



2023

ENVIRONMENTAL

SOCIAL AND

GOVERNANCE REPORTS

Create Values Through Technology

Shanghai Longcheer Technology Co., Ltd.

2023

Contents



01

Opening

About the Report	01
Message from the Chairman	02

03

Longcheer in 2023

About Longcheer	03
Company Development Milestones	05
2023 Performance and Progress Highlights	06
External Recognition and Awards	07

08

ESG Strategy and Mechanism

ESG Strategic Models and Sustainable Development Goals (SDGs)	08
ESG Governance System	09
Materiality Analysis	09

12

An Honest and Trustworthy Issuer

Improving Corporate Governance	13
Advocating Responsible Business Practices	15
Ensuring Information Security	19

22

A Protector of Customers' Benefits

Promoting Development based on Innovation	23
Putting Quality First and Demonstrating Our Value	26
Building Satisfactory Customer Relationship	29

31

A Practitioner of Green Development

Combating Climate Change Actively	32
Creating Green Operations	35
Innovating Green Products	39
Enhancing Environmental Protection Awareness	40

41

A Transmitter of Public Welfare Value

Building a Satisfied Global Team	42
Promoting Responsible Procurement Management	57
Becoming an Excellent Corporate Citizen	59

60

Ending

ESG Key Performance Indicator	60
GRI Standards Index	66
Reader Feedback	70

About the Report

The sustainability report is issued by Shanghai Longcheer Technology Co., Ltd. Adhering to the principle of "Materiality, Quantification, Balance, and Consistency", the report discloses the philosophies, major progress, achievements, and future plans of Shanghai Longcheer Technology Co., Ltd and its subsidiaries in terms of environmental, social, and governance performance, with a time span from January 1, 2023, to December 31, 2023. For any inconsistency, it will be explained in the specific content.

This report is published in Chinese and the English version is a translation of the Chinese version. In case of any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Reporting Basis and Principles

This report is formulated by identifying important stakeholders, analyzing and rating key issues related to sustainable development, making decisions on the report scope, as well as collecting, summarizing, organizing, and reviewing relevant data and materials in the preparation process.

This report is prepared in accordance with the following standards and requirements.

- Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial).
- Global Reporting Initiative (GRI) Standards of the Global Sustainability Standards Board (GSSB).
- United Nations Sustainable Development Goals (SDGs) and the Ten Principles of the Global Compact.
- ISO 26000: Guidance on Social Responsibility.

Scope and Boundaries

Unless otherwise specified, the policies, statements, and materials in this report cover the actual business scope of Shanghai Longcheer Technology Co., Ltd and its subsidiaries, which is the same as that of the annual report issued by Shanghai Longcheer Technology Co., Ltd.

Unless otherwise specified, CNY is the currency unit used in this report.

Definition of Terms

For the convenience of expression and reading, "Longcheer Technology", "Longcheer", "this company", "the company", and "we" in this report refer to Shanghai Longcheer Technology Co., Ltd and its subsidiaries.

Data Source and Reliability Statement

All data used in the report comes from Shanghai Longcheer Technology Co., Ltd and its subsidiaries. The Board of Directors of the company is responsible for the truthfulness, accuracy, and integrity of this report.

Confirmation and Approval

This report has been approved by the Board of Directors for release.

Access to This Report

You can access the electronic version of this report through the following website: www.longcheer.com.

Message from the Chairman

Dear shareholders, partners, and friends,

The past year has been a remarkable journey for Longcheer, with both challenges and opportunities. Amidst the sluggish global economic recovery, we have not merely maintained steady growth but also achieved notable progress in fostering sustainable development and circular economy initiatives.

Environmental protection is our solemn duty. Throughout the past year, we have relentlessly optimized our product designs, striving to minimize resource consumption and waste generation. By integrating more renewable materials and enhancing product recyclability, we have diligently worked to mitigate our environmental footprint. Furthermore, we actively utilize clean energy sources such as distributed photovoltaics to reduce GHG emissions, thereby laying a robust foundation for our journey towards carbon neutrality.

In **social responsibility**, Longcheer consistently adheres to the concept of harmonious coexistence. We are committed to fostering a safe and healthy work environment for our employees and empowering their personal and professional growth through diverse and inclusive policies. Additionally, we actively engage in community outreach and leverage educational and technological support programs to elevate living standards and foster self-sufficiency within local communities.

Corporate governance stands as the cornerstone of a sustainable enterprise. We adhere to the high standards of corporate governance practices, ensuring transparency and a sense of responsibility. Our management team and Board members recognize that robust governance not only fortifies investor confidence but also elevates the overall value of our company.

We recognize that ESG assessment is a dynamic and ongoing endeavor, rather than a one-time inspection. Therefore, we have employed a comprehensive approach, integrating dual substantive assessments and both internal and external assessments. This ensures that our practices are continually refined, aligning with the highest industry standards.

Looking forward, Longcheer remains firm in our pursuit of innovation and sustainable development. We keep on exploring new business models and technologies to propel the circular economy forward. We are convinced that through relentless dedication and innovation, we can generate enduring value for our shareholders and realize positive social transformations.

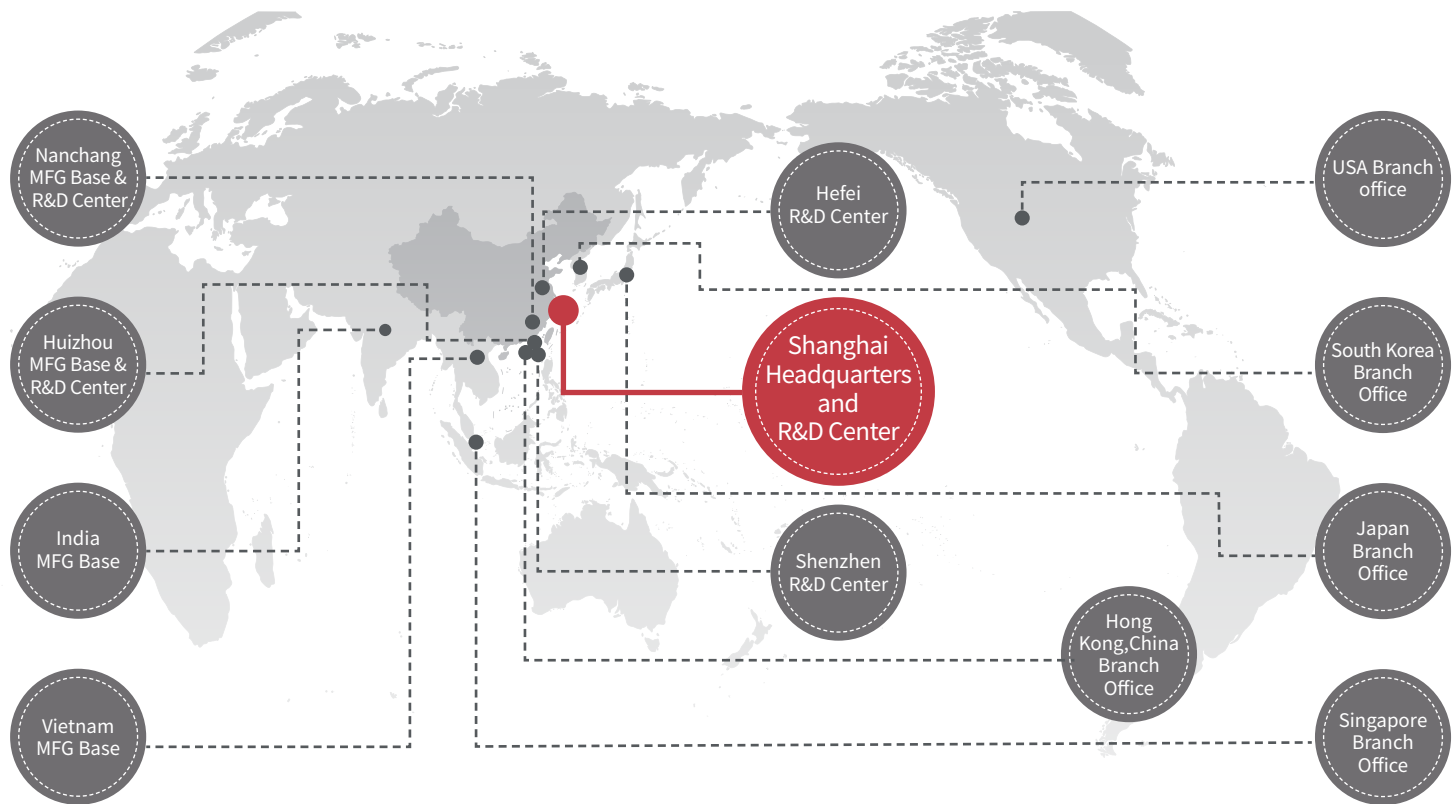
Lastly, I extend my greatest gratitude to all our shareholders, customers, partners, and employees who have steadfastly supported Longcheer. It is your unwavering trust and support that have fueled our progress on the sustainable development journey. Together, we will embrace an even greener and more sustainable future.




Longcheer in 2023


About Longcheer

Longcheer was founded in 2002 and is a technology company engaged in the research, development, design, and manufacturing of smart products. With over two decades of industry experience, the company has grown to become a global leader in providing smart products and services. Its offerings span smartphones, tablets, AI PCs, AIoT devices, and automotive electronics, among others. Longcheer serves multiple countries and regions, offering specialized integrated services to top-tier consumer electronics brands and leading technology companies worldwide. Headquartered in Shanghai, Longcheer operates five R&D centers located in Shanghai, Shenzhen, Huizhou, Nanchang, and Hefei. The company also has manufacturing facilities in Huizhou, Nanchang, Vietnam, and India, ensuring global product delivery capabilities. Additionally, it has branches in the United States, South Korea, Japan, Hong Kong, and Singapore. Looking ahead, Longcheer will continue to focus on the smart products sector, dedicating itself to technological and product innovation while enhancing its efficiency and competitiveness. The company aims to accelerate its digital transformation, develop a comprehensive range of products, lead in autonomous design and intelligent manufacturing, and become a globally leading smart products technology enterprise. It is committed to consistently delivering high-quality services to leading global clients and creating greater value for society.







Global headquarter : **Shanghai**



Shanghai, Shenzhen, Huizhou, Nanchang and Hefei
R&D centers



Huizhou, Nanchang, Vietnam and India
Manufacturing bases



USA, South Korea, Japan, Hong Kong, China, Singapore
Branches

Business Data

2023 Annual revenue

27,185.06 million RMB

2023 Annual tax payment

418.30 million RMB

Net profit attributable to shareholders of listed companies

605.32 million RMB

Total assets

19,838.90 million RMB

Our Vision

Be A Leading Smart Products Service Provider



Our Core Values

Customer Centric
Inspiring Dedication
Long-term Driven

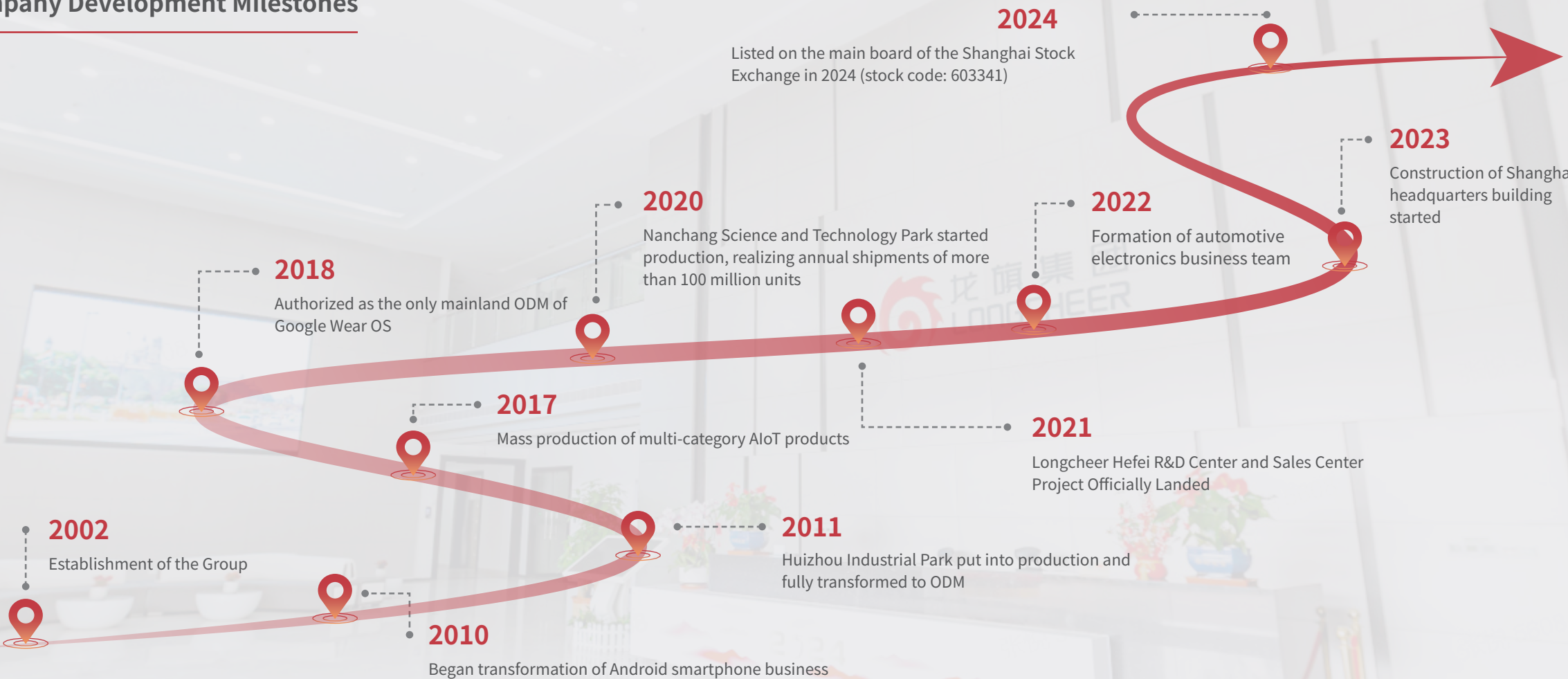


Our Mission

Create Values Through Technology



Company Development Milestones



2023 Performance and Progress Highlights



A Protector of Customers' Benefits

- Longcheer's R&D investment in 2023 reached RMB **1,687.7615** million accounting for **6.21%** of the operating income.
- As of December 31, a total of **687** patents were granted worldwide.
- The one-time pass rate of external quality system audits reached **100%**.
- The annual pass rate of social responsibility audits by customers reached **100%**.



An Honest and Trustworthy Issuer

- The company's independent directors accounted for **33.33%**.
- The annual coverage rate of the training on business ethics reached **100%**.
- The number of major information security breaches of the year was **0**.
- ISO27001-certified operation areas reached **80%**.



A Transmitter of Public Welfare Value

- The number of employees worldwide reached **11,506**, a **5%** YoY increase.
- The total training time for the entire staff reached **290,194** hours throughout the year.
- The annual violation rate of the CSR red line by suppliers was **0**.
- Achieve **100%** avoidance of conflict minerals use.
- The annual donated funds for public welfare programs reached RMB **536,600**.



A Practitioner of Green Development

- The company's total GHG emissions (scope 1 and scope 2) were equivalent to **82,192.86** tCO₂e.
- The company realized **100%** qualification rate of pollutant discharge.
- The comprehensive utilization rate of the company's general industrial solid wastes reached **90%**.
- The company conducted **15** special environmental protection training sessions, with a training pass rate of **100%**.

External Recognition and Awards

"Outstanding Achievement Award of the Year 2023" of Hongmei Road Subdistrict Office of the People's Government of Xuhui District, Shanghai
February 2023 - Hongmei Road Subdistrict Office of Xuhui District

Lenovo Outstanding Serviceability Award of the Year 2023

May 2023 - Lenovo Group

2023 Shanghai Top 100 Private Manufacturing Enterprises (Ranked 6th)
2023 Shanghai Top 100 Emerging Industry Enterprises (Ranked 14th)
2023 Shanghai Top 100 Private Enterprises (Ranked 22nd)

September 2023 - Shanghai Enterprise Confederation, Shanghai Entrepreneur Association, and Jiefang Daily Press

2023 Shanghai Top 100 Manufacturing Enterprises (Ranked 17th)
2023 Shanghai Top 100 Enterprises (Ranked 60th)

September 2023 - Shanghai Enterprise Confederation, Shanghai Entrepreneur Association, Jiefang Daily Press, and Shanghai Federation of Industrial Economics

2023 Top 100 Enterprises of Shanghai's Software and IT Service Industry

November 2023 - Shanghai Municipal Commission of Economy and Informatization

2023 Top 500 Enterprises of China's Manufacturing Industry (Ranked 373rd)

September 2023 - China Enterprise Confederation, and China Enterprise Directors Association

2023 Top 100 Enterprises with the ICT Competitiveness (Ranked 48th)

September 2023 - China Information Technology Industry Federation

OPPO Best Project Quality Award of the Year 2023

November 2023 - OPPO

Samsung Outstanding Contribution Award for S&OP Delivery of the Year 2023

December 2023 - Samsung Group

Vivo Best Delivery Award of the Year 2023

December 2023 - Vivo Mobile Communications Co., Ltd.

Honor Core Partner Gold Award of the Year 2023

January 2024 - HONOR

"Zhangjiang Star" Growing Enterprise of the Year 2023

January 2024 - Shanghai Promotion Office for the Construction of the Science and Technology Innovation Center

Excellent Entrepreneur of Minhang District of the Year 2023 (Awarded to Mr. Du Junhong, Chairman of Longcheer)

February 2024 - The People's Government of Minhang District, Shanghai

Special Contribution Award of the Year 2023 of Shanghai Service Federation

March 2024 - Shanghai Service Federation

Xiaomi Excellent Quality Award of the Year 2023

March 2024 - Xiaomi Group



ESG Strategy and Mechanism

ESG Strategic Models and Sustainable Development Goals (SDGs)

Upholding the mission of "Create Values Through Technology", Longcheer adheres to "Long-term Driven" and has established the ESG strategic framework from three layers:

Core layer:

- Adhering to the "Customer Centric" principle, Longcheer takes innovation as the driving force to provide customers with leading solutions and takes quality as the safeguard to ensure product stability and reliability. Longcheer grows together with customers through quick responses and high-standard audit reviews.

Intermediate layer:

- Governance: Longcheer has established a series of transparent operational processes and decision-making standards through a rigorously defined governance system and business ethics system, ensuring integrity management.
- Social: Longcheer builds a globally satisfied team and promotes responsible purchasing management and the fulfillment of the mission of "Create Values Through Technology" as a good corporate citizen, sharing scientific and technological achievements.
- Environmental: Longcheer strives to combat climate change and promotes environmental sustainability through green products and green operations to create a beautiful landscape.

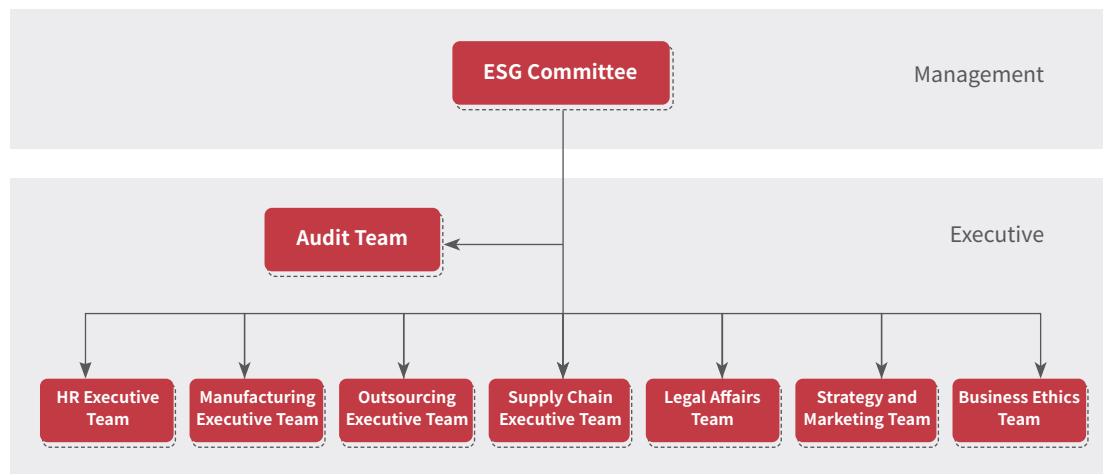
Impact layer:

- Longcheer contributes to the development of 13 United Nations SDGs by making efforts in ESG in a systematic, scientific and standardized manner, making its contributions as an enterprise.



ESG Governance System

In 2022, Longcheer established its ESG Committee to implement the value of "Long-term Driven", to build sustainable development competitiveness, to reduce operational risks, and to improve the satisfaction of stakeholders. The ESG Committee is responsible for the overall ESG strategy, resource guarantee and strategic planning of Longcheer, and is responsible for defining the ESG management plan and baseline with market development foresight. The ESG Committee meets from time to time to discuss and make decisions on the company's sustainability topics. The ESG Committee is supervised and directed by the company's Board of Directors.

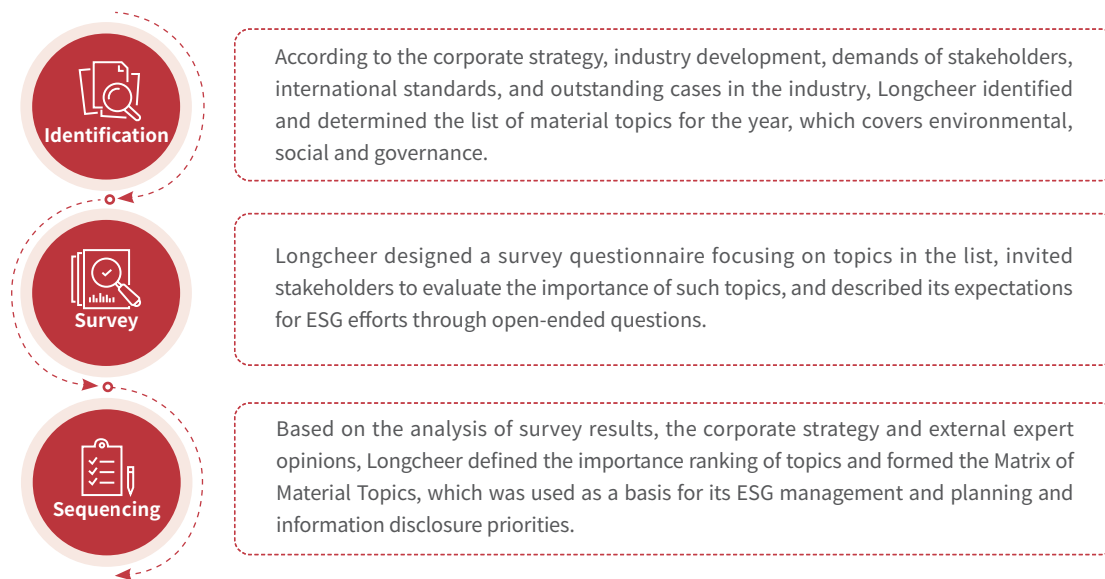


The ESG Committee comprises senior executives from various departments including Quality, Human Resources, Manufacturing, Procurement, and Operations, with the General Manager serving as the chairperson. To ensure the efficient functioning of the ESG Committee, an ESG Committee Executive Group has also been established, responsible for the execution, coordination, and follow-up of ESG's daily tasks.

