight projects in integrated quality management, meeting the Company's needs for high-quality, high-standard, and efficient development, and maximizing value.

## External Recognition

We are committed to providing high-quality products and services, earning recognition from our customers. Every year, we seek third-party organizations to conduct audits and testing of our quality management capabilities and products, receiving numerous certifications from authoritative institutions. In 2023, the Company successfully passed audits from 1,175 customers, including Siemens, FinDreams Powertrain, Goway, CATL, Schneider Electric, Omron, Midea, Haier, and others.

In addition, based on the existing platform, the Company has established a process for evaluating the introduction of automotive industry products, achieving systematic evaluation capabilities for automotive projects. Based on the *Automotive Quality Management Guide* formulated by the Quality Management Department and the requirements of multiple automotive customers, specific rework standards for the automotive industry have been developed. To ensure the implementation of control measures, 16 documents have been updated, and several supporting systems have been optimized, such as the customer downgrading system, Hold system, MES system, etc. This elevates the standards of automotive system management and enhances the automation characteristics of automotive product circulation control, making it more efficient and secure. After a duration of 5 months, the first automotive industry product fully compliant with automotive regulations was successfully launched and circulated.

Key customers of CR Micro



Three projects of CR Micro received the "Improvement Level" achievement award by the national QC team



The "Positive Award" of the New Wuxi District Mayor's Quality Award received



## Internal Audit

To ensure the implementation and efficient operation of the Company's quality management system, the Quality Management Department organizes internal audits on topics such as "Quality Management System", "VDA6.3",

"Information Security", "Environmental Materials", and other specific areas. In response to the issues identified during the audits, responsible departments are required to generalize and implement closed-loop rectification.

**During the reporting period**

- > A total of **40** quality management audits were conducted by the Quality Management Department, identifying **714** aspects for improvement;
- > A cumulative total of **849** online inspections were performed, covering **197,901** items, and **2,428** issues were identified, resulting in a detection rate of **1.22**%;
- > A cumulative total of **12** audits were performed during the manufacturing process, covering **20,430** items, and **17** audits were performed for products, covering **166** items.



### Conduct Specialized Training

The potential of internal and external resources is fully tapped into to create a series of quality tools and lean-themed courses. Quality knowledge is promoted and learned through diverse means, and lean experiences are shared within the Company to promote lean concepts and enhance job skills. In

2023, the Company organized specialized training sessions on 6sigma, VDA6.3, IATF6949, and automotive quality management, greatly enhancing employees' understanding of automotive system standards and quality management tools.

Training on quality tools and lean-themed courses



### Strengthen Quality Control Awareness

The Company attaches great importance to the construction of a quality culture. Centered around the theme of National Quality Month, we organize a series of quality activities under the banner of "Quality Gathers Brilliance, Galloping towards the Future." These activities include a knowledge competition on quality management, the Quality Champion Championship, evaluation of outstanding quality teams, and

employee skill competitions. Through mediums such as display boards, official WeChat account, banners, and bulletin boards, we comprehensively promote National Quality Month, creating an atmosphere of in-depth learning and application of comprehensive quality management knowledge to enhance the overall quality awareness of all employees.

Promote National Quality Month activities through display boards



Conduct the "Employee Skills Campaign" event



Award ceremony for the "Quality Champion Championship"

Organize employee skill competitions





# Offering high-quality services

CR Micro adheres to the vision of "becoming the global leading product and solution supplier of power semiconductor and intelligent sensor". We achieve this by providing high-quality products and services, continuously improving our after-sales service and information security management system, safeguarding customer rights and interests, and constantly creating greater value for our customers.

## Optimize the Service System

High-quality customer service is the foundation for establishing and maintaining trusted customer relationships at CR Micro. The Company always upholds the principle of customer supremacy and has established a customer service system consisting of sales service teams, quality service teams, technical service teams, and IT systems. This system

aims to improve service efficiency and customer experience. At the same time, we continuously improve and optimize the customer relationship management system, promptly and efficiently respond to customer demands and feedback, and provide customers with comprehensive, three-dimensional, efficient, and prompt high-quality services.

Enable customers to have comprehensive access to information and status on current yield, online process capability, on-time delivery rate, complaint progress, and engineering development progress in a one-stop manner.

Providing exclusive services

Popularize product knowledge

Proactively assist in problem-solving

Enrich communication channels

Enhance service capabilities

Hold regular and irregular customer quality joint problem-solving meetings to help customers address urgent issues encountered in the production process.

Through a professional training system, provide employees with training in communication skills, product technical information, engineering analysis, and solution-oriented approaches to continuously enhance the professional capabilities of customer service representatives.

Combine product characteristics with customer needs, and conduct more precise product knowledge popularization activities through industry conferences, exhibitions, and other channels.

Utilize the official company website, official WeChat account platform, email, electronic E-Service system, and telephone services to establish compliant and systematic processes for timely understanding of customer-specific needs and targeted resolutions to customer issues.

# Safeguard Customer Rights and Interests

The Company attaches great importance to the protection of customer rights and interests, considering it an effective approach to improving product quality and better meeting customer needs. We further enhance user services, promptly respond to customer complaints, establish smooth communication channels, timely and properly address customer concerns, implement responsible marketing, and increase customer satisfaction and market reputation.

## Expand Communication Channels

Website service portal, customer service hotline, email, electronic E-Service system, etc. of the Company



Service teams receive visits, proactively visit customers, organize regular engineering quality discussions, and hold irregular customer quality joint problem-solving meetings.

In response to customer feedback, we promptly verify and confirm on site, engage in discussions with the customer's technical team, assist in identifying potential abnormalities in the production line, and develop investigation plans and improvement strategies to enhance customer satisfaction and recognition.



# Properly Resolve Complaints

## Rapid response

We implement a 24-hour customer complaint response mechanism. By leveraging advanced failure analysis equipment and a comprehensive IT system, we conduct precise analysis of customer failure samples, determine failure mechanisms, and implement systematic improvement and tracking.

## Root cause resolution

For issues identified in customer complaints, we employ quality tools such as "the 8D problem-solving method", "5W2H", "fishbone diagram", and "5MIE" to identify the root causes, extrapolate findings, improve products and services, and prevent the recurrence of similar problems.

## Closed-loop management

Professional personnel systematically track and improve failure mechanisms, ensuring a closed-loop management approach where every customer complaint receives a response and is followed up on.

## Implement Responsible Marketing

We strictly adhere to national laws and relevant policy regulations, provide truthful disclosure of product and service information, prohibit false or misleading advertising, and actively engage in responsible marketing by enriching potential risk warning channels, ensuring the full protection of customers' legitimate rights and interests.

### Specific practices by CR Micro of responsible marketing

- > Each product is accompanied by a product specification sheet that provides detailed information on product parameters and usage conditions.
- > In the "Products" sector of our official website, we synchronously update and upload product information and specifications.
- > Our service personnel provide technical knowledge and safety information covering sales, engineering, and quality aspects, and disseminate product knowledge and precautions to customers.
- > We publicly and regularly update service platform information, establish mechanisms for meetings with key customers, proactively visit customers, and report on the Company's new products, technologies, and process development.

## Product Recall and Withdrawal

To ensure product quality, the Company has established strict procedures for product quality inspection and recall. We have established a comprehensive product quality assessment and management system for handling defective products, customer complaints, product recalls, rework, and customer compensation. If any quality issues are identified, customers are promptly notified, and the recall process is initiated. Based on the severity of customer complaints regarding quality issues, we have developed an emergency customer complaint handling process and a bulk exception notification mechanism. We use various quality tools to quickly analyze the root causes of problems to ensure timely and effective resolution and handling of customer issues.

## Customer Satisfaction Evaluation

The Company attaches great importance to customer satisfaction. Guided by the customer-oriented philosophy of "winning satisfaction and trust through dedication", we conduct satisfaction evaluations and improvement efforts through individual scoring and open-ended questions. We listen to customers' voices and meet their needs from multiple dimensions. We respond promptly to issues raised in surveys and implement rectification measures to continuously improve customer satisfaction.

During the reporting period, each business group of the Company conducted satisfaction surveys for 175 key customers. The FBG, the PDBG, and the ICBG all achieved comprehensive satisfaction scores of 92 or above (out of 100).

### Conduct surveys

Gain a multidimensional understanding of customer satisfaction with company products and services, focusing on product quality, factory capabilities, technological research and development, customer service, and management systems.

### Report to senior management

Present survey analysis results to senior management and optimize improvements based on management guidance and recommendations.

### Targeted improvements

Analyze and address various demands raised by customers in the satisfaction surveys, formulating specialized improvement initiatives.

### Regular follow-up

Assign dedicated personnel to track improvement progress, conduct regular follow-ups with customers, report improvement measures and their effectiveness, and continuously enhance products and services.

## Ensure Information Security

### Network Security Management

We establish regulations such as the *Network Security Management Measures of China Resources Microelectronics Limited* and the *Personnel Network Security Management Specifications of China Resources Microelectronics Limited* to standardize network security management tasks. A network security and informatization leadership group is established as the highest decision-making body for network security management. A daily office is set up under the Intelligence and Informatization Department of the Company as the management organization for network security. Additionally, the heads of each unit are appointed as the first-line responsible persons for network security, with designated personnel responsible for network security reporting directly to them.

In addition, the Company conducts regular network security exercises and anti-phishing tests to continuously enhance network security protection capabilities. It organizes training and awareness activities on network security, effectively raising the overall awareness of network security protection among all employees.

### Data Security Management

With the objectives of "effective protection" and "standardized management", the *Data Management Measures of China Resources Microelectronics Limited (Trial)* and the *Data Security Management Specifications of China Resources Microelectronics Limited (Trial)* have been successively developed to continuously improve the construction of data security management systems. The Intelligent and Informatization Development Committee of the Company serves as the decision-making organization for data security work, while the Intelligence and Informatization Department acts as the leading management organization for data security, jointly promoting the uncompromised protection of sensitive data assets such as trade secrets and work secrets and ensuring normal business operations.

### Data Security Management Measures

#### Enhance protection technologies

Promote the comprehensive use of the Smart Chip Library System, office terminal data leakage prevention system, and terminal encryption for key personnel. Continuously enhance data security protection technologies for trade secrets systems, improve control measures from various aspects such as physical security, network security (regional and boundary protection), server and application security (identity authentication, permission management, security auditing, resource control, backup and recovery, etc.), terminal security, mobile media security, printing and recording security, and strengthen data leakage monitoring and early warning.

#### Strengthen confidentiality awareness

Emphasize the improvement of employees' awareness of confidentiality and network security, sign confidentiality and network security agreements, and conduct regular anti-phishing email tests and training. Enhance third-party personnel management by signing network security responsibility agreements and confidentiality agreements with third-party service units (and their personnel). Strengthen inspection and auditing, rectify and improve security risks.





# New Developments

## Create Sustainability Through Green Operations

The prosperity of civilization relies on the flourishing of ecology. CR Micro actively responds to the call for building a beautiful China, and consistently upholds the development concept that "Green water and lush mountains are as valuable as gold and silver". We have established a robust environmental management system, taking proactive measures to address climate change. We advocate and implement clean and low-carbon production to reduce the environmental impact caused by our operations. Our goal is to achieve the integration of economic, social, and environmental benefits.

### Relevant SDGs:



### Our Actions:

- Address Climate Change
- Practice Green Production
- Enhance Green Management

## Our Performance:

### > Energy consumption performance in 2023:

The comprehensive energy consumption per RMB 10,000 of output value (comparable price) stood at **0.0655** tons of standard coal, representing a decrease of **4.20%** compared to the same period last year (comparable price).

The comprehensive energy consumption per RMB 10,000 of added value (comparable price) stood at **0.1190** tons of standard coal, representing a decrease of **8.53%** compared to the same period last year (comparable price).

The water reuse rate of **92.34%**.

Green power program: We had planned to steadily increase the annual green power purchase. In 2024, we aim to purchase **10** million kWh of green power in the Wuxi region and **20** million kWh in the Chongqing region.

Green power efforts: We have steadily increased the annual green power purchase. In 2023, we purchased a total of **10.5** million kilowatt-hours of green power in the Wuxi region and **17.54** million kilowatt-hours in the Chongqing region.

Solar photovoltaic program: In 2023, our existing distributed photovoltaic systems generated a total of **2.077** million kilowatt-hours of electricity. We had planned multiple rooftop distributed photovoltaic systems under construction in various locations, with an expected additional installed capacity of **6.623**MWp by 2026.

### > CO<sub>2</sub> emission performance in 2023:

The CO<sub>2</sub> emissions per RMB 10,000 of output value (revenue) (comparable price) stood at **0.4237** tons, representing a decrease of **2.12%** compared to the same period last year (comparable price).

We have formulated and issued the *Carbon Emission Management Measures of China Resources Microelectronics Limited*. Each major affiliated energy-consuming unit has established leadership groups for carbon peaking and carbon neutrality as required.

### > Waste gas emission performance in 2023:

The emission of volatile organic compounds stood at **64.4259** tons, indicating a decrease of **20.28%** compared to the same period last year.

### > Hazardous waste disposal performance in 2023:

The compliance rate of hazardous waste disposal stood at **100%** for three consecutive years

All affiliated manufacturing enterprises have achieved a **100%** certification rate for ISO 14001 Environmental Management System, and wafer manufacturing enterprises have obtained ISO 50001 Energy Management System certification.

# Address Climate Change

Mitigating and adapting to climate change is one of the important challenges that humanity needs to address collectively. Enterprises play a crucial role in achieving the "dual carbon" goals and responding to climate change. CR Micro recognizes the significance of mitigating climate change for both the Company itself and the world. We actively respond to the national call, tackle the challenges and opportunities brought by climate change, enhance our resilience to climate change risks, and make a positive contribution to global climate change mitigation.

## Respond to "Dual Carbon" Goals

The Company actively responds to the national carbon peaking and carbon neutrality goals. We have formulated standard documents such as the *Carbon Peaking Action Plan of CR Micro*, the *2023 Carbon Peak ingWork Plan of CR Micro*, and the *Carbon Emission Management Measures of CR Micro*. We have also established a sound energy and carbon emission management system and clarified our energy and carbon emission management objectives and direction.

### Enhance Organizational Development

In accordance with the *Carbon Peaking Action Plan of CR Micro*, the Company has established the Strategic and Sustainable Development Committee to continuously improve the carbon emission management system, providing organizational support to enhance the Company's carbon emission management level. By the end of 2023, each major affiliated energy-consuming unit under the Company has established relevant leadership groups for carbon peaking and carbon neutrality, as required by CR Micro. Additionally, all subsidiary wafer manufacturing companies have obtained ISO 50001 Energy Management System certification.