Materiality Analysis

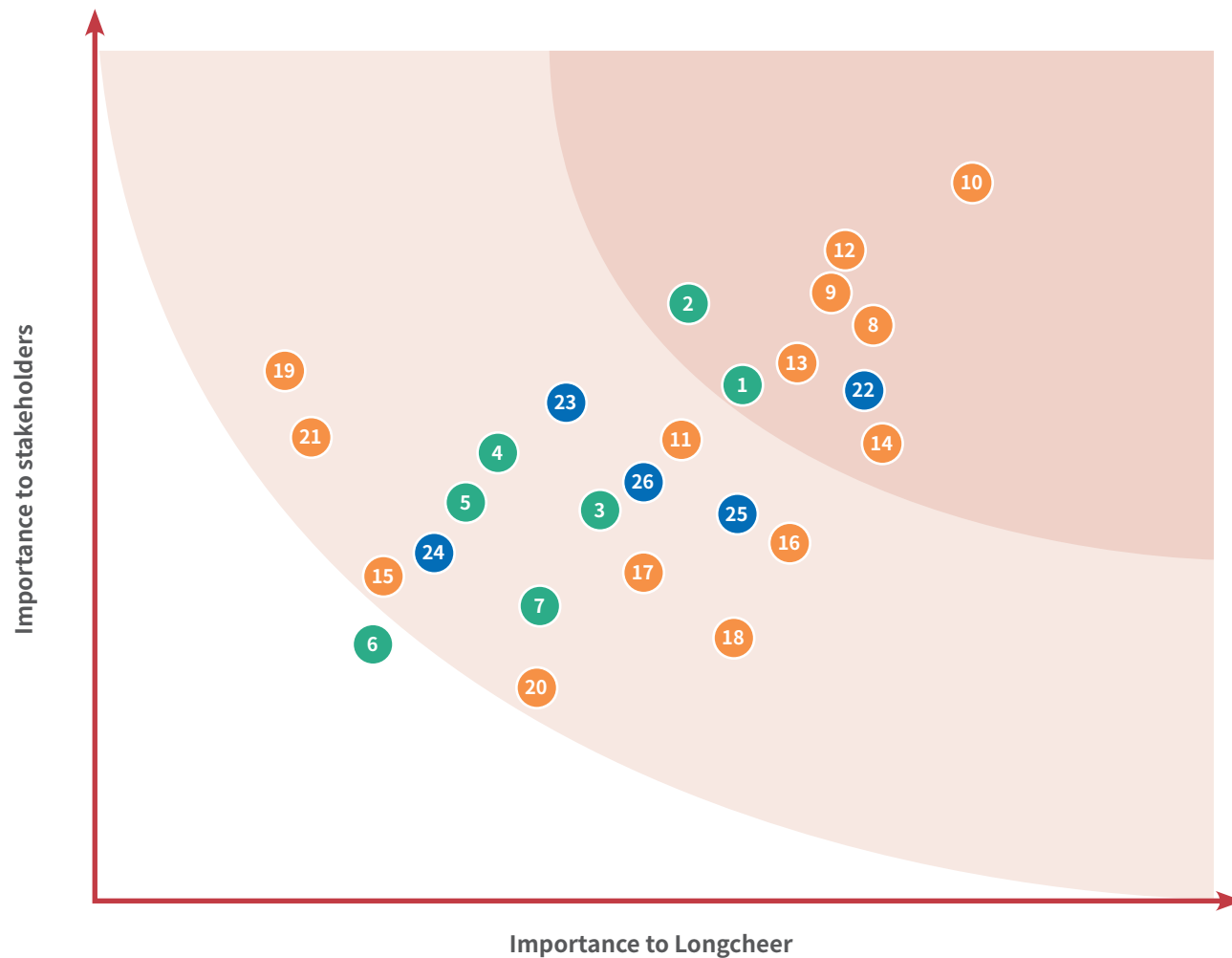
In order to fully understand the focus of stakeholders and to respond to the actual demands of stakeholders in the process of operation and development, Longcheer took into full account influence factors in many aspects and carried out materiality evaluations, to continuously increase ESG management efficiency.

Materiality Evaluation Process



In 2023, the company set up the list of topics for the year 2023 following the materiality identification procedures and invited its management and employees, governmental agencies and regulators, investors, customers, suppliers, media and social organizations to prioritize the topics through questionnaires. During the process, the company received 1,018 valid questionnaires, finally identified 26 ESG topics that have a significant impact on Longcheer and stakeholders, and prioritized them based on the impact degree.

Matrix of Importance Analysis on ESG Topics of Longcheer for the Year 2023



Environmental topics

- 1 Combating climate change
- 2 Net-zero target and pathway
- 3 Energy management
- 4 Emissions management
- 5 Waste management
- 6 Water resources and water risk management
- 7 Promotion of R&D and design of green products

Social topics

- 8 Technology R&D and innovation
- 9 Intellectual property protection
- 10 Product quality
- 11 Product safety and environmental protection of customers' rights and interests
- 12 Guarantee of employees' legal rights and interests
- 13 Employee health and safety
- 14 Employee complaint and communication
- 15 Employee training and capacity building
- 16 Employee benefits and assistance
- 17 Responsible purchasing and supplier CSR management
- 18 Supplier empowerment and growth support
- 19 Conflict minerals management
- 20 Public charity

Governance topics

- 22 ESG governance framework
- 23 Business ethics
- 24 Internal control and risk management
- 25 Anti-corruption and anti-bribery
- 26 Information security and privacy protection

Stakeholders Communication and Engagement

Longcheer attaches importance to stakeholders' concerns and needs, maintains comprehensive and sincere communication with stakeholders in many ways, and responds to their concerns.

Composition of Stakeholders	Shareholders	Capital market	Customers	Employees	Suppliers	Communities	Social organizations (e.g., media, NGOs and industry associations)
Representatives	<ul style="list-style-type: none"> Investors 	<ul style="list-style-type: none"> Exchanges, securities supervision committees and other regulators Potential investors ESG rating agencies 	<ul style="list-style-type: none"> Operators Brand clients 	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> All suppliers of the company 	<ul style="list-style-type: none"> Targeted aid-receiving regions 	<ul style="list-style-type: none"> Universities and research institutions Media NGO Industry associations
Concerns of Stakeholders	<ul style="list-style-type: none"> The company's businesses and fundamentals Long-term development planning and financial performance, and ESG performance Corporate governance and risk control Communication and interaction among investors 	<ul style="list-style-type: none"> Legal and compliant operation ESG-focused risk management Stable and healthy investment returns 	<ul style="list-style-type: none"> Excellent product performance Information security and privacy protection Green product standard Timely and efficient customer services Overall ESG performance 	<ul style="list-style-type: none"> Compensation and welfare Abundant capacity building Open and transparent development channels Stable enterprise development Workplace health and safety 	<ul style="list-style-type: none"> Fair and transparent selection procedures Stable financial performance and payment policy Long-term and stable partnership Fair, just, open and transparent procurement environment 	<ul style="list-style-type: none"> Contributing to the sustainable development of communities Sharing enterprise development achievements 	<ul style="list-style-type: none"> Good cooperative relations Sharing corporate experience and practice timely Transparent information communication and sharing Common development of the industry
Communication and Participation Modes	<ul style="list-style-type: none"> Regular information disclosure General meetings of shareholders Investor survey Telephone and email for communication 	<ul style="list-style-type: none"> Regular information disclosure Industry conferences ESG rating 	<ul style="list-style-type: none"> Pre-sales communication After-sales service Routine communication (e.g., customer visits) High-quality exhibitions Third-party training Client audit 	<ul style="list-style-type: none"> Online communication platforms Employee complaint hotlines Employee sharing service center Employee joint mediation center Public HR service email 	<ul style="list-style-type: none"> Supplier training On-site audit and communication Regular visits 	<ul style="list-style-type: none"> Public welfare activities 	<ul style="list-style-type: none"> Regular communication and feedback Project cooperation Official website, official accounts and other open channels



“

Integrity is the key to the robust operation and continued success of an enterprise. Based on a scientific responsibility assignment and decision-making mechanism, corporate governance helps reduce the risks in business operations, enhance investors' confidence in enterprises, attract high-quality investment, protect shareholders' rights and interests, and assist enterprises in focusing on long-term value creation rather than the pursuit of short-term profits.

”

Our Target:

- A 100% coverage rate of training on information safety awareness throughout the year, and a 100% confidentiality agreement signing rate.
- No major information security incidents throughout the year.

Our Progress:

- The company held one general meeting of shareholders, three meetings of the Board of Directors and three meetings of the Board of Supervisors throughout the year.
- The signing rate of the *Longcheer Code of Business Conduct for Employees, Integrity and Self-discipline Commitment Letter* and *Supplier Corporate Social Responsibility Agreement* was up to 100%.
- Longcheer obtained the ISO 27001 certification, covering core divisions such as Longcheer, Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd.

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An Honest and Trustworthy Issuer

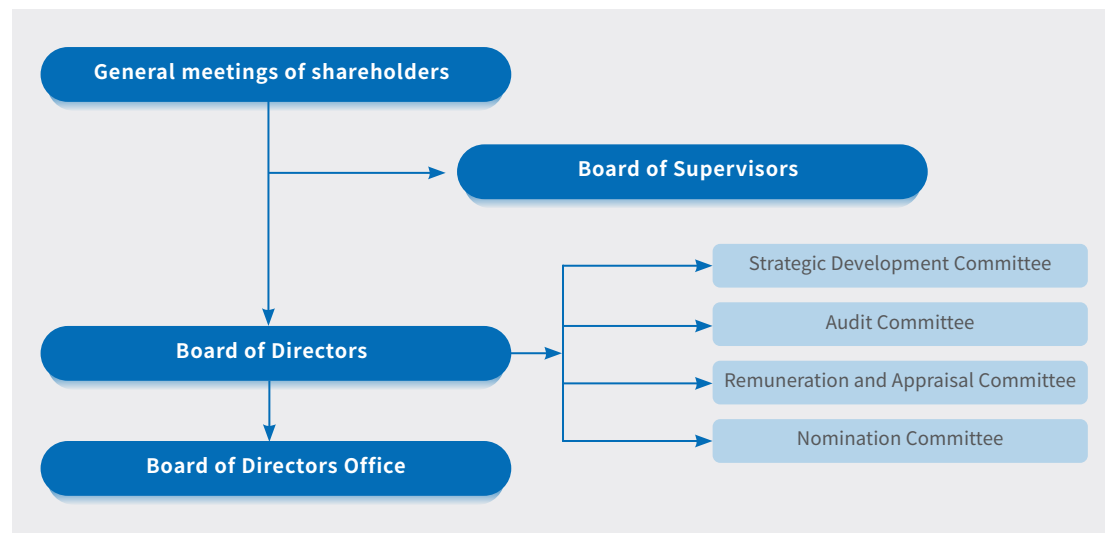
Contributing to United Nations SDGs



Improving Corporate Governance

Building a Compliance Governance Framework

Longcheer, in strict accordance with the provisions of the *Company Law*, the *Securities Law*, the *Articles of Association* and other laws and regulations, as well as the requirements of normative documents, constantly improves the corporate governance structure and further standardizes business operations, enhancing governance capability.



The Board of Shareholders, Board of Directors, Board of Supervisors and management operate in a standardized manner, and the convening, holding, voting procedures and decision-making authorities of all previous meetings comply with the provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange. The resolutions of the Board of Shareholders, Board of Directors and Board of Supervisors are legal, valid, and effectively implemented.

In 2023, the Board of Directors held three meetings, and all directors attended those meetings on time. The Board of Directors operated according to law, and the directors performed their due duties and obligations in good faith, without any violation of laws or regulations.

During the year, the Board of Directors convened and organized one general meeting of shareholders, including one annual general meeting of shareholders. According to the *Company Law* and the requirements of the *Articles of Association*, the company's Board of Directors earnestly implemented the resolutions adopted at the general meeting of shareholders with the resolutions and authorizations of the Board of Shareholders.

The Board of Directors has four special committees, including the Strategic Development Committee, Audit Committee, Remuneration and Appraisal Committee and Nomination Committee. During the reporting period, the Strategic Development Committee convened for two meetings, deliberating and adopting two resolutions; the Audit Committee convened for two meetings, deliberating and adopting 15 resolutions; the Remuneration and Appraisal Committee convened for one meeting, deliberating and adopting one resolution; and the Nomination Committee convened for one meeting, deliberating and adopting one resolution.

In 2023, the Board of Supervisors held three meetings, and all supervisors attended those meetings on time.

Ensuring the Professional Performance of Members

For the election and appointment of the Board of Directors, Board of Supervisors and independent directors, Longcheer elects the members from the perspective of occupation, educational background, professional title, detailed work experience and part-time jobs, to ensure that their professional competence can guarantee their efficient performance of duties.

The candidates of independent directors shall have basic knowledge of the operation of a listed company, be familiar with relevant laws, administrative regulations, departmental regulations and other normative documents, and have at least five years of work experience in the law, economy, finance and management or other aspects necessary to perform the duties of an independent director, with independent director qualification certificates obtained in accordance with relevant regulations.

Composition of the Board of Directors	Unit	2023
Number of directors	Person	9
Number of male directors		9
Number of female directors		0
Number of directors with risk management expertise (including accounting and legal knowledge)		1
Number of independent directors		3

Protecting the Rights and Interests of All Shareholders

Longcheer establishes a corporate governance structure that ensures all shareholders fully exercise their rights and enjoy equal status, and minority shareholders enjoy equal status. According to the *Articles of Association*, the company shall give prior written notice before convening a general meeting of shareholders, and inform all registered shareholders of the matters to be deliberated at the meeting, and the time and place thereof. A shareholder (including a shareholder's proxy) may exercise his/her voting rights according to the number of voting shares he/she represents. The company shall provide convenience for shareholders to participate in a general meeting of shareholders and fully reflect the opinions of minority shareholders.

The company formulated a *Code of Conduct for Directors, Supervisors and Senior Executives*, which explicitly states that the company's directors, supervisors and senior executives shall be honest, exercise their powers for the benefit of the company and all shareholders faithfully and diligently, and avoid conflicts of interest with the company and all shareholders; in case of any conflict of interest, they shall place the interests of the company and all shareholders above their own interests and shall not harm the legitimate rights and interests of investors, especially the medium and small investors.



In 2023, the company's directors, supervisors and senior executives diligently and conscientiously fulfilled the rights and obligations conferred by the *Company Law* and the *Articles of Association*, ensuring the safe, stable and sustainable development of the company. Independent directors performed their duties independently and impartially, fully understood the operation of the company, and urged the company and the Board of Directors to operate in a standardized manner, effectively safeguarding the legitimate interests of investors.

Advocating Responsible Business Practices

Business ethics reflects society's higher expectations of enterprises, including integrity, transparency and fairness. Especially in the context of the rapidly changing economic environment, increasing external uncertainties and increasing public expectations of enterprises, restricting corporate operations through responsible business is essential to the long-term success of enterprises and the overall well-being of society.

Ensuring the Compliant Operation of Enterprises

Longcheer established a risk management and control system consisting of three lines of defense, including Business Management and Process Owner, Internal Control Department/Process Management Department, and Audit and Supervision Department.

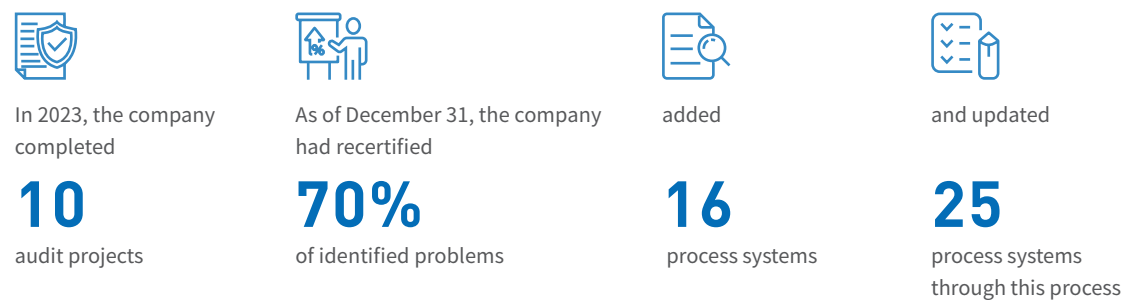


Improving Internal Audit and Internal Control Management

To strengthen compliant operations and effectively control relevant risks, the company sets up an independent Internal Control Department and Audit and Supervision Department, as well as an Operational Management Department under each operating department. The Audit and Supervision Department operates independently and reports directly to the Chairman.

The company divides internal audits into financial audits, internal control audits, responsibility audits, special audits, and other audits authorized by the Audit Committee. The Audit Department may carry out audits through site audits, submission audits, pre-audits, post-audits, follow-up audits, self-service audits and joint audits, and review the relevant documents throughout the process without approval restrictions. The Audit Department may conduct special audits for problems found in audits to achieve closed-loop management. At the end of each year, the Audit Department formulates the audit program for the next year according to the internal control and audit deployment and submits it to the Chairman (Audit Committee) for approval before implementation. Off-plan audit projects shall be submitted to the Chairman (Audit Committee) for approval and then implemented by the Audit Department.

In 2023, the company made great progress in internal audit and internal control, successively issued the *Internal Audit System*, *Supervision System*, *Business Red-line Management Regulations*, *Internal Control Risk Identification Process*, *Internal Control Evaluation Process*, *Internal Control Manual*, and updated 16 implementation rules and group risk maps, continuously promoting risk identification in IFS, HR and MSM processes.



To establish a solid barrier for the healthy operation of the company. In 2024, the company will complete the internal control evaluation of all business modules, and integrate the annual audit plan into the internal control evaluation, to further improve work efficiency and expand resource sharing.

Improving the Professional Skills of Auditors

To ensure continuous optimization and improvement of the capacities of internal auditors, the company organized the *Gaodun Training - Risk-oriented Internal Audit Practice* in 2023, invited excellent business consultants to conduct internal training, and conducted internal reviews on relevant cases after finishing the training, ensuring internal auditors learn what they have learned.



The company actively organized employees to participate in external training, and 2 auditors participated in external on-site training on *Risk-oriented Internal Audit Practices* and online courses given by excellent consultants in 2023, with a training duration of 16 hours throughout the year.

Building a Transparent Operation Environment

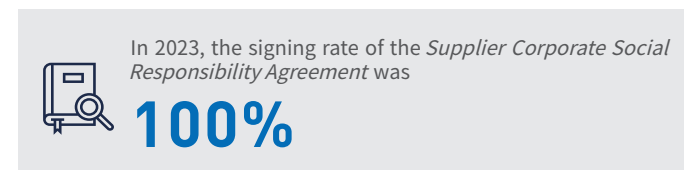
Longcheer has been committed to creating a transparent operation environment and building a clean and honest business ecosystem. Longcheer has become a member of the Trust and Integrity Enterprise Alliance since 2022, guaranteeing the enterprise's high-quality development.

Building a Corruption-free Business Ecosystem

Honesty and integrity are the core of Longcheer's business ethics. The company formulated the *Longcheer Code of Business Conduct for Employees, Business Red-line Management Regulations, Guidelines on Accountability for Business Breaches, Guidelines on Accountability for Economic Transactions, Gift Management System, Confidentiality Management System* and *Whistleblowing Management System* to regulate and constrain illegal acts such as corruption and bribery.

In 2023, the company carried out publicity, training, reporting accountability and case warning through Longcheer Guardian, email and other channels, development of a clean governance culture, making the belief in compliance deeply rooted among employees, and required all employees to sign and comply with the *Longcheer Code of Business Conduct for Employees* and *Integrity and Self-discipline Commitment Letter*.

For suppliers and other external partners, the company promoted the signing of the *Supplier Corporate Social Responsibility Agreement*, and the signing rate was 100% in 2023.



Whistleblowing and Informer Protection

Longcheer encourages internal and external stakeholders to report employees' violations in a true and effective manner, to participate in supervision, and to create an honest and transparent business environment. The company's Audit and Supervision Department is the functional department that receives reports. After the company receives the relevant report, the Audit and Supervision Department will designate an investigator to get in touch and communicate with the informer within twenty-four hours and to file the case if the violations are confirmed to be true. After filing the case, investigators will start the investigation and evidence collection within three working days based on the reported clues.

To ensure a just and fair investigation, Longcheer tries its best not to designate employees who have interest relationships or conflicts of interest with the parties under investigation to participate in the investigation and evidence collection.

Reporting method: An informer may report to the Audit and Supervision Department by official documents, letters, faxes, interviews, phone calls, e-mails or other means by himself/herself or by others entrusted by him/her.

Email for integrity supervision: audit@Longcheer.com.

On the other hand, Longcheer places the interests of whistleblowers at the forefront, implementing multiple measures to safeguard their rights and ensure they do not suffer retaliation.

For any informer who does not want to disclose his/her real name, the company can make up a name instead of the real name and identity of the informer to contact the Audit and Supervision Department, and to understand the investigation and processing results of the clues and rewards.

The process of complaints adopts the avoidance system. Where the investigator accepting the report has an interest in the complaint or the person being reported, he shall withdraw.

All personnel who are involved and participate in the handling of complaints are obliged to strictly keep secrets and not disclose information about the informer and investigations. Except for the immediate leader of the investigators, no one shall inquire about the relevant information.