### Clarify Management Priorities

The *Carbon Peaking Action Plan of CR Micro* clearly outlines the medium and long-term key tasks for energy and carbon emission management in the Company, continuously supporting the Company's transition to a green and low-carbon model and facilitating the comprehensive implementation of sustainable development strategies.

#### Key carbon peaking tasks of CR Micro

Promote energy conservation and carbon reduction actions throughout the entire manufacturing process, enhance carbon emission management capabilities, improve energy recycling and reuse capabilities, enhance resource conservation abilities, foster green and low-carbon actions among all employees, and foster collaborative projects for carbon neutrality and innovation

## Establish Management Objectives

The *Carbon Peaking Action Plan of CR Micro* clearly defines quantitative objectives for energy consumption and CO2 emission reduction for the years 2025 and 2030. These objectives are further detailed and broken down for the period from 2023 to 2025, ensuring the Company's high-quality and sustainable development.

### Overall goals for energy and carbon emission management

#### By 2025:

To reduce its comprehensive energy consumption per RMB 10,000 of output value by

**10** %  
compared to 2020

To reduce its comprehensive energy consumption per RMB 10,000 of added value by

**8** %  
compared to 2020

To reduce the CO<sub>2</sub> emissions per RMB 10,000 of output value by

**10** %  
compared to 2020

## Annual objectives for energy and carbon emission management

Indicators	Unit	Baseline in 2020	Target for 2023	Target for 2024	Target for 2025
			Decrease compared to 2020		
Comprehensive energy consumption per RMB 10,000 of output value (comparable price)	Tons of standard coal per RMB 10,000	0.0935	6%	8%	10%
Comprehensive energy consumption per RMB 10,000 of added value (comparable price)	Tons of standard coal per RMB 10,000	0.1811	4.8%	6.4%	8%
CO <sub>2</sub> emission intensity	Tons per RMB 10,000	0.6542	6%	8%	10%

## Achievement of energy and carbon emission management objectives

In 2023, the Company successfully achieved the energy and carbon emission management objectives. The comprehensive energy consumption per RMB 10,000 of output value, the comprehensive energy consumption per RMB 10,000 of added value, and the CO<sub>2</sub> emission intensity all decreased compared to the previous year, demonstrating significant achievements in emission reduction and carbon reduction.



Indicators	Unit	Baseline in 2020	Target for 2023	Actual performance in 2023		Achievement of objectives
			Decrease compared to 2020	Current value	Decrease compared to 2020	
Comprehensive energy consumption per RMB 10,000 of output value (comparable price)	Tons of standard coal per RMB 10,000	0.0935	6%	0.0655	29.95%	Completed
Comprehensive energy consumption per RMB 10,000 of added value (comparable price)	Tons of standard coal per RMB 10,000	0.1811	4.8%	0.1190	34.29%	Completed
CO <sub>2</sub> emission intensity	Tons per RMB 10,000	0.6542	6%	0.4237	35.23%	Completed

## Respond to the "dual carbon" goals and take multiple measures to address climate change

Chongqing CR Micro actively responds to the "dual carbon" goals and continuously improves its climate change response system. At the institutional level, the Company has established carbon emission reduction targets for the "14th Five-Year Plan" period and developed procedural documents such as the Management Procedures for Energy Conservation and Carbon Reduction and the Guidebook for Carbon Emission Accounting to manage carbon emissions. At the organizational level, a carbon emission management team and a working group have been established to effectively reduce the carbon emissions generated by the Company's operations through carbon emission management, verification, and greenhouse gas reduction efforts.

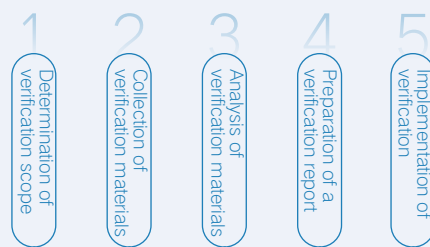


### Enhance Management Capabilities

Further efforts have been made to conduct specialized inspections and implement corrective actions for carbon management, hold carbon management seminars, organize training on carbon emission management focusing on the decomposition and assessment of “dual carbon” goals, carbon emission management boundaries, emission source identification, and carbon emission accounting methods to advance the Company's carbon management work. CR Shanghai and CR Ansheng continue to conduct ISO 14064 greenhouse gas verifications.

#### Carry out carbon inventories to facilitate the construction of “dual carbon” factories

Carbon inventories are foundational work for implementing “dual carbon” factories. They are essential processes for determining changes in greenhouse gas emissions before and after implementation and are necessary for the exchange of carbon rights in international carbon markets. In response to customer requirements, CR Ansheng has established a carbon verification team and has been fully engaged in “dual carbon” management for several years. Third-party audits are conducted in accordance with the ISO 14064 system specifications.



#### Carbon inventory process

Greenhouse gas verification statement by CR Ansheng



### Promote Clean Energy Deployment

With the accelerated adjustment of the global energy structure, promoting the use of clean energy has become an increasing focus for many enterprises. CR Micro actively seizes the opportunity of clean energy by accelerating the utilization of green power through three major channels: Self-generation and self-use of green power, development and acquisition of green power certificates for green power trading. It is committed to increasing the use proportion of clean energy and achieving carbon reduction and emission reduction in its own production and operation.

#### Increase the self-generation and self-use of photovoltaic energy

CR Shanghai, CR Ansheng, and CR Micro Integrated have installed distributed photovoltaic systems on factory rooftops and carports. In 2023, a total of 2,077,000 kilowatt-hours of electricity was generated, resulting in a cumulative reduction of 1,184.5 tons of CO<sub>2</sub> emissions.

#### Increase the use proportion of green power

In the Wuxi region, 10.5 million kWh of green energy were purchased from the power company in 2023, with a plan to purchase 10 million kWh in 2024. In the Chongqing region, a total of 17.5494 million kWh of green power was purchased in 2023, with a plan to purchase 20 million kWh in 2024.

#### Development and acquisition of green power certificates

To further improve the utilization rate of low-energy electrical equipment, enhance electrification, and reduce the use of fossil fuels, the development and acquisition of green power certificates will be pursued as appropriate.

In Chongqing Park, Chongqing CR Micro, Xipan Company, Runxi Micro, and CR Run'an have collectively implemented photovoltaic power generation, empowering green development.



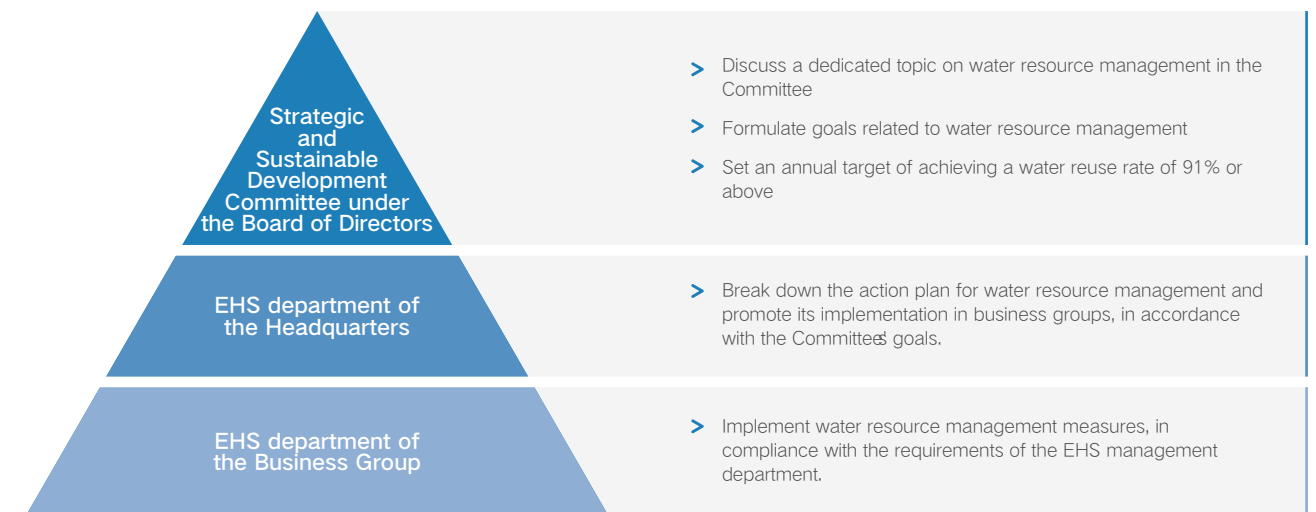
## Practice Green Production

CR Micro is committed to sustainable development by deeply engaging in green manufacturing, fostering environmental protection awareness, actively implementing energy conservation and emission reduction projects, advocating green and low-carbon lifestyles and work methods, and striving to achieve harmonious coexistence between humans and nature.

### Strengthen Water Resource Management

The Company considers water resource conservation as one of the key focuses of sustainable development. It attaches great importance to the supervision and implementation of water resource management strategies and performance. Under the leadership of the Board of Directors and the Strategic and Sustainable Development Committee, the EHS department and various business groups are specifically responsible for the implementation.

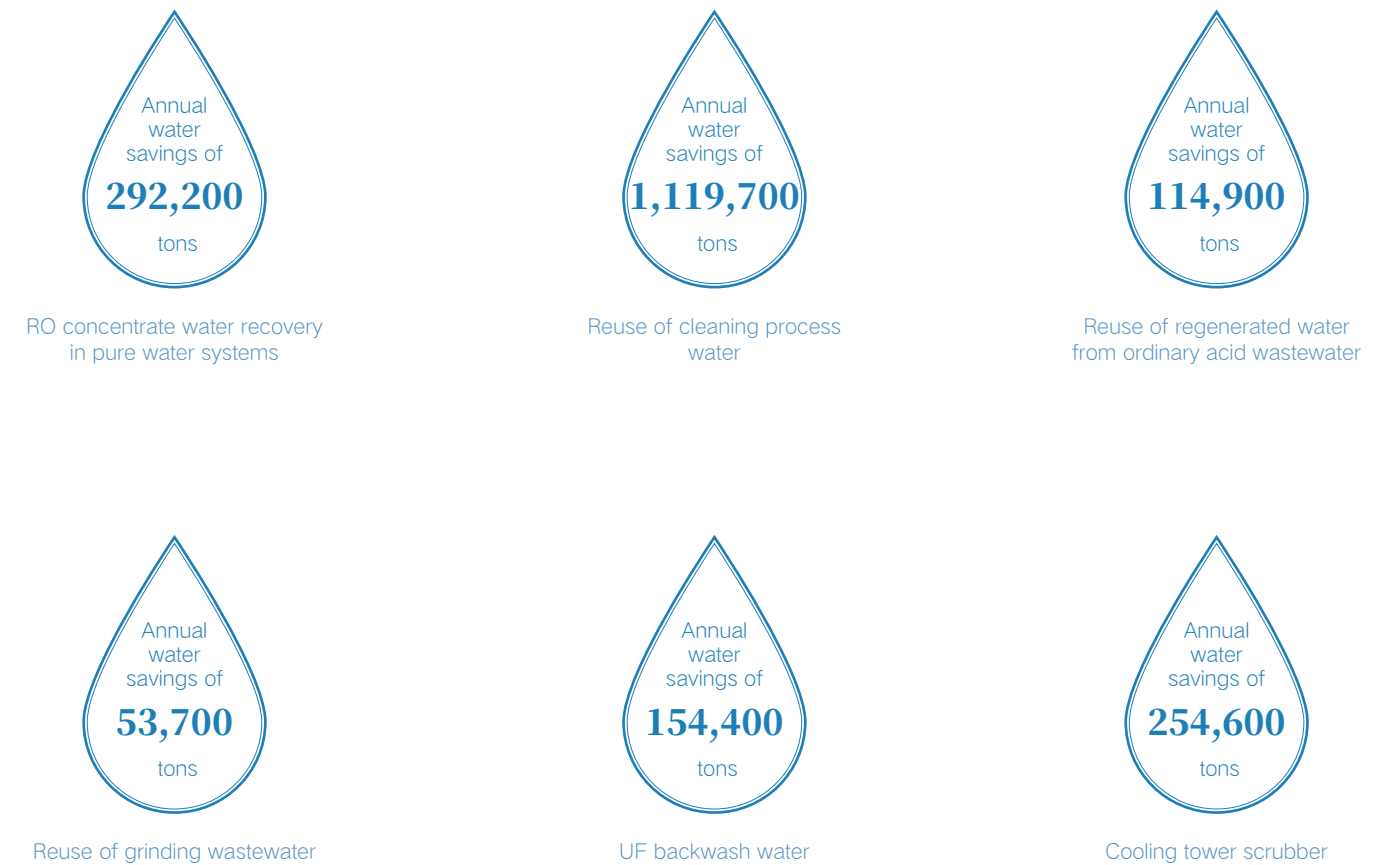
Simultaneously, strict monitoring and statistics of water consumption are conducted to optimize water resource allocation. Efforts are made to reduce water consumption and improve water resource utilization efficiency through process transformation, process optimization, and other methods, promoting green and sustainable development.



Water resource management initiatives of CR Micro in 2023

Category	Energy conservation technology transformation	Utilization of alternative water sources	Reuse of water resources
Initiatives	Water-saving transformation projects cover all production factories, reducing water consumption through measures such as process optimization, technological upgrades, and recycling.	We enhanced information exchange with the water supply department to promptly receive information on water supply network emergencies and planned water interruptions. We utilized underground reservoirs within the Company to store water for uninterrupted supply. In this way, we aimed to avoid supply disruptions caused by water interruptions.	Each business group has independently formulated the <i>Water-saving Management System</i> and the <i>Water-saving Management Control Procedure Program</i> , and compiled a list of water-saving projects. We enhanced the reuse rate of water resources through upgrades to water system equipment, collection and reuse of process water, and wastewater regeneration.
Performance	In 2023, the Company successfully completed 10 major water-saving projects.	In 2023, Chongqing CR Micro experienced 5 instances of water interruptions on the water supply pipeline in the factory area due to external construction issues, each lasting for 60 hours. However, the Company's reservoir effectively ensured normal production operation, resulting in no adverse impact.	In 2023, the Company achieved a reuse rate of water resources of 91.23%, an increase of 0.13% compared to 2022, resulting in a water savings of 2.0084 million tons.

Examples of water-saving measures in the Wuxi region



Identification of Water Resource Pressures

We continuously monitor the current status of water resources in our operational areas. Using external tools such as the Water Risk Atlas from the World Resources Institute (WRI) and the water risk screening conducted by the World Wildlife Fund (WWF), we identify the rationality of water usage in our production operations, potential impacts of water intake, water scarcity, and physical risks. We then develop effective targeted measures to mitigate risks and ensure that water resources can sustain the Company's long-term development.

WRI risk monitoring results and response measures of CR Micro

Testing result	Response measures			
<p><b>Areas of medium to high risks:</b></p> <p>Wuxi base</p> <p><b>Areas of low risks:</b></p> <p>Chongqing factory and Dongguan factory</p>	<p>Clear objectives</p> <p><b>Overall:</b> Use water according to the government's quantitative indicator on annual water consumption in 2023. We established a water consumption target of less than 7.72 million tons of water intake for the Wuxi region (actually 7.1138 million tons).</p> <p><b>Break down:</b> Based on the established water intake target for the Wuxi region, the 6-inch and 8-inch business groups, and the ATBG have each set annual water consumption targets of less than 3.84 million tons, less than 2.98 million tons, and less than 0.9 million tons, respectively.</p>	<p>Enhance monitoring</p> <p>Water monitoring points are installed in various manufacturing facilities and wastewater outlets to regularly conduct water balance calculations. These calculations involve measuring the amount of tap water, process water, recycled water, wastewater, and domestic water consumption within the factory.</p>	<p>Evaluation and allocation</p> <p>An understanding of water usage patterns, flow rates, and recycling practices is gained to analyze any abnormal water consumption and estimate appropriate water allocation among different units.</p>	<p>Emergency response</p> <p>Standardized emergency response plans are developed for the 6-inch and 8-inch units to address interruptions in external water supply or deterioration in the quality of tap water. Water reservoirs are installed for emergency use to ensure the stable operation of production lines.</p> <p>The ATBG will establish a monitoring mechanism for abnormal tap water usage, generating daily, weekly, and monthly reports to promptly notify and analyze any anomalies.</p>



### Water conservation improvement projects in Wuxi region for 2023

Project name	Project content	Annual water consumption
Steam condensate water recovery system for dormitory bathing systems	The hot water tank on the roof of the dormitory used to discharge steam condensate water directly (approximately 70 degrees). Now, it is collected and reused, resulting in annual savings of approximately RMB 90,000.	By monitoring the flowmeter for 10 days after its installation, we have successfully recovered 46m <sup>3</sup> of hot water, averaging 4.6m <sup>3</sup> per day. Based on this, we estimate an annual water savings of <b>1,679m<sup>3</sup></b> .
Bed regeneration water-saving	The flushing time for the bed regeneration step was originally set to 9,999 seconds. During this step, the conductivity sampling valve can be manually opened to observe the conductivity value. If it meets the specified inlet conductivity requirements, it can proceed to Step 25, saving RO water usage.	Regenerating once saves 30m <sup>3</sup> of water, resulting in an estimated annual water savings of <b>1,440m<sup>3</sup></b> .
Extended backwash cycles for MMF and ACF	Set a fixed time for backwashing and optimize backwashing based on pressure differential rise, thereby extending the backwash cycle.	We anticipate saving <b>7,200m<sup>3</sup></b> of water annually.

## Wastewater Management

The main pollutants in the wastewater generated during our operational activities are ammonia nitrogen and COD. Adhering strictly to emission standards, the Company continuously strengthens wastewater management. Through measures such as constructing an emergency pool, initial rainwater collection system, and recycling of flushing water, we further enhance wastewater recycling and achieve water-saving and pollution reduction.

#### Initiatives to reduce wastewater discharge

- > Establish an emergency pool and an initial rainwater collection system across the entire factory area to prevent wastewater pollution incidents.
- > Conduct self-monitoring of soil and groundwater, prepare reports on soil and groundwater monitoring, and ensure that wastewater discharge complies with legal regulations and relevant standards.
- > Recycle and reuse flushing water from the resin polishing and ultrafiltration membrane replacement processes in the recycling water system, instead of discharging it into wastewater.

## Strengthen Pollution Control

The Company bears the primary responsibility for environmental governance and actively carries out pollution control work. Based on a clear understanding of the types of pollutants generated by its production and operation, the Company continuously improves the management mechanisms for the emission of waste gases, wastewater, and solid waste. It increases investment and implements projects to enhance pollution control, reduces pollutant emissions, and regularly monitors the emission of pollutants. It ensures that pollutant emissions meet standards while minimizing environmental impacts, thereby contributing to the battle against pollution.

### Reduction of waste gas emissions

The waste gases generated during the Company's operational activities mainly consist of sulfur dioxide, nitrogen oxides, and volatile organic compounds. The Company strengthens the management of waste gas pollutants through continuous improvement of waste gas management and implementation of projects for waste gas control.

### Initiatives to reduce waste gas emissions

CR Shanghua refers to relevant pollution emission standards and establishes its waste gas management system, testing schemes, and management measures. By employing a two-stage waste gas treatment approach, waste gas treatment facilities are implemented at both the machine and plant levels to ensure that waste gas emissions meet standards and comply with regulations. Additionally, based on production conditions, testing procedures are developed for waste gases, and regular testing and assessment are conducted to ensure the compliance of waste gas emissions.

Types of waste gases	Treatment method
Acidic waste gases	Purification of emissions through alkaline waste gas scrubbers
Alkaline waste gases	Purification of emissions through acidic waste gas scrubbers
Organic waste gases	Purification of emissions through zeolite wheel + combustion devices
EPI (epitaxial) waste gases	Purification of emissions through local pretreatment facilities and scrubbers

## Disposal of solid waste

The solid waste generated during the Company's operational activities is mainly composed of household waste and kitchen waste generated in daily office operations. The solid waste generated in production activities mainly includes waste organic solvents, waste acids, waste activated carbon, sludge, and other solid waste.

The Company strictly controls various solid waste in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other relevant laws and regulations on solid waste disposal, as well as the *Safety Management System of China Resources Microelectronics Limited for Hazardous Chemicals*. It also strengthens the compliant treatment and recycling of solid waste. During the reporting period, hazardous solid waste was lawfully disposed of by qualified hazardous waste disposal units, and the compliance of disposal was supervised in all subsidiaries.

#### Initiatives for solid waste management

- > Establish a dedicated warehouse for general solid waste, and strictly control every aspect of solid waste generation, collection, internal transportation, storage, transportation, utilization, and disposal to ensure 100% compliant treatment of various types of solid waste.
- > Strengthen the qualification and technical capacity assessment of general solid waste and hazardous waste disposal units, strictly review the introduction of new vendors, and conduct regular audits and on-site inspections of existing cooperating units.





# Enhance Green Management

CR Micro adheres to the integration of environmentally friendly concepts into corporate development strategies and policies, incorporating environmental concepts into the entire process of production and operation, continuously improving environmental management systems, implementing various environmental protection measures, fulfilling environmental protection responsibilities, and striving for a win-win situation in terms of economic and environmental benefits.

## Environmental Management System

The Company strictly complies with relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, standardizes environmental management, establishes sound environmental management systems and organizations, and strengthens environmental supervision and management. In 2023, the total investment in environmental protection was RMB 47,512,900. All affiliated enterprises have obtained ISO 14001 environmental management system certification, and no environmental violations or penalties occurred.

## Environmental Warning and Emergency Mechanism

Establish a strong bottom-line mindset, enhance risk awareness, and continuously standardize environmental risk management. Develop comprehensive contingency plans for sudden environmental incidents and self-monitoring programs, strengthen emergency management through regular training and drills, enhance employees' alertness and emergency response capabilities, and strive to minimize the risks of environmental emergencies.

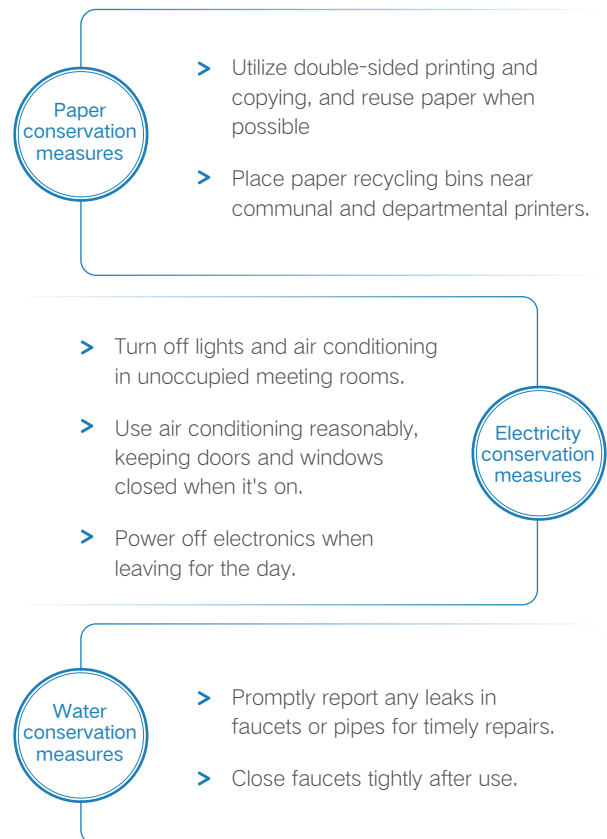
### Initiatives for environmental risk management

- > Develop environmental emergency plans that cover workshop-level, company-level, and community-level environmental incidents, closely coordinating with local government plans to ensure timely and effective response and control in the event of accidents.
- > Establish emergency response teams, with the Company leader as the overall commander and relevant leaders as group leaders, to ensure the prompt and rapid implementation of emergency response work.
- > Conduct environmental emergency drills, where each factory conducts targeted drills based on its own environmental risk points, promptly identify deficiencies in emergency response and make improvements, while also enhancing response capabilities.

## Implement Green Office Practices

The Company emphasizes integrating the concept of sustainable development into daily operations, advocating for employees to consciously adopt a green, simple, and low-carbon lifestyle, and cultivating employees to become advocates and practitioners of low-carbon office practices. For example, the affiliated CR Shanghua has implemented green office practices through the introduction of the green office initiative of "energy conservation and consumption reduction starts with me". This initiative urges employees to minimize water, electricity, and paper usage in the workplace, aiming to establish an environmentally friendly and low-carbon office environment.

### Initiatives for implementing low-carbon office practices



CR Shanghua is continuously improving its environmental management practices. The Company has established a positive brand image between Xinwu District government and enterprises. On June 5, 2023, it was honored with the "Environmental Contribution" award by the Xinwu District Ecology and Environment Bureau.



## Energy Conservation and Environmental Education

Integrate "Environmental Day" and "Energy Conservation Week" to conduct special training and education on environmental protection. Utilize multiple channels and approaches to promote the concepts of energy conservation, emission reduction, and low-carbon environmental protection. Firmly establish employees' awareness of energy conservation and environmental protection, and stimulate their enthusiasm and proactivity in participating in energy conservation and emission-reducing initiatives.

### Internal education

Organize employees to study policy documents on energy conservation and carbon reduction. Display posters and play electronic displays within the premises of the Company for promotional and educational purposes.

### External sharing

Publish environmental knowledge content through channels such as the official WeChat account and website of the Company to enhance environmental awareness among partners and other stakeholders.

### Public welfare transmission

Participate in public welfare campaigns to deepen environmental awareness and actively advocate for public participation in environmental protection actions.

Conduct education on environmental protection and energy conservation during the Environmental Protection and Energy Conservation Week.



Share videos promoting energy conservation during the Energy Conservation Week through the official WeChat account

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# New Vitality

## Empower Employees for Mutual Growth

CR Micro adheres to the concept of people-oriented approach, considering employees as important partners. We ensure the protection of employees' legal rights and interests, improve talent development systems, and smooth career development paths. We translate our care for employees into tangible actions, responding to their aspirations for a better life and enhancing their sense of security, fulfillment, and happiness.

### Our Actions:

- Protect Employee Rights and Interests
- Empower Employee Development
- Implement Employee Care

### Relevant SDGs:



### Our Performance:

- Total investment of RMB **8,460,434** in employee training, with a training coverage rate of **100%**
- Proportion of female managers at **19.57%**
- Investment of RMB **7,187,841** in occupational health and safety, achieving the goal of zero occupational disease incidents
- 100%** labor contract signing rate by employees, **100%** social insurance coverage rate, and **100%** medical examination coverage rate
- 339** incentive recipients granted reserved shares under Phase 1 of the Company's equity incentive plan, initiating the approval and implementation of the DIS mixed reform shareholding plan for employees



# Protect Employee Rights and Interests

CR Micro strictly adheres to various laws and regulations such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We believe in hiring employees in accordance with the law and promoting a diverse, inclusive culture. We ensure the protection of employees' legal rights and interests, continuously improve democratic management, and strive to create a fair and just workplace environment with equal opportunity for our employees.

## Equal and Compliant Employment

The Company firmly implements legal and compliant employment practices. We have established relevant systems such as the *Employee Recruitment Management System* and the *Employment and Management Measures for Disabled Employees*. Based on the Company's actual work needs and the comprehensive factors of the applicants' educational background, professional background, and work abilities, we conduct mutual selection. During the employee recruitment and promotion processes, we eliminate all forms of discrimination based on gender, ethnicity, or religion. We provide equal employment and development opportunities for every employee, enhancing workplace inclusivity.

In 2023, the number of labor dispatch workers employed by the Company was less than 10% of the total workforce, complying with relevant laws and regulations such as the *Labor Contract Law* and the *Interim Provisions on Labor Dispatch*. During the reporting period, we employed over 200 recent university graduates, effectively driving social employment.