On the other hand, we require that the informer shall be practical and realistic and bear responsibility for the authenticity of the reported violations or suspected violations and that the informer shall not fabricate facts to conduct malicious reporting, and shall cooperate with investigators to find out the facts.

In 2023, the company received 33 reports and finally achieved a 100% verification closure rate.

Fair Competition and Anti-monopoly

Longcheer strictly adheres to the *Anti-Unfair Competition Law of the People's Republic of China*, the international *Anti-trust Law*, the *EU Competition Law* and *Anti-Monopoly Law*, and other relevant laws and regulations to ensure that its business operations are legal and compliant. We firmly eliminate unfair competition and monopolistic practices and actively maintain market order and a fair competitive environment. We are committed to upholding the principles of fair competition in all business activities, not engaging in any monopolistic or unfair competitive practices, and actively encouraging, supporting, and protecting all organizations and individuals in supervising such behaviors.

To deepen employees' understanding of fair competition and anti-monopoly, the company disseminates relevant knowledge through various forms such as new employee orientation training and ongoing education for current employees, ensuring that each employee can comprehend and uphold the company's commitment to compliance. In 2023, the company had no legal disputes involving monopolistic and unfair competitive practices.

Ensuring Tax Transparency and Compliance

Tax compliance is essential to maintain legal order, ensure tax fairness, enhance corporate credibility, manage risks, improve transparency, and safeguard the long-term stable development of enterprises.

Longcheer has an excellent performance in tax compliance and corporate credit management and has been rated as a Class A taxpayer in tax credit rating for many consecutive years, demonstrating the company's excellent performances in tax compliance and quality declaration, as well as its high standards for financial management, tax transparency and social responsibility.

Strengthening Tax Compliance

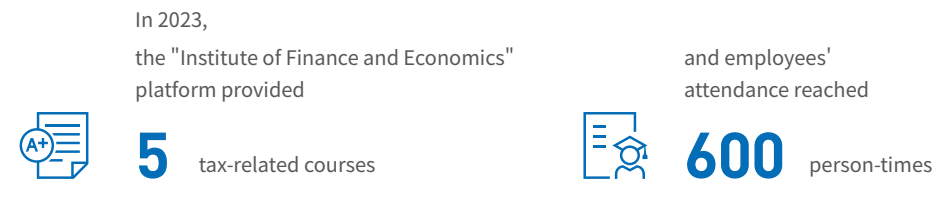
Longcheer established a permanent tax function, which covers the management of tax operations, tax planning, related transactions, tax compliance and tax risks, and is responsible for declaring and auditing the Group's taxes, improving the accuracy of declarations, conducting tax-related statistics regularly, ensuring timely provision of data required for information disclosure, and developing and implementing the Group's transfer pricing policy. This tax function is also responsible for carrying out policy study and training and studying changes in international tax policies, to ensure global compliance of business operations.

In terms of the construction of institutional systems, processes and mechanisms, Longcheer formed over 20 management processes and documents, fully covering the declaration of various taxes and business planning management. For overseas tax management of newly established subsidiaries in Vietnam, Singapore and Japan, the company formulated the *Overseas Tax Management System of Longcheer Group*, which explicitly stipulates the duties of tax posts in overseas subsidiaries and tax management posts in Headquarters, ensuring that overseas subsidiaries can operate in an efficient and compliant manner under the management of Group Headquarters.

In terms of tax risk management, the company carried out the tax soundness inspection of core subsidiaries and formed the relevant tax soundness inspection reports in 2023.

Optimizing and Improving Professional Abilities

To continuously improve employees' tax compliance awareness and its tax management, Longcheer provided high-quality tax courses through the "Institute of Finance and Economics" platform, with topics covering the changes and analysis of the latest tax legislations and policies, tax risk management, compliance requirements, tax planning strategies and international tax issues. Longcheer organized case studies, special lectures and practical operations and drills to enable participants to have a comprehensive grasp of the current tax environment, improving their abilities to solve complex tax problems in actual business.



Ensuring Information Security

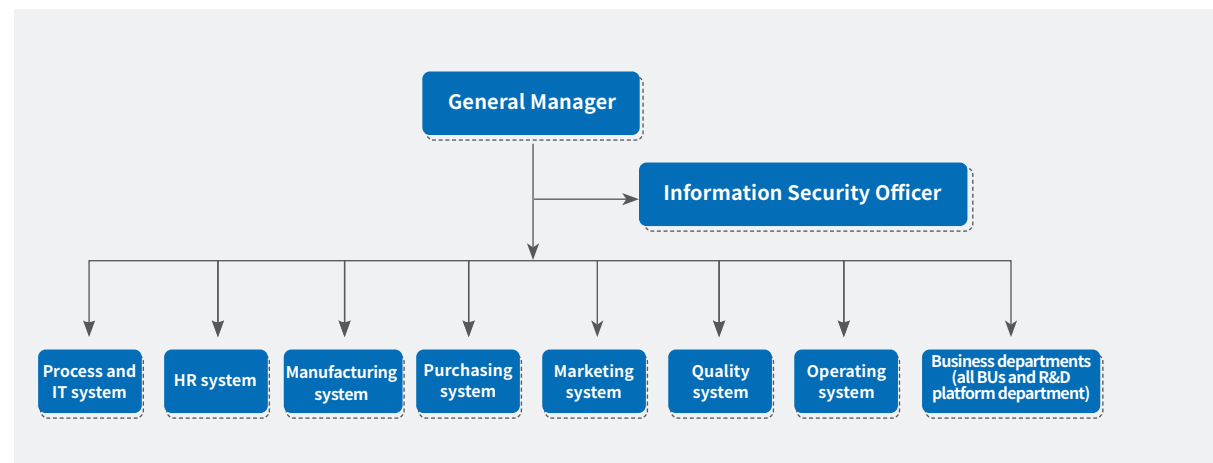
As the cornerstone of building trust and order in the digital world, information security not only relates to the protection of personal privacy but also to the guarantee of corporate reputation and compliance. Strong information security measures are essential to protect against advanced persistent threats and protect businesses from disruption. So far, Longcheer has obtained ISO 27001 certification, and the certified entities include Longcheer, Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd.

Improving the Information Security Management Mechanism

Strengthening the Information Security Management Structure

As the highest decision-making body of Longcheer's information security system, the Information Security Management Committee coordinates and leads the company's information security management, including formulating overall strategies, policies and development plans for information security, making decisions on information security organization, institution setting and important personal scheduling, deliberating and approving annual targets, strategies and work plans, examining and approving the relevant investment, budget and system documents, processing major information security incidents and supervising related matters, and supporting and promoting the implementation of information security.

The company's General Manager serves as the convener of the Information Security Management Committee and implements relevant decisions through the information security management working group, ensuring the effective operation of the system. In 2023, the company's Information Security Management Committee held 8 joint meetings on information security and adopted many important resolutions, including the annual "Information Security Month" event, information security audit program for DHI customers in Nanchang, strategy for approval and blocking of phishing emails, management of department information security officers , etc.



Improving the Information Security System

So far, Longcheer has developed nearly thirty systems, including management measures, work specifications, procedures and mechanisms, emergency plans, and management regulations and safety requirements for high-risk links, building a relatively perfect information security barrier. Longcheer reviews and optimizes these systems based on changes in the internal and external environment and relevant policy updates at regular intervals, ensuring continuous improvement of information security management performance.

In 2023, **80%** of the company's operational sites achieved ISO 27001 certification.

Strengthening the Information Security Guarantee Capability

Enhancing the Risk Response Capability

In the context of information security risks caused by the wide application of new techniques and products, Longcheer built a perfect response mechanism, effectively controlling such risks.

Raising security awareness

Longcheer conducts regular security training and education activities, ensuring that each employee understands and can implement the company's security policies and procedures. Such activities involve training on how to identify and handle potential security threats, such as phishing emails and social engineering attacks.

Technical safeguards

Longcheer deploys and maintains advanced technical tools and systems, such as firewalls, data encryption techniques and multi-factor authentication systems, to protect the company's network and data security. These technical safeguards can effectively prevent unauthorized access and data leakage.

Access control and management

Longcheer implements a strict access control mechanism, including conducting user authentication, verifying user permissions, and adopting the Least Privilege Rule, thus reducing internal risks and threats.

Emergency response plans

Longcheer develops and maintains a comprehensive emergency response plan, including incident identification, response, investigation and recovery, as well as responsibility assignment of the related personnel.

The company maintains the effectiveness of security protection through ongoing monitoring and regular risk assessment and monitors network and system activities using automated tools and techniques, timely identifying and responding to abnormal behaviors or security threats.

Information Security Management Mechanism Process



Risk Assessment Mechanism

Conduct comprehensive risk assessments at regular intervals to identify potential security threats and vulnerabilities. This process includes technical audits, compliance checks, and business continuity planning to ensure that all potential risks are properly managed.

Compliance Checks

Ensure all operations comply with the applicable laws, regulations and industrial standards. This involves not only data collection and processing but also includes reporting and data protection to avoid legal risks and potential fines.

Security Audit Process

Carry out internal and external security audits at regular intervals to evaluate the effectiveness of existing security measures, and adjust and optimize security strategies based on the audit results. Audits can help detect vulnerabilities and strengthen security controls.

Employee Training and Certification

Provide employees with necessary security training and certification procedures to ensure that they have the capabilities to process daily security issues. Training contents include the latest security trends, technologies and strategies.

Technological Updating and Maintenance

Keep all security systems and software up to date and conduct regular updates and maintenance to prevent new threats and vulnerabilities. This includes regular inspection and replacement of hardware devices.

Strengthening Daily Risk Prevention

To ensure the implementation of information security management, the company regularly evaluated the information security management capabilities of its partners. For key component suppliers, the company conducted regular audits and evaluated their information security management performance in terms of bonus items (e.g., having ISO 27001 certificates and relevant capacities and experience) and reduction items (e.g., occurrence of leaks, failure to rectify as scheduled).

The company established an information security reporting system open to all employees and external partners who can report and give feedback on information security issues in an anonymous form, and the reporting channels include direct communication, feedback on Feishu and offline feedback (scan a QR code) of department information security contact persons. They can provide information via email (IS@Longcheer.com).

Enhancing the Information Security Awareness of All Employees

Longcheer formulated the *Information Security Guidelines for Longcheer's Employees*, helping employees have a comprehensive understanding of the main content and typical cases of information security and enhancing their security awareness. These guidelines elaborate the company's information security management policies and principles and provide the specifications for 19 specific scenarios in combination with the daily working scenarios of employees, such as computer use and email sending, to form a unified and effective standard for information security.

The company provided differentiated special training on information security, ensuring that all employees receive the training on information security:



For new employees

Information security is an important module of the induction training system, and employees can take a post only after receiving training and passing the examination. So far, all new employees have received this training. The company ensured that all new employees sign the confidentiality agreement and achieved the target of a 100% signing rate in 2023.



Project personnel who need access to customer areas

Must receive special training on project information security, with a 100% coverage rate; personnel in key positions signed a special confidentiality agreement, with a signing rate of 100% in 2023.



For in-service staff

The company organized training on information security from time to time and required employees to participate in training and pass the examination. In 2023, the company organized and developed 15 courses, such as social training on project information security, information security and IT systems, and information security training for new employees, and employees' training attendance reached 6,000 times. The company issued more than 4,000 promotional cards and released more than 30 information security-related tweets.

The company organized information security exchanges with benchmarking enterprises in the industry to broaden the horizons of information security managers through studies and discussions, ensuring the company's related management level is in line with the external level. In 2023, the company organized over 50 exchange and learning activities.

The company attaches great importance to information security supervision and effectively protects the interests of customers and the company. In 2023, the company encountered no information security incidents, and both the FPY of audits on customers' information security and "yellow zones" and the completion rate of periodic prototype reviews exceeded 95%, fully achieving the targets of the information security management system.



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As a leading enterprise of smart products in ODM industry, Longcheer always puts customers' interests first. We know deeply that customer trust is our most valuable asset. Therefore, we are committed to exceeding customers' expectations through efforts in innovation, quality, service and other aspects, becoming the most trustworthy partner.

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Our Target:

- No less than 95% of an FPY of audits on customers' information security and "yellow zones".

Our Progress:

- Longcheer's R&D team had 3,295 members, including 2,357 members with bachelor's degrees or above, accounting for 71.53%.
- As of December 31, 2023, Longcheer had applied for 1,257 patents and owned 687 granted patents and 426 software copyrights.
- The company had no product recalls due to product quality problems.
- Longcheer, Shanghai Longcheer Intelligence Technology Co., Ltd, Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd. obtained the QC080000 hazardous substance management system certification.
- The company's FFR comprehensive compliance rate is met with the target value.

02

A Protector of Customers' Benefits

Contributing to United Nations SDGs



Promoting Development based on Innovation

Innovation is the core competitiveness of Longcheer. We promote the sustainable development of enterprises through continuous technological innovation and management innovation, meeting the changing needs of customers.

Building a First-class Innovation Mechanism

To maintain the vitality of innovation and encourage employees to be creative, Longcheer builds a complete innovation mechanism and closely cooperates with scientific research institutions and universities to jointly promote technological progress and continuously produce high-quality innovation results, providing more value to customers.

In combination with industrial characteristics and customer demands, the company establishes five R&D centers in Shanghai, Shenzhen, Huizhou, Nanchang and Hefei, and builds an R&D system and technological innovation mechanism covering phones, tablets, intelligent wear, AI PC, automotive electronics, AR/VR, smart home and other intelligent hardware products, driving the sustainable development of the company.

Innovation Management and Innovation Ability

The company focuses on the development of leading technologies, constantly increases investment in technology R&D resources, and builds technical innovation platforms. Adhering to independent innovation and intellectual property building, the company actively promotes the development of industry-leading technologies, tackles challenges in industry technologies, and formulates and issues the *Technical Innovation Management Process* and *Innovation Incentive System*. In 2023, Longcheer's R&D investment reached RMB 1,687.76 million, an 11.93% YoY increase.

In 2023, Longcheer's R&D investment reached RMB

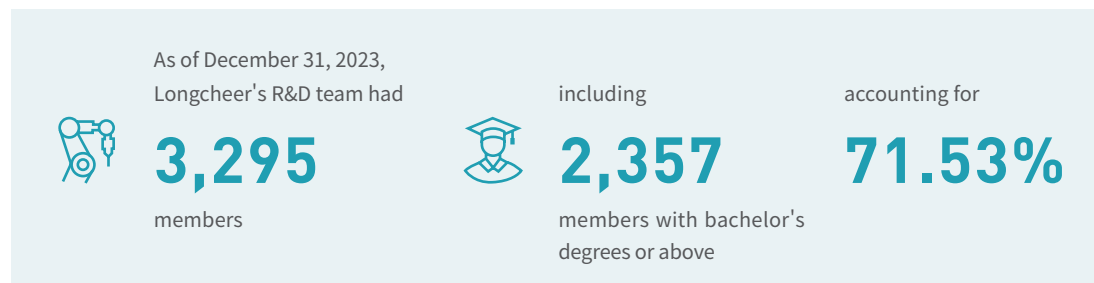
1,687.76

million

Longcheer promotes the construction of R&D systems to improve its innovation ability and improves R&D systems and management processes improve the efficiency of R&D. In 2023, the company completed the construction, implementation and promotion of six modules of IPD, including the process value chain optimization, heavyweight team, service adaptation, CCB process, standardized operation management and process case mechanism, and synchronously initiated the process iteration.

In 2023, Longcheer set up the 2111 Laboratory, focusing on cutting-edge technology research in key technology fields such as ergonomics, acoustics, optics, heat dissipation and simulation, and providing technical reserves for product iteration and new category development. The company established the Software Service Business Department and Test Center Platform Department to build core competitiveness in software development and integration testing, to provide one-stop development and testing services, and to meet the personalized demands of customers, consolidating the company's leading position in the industry.

In terms of R&D team building, the company introduced more professionals in such key business areas as automotive electronics, phones, tablets and intelligent wear in 2023, improving the R&D team's professional ability. As of December 31, 2023, Longcheer's R&D team had 3,295 members, including 2,357 members with bachelor's degrees or above, accounting for 71.53%.



In terms of innovation incentives, the company formulated an innovation incentive system for R&D personnel and continuously optimized it based on the *Innovation Incentive Standards*. In 2023, the company reviewed the technological innovation results on a quarterly basis, declared 325 technological innovation results, and awarded 232 prizes throughout the year, effectively stimulating the innovation vitality of R&D personnel.

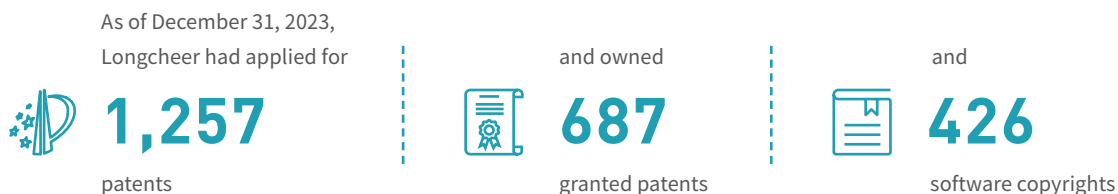
Intellectual Property and Patent Portfolio Planning

Longcheer fully realizes that intellectual property and patent portfolio planning is an important strategy to protect innovation achievements and improve market competitiveness. For this purpose, the company establishes a complete intellectual property management system and obtains the GB/T 2940-2013 enterprise intellectual property management system certification. The company implements risk control of technical secret disclosure and conducts strict intellectual property examinations on suppliers to eliminate high-risk suppliers, avoiding potential infringement risks.

The company conducts training on patent information security for R&D personnel at regular intervals to enhance the awareness of the protection of technical secrets and establishes standardized patent application processes to prevent risks of technical disclosure through self-inspections on information security and information security investigations of patent application cases. The company explicitly stipulates the requirements for intellectual property protection in the *Purchase Agreement* to ensure that the products or services provided by the supplier do not infringe on the intellectual property rights of others and that the supplier signs a *Confidentiality Agreement* to clarify the ownership of intellectual property rights and safeguard the rights and interests of the technology disclosing party.

The company actively manages intellectual property risks in the course of R&D, requires the R&D personnel to regularly retrieve and analyze the relevant patent literature, evaluates infringement risks, and develops strategies accordingly, such as design around or application for proprietary intellectual property rights. The company uses copyrighted software in its daily work, implements unified registration, management and monitoring to ensure legal use of all the software, regularly checks the software on the office equipment, and timely deletes illegal or unauthorized software.

When new employees come on board, the company provides them with intellectual property training to improve their abilities to understand and protect intellectual property rights, preventing disputes over the ownership of the patent for innovation and unconscious disclosures of technological secrets or other intellectual property information.



In the future, Longcheer will continue to promote technical research and innovation, to build the core technological competitiveness of hardware and software of the intelligent terminal industry, and to plan more high-value patent portfolios.

Strengthening Industry-university-research Cooperation

We know deeply that industry-university-research cooperation is an important way to drive innovation. Longcheer has established long-term cooperative relationships with many well-known universities and industry-leading technology platforms to conduct technology R&D and talent cultivation, sharing resources and complementing each other's advantages.

Cooperative universities:

Hefei University of Technology, Anhui University, Shenzhen University, Shanghai University, Nanjing University of Science and Technology, Nanjing University of Aeronautics and Astronautics, Jiangsu University, East China Jiaotong University, Wuhan University of Science and Technology and Taiyuan University of Technology.

Cooperative platforms:

Qualcomm, MediaTek (MTK) and Uinsoc.



Innovating Products and Leading the Demands

Longcheer adheres to an innovation-driven development philosophy, continuously innovating its products. On one hand, it is committed to accurately meeting the diverse demands of the existing market. On the other hand, it also looks towards the future, actively exploring emerging markets, and striving to open up new market spaces, thereby providing customers with a richer variety of choices and endless possibilities for development.

Longcheer focuses on building product and technology platforms, achieving products that meet different application scenarios through various combinations of technologies and functional components. In terms of hardware end products and core technology research and development, especially in emerging product categories, the company promotes product and technology innovation by adopting advanced technology and innovative product pre-research. Meanwhile, the company has carried out a number of industrialization application projects in its business areas, including an automated testing platform, consumer and industrial-grade AR glasses, and the application of AR HUD technology, which not only enhance the products competitiveness, but also help the company to explore new market opportunities.

Longcheer's AI PC R&D team focuses on the development of AI laptops, with products including laptops and mini-PCs. Based on the Qualcomm ARM platform, the team has successfully launched the Copilot + PC with AI intelligence capabilities, providing users with an innovative laptop solution. This product not only breaks through Qualcomm's guided design in terms of design, achieving industry-leading ultra-thin and lightweight portability, but also improves energy efficiency by about 50% compared to traditional laptops. Its powerful NPU computing power makes it a personalized intelligent assistant for users. In addition, the mini-PC launched on the Qualcomm platform, with its lower power consumption and intelligent features, provides users with a better product choice.



Longcheer's Automotive Electronic Software R&D Team: Balancing Quality and Efficiency, Leading the New Trend in Technology

Longcheer's automotive electronic software R&D team is committed to developing high-quality intelligent cockpit domain products, including domain controllers, central control screens, armrest screens, vehicle mounts, and in-vehicle wireless charging devices. We use innovative technology to lead industry trends, providing consumers with convenient and safe intelligent cockpit solutions that enhance the cockpit's intelligence and continuously enrich the driving and riding experience for users.

- **Intelligent Cockpit Domain Controller:** Specifically designed for the integration of complex automotive electronics systems, it achieves efficient data processing and intelligent vehicle management, ensuring system stability and reliability.
- **Central Control Screen:** Offering a variety of size and resolution options, compatible with diverse interfaces, it meets the needs of various vehicle models. Manufactured with professional design and production, it complies with automotive standards.
- **Armrest Screen:** Designed based on ergonomics, integrating multiple functions, it provides a comfortable and convenient driving experience.
- **In-Vehicle Wireless Charger:** The successfully developed WPC platform wireless charging product supports rapid adaptation to various power levels and Qi protocols, ensuring charging efficiency and stability, suitable for a wide range of charging environments.