**During the reporting period**

The Company had a total of

# 10,249

employees

We created

# 3,380

local employment positions

The labor contract signing rate was

# 100

%

The social insurance signing rate was

# 100

%

The medical examination coverage rate was

# 100

%

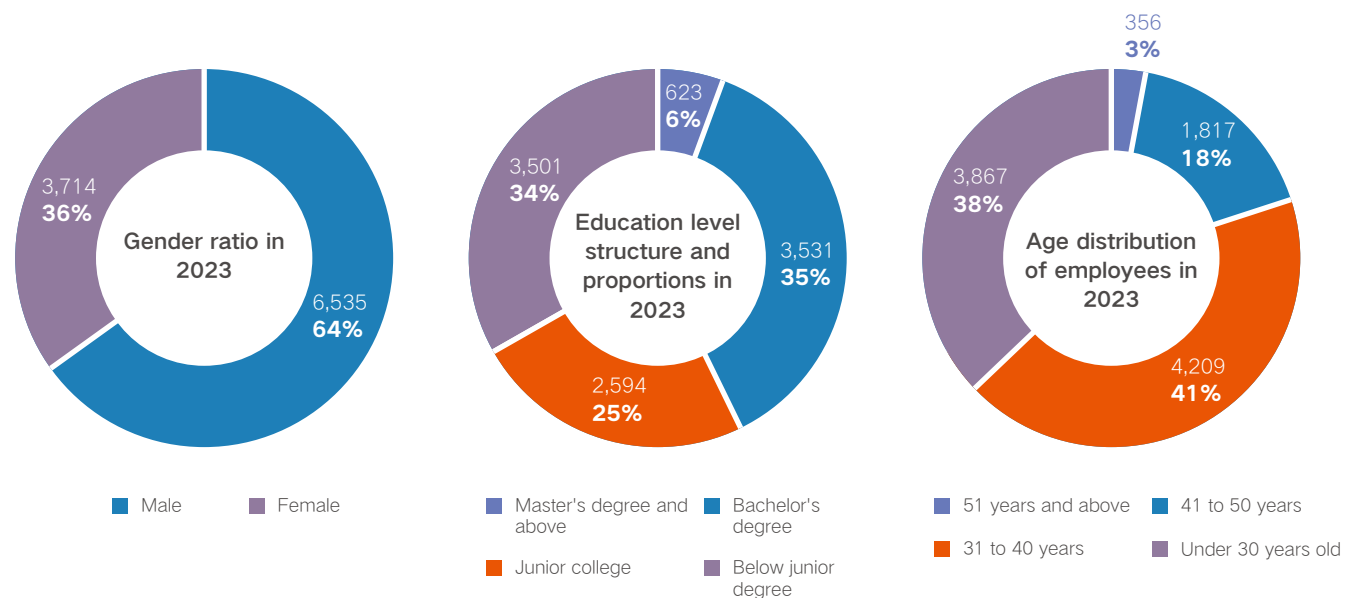
Female managers accounted for

# 19.57

%

**33**

disabled individuals were employed by the Company



# Compensation and Benefits System

CR Micro continuously improves its compensation structure and benefits system by implementing the *Compensation and Benefits Management System of CR Micro*. Taking into account factors such as company performance, individual employee performance, and internal and external fairness, we gradually optimize a more equitable and reasonable compensation structure and benefits system through scientific job evaluation and compensation analysis.

In addition to providing statutory benefits such as social insurance, housing provident fund, paid leave, maternity leave, and breastfeeding breaks, we also offer other non-statutory benefits including commercial insurance, meals at work, company transportation, heatstroke prevention, medical examinations, communication support, and employee activities. During the reporting period, the Company introduced a team-building activity fund plan, explored flexible working arrangements for employees of the Headquarters, and enhanced the coverage of commercial insurance for interns, effectively increasing employee happiness and sense of belonging.

**Compensation management mechanism**

- > We implement equal pay for equal work between males and females, ensuring timely and full payment of wages each month;
- > We arrange employee overtime compensation in accordance with the law, either through time-off or overtime pay, while complying with minimum wage regulations;
- > We conduct annual reviews of compensation and, based on company performance, reasonably set growth plans;
- > We explore flexible working arrangements for employees of the Headquarters, benchmarking management culture in technology companies. We research and optimize the attendance management mechanism for functional staff at headquarters, exploring flexible working arrangements for some employees of the Headquarters. We have revised and issued the *Attendance Management Regulations of China Resources Microelectronics Limited for Headquarters Employees*.

## Enhance Democratic Management

The Company attaches great importance to integrating democratic management into important policy releases and optimization of management methods. We maintain smooth channels of democratic communication, establish sound mechanisms for employee feedback and whistleblower protection, and encourage managers to engage in two-way communication with employees, actively seeking their opinions and suggestions to enhance employee engagement and team cohesion.

In addition, any employee can appeal against improper behavior, and the Company will provide timely feedback, conduct confidential investigations, and respond accordingly. When necessary, remedial measures will be taken.



The company has continuously optimized the employee residential facilities and relocated employee dormitories from the Liangxi Road Campus to the Meiyuan Dongxiang Hotel

In 2023, a total of **702** employee inquiries were received and addressed.

### Establish the "casual talk" platform, listen to employee feedback

CR Micro has established and perfected communication mechanisms between employees and the management, continuously expanding channels for employee communication. For instance, the FBG has added a dedicated column called "Shanghua Casual Talk" on its official website and established employee self-governing organizations such as the "Catering Committee, Transportation Committee, and Dormitory Committee". These measures ensure that employees can raise various work and life-related issues on the platform, with designated personnel responsible for responding to, improving, and resolving these issues. In 2023, a total of 702 employee inquiries were received, effectively addressing difficulties related to employees' lives and demonstrating care for their well-being.

Privacy protection measures	To protect the submitter's identity and ensure the confidentiality of acceptance results.
Public disclosure of rectification timeline	To clearly indicate the expected completion time for acceptance results.
Precise assignment of responsible personnel	To precisely assign responsible personnel based on the nature of the issue.
Dual verification of results	To conduct an initial review by HR administrators and a secondary review by HR managers in response to departmental responses.
Strengthen report management	To implement targeted management of issues through fuzzy queries based on submission time, handling department, handling status, and content.

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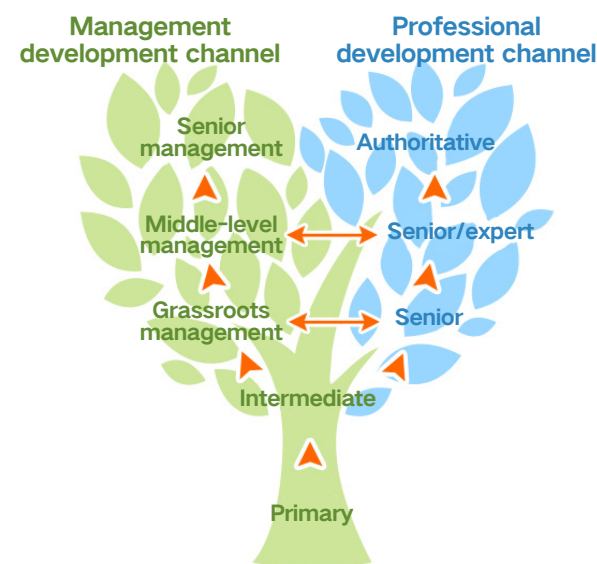


# Empower Employee Development

Talent cultivation is crucial for the Company's development. CR Micro continues to focus on the construction of a talent team that is "youthful, international, professional, and market-oriented." The Company is committed to providing employees with a fair competitive environment and broad development space, empowering them to grow and excel. By transforming talent advantages into development advantages, CR Micro provides strong talent support for promoting high-quality company development.

## Facilitate Career Development Channels

The Company adheres to the principles of fair competition and equal opportunities, establishing and perfecting talent selection mechanisms. It continuously optimizes the dual-channel system of management development and professional development, further improving and implementing an optimized career progression plan for more development opportunities and accelerates their growth.



CR Micro's dual-channel career advancement

## Improve Talent Development System

The Company always adheres to the talent development philosophy of "respecting the value of individuals, developing their potential, and elevating their spirits". It combines employees' personal value pursuit with the dual-channel career development needs to create targeted training programs and continuously improve the talent development system. Regular performance evaluations are conducted, and employees are actively provided with feedback on the evaluation results to help them identify issues, clarify directions, and achieve rapid growth. Employees are encouraged to engage in self-learning and self-development, supporting them in obtaining higher educational degrees and improving the overall quality of the workforce. This promotes both personal and company development, leading to mutual success.

**During the reporting period**

- > The total investment in employee training reached RMB **8.4604** million, with an average training investment of RMB **830** per person. The training coverage rate for employees achieved **100%**.
- > CR Micro was awarded the title of Excellent Organizational Unit for "Study/Dream Pursuit Action" in Wuxi from 2019 to 2022.
- > Zhang Sen, the Vice General Manager of the FBG in charge of research and development, was honored as an "Outstanding Young and Middle-aged Expert in Wuxi City" in 2023.

## Enhancing talent development

By integrating the dual-channel career development needs of employees, we have established the "Leadership Development System" and the "Professional Competence Development System". We conduct diverse and differentiated talent development activities to comprehensively enhance the professional qualities and abilities of our workforce, supporting employees in achieving better career development.

## Leadership Development System

This system primarily focuses on the construction of the management talent team, identifying key areas at different levels. We strengthen the development of middle-level cadres, emphasize the construction of talent reserves and succession planning, and create a cross-disciplinary cadre team with vision, perspective, and unified combat effectiveness.

- Group-managed cadres**: By leveraging the learning platform of the State-owned Assets Supervision and Administration Commission and the CR Learning and Innovation Center, we strengthen the political training and professional competence of the executive leadership through activities such as cadre training programs, thematic education, strategic discussions, and action-based learning.
- Company-managed cadres**: We select outstanding cadres to participate in special training programs organized by the CR Learning and Innovation Center. Through thematic studies, seminar exchanges, thematic party courses, and investigative research, we enhance the judgment, understanding, and execution abilities of the cadres.
- Middle-level cadres**: Based on the Yuanhang Class and the Qihang Class, we conduct training activities in various forms, focusing on political training and management capabilities. This enhances the political literacy and management abilities of middle-level cadres.
- Grassroots cadres**: Targeting frontline supervisors, line leaders, section chiefs, and supervisors at the grassroots level, we primarily provide practical management skills training in areas such as job guidance, work improvement, work relationships, and work safety. This enhances management efficiency and effectiveness at the grassroots level.

## Professional competence development system

This system primarily focuses on the construction of a professional talent pool. Taking into account the Company's operational situation and business realities, we conduct training that aligns with current strategic goals. Through practical project experiences, we enhance the professional competence of talents, improve their alignment with the organization, and elevate the core competitive capabilities of our talent pool.

### Cultivate newly hired fresh graduates

We implement the "Future Stars" program, ensuring that new hires quickly adapt to their positions and gradually grow into competent professionals. Through a two-week on-the-job practice and a three-week intensive training program, we help newcomers identify with the CR, shift roles, establish ambitions, and gain professional confidence. After joining the Company, we plan a three-year training program for them, assign mentors, organize apprenticeship ceremonies, and facilitate their high-quality transformation and rapid growth.

### Upgrade educational qualifications of talents

Through initiatives such as the national master's and doctoral pilot projects, integrated circuit engineering training programs, and educational assistance plans, we provide pathways for upgrading educational qualifications, including from high school education, college education, graduate education, and postgraduate education to doctoral education. The national master's and doctoral pilot projects and the integrated circuit engineering training program are deep-rooted collaborations between the Company and educational institutions.

### Establish a technology-sharing platform

We foster a conducive internal environment for technology by promoting internal sharing and communication through forums such as the Expert Forum and the Business Group Engineer Forum of the Headquarters. This facilitates cross-department and cross-unit exchanges among our scientific and technological talents, broadens the horizons of our technical personnel, and encourages an innovative mindset.

## Deepen university-enterprise collaboration

We deepen collaboration and interactions with domestic universities, establishing funds for scholarships and assistance programs to reward outstanding students and organize students to visit the Company. This enhances the Company's employer brand image and attractiveness. We collaborate with universities to establish innovation internship practice bases, conduct joint training programs for engineering practice doctoral and master's degrees, implement 'customized' part-time master's degree joint training, and jointly cultivate professional talents. We also organize various forms of campus recruitment events, including campus job fairs and live presentations, to ensure a strong reserve of professional and technical talents for the Company and actively contribute to promoting social employment.

### Employee self-development

We have formulated and released the *Management Measures for Pursuing Master's and Higher Education Degrees while Employed* and the *Notice on Supporting Employees in Applying for Various Professional Technical Titles and Occupational Qualifications (Skill Levels)*. These measures encourage employees to engage in self-directed learning and self-development, strengthen continuing education and practical experience, enhance employees' personal education levels and technical titles, maintain the innovative vitality and competitiveness of our talent pool, and improve the overall quality of our workforce.

CR Micro awarded the title of Excellent Organizational Unit for "Study/Dream Pursuit Action" in Wuxi

In April 2023, the Wuxi Federation of Trade Unions held a work promotion meeting for "Study/Dream Pursuit" & "Improvement of Education for Advanced Workers and Outstanding Employees" in Wuxi, commending outstanding organizations in the "Study/Dream Pursuit Action" from 2019 to 2022. CR Micro has consistently nurtured the habit of self-directed and continuous learning among employees, receiving the title of Excellent Organizational Unit for "Study/Dream Pursuit Action" in Wuxi from 2019 to 2022.



### Improve Talent Incentive Mechanisms

The Company attaches great importance to and has established sound talent incentive mechanisms, continuously optimizing *Performance Assessment and Incentive Management Measures*. We adhere to the "dual benchmark" of performance and compensation, further increasing incentives by improving the compensation management mechanism, comprehensive performance and project assessment management system, and relevant sales and R&D incentive systems. This aims to stimulate employee creativity and enhance the stability of our talent pool.

In 2023, Zhang Sen, the Vice General Manager of the FBG in charge of research and development, was honored as an "Outstanding Young and Middle-aged Expert in Wuxi City" in 2023, motivating more talents to make new contributions to the high-quality leapfrog development of the Company and Wuxi.

#### Incentive system of CR Micro

##### Enhance incentive mechanisms

By combining performance orientation, precise incentives, and timely rewards, we have optimized the *Performance Assessment and Incentive Management Measures of CR Micro*, continuously implementing differentiated assessments and incentives for different groups of employees.

##### Strengthen technological incentives

We are strengthening incentives for research and development projects and the transformation of technological achievements, supporting scientific and technological innovation, and implementing milestone incentives for key projects by supporting scientific and technological innovation, incentivizing sales growth, and facilitating strategic development. We are also refining and optimizing sales incentive programs across all units to further stimulate employees' enthusiasm and vitality for innovation and entrepreneurship.

##### Implement equity incentives

Since going public, the Company has established equity incentive plans to encourage the management team and key personnel to actively focus on shareholder interests and strive to improve company performance. In 2021, the second category of restricted stock incentive plan was approved at the Shareholders' Meeting of the Company, granting a total of 14.2876 million shares of the Company's stock to eligible incentive recipients, benefiting 1,612 individuals. In 2023, 339 incentive recipients were granted reserved shares under Phase 1 of the Company's equity incentive plan, initiating the approval and implementation of the DIS mixed reform shareholding plan for employees.

## Implement Employee Care

CR Micro continues to increase efforts in employee care, safeguarding their physical and mental well-being. We provide assistance to employees in need and organize diverse activities to enhance their sense of happiness and fulfillment, working together to build a brighter future.

### Balance Work and Life

To improve the quality of life and job satisfaction of employees, the Company leverages the platform of labor union activities to establish various associations, including the Sanhao Books Reading Club, Ink and Calligraphy Society, Recitation Association, Sports Clubs, Swimming Club, and

Walking Club. These associations offer employees a range of artistic, sports, and entertainment activities. By organizing diverse cultural and sports events, we aim to alleviate work-related stress and create a joyful atmosphere for happy work and fulfilling lives, enabling employees to enjoy a better life.

Hiking Activity Conducted Along the "Shili Gallery" of Liangxi River



Employee-Parent Bonding Activities Organized by the FBG



Theme-Based Team-Building Activities Conducted by the PDBG



The Ink and Calligraphy Society Officially Inaugurated



Recitation Performances Organized by the Recitation Association



Dumpling-Making Sessions Organized for Employees





## Care for female employees

To tap into the strengths of women and consolidate their collective power, the Company continues to address issues concerning the careers, health, and lives of female employees, strengthening care and support for them. Measures such as establishing dedicated lactation rooms, conducting screenings for the “two cancers” among female workers, and hiring experts to provide necessary disease consultation services are implemented to safeguard the physical and mental well-being of female employees.

Furthermore, the Company has formulated the *Management Regulations of China Resources Microelectronics Limited on the Prevention of Sexual Harassment among Female Employees* to further protect the legitimate rights and special interests of female employees, creating a warm and harmonious working environment.

### The ICBG carries out a series of activities to care for and support female employees

The ICBG of CR Micro pays attention to the health of female employees and organizes activities to care for and support them, including floral art salons on “International Women’s Day” and lectures on family and child education. Additionally, the “Carnation Service Station” is established to provide further care, services, and support for female employees, assisting them in comprehensive growth.

Conduct lectures on the theme of “family education”



Establish the “Carnation Service Station”



## Providing assistance and condolences

The Company actively assists employees in resolving practical issues and establishes a normalized mechanism for employee support. It conducts visits and condolences to retired employees and party members facing difficulties, organizes activities to provide assistance and warmth, and carries out initiatives to address the challenges brought by high temperatures. The Company is dedicated to doing good deeds, handling practical matters, and resolving difficulties for employees, creating a heartwarming home.

### During the reporting period

- > The Company provided assistance to **100** employees in need.
- > It offered aid to **131** employees with illnesses, totaling an amount of RMB **66,300**.
- > Visits and condolences were made to **95** households of employees in need, with an amount of RMB **65,000**.

### Bring coolness in the heat, warm care in every detail

In order to implement the spirit of the *Notice Regarding Staff Heatstroke Prevention and Cooling Measures for 2023* issued by the Wuxi Federation of Trade Unions, the Labor Union of CR Micro organized the employee relief activity themed “Union Brings Coolness, Ensuring Heatstroke Prevention and Health” in 2023. This activity aims to sincerely care for the workers who persevered on the frontlines despite the scorching heat. The leaders of the Company visited and extended their regards to representatives of frontline workers, presenting them with cool gift packages and reminding everyone to pay attention to heatstroke prevention and cooling measures while working and take good care of themselves.



## Safeguard Physical and Mental Health

The Company places great importance on the health and safety of its employees, actively implementing relevant laws and regulations such as the *Labor Law of the People’s Republic of China* and the *Regulation on Work-Related Injury Insurances*. It promotes occupational disease prevention and control knowledge, conducts occupational health education and training, and establishes employee health stations to create a healthy and comfortable working environment. Meanwhile, it has established platforms such as the “Runxinfang” Employee Care Service Station and the “Xinyue 365” Psychological Care Center, connecting with the employee care projects of the group, providing psychological counseling services to employees and their families 24 hours a day, effectively ensuring the physical and mental health of employees.

### During the reporting period

- > The Company achieved the goal of zero occupational disease accidents/incidents.
- > A total of **10,251** employees received occupational health examinations, with a participation rate of **100%** for employee examinations for occupational diseases.
- > An investment of RMB **7.187841** million was made in employee occupational health.

### Improve working environment and conditions, protect the physical and mental health of workers

Employee safety is the foundation for normal production operations. The ATBG of CR Micro has established standardized occupational health management specifications. By implementing “checklists, area identification, health examinations, and labor protection measures”, it ensures the occupational health of employees and creates a safe working environment for them. In 2023, 136 hazardous factors were identified in compliance, and the pass rate for occupational health examinations was 100%.

Employees organized by the ATBG to receive training on first aid knowledge



#### Checklist establishment

Carry out occupational health evaluations to identify checklists for occupational health management in positions involving acid mist, acid anhydrides, noise, radiation, etc. Furthermore, establish checklists for drinking water and canteen hygiene for daily living management.

#### Regional identification

By combining the checklist for occupational health management, identify and organize control areas, and provide occupational health notifications. Conduct regular monitoring of hazardous factors and post health notifications in workshop bulletin areas.

#### Health examinations

Establish occupational health records for employees in control areas, conduct occupational health examinations for new hires and departures, and conduct annual fixed-month occupational health examinations for employees in designated occupational health positions.

#### Labor protection measures

Regularly conduct occupational protection training, establish management checklists for protective equipment specifications and brands based on control measures. Establish comparison charts for the wearing of personal protective equipment in chemical management areas and implement “visual management”.



# New Opportunities Join Hands with Partners for Development

Based on its own resources and advantages, CR Micro actively responds to industry demands and takes on the responsibility of industry development. Seizing market opportunities, it establishes strategic cooperation mechanisms and collaborates with multiple partners to jointly develop high-quality strategies, achieve resonance, and grow together, injecting strong impetus into the progress of the industry.

## Our Actions:

- Advance Strategic Cooperation
- Safeguard Intellectual Property Rights
- Establish Responsible Supply Chains

## Relevant SDGs:



## Our Performance:

### > Supplier management performance:

*The Code of Business Conduct for Suppliers of China Resources Microelectronics Limited Issued*

A multidimensional, comprehensive, integrated management platform for supplier management that meets the requirements of integrated management and serves the safety of the supply chain is created, enabling full lifecycle management of suppliers

- 100%** of suppliers undergoing social impact assessments
- 100%** of suppliers undergoing environmental impact assessments
- 100%** of procurement staff receiving sustainable procurement training internally

### > Intellectual property management performance:

Chongqing CR Micro, CR Micro Integrated, and Xipan Company were honored with the title of "National Intellectual Property Advantageous Enterprise".

*A Method and Structure for Manufacturing a High-Voltage Trench MOSFET Device* by Chongqing CR Micro awarded the "China Patent Excellence Award" by the National Intellectual Property Administration

As of the end of 2023, the Company has obtained a total of **2,202** authorized patents, including **1,838** invention patents, accounting for **83.47%** of the total number of patents.





# Advance Strategic Cooperation

CR Micro actively builds an open and diverse strategic cooperation platform, continuously promotes technological innovation and the sharing of development achievements, and creates an efficient and sustainable development model, making positive contributions to industry progress and regional economic development.

## Participate in Industry Exchanges

We actively engage in and broaden our participation in high-end market activities. Our primary focus is on industry conferences, forums, summits, annual meetings, exhibitions, and other market events. Through these endeavors, we establish and maintain close communication channels with our valued customers, industry experts, scholars, and media representatives. This facilitates our continuous awareness of industry-related policies and trends. Furthermore, we foster collaborations with associations, industry institutions, and other stakeholders to effectively integrate resources and collectively explore innovative pathways for industry advancement.



In April 2023, we took part in the 25th China Integrated Circuit Manufacturing Annual Conference, where we delivered a speech titled *Promising Future for the Development of the New Energy Industry; Steady Progress in the Power Semiconductor Field*. During the roundtable discussion, we engaged in insightful discussions with entrepreneurs from various sectors, including semiconductor materials, equipment, EDA, and system software. The topics under exploration encompassed the establishment of the development framework for the semiconductor industry, collaborative innovation, and future prospects.



In June 2023, we participated in the 2nd Nansha International Integrated Circuit Industry Forum Summit. Under the theme *Harnessing the Power of 'Chip' to Foster Prosperous Ecosystem for Integrated Circuits in the Greater Bay Area*, we delivered a presentation that encompassed a review of the semiconductor industry's development cycle over the past three decades, the trends in China's semiconductor development, the downstream application structure, analysis of the semiconductor industry chain, market opportunities in the semiconductor sector, and insights into the development advantages of integrated circuits in the Greater Bay Area. Our aim was to facilitate enhanced cooperation and communication among the global integrated circuit industry stakeholders along the supply chain.

With the development of electric vehicles, intelligentization, and network connectivity, particularly the explosive growth of new energy vehicles and the rapid evolution of automotive electronic and electrical architectures, automotive chips have become an indispensable and vital component of the automotive industry. Emerging semiconductor technologies such as third-generation semiconductors, artificial intelligence computing chips, advanced chip packaging with high reliability, and 3D packaging techniques continue to emerge and industrialize, bringing revolutionary changes and breakthroughs to the entire automotive industry. In the face of tremendous opportunities and challenges, CR Micro will collaborate to build an industry chain ecosystem, continuously drive industrial innovation, ensure the security of the industrial supply chain, and contribute to the development of the automotive industry.



In August 2023, the 2023 Integrated Circuit (Wuxi) Innovation and Development Conference, Semiconductor Equipment Annual Conference, and Industrial Chain Cooperation Forum were held concurrently in Wuxi, Jiangsu Province. CR Micro actively participated, setting up an exhibition booth to showcase third-generation semiconductors, system solutions, and module products. A conference on the ecosystem of the automotive chip industry chain was held under the theme of "Joining Hands for Integrated Development of the Vehicle Chip Chain", promoting mutual exchanges between the automotive and chip industries and jointly advancing the integration and innovative development of the automotive chip industry. At the opening ceremony of the forum, a keynote speech titled *Leading with 'Chip': New Patterns in the Development of the Semiconductor Industry Chain* was delivered, sharing insights on the Company's relentless efforts and struggles to create a co-building and sharing industry ecosystem.

## Strengthen Brand Building

Always guided by market demand, we strengthen the integration of advantageous resources, continuously enrich our product series, optimize our product structure, actively participate in industry exhibitions, focus on cutting-edge technologies and applications, and comprehensively showcase the achievements we have made in technological innovation and product upgrades. Our goal is to enhance our core competitiveness.



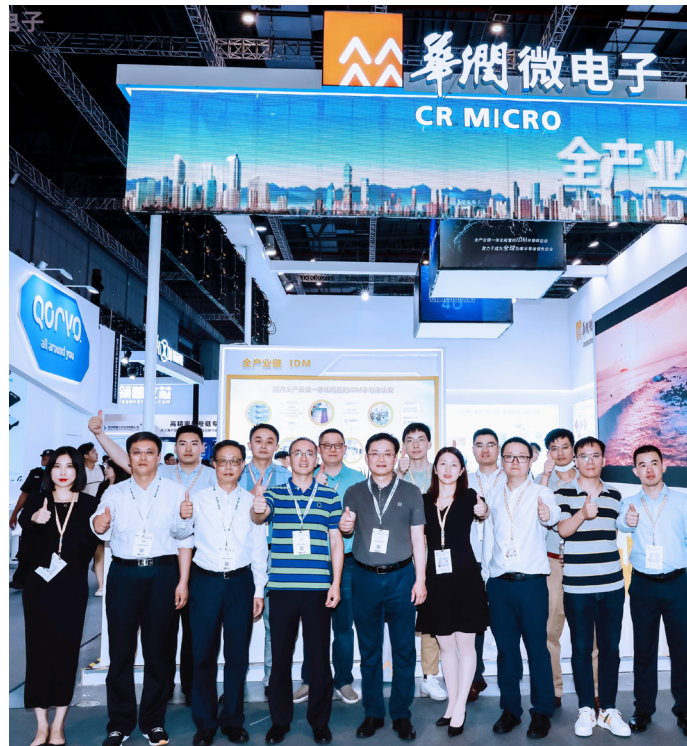
In November 2023, we attended the Chongqing Integrated Circuit Industry Development Summit Forum and delivered a themed report titled *Bringing Intelligence to Chip Development: Constructing the Chip Ecosystem*. Combining the trends in the integrated circuit industry and the Company's regional layout, business layout, and development strategy in the integrated circuit industry, the report provided insights and prospects for the integrated circuit industry from three perspectives: The path of semiconductor industry development, semiconductor potential tracks and trends, and contributions to the flourishing development of the Chongqing integrated circuit industry. The aim was to contribute to the construction of the integrated circuit chip ecosystem and promote the flourishing development of the integrated circuit industry.

## Deepen technological cooperation and exchange for sustainable development

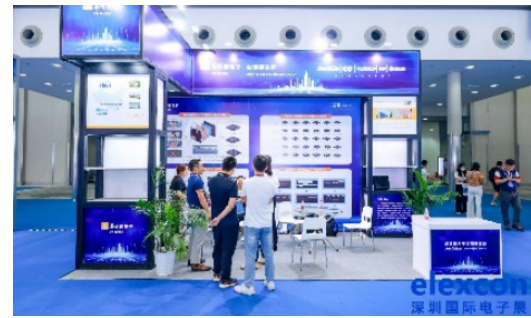
In March 2023, CR Shanghua and Chengdu ACTT achieved a new breakthrough in technology and launched eFlash IP based on a 0.153 $\mu$ m HD BCD process. The combination of Logic eFlash embedded storage technology and BCD technology effectively meets the multiple requirements of products in terms of power efficiency, performance level, compatibility, and simplifies the number of masks and process steps of the popular eFlash technology in the industry. This breakthrough once again pioneers a new era in analog and storage processes. Its applicability in various high-temperature and high-reliability scenarios, such as household appliances, industrial electronics, and automotive electronics, has also been further expanded and applied.



From July 11 to 13, 2023, CR Micro showcased a splendid range of products, including power devices, modules, intelligent sensors, and supporting system solutions, at the 2023 Munich Shanghai Electronics Show.



Xipan Company participated in the Elexcon 2023 Shenzhen International Electronics Show, with its SIP assembly products and Fan-Out Panel Level Packaging (FOPLP) technology, sharing the advantages, latest developments, and future plans of Fan-Out Panel Level Packaging.



From October 30 to November 1, 2023, CR Micro showcased a splendid series of products, including power devices, modules, intelligent sensors, and supporting system solutions, at the Munich South China Electronics Exhibition.



On November 10 and 11, 2023, ICCAD 2023, a grand event in the integrated circuit industry, was held in Guangzhou. CR Micro demonstrated its capabilities in wafer manufacturing and mask manufacturing, attracting visitors to stop and exchange ideas.



## Safeguard Intellectual Property Rights

Protecting intellectual property means protecting innovation. CR Micro attaches great importance to intellectual property protection and has established a sound intellectual property protection system in its research, development, production, and operation, continuously improving its layout of proprietary intellectual property. We strengthen training on intellectual property protection for employees to tap into the potential for innovation and promote the dissemination and application of patent achievements, thereby facilitating the high-quality development of the Company.