Putting Quality First and Demonstrating Our Value

We stick to a high-standard quality management system, keeping improve the performance and reliability of our products and create greater value for customers through continual quality improvement. So far, Longcheer has obtained ISO 9001 certification, and the certified entities include Longcheer, Longcheer Electronics (Huizhou) Co., Ltd., Nanchang Longcheer Technology Co., Ltd. and Longcheer Meiko Electronics Vietnam Co., Ltd. In 2023, Longcheer experienced no major product and service safety or quality incidents.

Product Quality Management

Longcheer has a strict quality management organization system and a quality control process for product quality management. The company has strict quality standards and testing procedures in every step from the inspection of raw materials to the delivery of finished products, ensuring the stability and consistency of product quality.

Quality Management System

Longcheer has perfect quality management procedures and models, covering product design, production, inspection, etc.

Longcheer follows the IPD process and implements a comprehensive quality management model, realizing the quality management in the full product life cycle from R&D design to delivery to customers. The company assesses risks of new materials and new technologies through the Project Risk Assessment Control Form (NUDD) in the design stage, and verifies the improvement in the trial production stage. The company organizes the R&D team to sum up the experience from historical projects in the project design stage, forming *Summary of Lesson Learn* which helps avoid and solve previous problems in new projects, ensuring that the company reaches the requirements of terminal quality objectives. Through continual quality management and risk assessment, the company has gained the recognition of customers and good feedback from the market.

Supply Chain Quality Management Model

Longcheer pays attention to all processes of the supply chain and has clear work arrangements at all stages of the product supply cycle.

In the stage of project planning

The company collects and sorts out the basic project information and project plan, trial production allocation, project communication map, model selection list, risk identification, requirements for quality management activities, and project requirements in the trial production stage, forms a report for project members, and follows up the closed loop of project requirements.

In the stage of raw material procurement

Longcheer sets up the Supplier Quality Management Department and standardizes supplier behavior by formulating supplier's QR code and managing supplier's quality boundary, ensuring the quality and traceability of raw materials. The company regularly updates and transmits the quality agreement, and takes corresponding measures for suppliers violating the agreement. The company disposes of nonconforming materials based on the exception handling rules to ensure the product quality, including rework and return.

In the development and verification stage

The company monitors the suppliers according to the control requirements of the quality plan, and reviews critical materials by stages. For general materials and high-risk materials, the company implements the strict review process, and requires risk control measures from suppliers, which is tracked by the supplier quality management (SQM) team. The company forms closed-loop management, ensuring that the problems are solved in time.

Strengthening Lean Production

In the practice of integrating lean production and intelligent manufacturing, Longcheer introduced high-efficiency production equipment and management information systems, and realizes the automation and intelligence of its production process, effectively improving its production efficiency and product quality.

The company had breakthroughs in key business indicators such as UPPH, per capita points, and SMT OEE. The continual improvement working group greatly promoted the benefits of the improvement proposal, with the cumulative improvement benefits of RMB 43.91 million throughout the year, exceeding the target of RMB 35 million. Through the three-tier training and certification system of lean empowerment working group, the company trained a group of lean talents, providing solid talent support for intelligent manufacturing.

The company actively ensured the fine quality management and improvement through digital transformation, realized IT management in intelligent manufacturing and advanced manufacturing, and introduced personnel qualifications. The company applied E-flag and MES system to bind cases, and realized IT-based training and qualification management of front-line operators, avoiding quality problems caused by unqualified personnel during online operation and gaining written praise and recognition from customers.

Creating a Culture of Quality

Based on the quality culture concept of "quality first, success by quality", Longcheer advocates all staff to cultivate quality consciousness, and creates a cultural atmosphere in which everyone values quality and participates in quality management, with the goal of "building a quality operation team - setting objectives - engaging in special projects - realizing continual improvement". In 2023, the company comprehensively promoted the construction of quality culture from quality awareness, quality capability, special improvement, assessment and incentive, ensuring that the quality concept covered all levels of the company. To continually improve the product quality of the company and the professional ability of team members, the company strengthened cooperation with external professional institutions, and invited external institutions to provide training on 6sigma and ISO 14064 for Longcheer quality personnel.

Ensuring Product Safety

Product safety is an important commitment of Longcheer to customers. Longcheer has a perfect product safety management system, and strictly abides by safety standards from design, production to sales, ensuring the safety of products.

Product Safety Management System

Our product safety management system covers risk assessment, safety test and accident response, ensuring that we can find out and process product safety problems in time. The company achieves online product tracking in the whole process through the MES system, and accurately records every step from the scanning and entry of raw materials to the online binding of critical materials in the production process. The system also strictly controls defective products during rework and repair, ensuring the transparency and effectiveness of corrective actions.

Longcheer strictly follows the *Control Procedures for Substandard Products*, covers the comprehensive tracing and rapid isolation of nonconforming products, classify and dispose of nonconforming products through clear processing processes. The company implements the malfunction control mechanism, and takes special management measures for products that do not meet the electrostatic requirements, ensuring no impact on the overall product quality. The company manages the HSF (Hazardous Substance Free) nonconforming products by specific procedures, meeting the requirements of environmental regulations.

In 2023, Longcheer had **no** quality-related product recall incidents.



Product Design Safety

In the stage of product design, Longcheer fully considers the product safety, and reduces the safety hazards of products through reasonable design and material selection.

Early R&D stage

We consider product safety from the design. For example, battery safety protection includes battery overheat protection and explosion protection in the drop test.

Production stage

We introduce the fool-proofing design into the equipment fixture design to avoid harm to the operating staff. We also control the appearance of products to avoid harm to consumers due to burrs.

The design team of Longcheer pays special attention to the safety of wearable devices for children, and strictly selects non-toxic and hypoallergenic materials, ensuring that the products meet the safety standards of the North American market, such as CPSIA (Consumer Product Safety Improvement Act of 2008). All new products pass strict environmental protection certification before being marketed, such as EPEAT (Electronic Product Environmental Assessment tool) and RoHS (Restriction of Hazardous Substances), which shows the firm commitment of Longcheer to environmental protection during industrial design.

Control of Hazardous Substances in Products

Longcheer strictly follows environmental laws and regulations, controls and manages hazardous substances in products, ensuring that products meet environmental protection requirements and protecting the health of customers and the environment. The company has a perfect and standard control system for hazardous substances in products, and formulates internal policy documents such as *Longcheer Control Standard for HSF* and *Longcheer Restriction List for Toxic and Hazardous Substances*, strictly supervising the environmental performance of products throughout their life cycle. In 2023, Longcheer, Shanghai Longcheer Intelligence Technology Co., Ltd., Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd. obtained the QC080000 hazardous substance management system certification.

In the stage of product development, the company designs according to customers' environmental standards, and selects qualified suppliers and raw materials. In the production process, the company evaluates environmental risks, ensuring that hazardous substances are not introduced into the production process. The company has a perfect product environmental testing mechanism and a list of toxic and hazardous substances, controlling and testing toxic and hazardous substances in materials and products and ensuring that products meet all environmental protection indicators before marketing.

Building Satisfactory Customer Relationship

Efficiently Meeting Customer Needs

We understand and meet customer needs rapidly and accurately through an efficient customer need response mechanism. We can provide timely and professional solutions to product customization and service support.

Customer Audit and Enabling

Longcheer attaches importance to customer audit and feedback. We constantly optimize our products and services through customer audit, and provide enabling services for customers to help them improve their competitiveness.

In 2023, the company's FFR comprehensive compliance rate met the target value.



Focusing on Customer Feedback and Timely Supporting FAE Work

In February 2023, Longcheer encountered after-sales signal issues in the overseas market, which to some extent affected the satisfaction of local customers. After urgent consultation, the company immediately dispatched the after-sales Field Application Engineer (FAE) to support the local and internal work. Before departure, FAE started the third-party resources, prepared a variety of plans, and communicated smoothly with relevant local personnel after arrival, ensuring the progress of the work, internally supporting FAE work around the clock, and effectively solving local problems.

Customer Demand Response Mechanism

In active response to customers, Longcheer formulates *Product Quality Improvement Procedures*, *Handling Procedures for Production Quality Exceptions* and *Closed-loop Handling Procedures for Customer Problems*, and establishes a complete customer demand response mechanism, ensuring that the company can quickly collect, analyze and respond to customer needs.

The company processes customers' problems in time according to the principle of "2485", that is, the first response is within 2 hours. There should be emergency measures for normal production, and the secondary response should be within 24 hours. The company should make countermeasures and give the third response within 48 hours. The implementation of countermeasures, the verification of effectiveness and standardization of countermeasures and the fourth response should be within 5 days. Based on this principle, Longcheer, being "Customer Centric", continually optimizes the feedback of response results, ensuring that every service is accurate and rapid, and creating more value for customers.

Annual Customer Audit Data	Unit	2023
Annual customer audits received by the company	Nos.	21
Classification by the audit type		
Social responsibility audit	Nos.	1
Other audits	Nos.	20
Pass rate of customer audit	%	100
Annual external quality system audits	Nos.	8
Pass rate of annual external quality system audits	Nos.	8
One-time pass rate of external quality system audits	%	100

Ensuring Customer Information Security

The first principle of Longcheer is to ensure the safety of customer and project information in routine operation.

The company formulates the *Management Specification for Information Security of Confidential Projects* and the *Management Specification for Information Security of Highly Confidential Projects*, defining the functional responsibilities and requirements of information security management specification in the whole process according to the differences in information security requirements of different projects, and ensuring the effective protection of information security with specific reward and punishment mechanisms. For highly confidential projects, the company issues formal documents to clarify the principles of information security management, management organization structure, and related response mechanisms.

The information security management cycle covers information security assessment, project approval, import, operation, and decryption, and involves personnel management, information management, protection scheme design, environmental management, physical management, supplier (critical device) management, definition of information security violation level, information security violation behavior, information security punishment system, management cycle and construction standards, creating a solid barrier for customer information security.

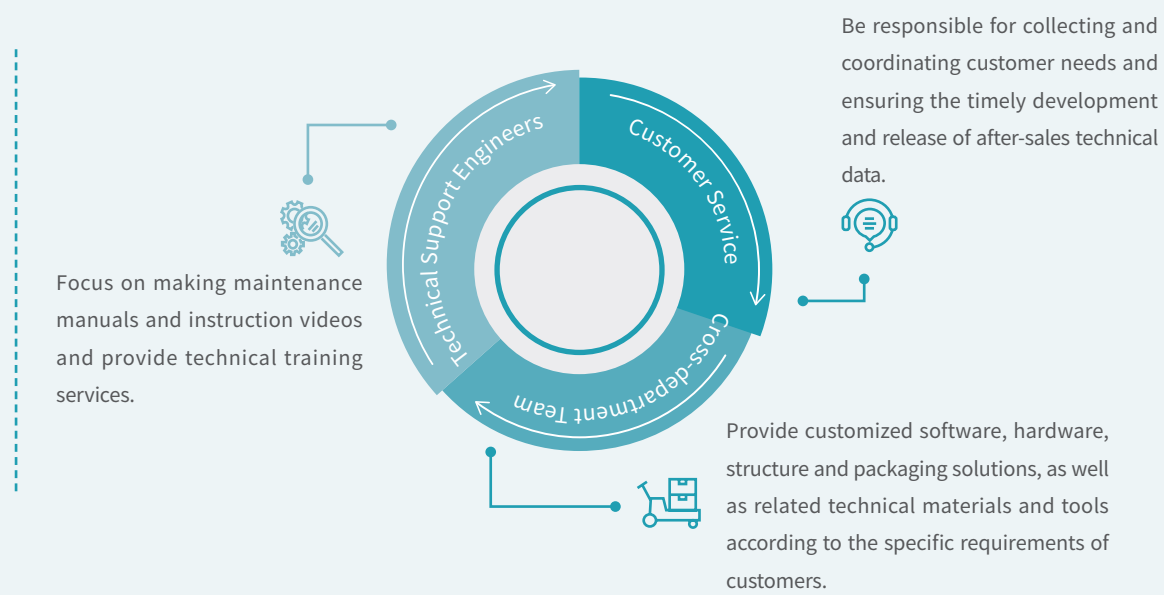
In 2023, the company experienced no incidents of customer information security or privacy disclosure, proving the effectiveness of the system.

Building Satisfactory Customer Relationship

Longcheer builds customer relationship by establishing and running the VOC management process, and representatives from all fields of PDT team obtain the VOC of customers. Through hierarchical management and the rapid and effective upgrade mechanism, the company solves customers' pain points in a timely and effective manner and improves customer satisfaction.

Longcheer is committed to ensuring the efficiency and accuracy of after-sales services through fine process management. The company formulates a series of specifications to realize the total management of after-sales technical data from customer demand assessment, data production, release to maintenance.

The company particularly emphasizes the close cooperation with customers and demand response in the after-sales customer service system. Through multi-dimensional internal cooperation, the company can quickly respond to customers' after-sales demand, improve customer satisfaction and build a stable long-term cooperative relationship.



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The environmental issue represented by climate changes is the most important social topic at present. Adhering to its founding mission of 'Create Values Through Technology,' Longcheer is dedicated to sustainable development and environmental protection, and is committed to promoting the coordinated development of business management and environmental protection. We collectively strive towards achieving the 1.5°C goal.

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Our Target:

- The company's water consumption per 10,000 products remains stable, with an annual fluctuation not exceeding $\pm 5\%$.
- The company's recycling rate for general solid waste is stable at 90% ($\pm 3\%$).
- With 2023 as the baseline year, the company commits to reducing its GHG emission intensity by at least 3% annually.

Our Progress:

- The comprehensive utilization rate of the company's general industrial solid waste reached 90%.
- The company realized 100% qualification rate of pollutant discharge, without illegal discharge of pollutants.
- The company's GHG emission intensity at the operational level (Scope 1 + Scope 2) was 3.02 t CO₂e/ RMB 1 million operating revenues.

03

A Practitioner of Green Development

Contributing to United Nations SDGs



Combating Climate Change Actively

The climate change is a common challenge around the world. As a leading enterprise in the industry, Longcheer is always committed to continual contributions to global climate governance, and regards actively combating climate change as its inherent requirement for realizing sustainable development and the responsibility for promoting the construction of human community with a shared future.

Building an Organizational Structure of Climate Governance

According to the framework proposal in the International Financial Reporting Standards for Sustainability Disclosure No. 2 - Climate Related Disclosures (IFRS S2), Longcheer identifies the risks and opportunities of climate change related to its own operation, actively formulates and improves climate risk prevention strategies, helping global climate change governance and comprehensively promoting the company's sustainable development.

Longcheer manages related matters of climate change by establishing the ESG governance structure and management procedures. We have the process and mechanism of climate-related risk management at the senior management level, defining the responsibilities of the management in assessing and managing climate risks, and strengthening climate change management.

The ESG Committee not only regularly reports ESG-related matters to the management of the company, but also is responsible for implementing the daily management and implementation of climate-related risks and opportunities. It actively promotes cross-departmental collaboration, guides various departments in identifying climate change-related risks, and formulates and implements proactive and effective response measures.

Longcheer continues to pay close attention to the impact of climate change on the company's business operations and systematically organizes and identifies climate change risks related to the company. To effectively address these risks, we have taken a series of targeted measures aimed at enhancing the company's adaptability and resilience to climate change.

Analysis of Climate Risks and Opportunities

According to the definition of financial risks caused by the climate change, the company divides environmental risks into transition risks related to low-carbon economy and physical risks related to the impact of climate change. Longcheer identifies and analyzes possible important risks and opportunities with reference to IFRS S2 and according to its business and industry attributes. With reference to the milestones of "carbon peaking in 2030 and carbon neutrality in 2060" planned by the government of China, the company classifies the impact duration of climate risks and opportunities into short, medium and long term: 0-5 years for short term, 5-15 years for medium term and 15-30 years for long term.



Risk Analysis

Risk Category	Definition	Impact Duration	Measures
 Physical risks	Acute	<p>Sudden extreme weather incidents (rainstorm, typhoon, flood, cold wave, high temperature, etc.), may cause the interruption of product delivery, production, and operation process, leading to delay in product delivery, and reduction of revenue.</p>	<p>Long term</p> <ul style="list-style-type: none"> Check the suppliers' supply locations and routes as well as the corresponding weather forecasts of product delivery approaches and routes, give early warning of extreme weather, and reasonably plan the supplier orders and customer delivery time. Timely notify all departments and supervise them in making emergency preparations according to the meteorological forecasts issued by the Meteorological Observatory. Check our production and operation sites, summarize historical records of flood outbreaks in these places, and assess the risk of rainstorm and flood.
		<p>Sudden extreme weather incidents (rainstorm, typhoon, flood, cold wave, high temperature, etc.), may threaten the health of employees, damage the company's physical assets such as buildings, equipment, and inventory, and increase operating costs.</p>	<p>Long term</p> <ul style="list-style-type: none"> Formulate emergency plans for extreme weather incidents according to actual operation conditions, and organize personnel for emergency drills regularly. Regularly maintain infrastructure to improve the risk response capability of facilities.
		<p>The resource shortage arising from climate change may cause the interruption of energy supply, thus affecting the normal production and business continuity of the company.</p>	<p>Medium and long term</p> <ul style="list-style-type: none"> Continue to pay attention to the energy structure in the operating areas, reduce reliance on a single source by developing and utilizing diverse energy sources, and implement backup energy supply systems to ensure uninterrupted production and business continuity in the face of potential supply disruptions. Actively promote electricity saving measures, attach importance to the development and application of energy saving and emission reduction technologies, improve energy efficiency and reduce operating costs.
	Chronic	<p>Climate anomalies such as global warming and sea level rise will challenge the long-term stable corporate operation.</p>	<p>Long term</p> <ul style="list-style-type: none"> Continuously monitor the changing trend of chronic risks, plan a reasonable layout in the stage of site selection and new construction, and consider the impact of chronic climate risks.
 Transition risks	Compliance	<p>Emerging carbon emission control laws, regulations, policies and standards are becoming stricter, which may increase the compliance cost of the company.</p>	<p>Medium and short term</p> <ul style="list-style-type: none"> Pay close attention to climate change, policies and regulations related to carbon peaking and carbon neutrality, consolidate the internal compliance system, and formulate climate response strategies.
		<p>Regulators have higher requirements for the accuracy of carbon emission data disclosed by enterprises, and non-compliant disclosure may lead to cost increase.</p>	<p>Medium and short term</p> <ul style="list-style-type: none"> Establish a scientific GHG verification mechanism, implement carbon footprint verification and accounting, and improve the quality of data disclosure.
	Technology	<p>Low carbon performance of the company's products lags behind due to its failure to identify and apply green and low-carbon technologies in time, which may lower product prices or lose some orders, resulting in a decline in revenue.</p>	<p>Medium term</p> <ul style="list-style-type: none"> Promote green and low-carbon design, introduce green recycling manufacturing technology and use recycled materials. Strengthen green R&D capability and actively carry out industry cooperation.
	Market	<p>Customers pay more attention to the carbon footprint of our products. If we cannot meet the market requirements for low-carbon products, there may be a decrease in our market share thus reducing the revenue.</p>	<p>Medium term</p> <ul style="list-style-type: none"> Actively develop green and low-carbon products and services to meet customer needs.

Opportunity Analysis

Opportunity Category	Impact Duration	Opportunity Description
 Energy management	Medium and short term	<ul style="list-style-type: none"> The use of renewable energy can help the company transform its energy structure and reduce operating costs. Introducing new energy-saving technologies and energy-efficient equipment can improve the company's energy efficiency and help the company achieve green, efficient and low-carbon development.
 Climate change adaptability	Long term	<ul style="list-style-type: none"> The experience in addressing sudden and prolonged climate impacts can equip the company with strong ability to respond to natural disasters and weather changes, guarantee the stability of business operations, and obtain customer recognition and long-term cooperation.
 Products and services	Medium and long term	<ul style="list-style-type: none"> Developing and launching green design and energy-efficient products and services help the company gain more market shares and customers' favor, and bring more income growth. Promoting low-carbon and green practice, making active response to the demands of stakeholders, and improving ESG rating performance can help the company gain more investment opportunities in the capital market.

Strengthening GHG Verification

Scientific and perfect GHG emission verification is the first task of actively combating climate change, and the company regards the result as the basis for near-zero emission.

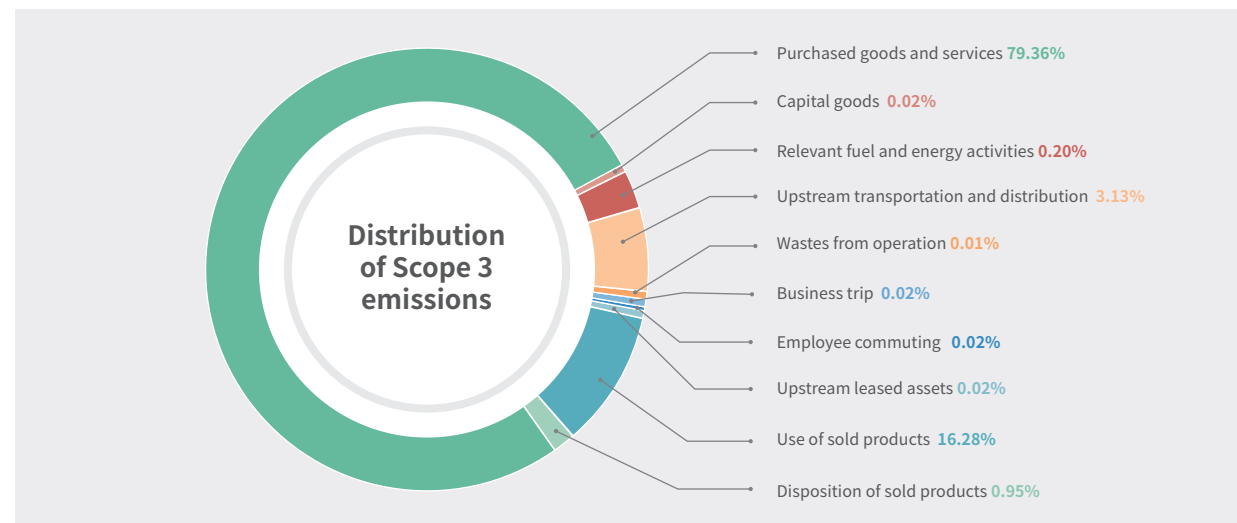
Longcheer has set up a governance structure for GHG verification in the manufacturing base, and the management of the base serves as the verification structure managers. The verification team leader and the inspection team leader implement and manage the GHG verification in the year.

In 2023, Longcheer systematically verified GHG emission sources in the organization boundary according to the scope, categories and calculation methods in *GHG Protocol* and *IPCC Guidelines for National GHG Inventory*, as well as the operation control method.

In 2023, the company's total GHG emissions at the operational level (Scope 1 + Scope 2) were 82,192.86 t CO₂e.

GHG Emissions Data	Unit	2023
Scope 1 emissions	t CO ₂ e	2,132.17
Scope 2 emissions	t CO ₂ e	80,060.69
Total GHG emissions (scope 1 and scope 2)	t CO ₂ e	82,192.86
GHG emission intensity	t CO ₂ e/RMB 1 million operating revenues	3.02

Additionally, the company conducted a systematic accounting of Scope 3 GHG emissions. The emission sources identified and verified in Scope 3 include: purchased goods and services, capital goods, relevant fuel and energy activities, upstream transportation and delivery, wastes from operation, business trips, employee commuting, upstream leased assets, use of sold products, and disposition of sold products.



Notes:

Scope 1 emissions are direct GHG emissions from sources owned or controlled by the company, Scope 2 emissions are indirect GHG emissions from purchased electricity consumed by the company, etc., and Scope 3 emissions are GHG emissions indirectly caused by the company's activities, but not generated by sources owned or controlled by the company.

In 2024, the company, based on the GHG verification result in 2023, will plan net zero emission, clarify the net zero emission targets and paths at the level of company operation and value chain, set scientific carbon targets, and contribute to the global zero carbon process with practical actions.



With 2023 as the baseline year, starting from 2024, the company will reduce its GHG emission intensity by at least

3% annually

Creating Green Operations

Adhering to the business philosophy of green development, Longcheer continuously pays attention to its environmental impact, actively produces green products, promotes low-carbon operation, and gradually facilitates the green transformation of itself and the industry, thus making contributions to building a beautiful China.

Based on the environmental management policy of "observing laws and regulations, preventing pollution, saving resources and continually improving", the company has established a perfect environmental management system, various rules and regulations, ensuring the standardization of management processes, effective identification and control of environmental safety risks. The company is committed to minimizing the impact of production and business activities on the environment, and has obtained ISO 14001 environmental management system certification. We constantly enhances environmental management capabilities, improves resource utilization efficiency and reduces pollutant emissions. All the operation sites of Longcheer are located in non-nature reserves, which does not cause significant impact on the ecosystem during the operation.

In 2023, the company had no environmental incidents.

Strengthening Energy Management

Lean energy management is an important part for Longcheer to achieve the net zero goal. According to national energy policies and energy management standards, the company formulated the *Energy Management System Manuals*, including *Control Procedures for Energy Management Scheme*, *Control Procedures for Energy Monitoring and Measurement Analysis*, *Management Procedures for Energy Review*, etc. In combination with the actual situation of production and energy consumption, the company continuously optimizes its energy use, and improves energy efficiency, ensuring the realization of energy consumption targets. In addition, the company continually strengthens the construction and certification of energy management systems, and Longcheer Electronics (Huizhou) Co., Ltd. has successfully obtained ISO 50001 energy management system certification, reflecting our continual efforts and achievements in energy management.

Energy Saving and Emission Reduction

In the production process, we give priority to clean technology, keep upgrading equipment, and actively explore energy-saving technologies to improve energy efficiency and reduce operating costs. In 2023, Longcheer implemented a series of energy saving and carbon reducing measures.



Key Energy-saving and Carbon-reducing Actions of Longcheer Manufacturing Bases

Longcheer Electronics (Huizhou) Co., Ltd.

- Transformed workshop chillers technically and connected the existing chilled water system to the grid to reduce the energy consumption of chillers, decreasing the annual emission by 703 t CO₂e.
- Recycled the waste heat from air compressors to heat domestic water, reducing the energy consumption of air energy heat pumps and decreasing the emission by 1,761.9 t CO₂e per year.

Nanchang Longcheer Technology Co., Ltd.

- Used a light meter to measure on the spot and adjust the number of illumination lamps according to the brightness standard, and combined the independent control of illumination in production and non-production areas to ensure that the lighting is off when there is no production, which not only meets the production demand but also effectively saves energy, achieving an annual electricity consumption saving of 207,924 kWh and an annual emission reduction of 109.31 t CO₂e.
- Recycled the waste heat from air compressors to heat domestic water, reducing the energy consumption of air energy heat pumps, saving electricity consumption by 1,111,680 kWh and reducing emissions by 584.4 t CO₂e per year.

To assist the company in achieving the emission reduction target, Longcheer Electronics (Huizhou) Co., Ltd. will gradually construct renewable energy projects such as chilled water storage system, solar energy system and distributed PV power generation system.

Distributed PV power generation

We lay 1.16 MWp PV power generation panels in the 14,000 m² vacant space on the roof of No. 2 Building of Longcheer Electronics (Huizhou) Co., Ltd. We estimate the annual power generation of the project to be 1.2 million kWh, and can achieve the reduction of GHG emissions by 765.48 t CO₂e.

Solar energy system

We install solar heat collection panels in the 1,184 m² space on the roof of dormitory of Longcheer Electronics (Huizhou) Co., Ltd. for the daily use in dormitory. We estimate that the project will save 5.87 million kWh of electricity consumption and realize the reduction of GHG emissions by 3,744.47 t CO₂e.

Green Logistics

The company actively promotes the establishment of a green and efficient logistics system. While ensuring the quality of logistics delivery, the company significantly improves the transportation efficiency, and effectively reduces energy consumption and carbon emissions during logistics transportation through the strategies of multimodal shipping, optimization of transportation modes and paths, integrated utilization of logistics resources, and digital operation, achieving a win-win situation of economic and social benefits.

Reduce transportation mileage and trips

By delivering bulky materials directly to the plant and delivering KD port materials directly to the freight forwarder, we reduced the intermediate links effectively, thus significantly reducing the transportation mileage. We adopted the stacking transportation mode if the whole machine less than 1.2 m is shipped, improving the vehicle loading rate and reducing the transportation trips by 10%.

Since 2023, we have used vehicles meeting National V emission standards for transportation, and adopted 100% electric forklifts in warehouses, completely eliminating fuel forklifts.

Use low-carbon transport vehicles



Promote green packaging

We reduced the use of disposable packaging by using reusable, easily recyclable and degradable packaging materials. We recycled pallets, corner protectors, and other packaging materials. In 2023, the company recycled 106,283 pallets throughout the year.



In 2023, the company recycled **106,283** pallets throughout the year.

Optimizing Resources Utilization

Water Resources Management

The company manages water resources in strict accordance with *Water Law of the People's Republic of China*, *Law of the People's Republic of China on Soil and Water Conservation*, *Measures for the Implementation of Water Permit System*, and *Management Regulations on Urban Water Conservation*. Our water comes from municipal sources, without direct or indirect significant impact on water resources as a result of changes in water taking, consumption, discharge, or storage.

The company attaches importance to the protection and conservation of water resources, and reduces the consumption of fresh water and waste water discharge by water saving and waste water recycling. We regularly comprehensively inspect and maintain the water supply system to avoid a waste of water resources and reduce the load to water resources due to production and business activities.



Longcheer Electronics (Huizhou) Co., Ltd. Ranked as a Water-saving Enterprise in Huizhou

In September 2023, Longcheer Electronics (Huizhou) Co., Ltd. was certified as a water-saving enterprise in Huizhou in the year. During establishing a water-saving enterprise, Longcheer Electronics (Huizhou) Co., Ltd. made a feasible implementation plan by conducting vigorous propaganda, creating an atmosphere, improving the water-saving management system, and actively promoting water-saving instruments, which achieved remarkable results. Longcheer Electronics (Huizhou) Co., Ltd. improved water management of the plant from four aspects, such as building a water saving group, establishing an energy management platform, testing water balance, publicizing and inspecting water saving.

Chemicals Management

The company has formulated the *Chemicals Safety Management System* to control hierarchically the product materials, components, finished products and chemicals involved in the production process, ensuring that the management process is legal and compliant, and reducing the risk of work safety. The company controls hazardous substances in the whole process by formulating *Longcheer Control Standard for HSF* and *Longcheer Restriction List for Toxic and Hazardous Substances*, minimizing hazardous chemicals and reducing environmental pollution and negative impacts throughout the product life cycle.

Longcheer strictly controls hazardous chemicals from all aspects and in the whole process, and has perfect systems and measures from import, procurement, transportation, transshipment, use to waste recycling. The company has formulated the *Emergency Response Plan for Environmental Emergencies*, as well as filed and registered with relevant government departments, and regularly conducts drills on the leakage of hazardous chemicals, ensuring timely blocking of pollution, reducing the occurrence of pollution, and guaranteeing the legal and compliant handling of pollutants.

To ensure the safety and health of employees, as well as the professionalism of management, all chemicals management personnel of the company shall receive unified training, pass the examination, and work with certificates. The company posts safety warning signs, occupational hazards notification and Material Safety Data Sheet (MSDS) in eye-catching positions of all chemicals-related posts to remind employees of safety risks, and provides all workers exposed to chemicals with comprehensive personal protective equipment.

In 2023, the company has built a smart fire protection platform, remotely monitoring the temperature and humidity in the chemical transshipment warehouse with micro sensors. The platform feeds back the abnormal alarm to the fire control center in real time, effectively improving the safety of chemicals warehouse management.

Improving Waste Management

Pollutant Management

Longcheer strictly abides by national and local environmental laws, regulations, and standards, and has formulated *Regulations on Management of Waste Water, Waste Gas and Solid Waste, Control Procedures for Rainwater Pollution Discharge, and Noise Management Regulations* to strictly control the waste water, exhaust gas, solid waste and noise generated and discharged by the company. In addition to the usual management measures, the company has also formulated the *Emergency Response Plan for Environmental Emergencies* and corresponding management procedures, identifying and evaluating environmental factors, as well as formulating emergency response plans for possible environmental incidents.

The waste water generated by the company mainly includes sporadic industrial waste water, domestic waste water and canteen waste water. Qualified waste water processors recycle and dispose of sporadic waste water from the production process. Waste water from restrooms and tea rooms, after sedimentation in septic tanks, as well as oily and particulate-containing wastewater from the cafeteria, after treatment in grease and grit separators, is discharged into the municipal sewer system. It is then treated at the sewage treatment plant to meet discharge standards.

The exhaust gas coming from industrial exhaust gas in the production process (such as organic exhaust gas from reflow furnace, welding, glue dispensing, and alcohol wiping), and canteen fume are discharged through exhaust pipes after treatment. The company actively prevents and controls waste gas pollution. Through giving priority to low-emission process facilities and green materials, setting up waste gas collection devices, and installing purification facilities, the company controls exhaust gas pollution from the source, production process, and end, effectively preventing and reducing air pollution.

The primary sources of noise in the company are the operational sounds of air compressors, nitrogen generators, and air conditioning units. The company achieves sound insulation by environmentally friendly and low-noise equipment, rational layout, afforestation, etc., and reduces noise through optimizing the process, reducing noise posts, and using silencers for power auxiliary equipment, ensuring that the noise reaches the standard.

To ensure that waste water, exhaust gas, and noise at the plant meet the discharge standards, the company regularly entrusts third-party professional testing institutions to monitor pollution sources. In 2023, the company realized 100% qualification rate of pollutant discharge, without illegal discharge of pollutants.



In 2023, the company realized **100%** qualification rate of pollutant discharge

Waste Management

Following the pollution control principles of solid waste reduction, harmlessness and recycling, the company continuously strengthens the management of solid wastes, formulates *Regulations on Management of Waste Water, Waste Gas and Solid Waste and Waste Management Procedures*, and disposes of solid wastes in a stand manner. We strictly classify and collect recyclable wastes, hazardous wastes, non-recyclable wastes, and canteen kitchen wastes, ensuring 100% compliant disposal of different types of wastes.

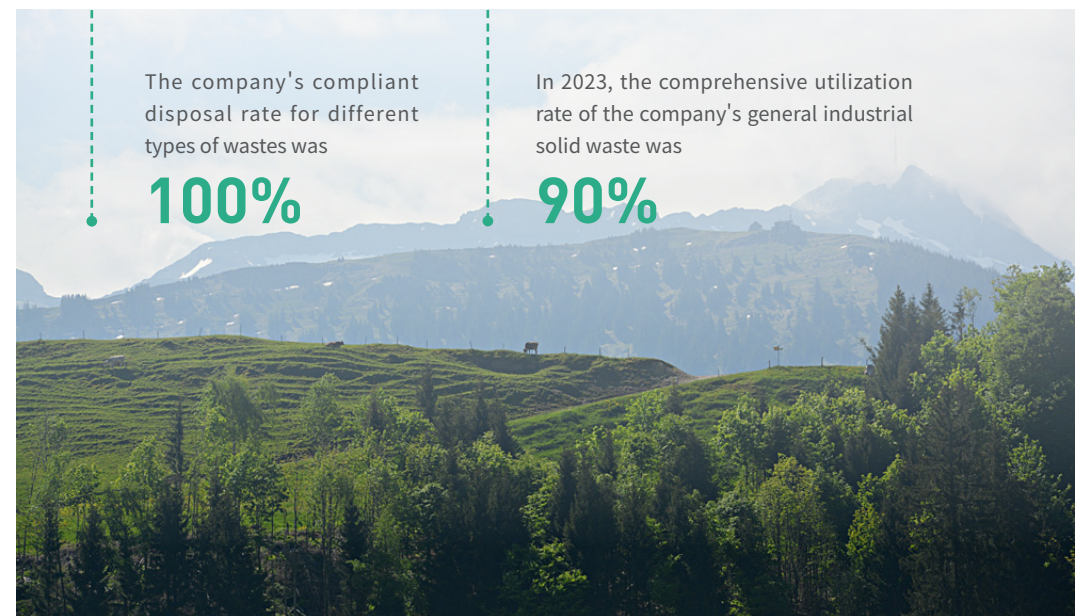
The company comprehensively utilizes general industrial solid wastes from the production process, and the comprehensive utilization rate reached 90% in 2023. The company collects hazardous wastes, stores them at a fixed point, and then hands them over an entity with hazardous waste treatment qualification registered with the Environmental Protection Bureau for treatment.

The company's compliant disposal rate for different types of wastes was

100%

In 2023, the comprehensive utilization rate of the company's general industrial solid waste was

90%



Innovating Green Products

Based on the full product life cycle, Longcheer continues to pursue more environmentally friendly product and packaging materials, more durable products, and fewer wastes, efficiently utilizing and recycling all resources.

In the process of product design and R&D, the company pays attention to the selection and innovative design of environmentally friendly materials, and gives priority to sustainable materials such as recyclable, non-toxic, bio-based and renewable materials. Through modular design and lightweight design, the company extends the service life of products, and reduces wastes and the consumption of natural resources, promoting the development of low-carbon economy.

Recyclable materials

We gave priority to recyclable materials which have excellent performance and can be recycled after the end of the product life cycle, such as aluminum alloy, stainless steel and post-consumer recycled materials (PCR).

Non-toxic materials

We strictly screened non-toxic and low-toxic materials to ensure that the products are harmless to both the environment and users' health during production and use.

Bio-based materials

We explored and applied bio-based materials like corn-based plastics and bio-based ceramics/leather to reduce dependence on fossil materials and the carbon footprint of products.

The company applies green clean technology, pays attention to the safety, environmental protection and energy efficiency in the process of product production and use, and constantly improves the green and low-carbon performance of the full product life cycle.

The company applied environmentally friendly paint in product surface treatment and coating, significantly reducing the emission of volatile organic compounds (VOCs), and ensuring the durability and beautiful appearance of products.



The company effectively reduced environmental pollution in the hardware production process by adopting in-mold decoration technology and replacing conventional die-cast aluminum with stamped aluminum for mobile phone housings.



The company effectively reduced energy consumption and carbon emissions in product use and manufacturing processes by adopting low-temperature spraying and fast curing technologies that have low energy consumption and improving the energy efficiency of electronic products.



Enhancing Environmental Protection Awareness

In recent years, Longcheer has been conveying the concept of environmental protection to its employees by holding environmental protection training and publicity and education activities, promoting green office, and strengthening exchanges on environmental protection, in order to jointly protect the green homeland.

Prioritizing the prevention, prediction, and pre-control of environmental incidents, we popularize knowledge among all employees regarding the prevention of environmental emergencies, enhancing their environmental protection awareness and skills. We organize activities to identify potential environmental risks associated with hazardous waste and chemicals and diligently take corresponding control measures to reduce environmental risks.

We provide training in basic environmental protection knowledge during new employee orientation, and we conduct special environmental protection knowledge training for workshop employees every year to deepen their environmental awareness. In 2023, Longcheer conducted 15 special environmental protection training sessions, with a training pass rate of 100%.

Longcheer strives to create a green and low-carbon office environment, takes various technological and management measures to reduce energy and natural resource consumption in daily office work, actively advocates environmental protection culture, and develops employees' green and low-carbon working and living habits.



The company advocates low-carbon travel and encourages employees to give priority to public transportation, and use trains instead of planes whenever possible, especially for train journeys within four hours. The company also promotes energy saving and emission reduction for company vehicles, with newly purchased ones all being new energy models, and encourages employees to carpool for travel.



The company encourages employees to save water and electricity and avoid unnecessary resource consumption by posting reminders and implementing electricity and water-saving measures, such as stipulating the period for using lights and adjusting hot water supply based on the ambient temperature.



The company promotes double-sided printing and reduces color printing to reduce paper consumption, advances the paperless office by implementing travel applications and expense reimbursement online, facilitates the reuse of packaging cartons to reduce waste, and encourages employees to use personal cups to reduce the use of disposable paper cups.



The fresh air system, ambient temperature, etc. of the company's workplace in Shanghai Weijing Center can be automatically adjusted and remotely controlled through intelligent control systems, optimizing energy use without affecting normal office work.



“

Longcheer, with a deep sense of social responsibility and a strong desire to contribute, is dedicated to pooling forces from all quarters to jointly create a harmonious and inclusive future. We focus on the development and growth of our employees, providing them with ample career opportunities. We progress hand in hand with our partners, striving for win-win outcomes, show fervent concern for society, and contribute wholeheartedly. With an open mindset and actions of friendship, we support the development and prosperity of the larger social family.

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Our Target:

- Pass certification of the ISO 45001 system.
- 100% completion of CSR audits for supplier annual review program.

Our Progress:

- The company successfully passed certification of the ISO 45001 system.
- The total training attendance of employees in operation positions reached 45,354 times, 100% of employees in key positions worked with qualification certificates, and 95% of employees in professional and technical positions received training.
- All qualified suppliers of the company signed the corporate social responsibility agreements, and 100% completion of CSR audits for supplier annual review program.
- The company donated funds of RMB 536,600 to public welfare programs in 2023.

04

A Transmitter of Public Welfare Value

Contributing to United Nations SDGs



Building a Satisfied Global Team

Longcheer actively creates an equal, inclusive, harmonious, and win-win working atmosphere that enables every employee to maximize their potential, and it grows together with the employees.

Building a Fair Workplace

The company strictly abides by the *Labor Law*, *Labor Contract Law*, and other laws and regulations of the countries and regions where it operates, as well as the human rights and labor requirements stipulated in *The Ten Principles of the UN Global Compact*, the *Universal Declaration of Human Rights*, and the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*, ensuring equal work and development opportunities for all employees and creating a healthy, safe, and efficient working environment.

The company formulated the *Longcheer Code of Business Conduct for Employees*. It implements the principles of gender equality, equality of opportunity, and employee diversity and prohibits any discrimination or differential treatment based on race, skin color, religion, gender, age, nationality, genetics, disability, etc. in recruitment and employment, promotion, remuneration and performance, and daily work as well as any sexual harassment words or acts and inappropriate comments, jokes, and behaviors. In case of related incidents, the company shall handle them seriously according to the related rules and regulations, as well as the management provisions of rewards and punishments in manufacturing bases. In 2023, the company had no discrimination or sexual harassment incidents. Employees can lodge appeals against discrimination and harassment through the whistleblowing phone number, email, personnel service public email, employee joint mediation center, and 24-hour care hotline, in which case the company shall arrange for dedicated personnel to process such appeals and ensure that employees' personal privacy is not breached.

Protecting Employees' Rights and Benefits

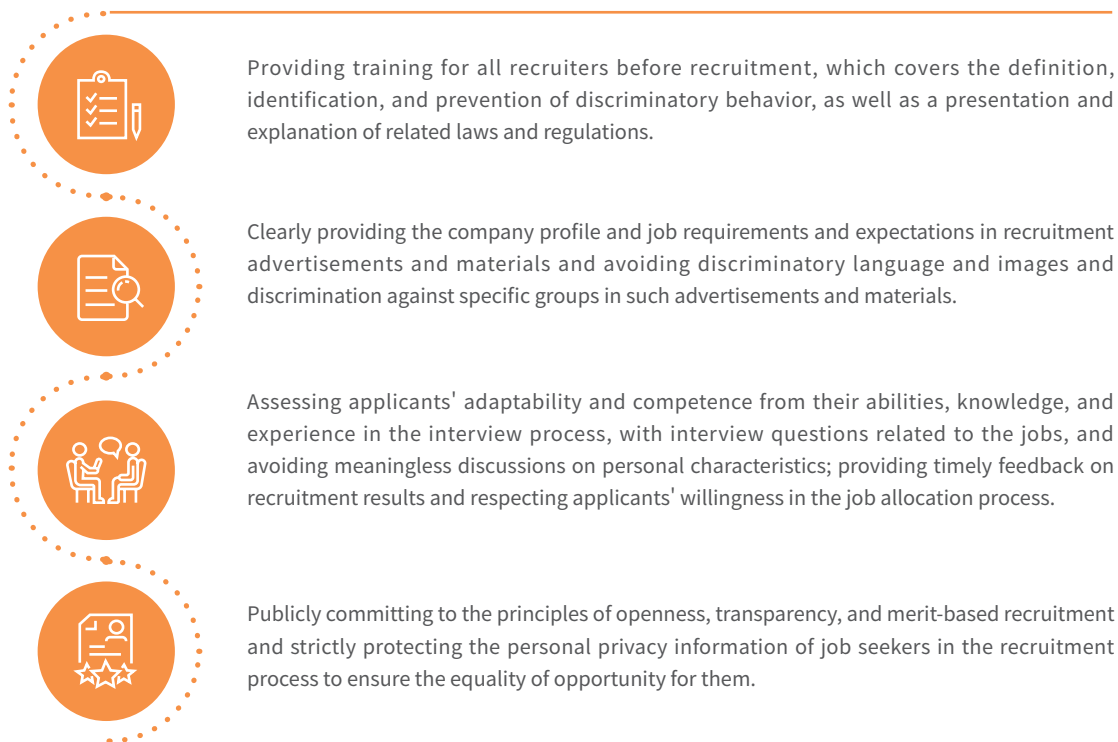
The company has a sound human resources management system and processes in place to effectively protect its employees' legitimate rights and interests.