### Enhance System Guarantees

The Company continuously improves its intellectual property management system and formulates normative management measures such as the *Intellectual Property Management Measures*, the *Patent Management Measures*, the *Trademark Management Measures*, and the *Management Measures for the Layout and Design of Integrated Circuits*. Intellectual property protection is integrated throughout the entire process of the Company's business development to ensure robust protection of its innovative achievements. Simultaneously, we conduct intellectual property infringement investigations for our own research and development projects and investment and acquisition projects to mitigate intellectual property infringement risks. In 2023, we filed 479 new invention patent applications, and the *Semiconductor Device with ESD Protection Structure and A Method and Structure for Manufacturing a Medium- and High-Voltage Trench MOSFET Device* were honored with the China Patent Excellence Award.

#### As of the end of 2023

> The Company has accumulatively obtained **2,549** authorized patents, including **1,826** authorized and maintained invention patents, accounting for **83.26%** of the total valid patents.

#### Three subsidiaries of CR Micro were awarded the title of "National Intellectual Property Advantage Enterprises" in 2023

CR Micro has deeply cultivated the semiconductor field, adhering to technological self-reliance and maintaining stable growth in high-quality patent applications. Through a scientific management model, it has established a sustainable development ecosystem for intellectual property.

In 2023, the National Intellectual Property Administration formulated and released the List of National Intellectual Property Demonstration Enterprises and Advantageous Enterprises. CR Micro's subsidiaries, Chongqing CR Micro, CR Micro Integrated and Xipan Company, collectively received the title of "National Intellectual Property Advantage Enterprises". This honor is a significant recognition of the overall technical strength and brand competitiveness of the Company.

#### The invention patent titled *A Method and Structure for Manufacturing a Medium- and High-Voltage Trench MOSFET Device* was awarded the "Chinese Patent Excellence Award"

The Chinese Patent Award, jointly organized by the China National Intellectual Property Administration and the World Intellectual Property Organization (WIPO), is currently the highest award in the field of patents in China and is recognized by the United Nations' WIPO.

In 2023, *A Method and Structure for Producing a High-Voltage Trench MOSFET Device* by Chongqing CR Micro was awarded the "China Patent Excellence Award" by the National Intellectual Property Administration. This award is the first national-level patent award in the history of China Resources Microelectronics (Chongqing) and the first national-level patent award independently applied for and obtained by CR Micro.





## Enhance Intellectual Property Training

To enhance employees' comprehension of safeguarding intellectual property and their competence in accessing technical information related to patents, the Company implements specialized intellectual property training utilizing a combination of online and offline methods. It coordinates seminars concerning analysis reports on patent layouts

and conducts activities themed "Preserving Intellectual Property, Advancing Comprehensive Innovation". These endeavors encourage employees to take initiative, exhibit enthusiasm, and unleash their creativity, all with the objective of maximizing the value of innovation through proficient management of intellectual property at an elevated level.



Intellectual property training

Patent knowledge training



## Establish Responsible Supply Chains

CR Micro continuously improves its supply chain management system, enhances the standardization of supply chain management, safeguards the legitimate rights and interests of suppliers, and is committed to building a sunshine, transparent, efficient supply chain system. At the same time, the Company integrates supplier social responsibility management into its daily operations, promoting the enhancement of suppliers' capability to fulfill social responsibilities.

### Implement Responsible Procurement

The Company has established regulations such as the *Controlled Material Procurement and Management Specifications*, the *Confidentiality Management System*, and the *Outward Investment Management System* to provide solid institutional guarantees for responsible procurement implementation. Through the CR Shouzheng platform, electronic procurement is promoted and implemented to ensure transparency in procurement. Furthermore, to further promote local industrial development, the Company actively promotes a policy of parallel global and local procurement, prioritizing the procurement of materials from the Company's local area, contributing to the vigorous development of local enterprises and the economy.

#### Sunshine procurement rules of CR Micro

- > Adhere to the principles of "openness, fairness, impartiality, honesty, and creditworthiness".
- > All suppliers participating in the procurement business of CR Micro must sign the Sunshine Declaration and provide a telephone number for complaints and reports in procurement documents.
- > Supplier penalties: Dishonest suppliers engaged in collusion, bid-rigging, or fraudulent activities are recorded on the Shouzheng platform and are prohibited from participating in the procurement business of CR Micro during the prohibition period.

#### During the reporting period

- > **100%** of suppliers undergoing social impact assessments
- > **100%** of suppliers undergoing environmental impact assessments
- > **100%** of procurement staff receiving sustainable procurement training internally
- > Over **60** case sharing and empowerment training sessions conducted with more than **20** key suppliers
- > **35** quality objectives established, **50** targeted improvements implemented, and **53** communication meetings held. In 2023, the abnormality rate of key suppliers significantly decreased by **64%** compared to the previous year
- > Three projects of CR Micro received the "Improvement Level" achievement award by the national QC team

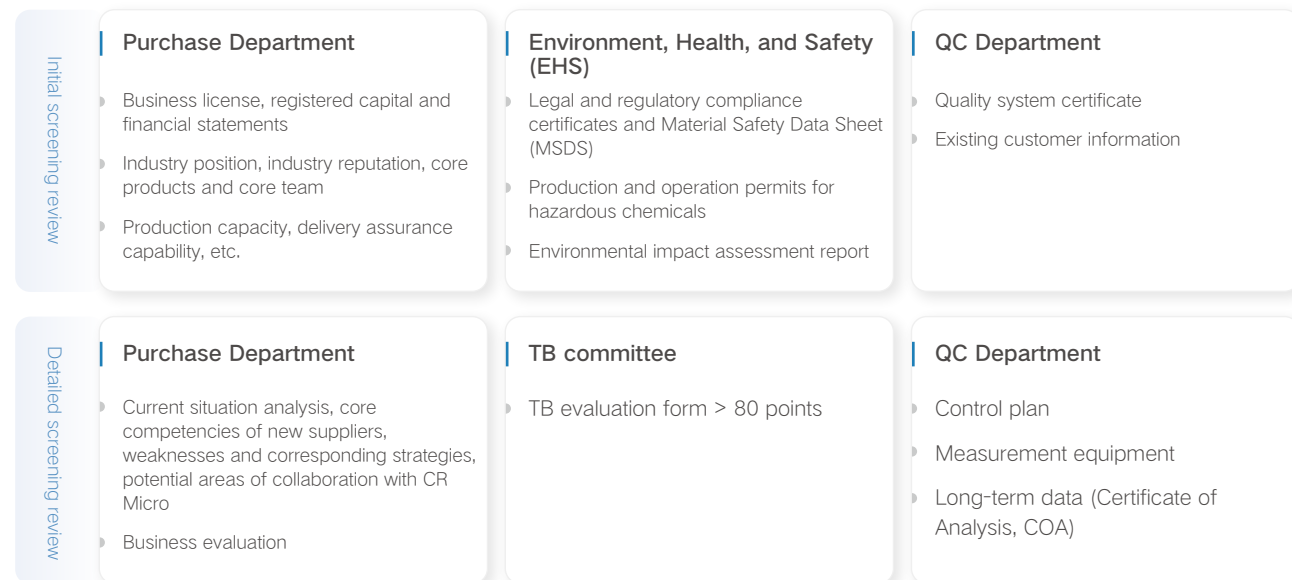
## Strengthen Supply Chain Management

The Company has established systems such as the *Supplier Management and the Regular Performance Evaluation of Suppliers* to develop a sound supplier management system. It focuses on the supplier's full lifecycle management platform to enhance the supply chain's risk management capabilities. It strengthens quality and safety management in the supply chain, ensuring that suppliers comply with relevant ethical, safety, health, human rights, social, and environmental performance requirements. The Company requires the signing of the *Hazardous Substance Guarantee Certificates* and the submission of the *Restricted Substance Inquiry Forms*, along with third-party HSF testing reports, to facilitate green and low-carbon supply chain management and enhance accountability capability.

### Preliminary Evaluation of New Suppliers

The relevant departments of the Company jointly participate in conducting item-by-item audits of new suppliers, including their material sources, system certifications, environmental protection practices, and hazardous chemical management.

#### Process for preliminary evaluation of new suppliers



### Full lifecycle management

Through the entire process of "introduction, delivery, management, assessment, and exit", focusing on the three aspects of "procurement as the main approach, quality participation, and outsourcing supplementation", we aim to establish a multidimensional and comprehensive platform for supplier management that meets the requirements of integrated management and serves the safety of the supply chain, enabling full lifecycle management of suppliers. This platform ensures the efficiency and sustainability of the supply chain, and jointly promotes the healthy development of the industry and supply chain.



### Supply Chain Risk Management

We continuously improve the supply chain risk prevention and control system by evaluating supplier product categories, delivery performance, environmental and quality system certifications, compliance with local laws and regulations, and disputes related to raw material procurement. Based on this evaluation, we classify and manage suppliers according to risk levels and issue timely warnings. For suppliers with higher assessed risks, we establish a high-risk material list and strengthen effective interaction with production lines and quality teams. We track and promote physical validation on the production line, expedite the process of diversifying our supply chain, enhance the risk response capabilities of the supply chain, and actively promote its sustainable development.

### Conflict Mineral Management

We adhere to the business philosophy of "not using conflict minerals in our operations". The Company recognizes that engaging in mineral extraction, trading, processing, and export in conflict-affected and high-risk areas not only causes significant environmental damage but also carries substantial social negative impacts. We commit to not sourcing conflict minerals from conflict-affected and high-risk areas.

We continuously advance the work of our supply chain system in conflict mineral management. In 2023, we initiated the development of a supplier code of conduct for business practices and issued the *Code of Business Conduct for Suppliers of China Resources Microelectronics Limited*. This code clearly defines the responsibility of suppliers to refrain from using conflict minerals. Suppliers are required to disclose the presence of conflict minerals (gold/tantalum/tin/tungsten) and conduct due diligence on the source and traceability of these minerals, ensuring that the metals used and sold by suppliers are free from any conflict situations.



Code of Business Conduct for Suppliers of China Resources Microelectronics Limited

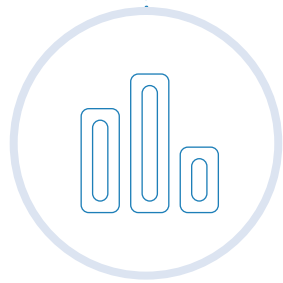
### Enhance Quality and Safety Systems

We have established systems such as the *Supplier Quality Control Procedures* and the *Supplier Performance Review Operation Specifications* to strengthen the quality and safety management of the supply chain. We conduct regular quality audits of suppliers to promptly identify issues and supervise the corrective process. We also organize training activities for quality and safety management to continuously enhance suppliers' capability to guarantee product quality and reduce product quality and safety risks from the supply chain.

- > To reduce product quality and safety risks from the supply chain, we always adhere to the principle of "on-site, reality and tangibles" and emphasize prevention and risk control, and conduct on-site audits.
- > In 2023, we completed on-site audits of **217** domestic suppliers, with audit coverage spanning **18** provinces and municipalities across the country.



### Quality and Safety Management Initiatives for Suppliers



Quality evaluation

- > Based on the four aspects of “quality, business, delivery, and service”, we regularly assess and evaluate suppliers' performance. Excellent suppliers are given opportunities for increased cooperation, while inadequate suppliers are required to make improvements and are closely monitored.
- > In 2023, quality objectives were set for 35 key material suppliers, with 50 targeted improvements implemented and 53 communication meetings held. The abnormality rate of key suppliers showed significant improvement, decreasing by 64% compared to the previous year.



Empower management

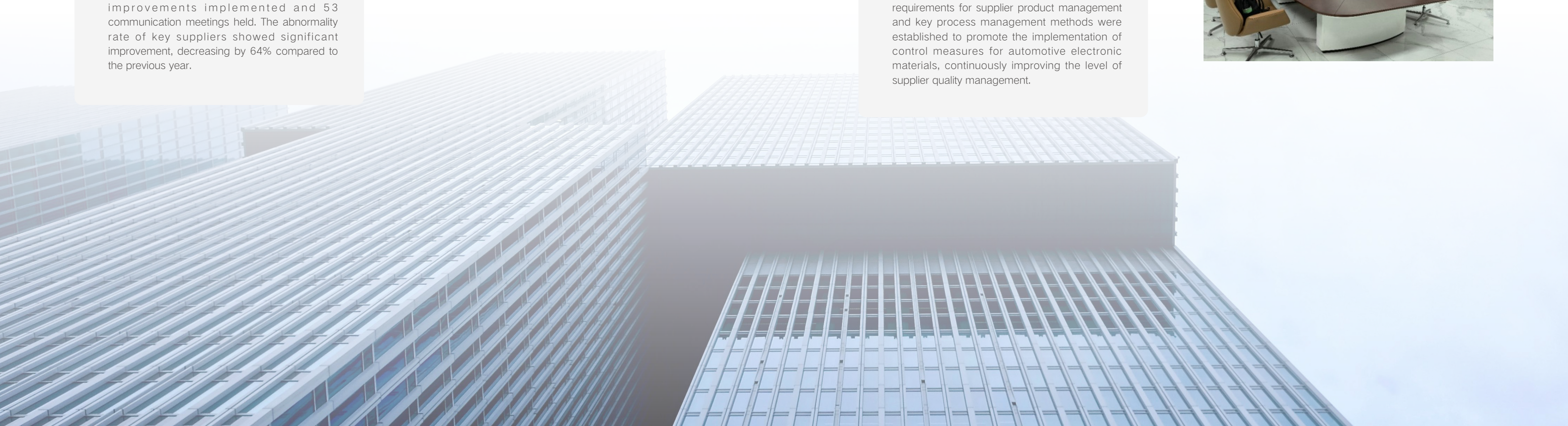
- > We assist suppliers in establishing quality management systems to improve product quality. We also help suppliers enhance production processes, technology, raw materials, packaging, transportation, and other aspects to reduce production costs.



Implement training initiatives

- > We organize special training sessions on quality management, and share cases of product quality and safety risk control. Additionally, we hold periodic training sessions on environmental and social aspects to strengthen suppliers' accountability.
- > In 2023, more than 60 case sharing and empowerment training sessions were conducted with over 20 major suppliers. Standardized requirements for supplier product management and key process management methods were established to promote the implementation of control measures for automotive electronic materials, continuously improving the level of supplier quality management.

Conduct empowerment training and share it with suppliers





# New Undertakings

Dedicate to Society,  
Promote a Better Future

CR Micro continuously strengthens safety management, focuses on safety production, strives to enhance the safety awareness and skills of all employees, and solidifies the foundation of safety. We insist on synchronizing corporate development with giving back to society, supporting rural revitalization, deeply cultivating charitable causes, and sharing the fruits of development. We fulfill our social responsibilities through practical actions.