The company prohibits the use of child labor and any form of forced labor, with related requirements communicated to its suppliers. The company sets flexible working hours according to the *Group Attendance Management System* to meet business and employee needs. The company follows the state's *Provisions on Prohibition of Child Labor* and has internal *Provisions on Prohibition of Child Labor and Management of Juvenile Workers* in place, based on which it conducts related daily management and imposes related requirements. In case of recruitment of child labor by mistake, the company shall immediately stop their work, arrange for dedicated personnel to escort them to their guardians after confirming their health, strictly investigate the causes, and seriously deal with responsible persons according to laws and regulations. In 2023, Longcheer did not find incidents of forced labor or recruitment and use of child labor.

Placing a high priority on the protection of female employees' rights and interests, the company adheres to the equality of opportunity for men and women in recruitment, training, and career development. The company has internal *Provisions on Managing Female Employees during Three Periods* to protect the legitimate rights and interests of female employees during their pregnancy, confinement, and nursing periods. The company continues to launch employee care activities and women's health lectures, provides female employees with legal and compliant maternity benefits, and actively promotes their personal development and physical and mental health.

Fair Recruitment of Employees

The company avoids employment discrimination risks and ensures the equality of opportunity for job seekers through control of multiple links in the recruitment process:



Longcheer pledges not to charge candidates any additional fees during the recruitment process. All recruitment-related expenses are budgeted uniformly by the Human Resources System and are covered by the company.

In terms of talent demand management, the company assesses its position and talent demands every year according to market research, business planning, and calculation and analysis results and dynamically adjusts positions and talents according to its actual operations. In terms of recruitment of manufacturing employees, the planning department develops manpower requirement plans for the next months or every quarter based on business needs, and the recruitment department develops manpower guarantee plans based on manpower requirements and reasonably allocates resources to meet the requirements of needing departments. In 2023, Longcheer officially stepped into the market of automotive electronics. The company built a core talent framework for the automotive business, defined talent portrait and selection mechanisms, and successfully introduced a group of experts and key employees with rich experience and professional capabilities through online recruitment, headhunter recommendations, and internal job transfers and promotions, providing a solid talent guarantee for team building and business development. In 2023, Longcheer built an end-to-end organization of nearly 200 people in the area of car cockpit products, with nearly 60 people introduced from the automotive industry.



Employee Health and Safety

Longcheer attaches importance to the protection of employee health and safety, and continues to build and improve the occupational health and safety system to ensure a safe and healthy working environment for employees. Longcheer successfully passed the certification of the ISO 45001 system in 2023, marking an important step forward in employee health and safety management and showing its alignment with international standards.

To ensure the health and safety of employees, the company established a Work Safety Committee and set up a dedicated work safety management team to comprehensively coordinate work safety management. All employees of the company from top to bottom signed the work safety responsibility statements to take on work safety responsibilities.

The company established or improved safety and health management regulations, including the *Work Safety Responsibility System*, the *Work Safety Education and Training System*, the *Safety Risk Graded Control System*, the *Occupational Disease Prevention and Management System*, the *Emergency Management System*, and the *Environmental and Occupational Health and Safety Management Manual*, and continuously standardized safety management through the improvement of system design.

The company lays emphasis on the development of a safety culture and regularly launches activities for all employees, such as fire drills, firefighting skills competitions, safety knowledge competitions, safety quizzes with prizes, and first aid training, to enhance their safety awareness and emergency response capabilities. The company organized 11 emergency drills in 2023, covering chemical spills, falls from heights, food poisoning, and fire emergencies. Based on the themes of National Work Safety Month and Fire Awareness Month, the company launches corresponding safety education activities every June and November. Furthermore, the company actively implements

three-level safety education and special training for employees to comprehensively improve their safety and health awareness. In 2023, Longcheer conducted a total of 663 safety training sessions, with a total attendance of 35,741 person-times and a 100% participation rate in new employee three-level safety education, fire safety, occupational health, and work safety training.

The company attaches great importance to health and safety risk assessment and management, with third-party professional institutions engaged every year to test hazard factors of occupational diseases and the Workplace Hazard Factor Test Report formed and publicized. The company formulates and implements corresponding control measures against the identified hazard factors of occupational diseases, to ensure continuous improvement and closed-loop management. The company furnishes necessary labor protection articles for operators in positions exposed to occupational hazards and supervises the correct wearing thereof. The company has warning signs and occupational hazard notification cards posted in areas with potential occupational hazards, to remind employees of occupational safety protection. The company also regularly arranges pre-job, on-the-job, and post-job physical examinations of occupational diseases to ensure employees' occupational health.

In 2023, the company completed the evaluation of simultaneous design, construction and operation in cooperation with Jiangxi Ganchang Evaluation Testing Consulting Co., Ltd., covering occupational health pre-evaluation, occupational health protection facilities design, and occupational disease hazard control effect evaluation reports, further improving the professionalism and effectiveness of the evaluation. The company also implemented comprehensive potential risk identification in the past year, with 81 occupational health problems identified and rectified, which effectively prevented and controlled occupational disease risks.

In 2023, Longcheer conducted a total of

663 safety training sessions

with a total attendance of

35,741 person-times

and a

100%

participation rate in new employee three-level safety education, fire safety, occupational health, and work safety training.



► **In terms of work safety protection**

We take strict protective measures against potential risks such as harmful gases, harmful liquids, mechanical injuries, and noise. We select sites for large communal facilities (such as air compression nitrogen generators and central air conditioning units) as far away from living quarters as possible, and use noise reduction facilities to reduce equipment vibration. We set up independent isolation systems, install soundproof cotton in rooms to reduce noise, and require employees to wear noise-reducing earmuffs and earplugs during work. Additionally, the company mitigates the impact of harmful gases and liquids by installing fume and dust purifiers and providing personal protective equipment. We also set up safety doors, safety light grids, and other protective measures, while conducting routine equipment inspections to prevent mechanical injuries. At the same time, by implementing stringent hazardous chemicals management procedures and configuring safety devices, the company ensures the safety of employees in various work environments.

► **In terms of remedies for accidents at work**

We are committed to rapid responses and immediate remedies to ensure timely treatment for injured employees. In case of an accident at work, the company shall establish an accident investigation team and strictly follow the accident investigation and handling processes to ascertain the cause, formulate preventive measures, and prepare an eight disciplines (8D) rectification report.



Employee Training and Development

Longcheer has established a sound training system and career ladder so that employees access broader space for professional development.

Employee Training

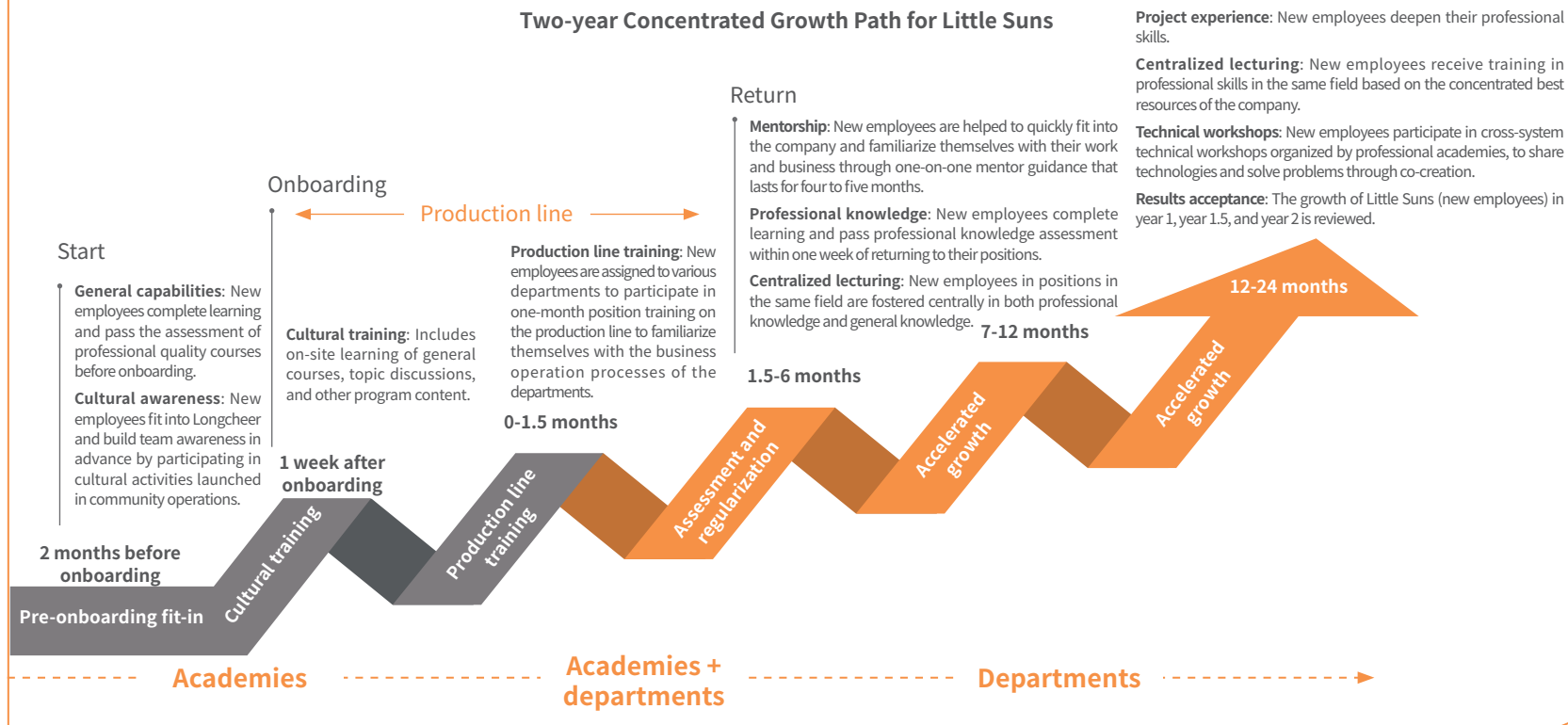
Longcheer adheres to "Long-term Driven" approach in the planning and development of key talents, achieving mutual growth with employees. The company has prepared the *Onboarding Guide* and the *Officer Learning and Development Guide* to define the learning requirements for corresponding groups and prepared the *Training Management Process* to standardize and guide learning and development activities. At the beginning of every November, based on the annual strategic objectives and the talent development plan, related departments of the company research the annual training needs of the Officer Management Department, the Organization and Talent Development Department, various professional academies, and secondary organizations, and interview senior management for training needs, to identify skill gaps in various areas and plan targeted training programs.

The learning and development system of Longcheer covers new employee orientation training, management capability training, professional capability training, project management capability training, and operation training.

New employee orientation training

The company furnishes new employees with training in induction guidance, company processes and systems, cultural values, company strategy layout, product and business introduction, and position requirements and assigns a mentor to every new employee to help them fit into the company and become competent for their positions. The company provides production line workers (even if they are not company employees) with the same position skills training and assessment as regular employees to ensure their skill level and work quality. The company launches the annual "Little Sun" program for new employees recruited from campus, with a two-year path designed for their rapid growth, and enables them to quickly grow into key employees in their departments through theoretical knowledge learning, production line training, mentor guidance, and project experience.

Two-year Concentrated Growth Path for Little Suns



Management capability training

The officer learning programs include training for the reserve cadre echelon, new manager orientation, and empowerment training for current cadres. The training content covered the interpretation of the company's management policies, discussion of management case studies, and leadership learning, for officers to pass on the company's cultural values, undertake its development strategy, and lead the team to achieve business goals.

As of December 31, 2023, all newly hired or newly promoted middle and grassroots management cadres who have been in their positions for more than half a year have completed the systematic training of the New Manager Training Camp. This training assists new managers in clarifying their role perception, understanding the company's management philosophy and cadre standards, and mastering management methods and tools. The company arranges dedicated training for front-line managers (mainly production line team leaders and shift leaders) at manufacturing bases, covering promotion training and empowerment training. So far, the company has conducted eight promotion training sessions for reserve team leaders, with 229 qualified, and conducted five promotion training sessions for reserve shift leaders, with 67 qualified.

Professional and technical empowerment training

Based on business needs, the company provides special empowerment training for technical and professional employees in R&D, engineering, quality, and production positions. The company has set up 11 professional academies and developed a series of learning resources related to job qualifications to support the professional competence improvement of employees in various fields. The company promotes the transfer and sharing of professional knowledge through the established knowledge base and community. The company regularly invites external experts to give courses and lectures on cutting-edge technologies to help professionals broaden their horizons.

In 2023, the professional academies released a total of

767 courses

with a total attendance of

35,756 person-times

Project management training

The company lays great stress on the improvement of project management capabilities of employees at all levels. The company regularly launches project management practice classes and requires managers and key employees in the R&D field to learn professional knowledge of project management and conduct project reviews and discussions so that they can better lead their teams and manage projects. The company also encourages employees to study and obtain various qualification certificates for project management.

Operation training

The company provides operation training for production line operators, technicians, and shift leaders, covering information security requirements, job specifications, quality awareness, and site management skills. After new employees join a department, the Integrated Management Section provides them with theoretical and practical training in job skills, and they can obtain the corresponding job operation qualifications after passing the assessment. After such qualifications expire, they shall participate in the training and pass the assessment again. Manufacturing bases audit the job qualifications of production line employees every month by randomly selecting employees in some key positions, covering their work permits and mastery of job operation specifications. Employees who fail the audit shall participate in the corresponding job training and assessment again until they regain job qualifications.



In 2023, the total training attendance of employees in operation positions reached

45,354 person-times



100%

of employees in key positions worked with qualification certificates



95%

of employees in professional and technical positions received training



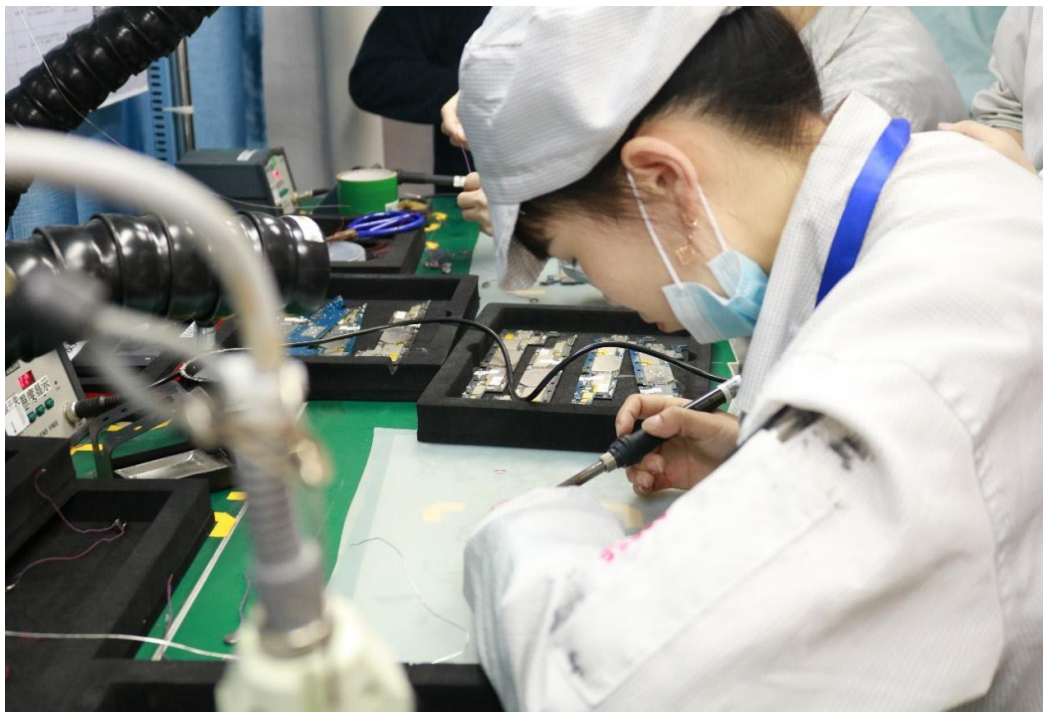
85%

of shift leaders took up their positions after passing training



Employee Skills Competition

In order to create an atmosphere of skill learning for front-line employees and discover and motivate talents with excellent skills, the company's Manufacturing Department 1 and Department 2 launched an employee skills competition in the production workshops in 2023, through which, the essential points of operation for key positions were learned extensively and a wave of learning was set off among employees.



▶ Training Capability Enhancement

The company has established the *Internal Trainer Management Process* to standardize the selection, training, and utilization of internal trainers, achieving the extraction and inheritance of the company's excellent experience. As of December 31, 2023, the company has trained and certified more than 300 internal trainers.

Internal trainer training

The company holds certification training for internal trainers every year to foster an internal lecturer team that can extract and share experience. The company holds one session of internal trainer training every year, with a certification cycle of two months. The internal trainer training covers the learning of courses such as experience extraction, course development, standard presentation, and wonderful interpretation. Participants can become the company's internal trainers after giving trial lectures on developed courses and passing certification.

▶ Training Channel Construction

The company has established the online learning platform "Longcheer e-Learning", which offers nearly 2,000 courses to meet employees' diverse needs for video, audio, and courseware learning, examinations, and tests. The platform livestreams an average of five courses per working day to enhance the interactivity and effectiveness of learning. Furthermore, the company carefully selects management cases and business cases extracted and edited by excellent managers and business experts and disseminates them to all employees via the learning platform to promote knowledge sharing and experience learning.

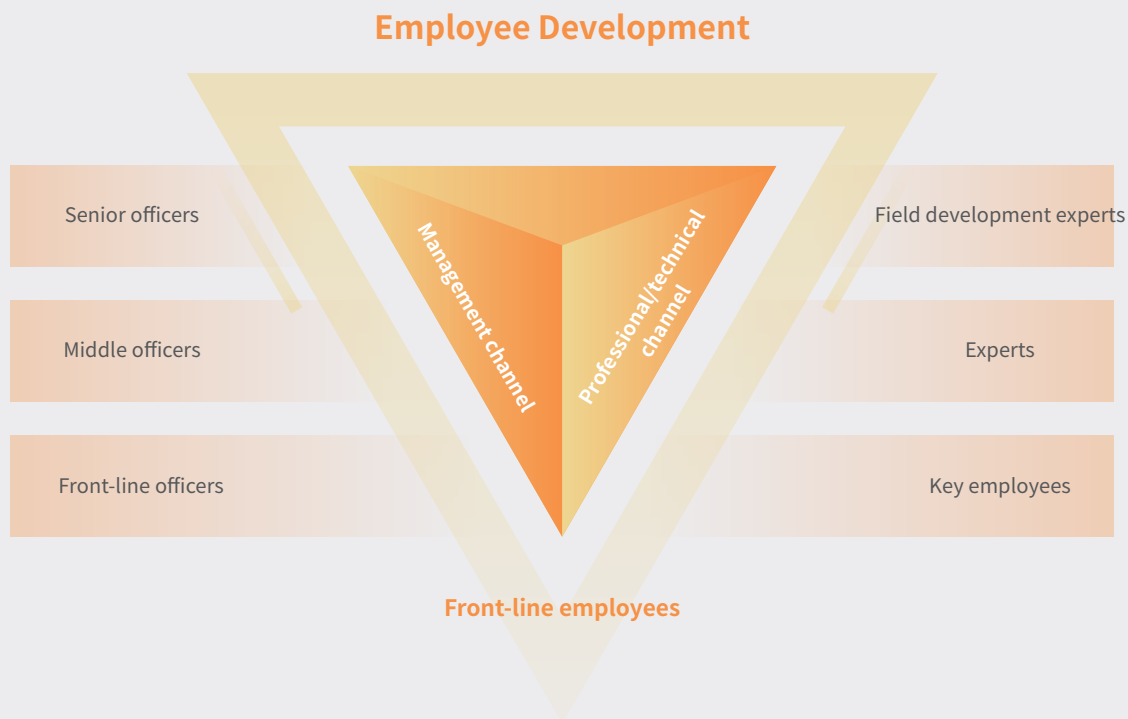


The company's online learning platform "Longcheer e-Learning" offers nearly

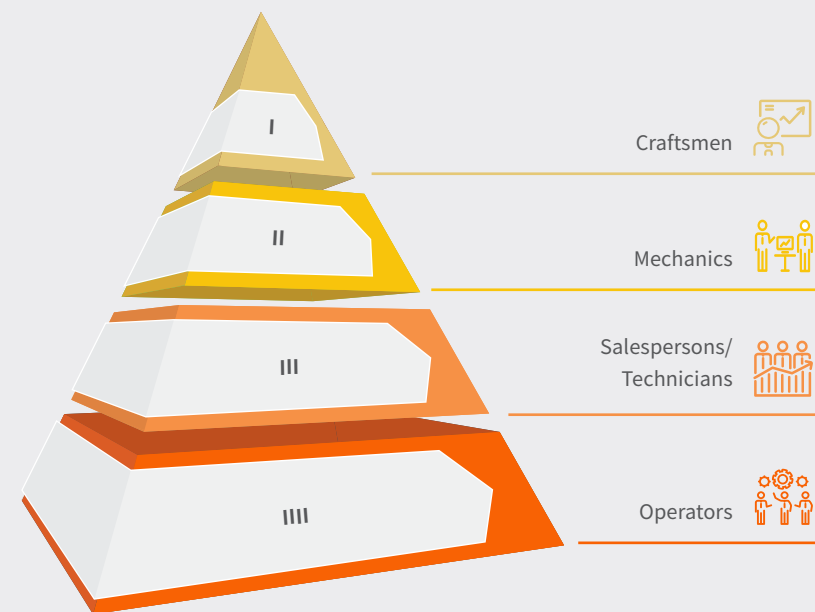
2,000 courses

Employee Career Development

The company distinguishes the business attributes of different positions by "family, category, and subcategory", establishes a conversion channel between management and professional/technical positions through the rank system and qualification management, and forms employee development and career plans for different positions.



Every year, we review job ranks, match the right people to the right jobs, adjust positions and wages, and promote and demote a group of people.



For employees in operation positions, Longcheer has a comprehensive training empowerment system and a sound promotion channel in place to support front-line employees' career development.



Job Rank System Transformation Project in 2023

From February 2023 to February 2024, in cooperation with the external consulting company Korn Ferry, the Organization and Talent Development Department of Longcheer led a job rank system transformation project at the Shanghai Headquarters and in related regions. The company and the external consulting company assessed the value of management positions and defined organization and position requirements; they optimized the position classification, clarified position attributes, and improved the "family" and "categories", to prepare for the capability building of professional committees; they established standards for person-job matching and defined the responsibility fulfillment, contribution output, and competency performance of employees at different development stages. The company completed job matching for all employees and formed a person-job matching management mechanism.



Running Water Program

In order to meet business needs and improve organizational vitality and configuration efficiency, the company launched the Running Water program for employees in April 2023. The program provides all full-time contracted non-officer employees of Longcheer and its subsidiaries with internal job transfer opportunities through internal recruitment and job fairs, retaining employees through more horizontal development opportunities and stimulating their individual vitality. The program has facilitated the mobility of dozens of employees across departments since its launch, effectively establishing a job transfer channel for employees.



Employee Remuneration and Incentives

In terms of employee remuneration, Longcheer implements the core value of "Inspiring Dedication", adheres to the concept of paying employees based on the value of responsibility and contribution, and pays employees based on their job responsibilities, their performance contributions and their ability to continue to make performance contributions. According to the change of the employee's job responsibilities and grade changes, reasonable returns are given based on the current contribution and output, in order to stimulate the employee to make greater performance contributions through continuous efforts.

In terms of employee performance, Longcheer implements the core value of "Inspiring Dedication", has organizational performance and individual performance management systems and processes in place, and evaluates employees' job performance based on organizational and job requirements and employees' job responsibility fulfillment, contribution output, and competency performance. In 2023, the company conducted two performance appraisals (H1 and annual) of officers and professional and technical employees, effectively appraising the actual job performance of more than 4,000 office employees.



In 2023, the company conducted

2

performance appraisals of officers and professional and technical employees



effectively appraising the actual job performance of

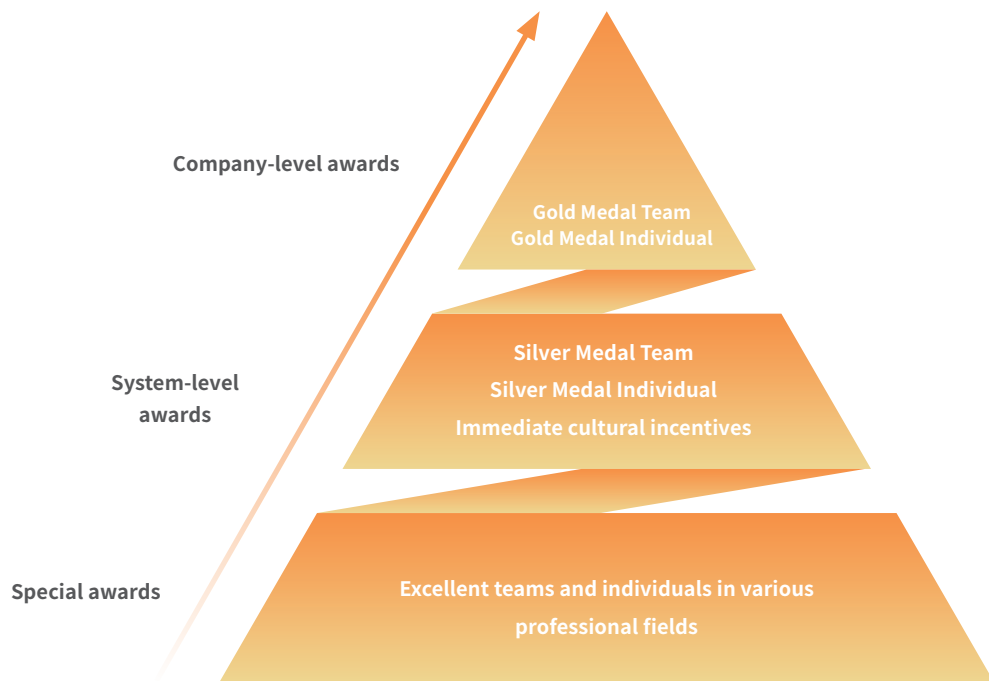
4,000+

office employees

Individual Performance Appraisal Process in 2023

Goal setting	All employees set individual Personal Business Commitment (PBC) goals that are subject to review and confirmation by their direct or matrix superiors.
Performance process management	Managers advanced the performance process by coaching subordinates' work and rectifying their progress deviations.
Self-appraisal and appraisal	Employees conducted self-appraisal based on the actual completion and then were appraised by their direct or matrix superiors. Employees' individual performance levels were determined following a comprehensive performance appraisal.
Performance result publicity	Department heads publicized the list of employees with excellent performance and the reasons for the appraisal results within the departments.
Feedback and communication	Direct or matrix superiors communicated performance appraisal results to employees, affirmed achievements, pointed out deficiencies, and defined next steps and requirements.
Performance appeal processing	The Organization and Talent Development Department accepted employees' appeals regarding individual performance results, communicated with their direct or matrix superiors and the Administrative Team (AT), and processed the performance appeals.

In order to build a high-performance culture and drive employees to create excellent performance in their work, Longcheer released the *Honor Management Guide*, established an honor system, and launched Company-level honorary award selection in 2023.



The new honor system defines the Gold Medal Team, Gold Medal Individual, and Gold Medal Craftsman as the highest honors from the company. The winning team and individuals will receive certificates of honor from members of the company's Executive Team at the company's annual meeting, and the winning employees' families will be invited to the award ceremony. We increase the sense of ceremony for awarding honors and enhance the sense of honor of the prize-winners, making it as a benchmark and demonstration for all employees.

The company establishes immediate cultural incentives, the short-term and long-term incentive systems to enhance the driving force for its own development:



Based on the need of inventive, managers can apply for gift vouchers/cards as immediate cultural incentives from the department head to commend and motivate employees with significant performance in their daily work.



The company offers diversified short-term incentives for different positions, including annual performance bonus, project bonus, sales implementation bonus, monthly performance bonus, and quarterly performance bonus, to timely motivate outstanding employees.



The company has implemented an equity incentive plan through the employee stock ownership platform, to motivate employees to grow and develop with the company. The plan is suitable for middle and senior managers and some outstanding key employees. As of December 31, 2023, 259 employees had held 10.51% of shares through such platform.



As of December 31, 2023, the number of individuals holding shares through the employee stock ownership platform was

259



representing a

10.51%

share of the company's total shares

Employee Communication and Care

Longcheer attaches great importance to employees' personal rights and interests and physical and mental care. Through diverse and efficient communication channels and caring welfare guarantees, we enhance transparent communication and timely exchange of information, striving to ensure and improve the employee experience while on the job.

Employee Communication

Longcheer pays attention to the voices of our employees and provides them with a multi-channel communication platform. We regularly hold various activities, including the employee birthday party, president meeting, senior management information sharing session, and meeting of democratic life. We also set up an employee sharing service center and IT/finance/administration/HR online service desks to ensure that we can effectively hear and resolve the voices, needs, and suggestions of employees at all levels. Through a series of information release platforms, such as Longcheer Forum, Longcheer Faner, Longcheer Recruitment, and Service Desk, Longcheer timely shares the latest news of the company, achieving timely communication and sharing of information and keeping employees informed of our dynamics.

Employees can file complaints, reports, inquiries, and feedback through the telephone, letter, mailbox, personnel service public mailbox, HR service desk, and other channels, in case of any unfair treatment in respect of attendance, performance, qualification and matching, etc. If employees are found to have issues related to ethics, core values, or the code of conduct, these concerns can be reported to the ethics management office through telephone, email, interview, letter, etc. The company will handle the reports and issues or modification of opinions fairly and impartially, and strictly keep confidential the relevant information of the personnel concerned.

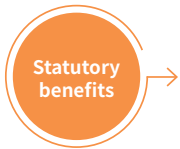


The company and manufacturing bases conducts employee satisfaction surveys at different frequencies based on business operations and daily feedback from employees. By doing so, we listen to employees' voices from dimensions of corporate culture, team management, remuneration and benefits, environmental logistics and employee communication, and timely identify problems and make improvements accordingly. Employees may choose to submit survey feedback anonymously, to protect their personal privacy. Longcheer Electronics (Huizhou) Co., Ltd. conducts the employee satisfaction survey every quarter, and Nanchang Longcheer Technology Co., Ltd. conducts the said satisfaction survey every six months or a year.

To strengthen the participation of production line employees in management, the company organizes employee satisfaction survey, monthly symposiums, non-operational probation periods, on-the-job interviews, and other activities, through which the company identifies and resolves employees' difficulties timely.

Employee Benefits

Longcheer is committed to providing good welfare benefits for employees. According to the annual budget, the company provides all benefits for all regular employees, and provides some benefits such as birthday benefits and induction gift packages for regular employees, as well as interns, outsourced employees, etc. The company organizes a variety of activities which cover all regular and non-regular personnel.



The company provides appropriate benefits for employees in accordance with relevant national laws and regulations. Such benefits include, on the one hand, basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing provident fund. On the other hand, such benefits include statutory holidays, such as marriage leave, funeral leave, maternity leave, sick leave, annual leave, parental leave, and breastfeeding leave.



Based on the actual needs of employees in their daily work, the company gives them welfare allowances in cash, including transportation allowance, meal allowance, travelling allowance, and off-site dispatch allowance. We also offer talent apartment benefits to qualified employees.



The company offers a range of benefits, including pre-employment physical examination, annual physical examination, supplementary medical insurance, accident insurance, and overseas travel insurance (for business trips or dispatch). We provide supplementary commercial medical insurance for office workers, and offer employer liability insurance for factory workers and interns. We also carry out health lectures, TCM diagnosis and treatment and other activities, and care for employees' physical and mental health.



Such benefits include welfare gifts on traditional holidays, birthday gift vouchers, departmental activity funds, and other employee benefits, as well as benefits for excellent technicians, excellent pacesetters, and other excellent employees.



On each floor of the company's office, we set up a tea room and self-service vending machines, which provide coffee, tea bags, healthy tea cakes of all kinds, drinks, snacks, etc. for employees and visitors to use freely, ensuring the purchase of various goods and materials and leisure needs. Each manufacturing base has special employee dormitories, and sets up supermarkets, canteens, barber shops, etc. to provide daily necessities, as well as basketball courts, badminton courts, billiard rooms, and table tennis rooms for leisure and sports.



Care for Employees

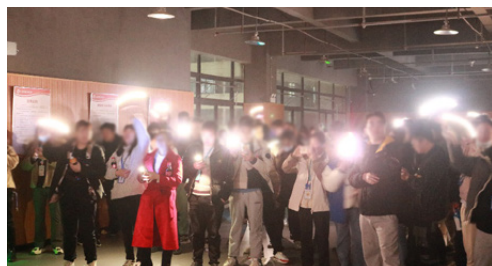
The company mainly holds five categories of employee care activities, including birthday parties, holiday care activities, health season series of activities, association activities, and Qile Cinema.

Birthday parties : To deepen the emotional connection between the company and employees and enhance their sense of belonging, we hold monthly themed birthday parties every month to reinforce the ritual sense during important moments and make them feel the care of the company. The birthday parties cover a variety of themes, such as the Little New Year, Mid-Autumn Festival, Halloween, etc.

Holiday care activities : Longcheer values every special day, on which we create unforgettable experiences and beautiful memories for our employees. By integrating cultural activities and festivals, we find more fun and freshness in work life, stimulating vitality and delivering happiness and positive energy.



Little New Year themed birthday party in January (Shanghai)



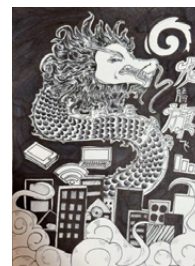
Birthday party in January (Nanchang)



Women's Day yoga training course (Shanghai)



World Reading Day poster



Children's Day drawing competition entries



Mid-Autumn Festival activity (Nanchang)



Mid-Autumn Festival themed birthday party in September (Shenzhen)



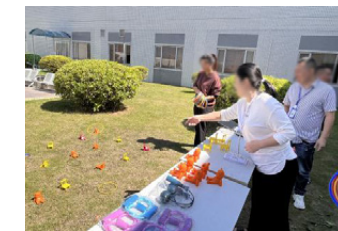
Shenzhen Happy Valley birthday tour in March (Huizhou)



Christmas Day-Candy distribution



Thanksgiving Day-record of gratitude video



Engineer's Day-Ringtoss

Association activities & health season series of activities : To enrich employees' leisure life, we have established interest and hobby associations, including football, basketball, tennis, badminton, table tennis, long-distance running, yoga, dance and photography associations, in five locations. We also provided funds for such associations and encourage employees to carry out a variety of association activities. We launched the health season series of activities and encourage employees to keep exercising, so that they can meet their work and life with a positive and healthy attitude and a strong body every day.



Spring running in January (Nanchang)



Half Marathon in April (Shanghai)



Urban 21KM Running in July (Huizhou)



Badminton game by the association in August (Shanghai)

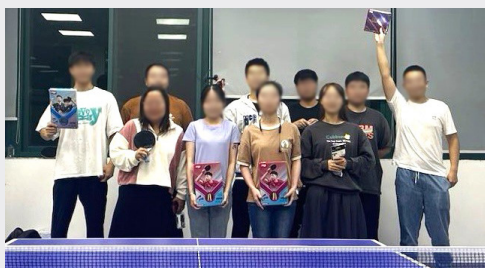


Table tennis game by the association in October (Shanghai)

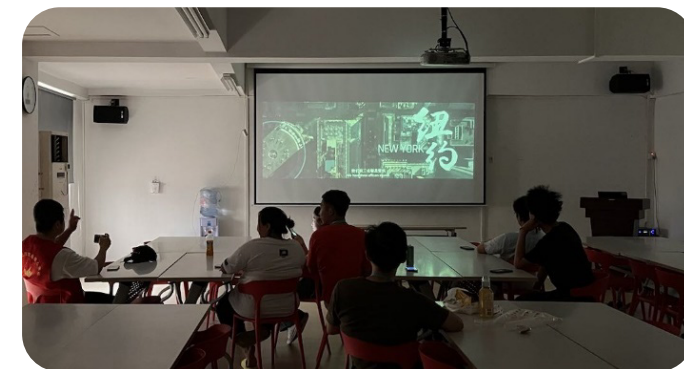


Longcheer basketball game in August (Shanghai)



Basketball game by the association in August (Huizhou)

Qile Cinema : We opened Qile Cinema and collect classic films, and regularly organize employees to watch films, so that they learn something in fun and relieve their work pressure.



Qile Cinema (Huizhou)

The company has set up a special care fund. Employees of Longcheer, and their spouses and children can apply to the company for financial aid from the care fund to alleviate their family difficulties, in case of any financial difficulties due to major illnesses, accidents, etc. Since its establishment, Longcheer Care Fund has helped three employee families get through difficulties. We always believe that every employee is the greatest wealth of Longcheer. We hope that we can protect the health and happiness of every Longcheer employee, while pursuing long-term development.

Promoting Responsible Procurement Management

Longcheer always assumes its social responsibility, fulfills the core values of "Long-term Driven", and commits itself to the sustainable development of the supply chain.

Supplier Responsibility Management Standards

Longcheer has established a complete supply chain social responsibility guarantee system, requiring suppliers to comply with relevant laws and regulations, as well as Longcheer's social responsibility requirements. We have developed the *Supplier Corporate Social Responsibility Agreement* internally, which regulates suppliers' performance in various social responsibilities, such as business ethics, environmental protection, and labor rights. Suppliers shall develop and effectively operate with reference to standards such as ISO 14001, ISO 45001, SA8000, RBA, and ISO 26000 and relevant regulations, and shall sign relevant agreements such as the *Supplier Corporate Social Responsibility Agreement*, when signing the procurement agreement. In the supplier performance appraisal, CSR is a red line item for supplier performance appraisal of Longcheer. Once triggered, the performance appraisal will be marked as D, and new projects will be prohibited. When suppliers or their sub-suppliers do not comply with CSR management requirements, the relevant suppliers must take corrective actions as required by Longcheer.



In 2023, no CSR red line violation by suppliers occurred. All qualified suppliers of the company signed the corporate social responsibility agreements, and the company completed all CSR audits stipulated in its annual supplier audit plan.



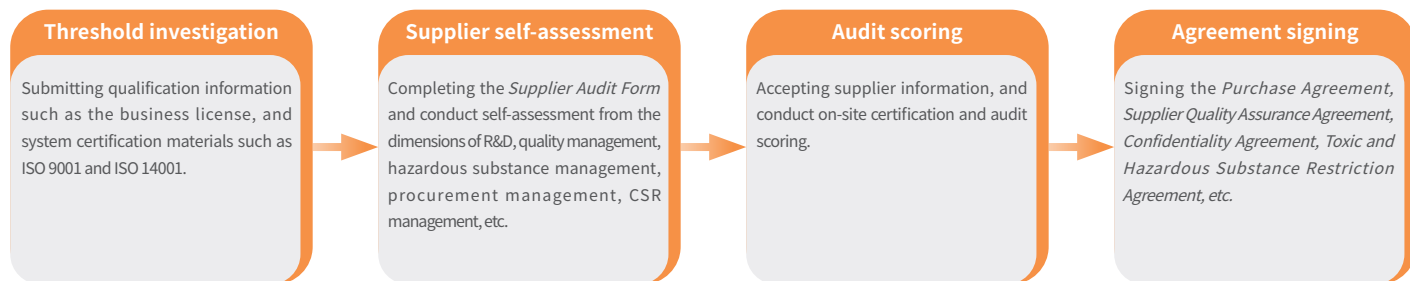
Longcheer Procurement CSR Audit Red Line Requirements

1. Prohibit the use of any form of child labor.
2. Use and effectively protect underage workers or student workers in accordance with the law, and prohibit underage workers from working in dangerous or harmful positions.
3. Prohibit personnel in positions with occupational hazards from avoiding physical examinations for occupational hazards.
4. Prohibit prison labor and forced labor, prohibit the use of prisons as suppliers or subcontractors, prohibit the restrictions of personal freedom, and prohibit the withholding of identity documents.
5. Prohibit violence, verbal abuse, physical punishment, or sexual harassment, and prohibit unlawful body search or body search on opposite-sex person.
6. Prohibit the payment of employees' wages below the local minimum wage standard. Prohibit major fire or explosion accidents.
7. Prohibit any working conditions that seriously endanger life or health, and prohibit fatal accidents at the working site.
8. Prohibit the illegal discharge of toxic and harmful pollutants, including wastewater, exhaust gas or waste residue posted on the IPE website by the local environmental protection bureau.
9. Prohibit any media crisis and serious mass incidents, including abnormal deaths (suicide, homicide, jumping off a building, sudden death, etc.), collective labor disputes or strikes, group fights, mass poisoning, or other mass death and casualty incidents.
10. Prohibit any collective infection incidents caused by improper internal management and protection of infectious disease epidemic, or prohibit any significant impact on employee health and safety or the normal operation of the company due to the lack of preparation of protective materials in advance (such as masks, gloves, protective clothing, and disinfectant).
11. Prohibit corruption and dishonesty incidents. Ensure to follow the principles of "do not get related, offer bribes, pass things off as good quality, cut corners, practice fraud, or commit commercial fraud, and do keep promises", namely the "Six Don'ts and One Do".
12. Prohibit non-compliant smelting plant for conflict minerals (tantalum, tin, tungsten, gold). Prohibit the incorporation of non-compliant clauses into contracts (dispatch contract, tripartite agreement, etc.), affecting the legitimate rights and interests of workers.

Supplier Compliance Management

Longcheer has established a complete supplier compliance management system. We have built our full-lifecycle supplier management system SRM (Supplier Relationship Management), consisting of supplier introduction, on-site audits, contract and agreement management, performance appraisal management, and supplier elimination. By doing so, we perform strict compliance management for suppliers, reducing risks and developing a more efficient supply chain. In 2023, Longcheer had a total of 3,499 suppliers on hand. Among the suppliers that accounted for the top 90% of procurement spending, there were 135 direct suppliers.

For new suppliers, Longcheer has established the *New Supplier Qualification Certification Process*. The company requires that new suppliers must pass ISO 9001 and ISO 14001 system certification, comply with industry or national standards, and ensure that their deliverables meet quality and environmental requirements. Longcheer requires new suppliers to complete the ATP capability analysis table evaluation, including CSR audit. The Supplier Quality Management Department of Longcheer will conduct on-site certification and scoring of each supplier audit, after the supplier self-assessment is completed.



For qualified suppliers that have been introduced, the company conducts performance appraisal of those satisfying the conditions quarterly, and applies the appraisal results to business projects and cooperation.

To standardize the quarterly performance evaluation system for suppliers, and to reflect the performance status and level of suppliers in the quarter in a comprehensive, systematic, and objective manner, Longcheer performs performance management on suppliers. We regularly carry out the base assessment of suppliers in respect of quality, cost, delivery, and service. We urge suppliers that fail the appraisal to make rectification, and give priority to suppliers with excellent appraisal results in new project cooperation.

Conflict Minerals Management

Longcheer undertakes that the company will not support or use conflict minerals or mineral raw materials from unknown sources, such as tin, tantalum, tungsten, gold, and cobalt. We will support the actions against conflict minerals by the Responsible Business Alliance (RBA) and the Global e-Sustainability Initiative (GeSI).

To ensure that the purchased raw materials contain no conflict minerals, the Supplier Quality Management Department of the company is responsible for due diligence on the sources of conflict minerals from suppliers, and the Purchase Execution Department purchases materials from resources that can meet the requirements of not containing conflict minerals.