## Our Actions:

- Ensure Safe Production
- Foster Social Welfare
- Participate in Community Building

## Relevant SDGs:



## Our Performance:

RMB **21.97** million invested in safety production

The *Annual Action Plan of CR Micro for Strengthening Safety Management* was issued and a three-year special campaign was launched for safety production rectification

In 2023, RMB **650,000** was donated to charity and nearly RMB **280,000** contributed to rural consumption

The “Nuan'xinhumiao” educational assistance program was initiated, assisting **86** underprivileged students in completing their studies

The “Yishanxin” old clothes recycling project was selected as an excellent volunteer service project in Wuxi City





# Ensure Safe Production

CR Micro actively implements the important instructions and requirements of General Secretary Xi Jinping regarding safety production. Following the safety concept of "life first", we aim for "zero accidents, zero injuries, and zero pollution" as our work goal. We establish and improve a safety management system, intensify the identification and rectification of hazards, strengthen the construction of a safety culture, and effectively control occupational health and safety risks related to production and operation.

## Safety Management System

The Company optimizes and improves the EHS management system, continuously strengthens the construction of safety regulations, and enhances the level and efficiency of safety management. It is committed to establishing a comprehensive safety production management system that extends horizontally and vertically.

During the reporting period, the Company actively implemented the action plan of strengthening safety management in state-owned enterprises. It refined and implemented the action plan for the year of strengthening safety management in the Group. Based on the actual situation of CR Micro and its subsidiaries, the *Annual Action Plan of CR Micro for Strengthening Safety Management* was issued. The Company solidly carried out the action plan for the year of strengthening safety management, formed a stage summary report, consolidated the foundation of safety production, and comprehensively improved the level of safety production management.

### During the reporting period

- > RMB **21.97** million invested in safety production
- > **142,549** training hours devoted to safety training, achieving a coverage rate of **100%**
- > **527** safety emergency drills organized, involving **15,955** participants
- > No major or above accidents occurred, and no reported cases of occupational diseases
- > **71** full-time safety management personnel employed, including **38** registered safety engineers

Wuxi CR Shanghua was awarded the title of "Demonstration Enterprise for Safety Production"

CR Micro actively assumes its social responsibility for safety production, continuously conducts safety education and training for employees, organizes emergency drills, enhances the safety awareness and evacuation abilities of all staff members, and promotes the improvement of safety management and emergency response capabilities to a new level. In June 2023, CR Shanghua was awarded the title of "Demonstration Enterprise for Safety Production" in the Wuxi High-tech Zone.



## Implement the Main Responsibility For Safety

The Company considers the establishment of a safety production responsibility system as the core and foundation of its EHS work. In accordance with the laws and regulations such as the *Production Safety Law of the People's Republic of China* and the *Regulations of Jiangsu Province on Work Safety*, the Company has formulated multiple systems, including the "Safety Production Management Objectives and Responsibility System" and the "Level Four Enterprise Occupational Health and Safety Responsibility Regulations". It has refined and improved the safety production responsibility lists for the Company's top leader, EHS responsible persons, and key management personnel, as well as the annual safety production work task lists. The Company has organized the signing of occupational health and safety responsibility commitment letters at all levels, ensuring the hierarchical decomposition of safety production management objectives and responsibility systems and implementing occupational health and safety responsibilities at every position. Efforts are being made to promote the safety production responsibility system.

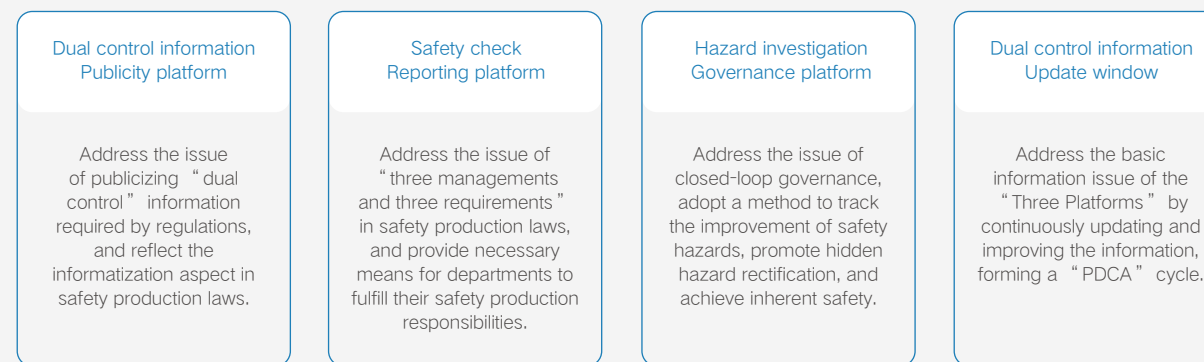
The safety production committee of CR Micro has deployed and arranged the Company's safety work



## Enhance Safety Information Management

Establish a dual prevention mechanism for safety production risk control and hidden hazard investigation, and improve the dual control information management system. Using the "Three Platforms and One Window" system as an effective tool, real-time display of safety risk management information is carried out, promoting and improving the Company's dual control management level.

### Dual control information management system



## Safety Hazard Investigation

The Company held an emergency meeting on safety production in 2023 and formulated the *EHS Accident and Incident Accountability Measures of China Resources Microelectronics Limited*. It organized special safety investigations and rectification, focusing on various production parks of the Company. Supervision inspections and rectification implementation of safety production hazards were carried out concerning aspects such as electrical safety, fire safety, and the daily use and supervision of hazardous chemicals.

### Fire Safety Hazards

Enhance emergency response plans, standardize response procedures, effectively manage and prevent fire safety hazards that may arise during operations, and control fire safety hazards at the source.

Regularly conduct emergency drills and fire skills training to enhance the capability to handle emergency incidents.

Supervise units at all levels to establish dedicated and part-time fire brigades, provide guidance on equipping fire equipment and extinguishing agents, conduct fire inspections, and ensure fire safety responsibilities are implemented.

Utilize new technologies such as the Fire Cloud Intelligent Platform and CCTV surveillance systems to collect fire information data, implement personnel emergency duty, and improve the level of fire safety management and daily emergency management efficiency.



### Hazardous Chemical Hazards

Adhering to international management regulations for hazardous chemical management, we formulate the *Safety Management System of China Resources Microelectronics Limited for Hazardous Chemicals* and the *Special Three-Year Action Implementation Plan of CR Micro for Hazardous Chemical Rectification*, implement special safety inspections for hazardous chemicals, and focus on identifying safety risks, hazards, and management issues during transportation and storage of hazardous chemicals; we strengthen the safety management of precursor chemicals and flammable and explosive chemicals, strictly manage hazardous chemicals, and eliminate potential hazardous incidents.

▲ *Safety Management System of China Resources Microelectronics Limited for Hazardous Chemicals*

**华润微电子有限公司危险化学品安全管理制度**

**第一章 总则**

**第一条 主要内容**  
为了加强对危险化学品的安全管理，保障员工和公司安全，保护环境，特制定本制度。

**第二条 适用范围**  
本制度适用于华润微电子有限公司及下属各事业群/部、各成本中心及相关职能部门（以下简称各单位），各单位根据本制度结合属地管理要求制定本单位的危险化学品安全管理制度，没有经营管理权的参股企业可参照执行。

### Safety Culture Construction

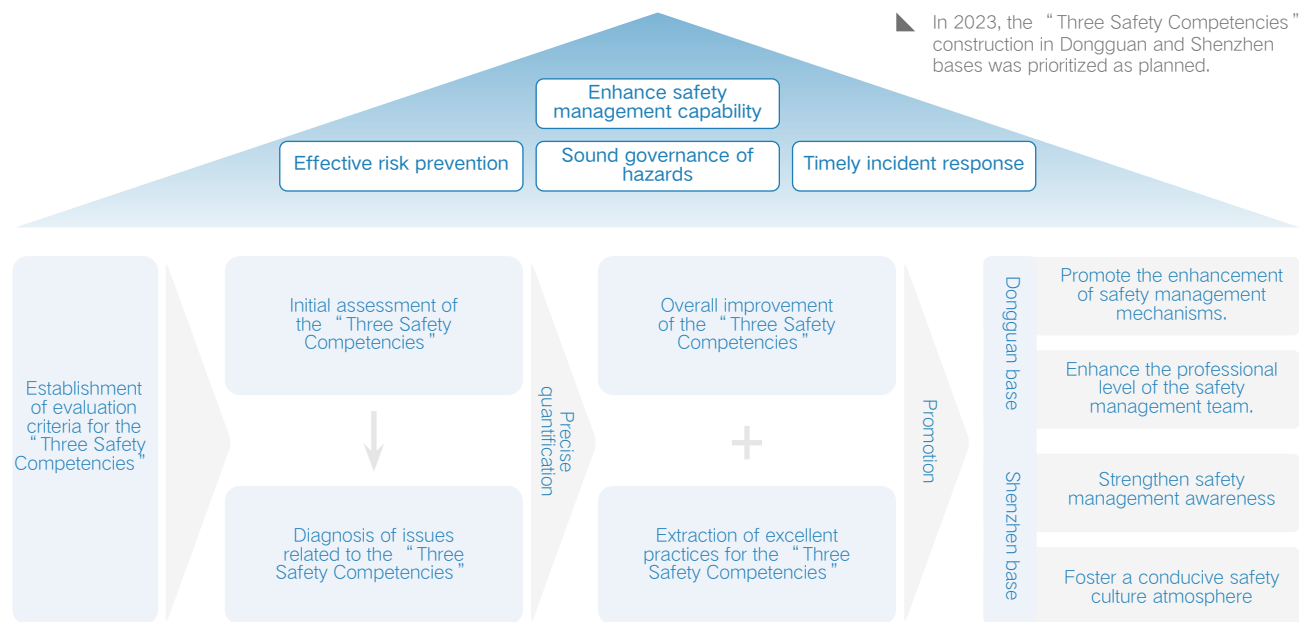
While continuously advancing safety risk prevention and control, the Company is committed to creating and developing a safety culture and atmosphere. By improving the fundamental safety production capabilities of employees, conduct diverse safety culture-themed activities, promote safety production management concepts, strengthen employees' safety awareness, and fortify the ideological defense line of safety production.

### Enhance Safety Management Capability

Solidly promote the construction of the "Three Safety Competencies", strengthen accident source control, process control of hazards, and emergency response after accidents, promote the improvement of safety management mechanisms, enhance the professional level of safety management teams, and strengthen safety management awareness, thereby achieving "effective risk prevention, sound governance of hazards, timely incident response, and effective prevention of accidents", and establishing a sound long-term mechanism for safety production.

Conduct comprehensive on-site audits of specialized work. Affiliated units coordinate the promotion of compliance construction through the establishment of an information management system, improve system management, enhance risk control measures, and enhance risk prevention capabilities.

▲ In 2023, the "Three Safety Competencies" construction in Dongguan and Shenzhen bases was prioritized as planned.



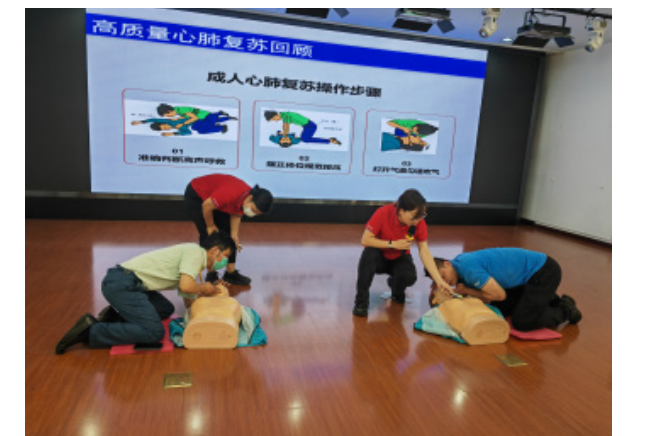
**Other practical initiatives**

- ▶ Strengthen the construction of the safety personnel team, encourage grassroots employees to participate in national professional technical examinations such as the National Registered Safety Engineer and Registered Fire Engineer, and provide cash rewards to employees who obtain certifications.
- ▶ Improve the incentive mechanism for safety production positions, conduct monthly assessments of grassroots safety management personnel, and introduce safety EHS performance to enhance enthusiasm for EHS management positions.
- ▶ Actively participate in group safety production knowledge and management capability training and assessments to improve safety production management capabilities.

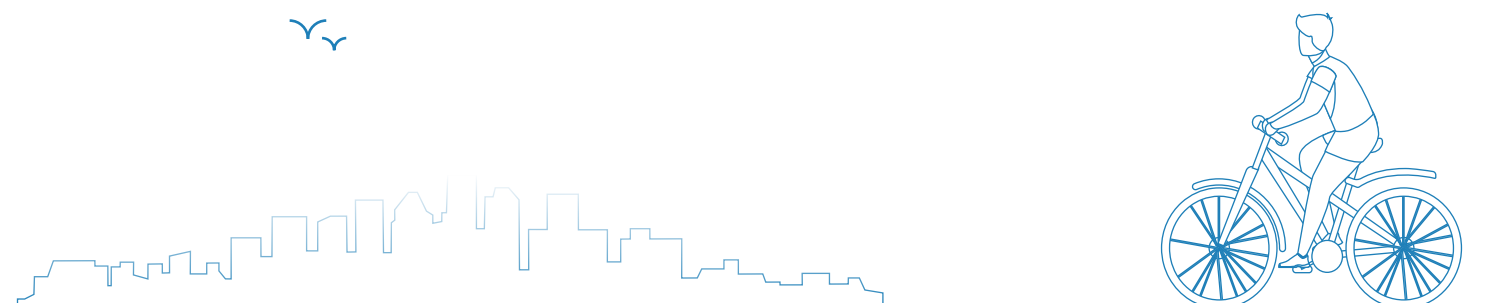
### Implement Safety Training and Promotion

Adhering to the action policy of strengthening safety production throughout the year, taking advantage of "Safety Production Month" and various special activities organized by the Group, the company launches safety production learning videos, organizes safety production knowledge quizzes, and conducts activities such as safety production month theme events, Ankang Cup labor skill competition, and reporting hazards through mobile apps to create a strong safety atmosphere. At the same time, we actively conduct hierarchical and classified training, and increase the training efforts for team leaders and key personnel in EHS management positions of the Company; we expand the coverage of training to promote the improvement of safety production awareness among all employees.

▲ Practical promotion conducted for cardiopulmonary resuscitation emergency skills



▲ Safety training conducted for key position team leaders





# Foster Social Welfare

CR Micro is committed to integrating social responsibility into its business operations and development. It participates in volunteer public welfare activities, supports rural revitalization, and reciprocates care from all parties through practical actions. It actively integrates into society, serves society, and practices the concept of a community with a shared future for mankind, making contributions to the harmonious development of society and the well-being of the people.

## Engage in Volunteer Activities

The Company vigorously promotes the spirit of volunteers, emphasizing "Dedication, Friendship, Mutual Assistance, and Progress", and actively participating in social welfare undertakings.

### Build a Public Welfare Brand

We establish the "Yishanxin" public welfare brand of CR Micro, organize volunteer service teams to visit shopping malls, schools, and communities, conduct used clothing recycling activities and public education lectures, continuously promote public welfare and environmental protection, and advocate the concept of resource conservation through the reuse of old clothes. In 2023, more than 10 used clothing recycling events were held, resulting in a total collection of 5.88 tons of old clothes. The "Yishanxin" project was successfully selected as an excellent volunteer service project in Wuxi City.

### Tips of CR Micro

"Yishanxin" is a public welfare and environmental protection project initiated by the Company in collaboration with the Labor Union of Wuxi Civil Affairs Bureau and the "Runzhishou" platform under the environmental protection department of China Resources. Adhering to the concept that "every piece of old clothing represents a kind heart", the Company carries out public welfare and environmental protection activities for used clothing recycling. The aim is to promote the recycling of old clothes while also making it an effective approach for the Company to contribute to "dual carbon" goals and advocate for public welfare and environmental protection. It is a beneficial exploration of CR Micro's fulfillment of social responsibilities.

The PDBG visited Luoshe Central Primary School in Wuxi to carry out the "Yishanxin" activity



The ATBG visited Xihui Community in Liangxi District to carry out the "Yishanxin" activity



### Implement funding for educational assistance

In order to promote equal and balanced development of education, the Company, in collaboration with the Wuxi Red Cross Society and Wuxi Education Bureau, organizes paired assistance programs and establishes the "Nuan'xinhumiao" team of CR Micro. Through donating educational assistance funds and materials, we assist underprivileged children in completing their studies, and transmitting care and positive energy for their growth. In 2023, we targeted and paired 86 financially disadvantaged students from Wuxi and donated a total of RMB 86,000 for their education.

### Organize voluntary blood donation

Blood is the source of life, and love is the dawn of life. Over the years, the Company has actively encouraged party members, cadres, and frontline employees to participate in voluntary blood donation activities, conveying positive social energy through practical actions. In 2023, a total of 175 employees donated a heartfelt amount of 52,900 milliliters of blood, fully demonstrating the spirit of dedication and helpfulness among the vast staff of CR Micro.



In order to promote equal and balanced development of education, the Company, in collaboration with the Wuxi Red Cross Society and Wuxi Education Bureau, organizes paired assistance programs and establishes the "Support Education with Warm Chips" team of CR Micro. Through donating educational assistance funds and materials, we assist underprivileged children in completing their studies, and transmitting care and positive energy for their growth.

- Wuxi Red Cross Society

## Empower Rural Revitalization

The Company has taken on the important mission of rural revitalization, proactively focusing on industries, education, consumption, and other fields. Tailoring our efforts to local conditions, we have implemented measures such as consumer support, pairing for joint construction, and material donations to effectively contribute to rural revitalization.

In 2023, leveraging our organizational and resource advantages, the Company deeply cultivated the path of rural revitalization through consumer support. We actively participated in the "Consumer Support by a State-owned Enterprise for Rural Development Week" event, contributing nearly RMB 280,000 to agricultural consumption. The purchased agricultural products mainly came from 256 counties designated for support by state-owned enterprises, 21 counties in Xizang, 16 counties in Qinghai Province, 7 counties in the original Central Soviet Area of the south of Jiangxi Province, as well as counties supported by the State-owned Assets Supervision and Administration Commission by targeted and paired assistance. This enhanced the "hematopoietic" function of the supported regions, stimulated rural development vitality, and assisted in achieving common prosperity.



# Participate in Community Building

CR Micro upholds the values of "honesty and trustworthiness, performance orientation, people-oriented, and innovative development". We actively assume social responsibility through a series of public welfare activities, including popular science education in schools and organizing student visits and internships, demonstrating the responsibilities of a state-owned enterprise.

The ICBG conducted the "Popular Science Education in Schools" program with Wuxi Taihu Gezhi Middle School



Semicon actively participated in community union activities



# Future Prospects

Standing at the forefront, one can truly comprehend the towering waves and fierce winds; only ascending to a great height and looking into the distance can one behold the vastness of the sky and the lofty heavens. Starting at the new point in 2024, the second half of the "14th Five-Year Plan" period unfolds, with a new blueprint outlined in the continuation of our mission, a new chapter composed through steadfast progress, and a new masterpiece written through unremitting efforts.

With determination, we should move forward and fulfill our mission. We will promote the highly integrated development of technological innovation and high-quality growth, actively advance forward-looking research and development projects, and extensively cover high-growth application areas such as industrial control, automotive electronics, and smart sensors that urgently require technological breakthroughs, supporting the innovation-driven strategy. Following the path of "technological innovation" and "application-driven", we will enhance the depth and breadth of product development, strengthen our technological reserves, and make greater contributions to the progress and development of the semiconductor industry.

With unwavering belief, we will forge ahead steadily. We will persist in deepening the IDM business model, leveraging our manufacturing capabilities to accelerate the development of our product business. Continuously deepening our presence in the Yangtze River and Three Regions, we will establish an industrial base for automotive-grade power semiconductors and an industrial ecosystem for automotive chips. We will build a leading-edge mask manufacturing base, a third-generation semiconductor research and manufacturing base, and a technological innovation center for product and application industrialization.

Gathering momentum, we will march forward courageously. We will continue to advance a new round of deepening reforms, benchmarking against world-class enterprises to comprehensively enhance our value creation capabilities. We will uphold the tower of quality, strive for excellence, and build a high-quality, efficient, and trustworthy corporate brand. We will explore and optimize our customer structure, product portfolio, and end applications to better meet market needs. We will strengthen the bridge of service, persist in innovation, and respond sincerely and passionately to the expectations of customers, partners, and shareholders, creating a company that is highly respected by society, trusted by shareholders, and loved by employees.





# Appendixes

## Key Performance Indicators

Responsibility scope	Indicator	Unit	2021	2022	2023
	Contract fulfillment rate	%	100	100	100
	Customer satisfaction	%	FBG: 93.12	FBG: 93.25	FBG: 93.26
			PDBG: 91.90	PDBG: 93	PDBG: 92.64
ICBG: 93.33			ICBG: 91.84	ICBG: 92.62	
ATBG: 87.83			ATBG: 90	ATBG: 92	
Customer complaint handling rate	%	100	100	100	
Customer responsibility	Product qualification rate	%	6吋: 99.65	6吋: 99.57	6吋: 99.56
			8A: 99.56	8A: 99.60	8A: 99.69
			8B: 99.27	8B: 99.32	8B: 99.32
			6C: 99.94	6C: 99.93	6C: 99.89
			T1: 99.94	T1: 99.94	T1: 99.94
			T2: 99.62	T2: 99.80	T2: 99.86
			A3: 99.80	A3: 99.84	A3: 99.85
			R&D Investment	RMB 100 million	7.13
	Number of research and development personnel	Person	822	1,413	1,597
Number of contributions to international, national, or industry standards	Nos.	0	0	0	
Sales revenue of new products	RMB 100 million	19.78	31.35	26.72	
Number of new patents granted	Nos.	183	231	193	
Major innovation awards	Nos.	11	11	14	
Number of patents held and applied for	Nos.	4,472	4,071	5,896	
Partner responsibility	Supplier certification rate for quality, environment, and occupational health and safety systems	%	7.94	9.21	9.86
	Number of strategic cooperation agreements signed	Nos.	33	23	35
	Expenditure on industry-university-research collaboration	RMB 10,000	390	440	507
	Number of violations and penalties	Times	0	0	0
	Number of significant negative public relations incidents handled	Nos.	0	0	0
	Percentage of suppliers undergoing social impact assessments.	%	100	100	100
	Percentage of suppliers undergoing environmental impact assessments.	%	100	100	100
	Total number of suppliers	Nos.	2,705	3,425	3,639
Percentage of procurement staff receiving sustainable procurement training internally.	%	100	100	100	

Responsibility scope	Indicator	Unit	2021	2022	2023
Environmental responsibility	Comprehensive energy consumption	10,000 tons	7.91	8.84	8.61
	Comprehensive energy consumption per RMB 10,000 of output value (comparable price)	Tons of standard coal per RMB 10,000	0.0785	0.0683	0.0655
	Comprehensive energy consumption per RMB 10,000 of added value (comparable price)	Tons of standard coal per RMB 10,000	0.1353	0.1301	0.1190
	Investment in energy conservation and emission reduction technology upgrades	RMB 100 million	0.135	0.130	0.268
	Total investment in environmental protection	RMB 100 million	0.27	0.55	0.48
	Total CO <sub>2</sub> emissions	Ton	542,352.54	608,812.17	556,847.70
	CO <sub>2</sub> emissions per RMB 10,000 of output value	Tons per RMB 10,000	0.54	0.47	0.42
	Sulfur dioxide emissions	Ton	0.5378	0.5388	0.7598
	Volatile organic compound emissions	Ton	144.54	32.03	64.43
	Ammonia nitrogen emissions	Ton	6.6898	6.9858	6.9794
	Chemical oxygen demand (COD) emissions	Ton	122.505	135.318	141.269
	Nitrogen oxide emissions	Ton	4.0890	4.6622	4.7025
	Economic responsibility	Operating income	RMB 100 million	92.49	100.60
Total profit		RMB 100 million	23.54	26.53	16.87
Net Profit		RMB 100 million	22.58	25.99	14.38
Net profit attributable to owners of the parent company		RMB 100 million	22.68	26.17	14.79
Total assets		RMB 100 million	221.91	264.58	292.15
Net assets		RMB 100 million	175.00	206.96	236.30
Weighted average return on net assets		%	15.48	14.04	7.15
Return on total assets		%	10.71	11.04	6.30
Value-added rate of state-owned assets		%	119.78	117.55	107.87
Profit margin on cost and expenses		%	32.64	34.02	19.78
Overall labor productivity		RMB 10,000/person	51.32	54.82	46.46
Total investment in fixed assets		RMB 100 million	12.66	16.23	27.70
Total tax payment		RMB 100 million	4.95	5.67	6.08
Employee responsibility	Total revenue and taxes	RMB 100 million	28.13	30.99	20.77
	Total number of employees	Person	8,989	9,470	10,251
	Signing rate of the labor contract	%	100	100	100
	Coverage rate of social insurance	%	100	100	100
	Coverage rate of medical examination	%	100	100	100
Number of employees receiving health examinations	Person	8,989	9,470	10,251	



Responsibility scope	Indicator	Unit	2021	2022	2023
Employee responsibility	Proportion of female managers (directly managed by the departments of the Group and its subordinate enterprises)	%	15	22	20
	Number of disabled employees	Person	37	31	33
	Coverage rate of employee training	%	97	97	100
	Per capita training investment	RMB 10,000/person	0.07	0.07	0.08
	Total investment in employee training	RMB/year	6,795,635	6,914,105	8,460,434
	Employee satisfaction with the canteen	%	78.48	82.56	82
	Employee satisfaction with the dormitory	%	91.20	91.98	92.6
	Assistance provided to employees in need	Number of individuals or households assisted	238	188	100
	Investment in assisting employees in need	RMB 10,000	23.73	7.42	2.99
	Visits and condolences to families of employees in need	Merchants	151	47	95
	Investment in visits and condolences to families of employees in need	RMB 10,000	5.46	3.63	6.50
	Support for the education of children in need	number of individuals supported	0	0	86
	Amount spent on supporting the education of children in need	RMB 10,000	0	0	8.6
	Assistance provided to employees with illnesses	number of individuals supported	321	78	131
	Investment in assisting employees with illnesses	RMB 10,000	25.83	4.54	6.63
Public responsibility	Number of new employees hired (total number of recruits during the reporting period)	Person	1,917	2,343	2,766
	Expenditure on charitable and public welfare activities	RMB 10,000	75	75	65
	Investment in rural revitalization	RMB 10,000	0	0	28
	Number of volunteers	Person	925	985	1,121
	Number of general and major accidents	Times	0	0	0
	Mortality rate per thousand individuals	‰	0	0	0
	Number of accident-related deaths	Person	0	0	0
	Number of employee fatalities	Person	0	0	0
	Training hours on safety	Duration	102,297	91,609	142,549
	Coverage rate of occupational health and safety training	%	100	100	100
	Safety production investment	RMB 100 million	0.2003	0.2208	0.2197
	Number of safety emergency drills	Times	309	304	527
	Number of participants in safety emergency drills	number of individuals supported	11,009	9,612	15,955
	Number of dedicated safety management personnel	Person	52	63	71
	Number of registered safety engineers	Person	28	33	38
Number of occupational disease cases	Person	0	0	0	
Investment in employee occupational health and safety	RMB 10,000	680.32	894.41	718.78	

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## Opinions and Feedback

### Esteemed Readers:

Thank you for reading the *2023 Annual Sustainable Development Report of China Resources Microelectronics Limited*.

In order to provide you and other stakeholders with more professional, and valuable information, and to effectively enhance the Company's capability and level of fulfilling corporate social responsibility, we sincerely hope to hear your valuable opinions and suggestions. We look forward to your feedback through the following channels:

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### Your information

Name:

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Contact phone:

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Work unit:

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Job title:

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Fax No.:

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Email:

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### Multiple choice questions (please tick ✓ at the corresponding position) (1 being the lowest score, 5 being the highest one)

1. How would you rate the Report overall?

1    2    3    4    5

5. Do you think the Report reflects the corporate governance situation of CR Micro?

1    2    3    4    5

2. Do you think the Report reflects the significant impact of CR Micro on the economy?

1    2    3    4    5

6. How would you rate the overall level of information disclosure in the Report?

1    2    3    4    5

3. Do you think the Report reflects the significant impact of CR Micro on the environment?

1    2    3    4    5

7. How would you rate the overall quality of written expression in the Report?

1    2    3    4    5

4. Do you think the Report reflects the significant impact of CR Micro on society?

1    2    3    4    5

8. How would you rate the overall design style of the Report?

1    2    3    4    5

### Open-ended questions

9. Which topics in the Report are of most interest to you?

10. Do you have any other comments or suggestions regarding the Report?



—— Better Life Together ——



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