Longcheer requires suppliers to actively cooperate with due diligence on conflict minerals, to ensure that raw materials such as 3TG metals, mica, and cobalt are from compliant sources. Suppliers are required to truthfully fill in the CMRT, MRT, and CRT forms, and sign a statement in compliance with the company's conflict mineral policy. The company has a special department responsible for reviewing the forms submitted by suppliers, to determine that the source of raw materials meets the company's conflict mineral policy. The company arranges suppliers to conduct CMRT, CRT, and MRT surveys every year. If some suppliers fail to provide survey forms, we require them to provide a statement that they meet the requirements of our conflict mineral policy. Once we identify raw materials that violate the company's conflict mineral policy, the company will notify the Resource Development Department or Purchase Execution Department to activate backup resources and conduct investigations on abnormal 3TG source, to ensure that all purchased products comply with the conflict mineral policy.



In 2023, the number of suppliers subject to conflict mineral audits was

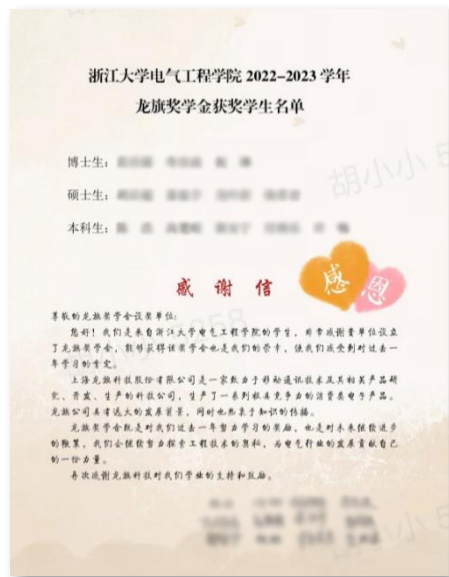
164

Becoming an Excellent Corporate Citizen

Longcheer is committed to building our image as a responsible enterprise, focuses on education and community development, and contributes to society in respect of charity.

Education Aid

Longcheer is always concerned about training and developing all kinds of talents. To this end, we have established Longcheer Scholarship and Faculty Fellowship, supporting universities in training modern management talents, rewarding outstanding students, and encouraging more teachers to adhere to academic integrity and code of ethics.



In June 2023, Longcheer donated RMB **500,000** to Shanghai Wenlai International School to establish the "Wenlai High School Career Education Base" and sponsored the construction of a modern stadium.



Community Care

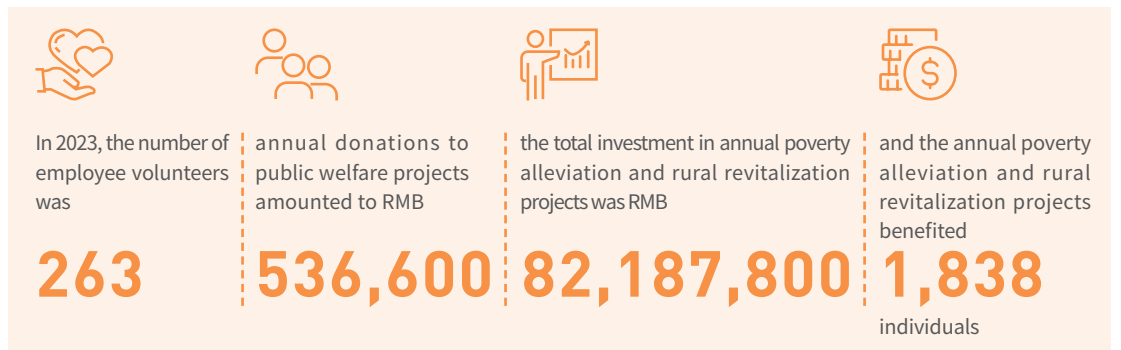
Longcheer advocates a corporate public welfare culture, encourages employees to actively participate in public welfare activities, and contributes to community building.

In February 2023, the company donated a batch of computers to Caojiang Middle School in Guangdong Province and was received the silk banner of "Improving Education by Donating Computers" as an award.

Love and Assistance Activity in Hongmei Road Subdistrict, Xuhui District, Shanghai

By creating the "Rainbow Public Welfare" brand series of activities, Hongmei Road Subdistrict in Xuhui District, Shanghai launched eight major public welfare volunteer projects. These projects focused on special groups in the community, including the old, weak, sick and disabled. Through targeted social work and services, such as social assistance, elderly care service, volunteer service, ecological governance, such projects provided more social and professional services related to the people's livelihood in the park. As a company in this jurisdiction, Longcheer actively responded to and participated in the partner assistance activity by sending warmth to special groups.

In September 2023, the company visited and sent warmth to the people living on minimum subsistence allowances in Gumei Community, Xuhui District.



ESG Key Performance Indicator

ESG Indicator	Unit	2023
Environmental Performance		
GHG Emission		
Scope 1: Direct GHG emissions	t CO ₂ e	2,132.17
Scope 2: Energy indirect GHG emissions	t CO ₂ e	80,060.69
Total GHG emissions (scope 1 and scope 2)	t CO ₂ e	82,192.86
GHG emission intensity	t CO ₂ e/RMB 1 million operating revenues	3.02
The percentage of identified and verified emission sources for Scope 3 (Other indirect GHG emissions caused by company activities) :		
Purchased goods and services	%	79.36
Capital goods	%	0.02
Relevant fuel and energy activities	%	0.20
Upstream transportation and distribution	%	3.13
Wastes from operation	%	0.01
Business trip	%	0.02
Employee commuting	%	0.02
Upstream leased assets	%	0.02
Use of sold products	%	16.28
Disposition of sold products	%	0.95
Energy Consumption		
Consumption of electricity purchased	kWh	133,972,637.30

ESG Indicator	Unit	2023
Solar power generation ¹	kWh	1,368,200.00
Gasoline consumption ²	L	55,110.84.00
Diesel consumption ³	L	3,055.31
Natural gas ⁴	10,000 m ³	0.27
Total power consumption ⁵	kWh	1,118,035.10
Water Resources Management		
Water intake ⁶	tonne	1,099,679.00
Including, municipal water supply ⁷	tonne	1,118,035.10
Total water consumption ⁸	tonne	1,118,035.10
Including, production water consumption ⁹		
domestic water consumption	tonne	581,503.00
total recycled water	tonne	71,871.00
Waste water discharge concentration¹⁰		
COD	T/A	129.52
Ammonia nitrogen	T/A	19.47

^{1, 6, 10} Data statistics included Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd.

² Data statistics included Longcheer Electronics (Huizhou) Co., Ltd., Nanchang Longcheer Technology Co., Ltd., Shanghai R&D Center and Shenzhen R&D Center.

³ Data statistics included Longcheer Electronics (Huizhou) Co., Ltd., Nanchang Longcheer Technology Co., Ltd., and Shanghai R&D Center.

⁴ Data of Nanchang Longcheer Technology Co., Ltd. only.

^{5, 7-8} Data statistics included Longcheer Electronics (Huizhou) Co., Ltd., Nanchang Longcheer Technology Co., Ltd., Shanghai R&D Center, Hefei R&D Center and Shenzhen R&D Center.

⁹ Data of Longcheer Electronics (Huizhou) Co., Ltd. only.

ESG Indicator	Unit	2023
Waste Data		
Annual total amount of general wastes ¹¹	tonne	2,855.03
Including production wastes	tonne	2,738.03
Domestic wastes	tonne	117.00
Annual total amount of hazardous wastes ¹²	tonne	36.442
Exhaust gas emission ¹³	tonne	0.048
Volatile organic compounds (VOCs) ¹⁴	tonne	0.071
Product Packaging Material Data		
Consumption of purchased packaging materials	tonne	62,195.22
Including plastic packaging materials	tonne	7,093.05
Paper packaging materials	tonne	55,102.16
Annual investment in environmental protection λ ¹⁵	RMB 10,000	271.12
Annual environmental protection investment as a proportion of operating revenue	%	0.01
Social Performance		
Employee Profile		
Global total of direct employees	Person	11,506
By gender		
Male employees	Person	8,044
Female employees	Person	3,462
Percentage of male employees	%	69.91

¹¹⁻¹⁴Data statistics included Longcheer Electronics (Huizhou) Co., Ltd. and Nanchang Longcheer Technology Co., Ltd.

¹⁵Data statistics included Longcheer Electronics (Huizhou) Co., Ltd., Nanchang Longcheer Technology Co., Ltd. and Longcheer Meiko Electronics Vietnam Co., Ltd.

ESG Indicator	Unit	2023
Percentage of female employees	%	30.09
Number of ethnic minority employees	Person	843
By age group		
≤ 30	Person	5,357
31-40	Person	4,985
41-50	Person	1,120
> 50	Person	44
By degree		
Doctorate	Person	4
Master's degree	Person	317
Bachelor's degree	Person	3,025
Junior college degree and below	Person	8,160
By position		
Production personnel	Person	7,559
Sales personnel	Person	74
R&D and technical personnel	Person	3,295
Financial personnel	Person	106
Administrative personnel	Person	472
By geographical region		
China (including Hong Kong, Macao, and Taiwan)	Person	11,488

ESG Indicator	Unit	2023
Outside China	Person	18
By position		
Number of women in senior management	Person	4
Number of men in senior management	Person	39
Number of women in executive management	Person	116
Number of men in executive management	Person	437
Number of new employees	Person	4,247
By geographical region		
China (including Hong Kong, Macao, and Taiwan)	Person	4,235
Outside China	Person	12
By age group		
≤ 30	Person	2,707
31-40	Person	1,357
41-50	Person	178
> 50	Person	5
By gender		
Number of male employees	Person	3,055
Number of female employees	Person	1,192
Employee turnover in the year	Person	5,789
By geographical region		
China (including Hong Kong, Macao, and Taiwan)	Person	5,786
Outside China	Person	3

ESG Indicator	Unit	2023
By age group		
≤ 30	Person	4,125
31-40	Person	1,469
41-50	Person	183
> 50	Person	12
By gender		
Number of male employees	Person	3,969
Number of female employees	Person	1,820
Employee turnover rate in the year	%	12.90
By geographical region		
China (including Hong Kong, Macao, and Taiwan)	%	12.89
Outside China	%	0.01
By age group		
≤ 30	%	9.19
31-40	%	3.27
41-50	%	0.41
> 50	%	0.03
By gender		
Male employees	%	8.85
Female employees	%	4.06
Work Safety Management		
Number of global employees' work-related injuries in the year	Nos.	11

ESG Indicator	Unit	2023
Number of people subject to recordable work-related injuries	Person	11
Percentage of people subject to recordable work-related injuries	%	100
Safety drills	Nos.	24
Number of safety training sessions	Nos.	663
Number of employees participating in safety training	Person-time	35,741
Coverage of safety training among employees	%	100
Employee Training and Development		
Total attendance of training	Person	11,506
By gender		
Attendance of male employees	Person-time	48,264
Attendance of female employees	Person-time	20,772
Percentage of attendance of male employees	%	100
Percentage of attendance of female employees	%	100
By employee category		
Production personnel	Person	7,559
Sales personnel	Person	74
R&D and technical personnel	Person	3,295
Financial personnel	Person	106
Administrative personnel	Person	472
Total training hours for all employees	Hour	290,194.00
By gender		
Total training hours for male employees	Hour	202,879.00

ESG Indicator	Unit	2023
Total training hours for female employees	Hour	87,315.00
By employee category		
Production personnel	Hour	181,416.00
Sales personnel	Hour	814.00
R&D and technical personnel	Hour	105,440.00
Financial personnel	Hour	636.00
Administrative personnel	Hour	1,888.00
Total training hours for all employees	Hour	25.22
By gender		
Average training hours per male employee	Hour	25.22
Average training hours per female employee	Hour	25.22
By employee category		
Production personnel	Hour	24.00
Sales personnel	Hour	11.00
R&D and technical personnel	Hour	32.00
Financial personnel	Hour	6.00
Administrative personnel	Hour	4.00
Training attendance of new employees	Person-time	4,247
Number of training sessions for new employees	Session	12
Training duration for new employees	Hour	576.00
Employee Remuneration		
Total remuneration of the company's General Manager	RMB 10,000	243.28

ESG Indicator	Unit	2023
Number of employees holding shares	Person	259
Supplier Management		
Number of material suppliers	Supplier	1,010
By geographical region		
Asia	Supplier	1,003
Europe	Supplier	1
North America	Supplier	5
South America	Supplier	1
Number of equipment suppliers	Supplier	220
By geographical region		
Asia	Supplier	210
Europe	Supplier	1
North America	Supplier	1
South America	Supplier	0
Number of CSR audits for new suppliers	Supplier	76
Number of CSR audits for existing suppliers	Supplier	88
Number of suppliers participating in CSR training	Supplier	361
Annual violation rate of the CSR red line by suppliers	%	0
Number of participants in supplier safety training	Person	422
Coverage of safety training among suppliers	%	100
Number of suppliers subject to conflict mineral audits	Supplier	164
Public Charity		

ESG Indicator	Unit	2023
Number of public welfare programs	Program	3
Number of employee volunteers	Person	263
Number of public welfare activities organized and carried out	Session	1
Annual donated funds for public welfare programs	RMB 10,000	53.66
The total investment in annual poverty alleviation and rural revitalization projects	RMB 10,000	8,218.78
Number of people benefited by the annual poverty alleviation and rural revitalization projects	Person	1,838
Innovation and R&D		
Total number of global patents that have been applied for	Pcs.	1,256
Cumulative number of patents granted globally	Pcs.	687
Number of effective patents per million in revenue	Pcs.	0.025
Total number of software copyrights	Pcs.	426
Number of software copyrights per million in revenue	Pcs.	0.016
Total annual investment in R&D	RMB 10,000	168,776.15
Annual R&D investment as a proportion of operating revenue	%	6.21
Products and Services		
Number of annual product recalls due to product quality problems	Pcs.	0
Annual customer audits received by the company	Nos.	21
Classification by the audit type		
Social responsibility audit	Nos.	1
Other audits	Nos.	20
Pass rate of customer audit	%	100

ESG Indicator	Unit	2023
Annual external quality system audits	Nos.	8
Annual external quality system audits passed	Nos.	8
One-time pass rate of external quality system audits	%	100
Governance Performance		
Composition of the Board of Directors		
Number of directors	Person	9
Number of male directors	Person	9
Number of female directors	Person	0
Number of directors with risk management expertise (including accounting and legal knowledge)	Person	1
Number of independent directors	Person	3
Percentage of independent directors	%	33.33
Anti-corruption and Anti-bribery		
Number of corruption lawsuits initiated and concluded against the company	Pcs.	0
Number of corruption lawsuits initiated and concluded against the employees	Pcs.	1
Number of reports generated by anti-corruption reporting procedures	Pcs.	33
Number of anti-bribery due diligence and monitoring on business partners (including intermediaries)	Nos.	1
Total number of anti-corruption and anti-bribery training for directors/officers	Nos.	0
The period during which the company completes audits of all operational entities	Month	3
Annual business ethics training coverage	%	100
Fair Competition and Anti-monopoly		

ESG Indicator	Unit	2023
Number of lawsuits involving monopolistic and unfair competition practices	Pcs.	0
Information Security		
Percentage of operation areas with a certified information security management system (e.g., ISO 27001)	%	80
Annual major information security breach incidents	Pcs.	0

GRI Standards Index

Statement of use	Longcheer has reported the information cited in this GRI content index for the period January 1, 2023 through December 31, 2023 with reference to the GRI Standards.
GRI used	GRI 1: Foundation 2021

GRI Standard Indicator Contents		Sustainable Development Goals	Location
GRI 2: General Disclosures 2021			
2-1	Organizational details		About the Report
2-2	Entities included in the organization's sustainability reporting		About the Report
2-3	Reporting period, frequency and contact point		About the Report
2-4	Restatements of information		-
2-5	External assurance		-
2-6	Activities, value chain and other business relationships		About Longcheer
2-7	Employees	SDG-8, SDG-10	Protecting Employees' Rights and Benefits
2-8	Workers who are not employees	SDG-8	Protecting Employees' Rights and Benefits
2-9	Governance structure and composition	SDG-5, SDG-16	Improving Corporate Governance
2-10	Nomination and selection of the highest governance body	SDG-5, SDG-16	Improving Corporate Governance
2-11	Chair of the highest governance body	SDG-16	-
2-12	Role of the highest governance body in overseeing the management of impacts	SDG-16	-
2-13	Delegation of responsibility for managing impacts		Improving Corporate Governance

GRI Standard Indicator Contents		Sustainable Development Goals	Location
2-14	Role of the highest governance body in sustainability reporting		About the Report, ESG Governance System
2-15	Conflicts of interest	SDG-16	Stakeholders Communication and Engagement, Improving Corporate Governance
2-16	Communication of critical concerns	SDG-16	ESG Governance System
2-17	Collective knowledge of the highest governance body		-
2-18	Evaluation of the performance of the highest governance body		-
2-19	Remuneration policies		Employee Training and Development
2-20	Process to determine remuneration		Employee Training and Development
2-21	Annual total compensation ratio		-
2-22	Statement on sustainable development strategy		ESG Strategic Models and Sustainable Development Goals (SDGs)
2-23	Policy commitments	SDG-16	Conflict Minerals Management
2-24	Embedding policy commitments		Conflict Minerals Management
2-25	Processes to remediate negative impacts		-
2-26	Mechanisms for seeking advice and raising concerns	SDG-16	Stakeholders Communication and Engagement

GRI Standard Indicator Contents		Sustainable Development Goals	Location
2-27	Compliance with laws and regulations		-
2-28	Membership associations		-
2-29	Approach to stakeholder engagement		Stakeholders Communication and Engagement
2-30	Collective bargaining agreements	SDG-8	-
GRI 3: Material Topics 2021			
3-1	Process to determine material topics		Materiality Analysis
3-2	List of material topics		Materiality Analysis
3-3	Management of material topics		Materiality Analysis
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	SDG-8, SDG-9	About Longcheer
201-2	Financial implications and other risks and opportunities due to climate change	SDG-13	Analysis of Climate Risks and Opportunities
201-3	Defined benefit plan obligations and other retirement plans		Employee Communication and Care
201-4	Financial assistance received from government		-
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG-1, SDG-5, SDG-8	-
202-2	Proportion of senior management hired from the local community	SDG-8	-
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	SDG-5, SDG-9, SDG-11	-
203-2	Significant indirect economic impacts	SDG-1, SDG-3, SDG-8	-
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	SDG-8	-
GRI 205: Anti-corruption 2016			

GRI Standard Indicator Contents		Sustainable Development Goals	Location
205-1	Operations assessed for risks related to corruption	SDG-16	-
205-2	Communication and training about anti-corruption policies and procedures	SDG-16	Building a Transparent Operation Environment
205-3	Confirmed incidents of corruption and actions taken	SDG-16	-
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG-16	Building a Transparent Operation Environment
GRI 207: Tax 2019			
207-1	Approach to tax	SDG-1, SDG-10, SDG-17	Ensuring Tax Transparency and Compliance
207-2	Tax governance, control, and risk management	SDG-1, SDG-10, SDG-17	Ensuring Tax Transparency and Compliance
207-3	Stakeholder engagement and management of concerns related to tax	SDG-1, SDG-10, SDG-17	Ensuring Tax Transparency and Compliance
207-4	Country-by-country reporting	SDG-1, SDG-10, SDG-17	-
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	SDG-8, SDG-12	Innovating Green Products
301-2	Recycled input materials used	SDG-8, SDG-12	Innovating Green Products
301-3	Reclaimed products and their packaging materials	SDG-8, SDG-12	Innovating Green Products
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	SDG-7, SDG-8, SDG-12, SDG-13	Strengthening Energy Management
302-2	Energy consumption outside of the organization	SDG-7, SDG-8, SDG-12, SDG-13	Strengthening Energy Management
302-3	Energy intensity	SDG-7, SDG-8, SDG-12, SDG-13	Strengthening Energy Management
302-4	Reduction of energy consumption	SDG-7, SDG-8, SDG-12, SDG-13	Strengthening Energy Management
302-5	Reductions in energy requirements of products and services	SDG-7, SDG-8, SDG-12, SDG-13	Strengthening Energy Management
GRI 303: Water and Effluents 2018			

GRI Standard Indicator Contents		Sustainable Development Goals	Location
303-1	Interactions with water as a shared resource	SDG-6, SDG-12	Optimizing Resources Utilization
303-2	Management of water discharge-related impacts	SDG-6	Optimizing Resources Utilization
303-3	Water withdrawal	SDG-6	Optimizing Resources Utilization
303-4	Water discharge	SDG-6	Optimizing Resources Utilization
303-5	Water consumption	SDG-6	Optimizing Resources Utilization
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	SDG-6, SDG-14, SDG-15	-
304-2	Significant impacts of activities, products and services on biodiversity	SDG-6, SDG-14, SDG-15	-
304-3	Habitats protected or restored	SDG-6, SDG-14, SDG-15	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SDG-6, SDG-14, SDG-15	-
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Strengthening GHG Verification
305-2	Energy indirect (Scope 2) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Strengthening GHG Verification
305-3	Other indirect (Scope 3) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	Strengthening GHG Verification
305-4	GHG emissions intensity	SDG-13, SDG-14, SDG-15	Strengthening GHG Verification
305-5	Reduction of GHG emissions	SDG-13, SDG-14, SDG-15	Strengthening Energy Management
305-6	Emissions of ozone-depleting substances (ODS)	SDG-3, SDG-12	-
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SDG-3, SDG-12, SDG-14, SDG-15	-
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	SDG-3, SDG-6, SDG-11, SDG-12	-

GRI Standard Indicator Contents		Sustainable Development Goals	Location
306-2	Management of significant waste-related impacts	SDG-3, SDG-6, SDG-8, SDG-11, SDG-12	Improving Waste Management
306-3	Waste generated	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	Improving Waste Management
306-4	Waste diverted from disposal	SDG-3, SDG-11, SDG-12	Improving Waste Management
306-5	Waste directed to disposal	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	Improving Waste Management
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria		Supplier Responsibility Management Standards
308-2	Negative environmental impacts in the supply chain and actions taken		Supplier Compliance Management
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	SDG-5, SDG-8, SDG-10	-
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDG-3, SDG-5, SDG-8	Employee Communication and Care
401-3	Parental leave	SDG-5, SDG-8	Employee Communication and Care
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	SDG-8	-
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	SDG-8	Protecting Employees' Rights and Benefits
403-2	Hazard identification, risk assessment, and incident investigation	SDG-8	Protecting Employees' Rights and Benefits
403-3	Occupational health services	SDG-8	Protecting Employees' Rights and Benefits
403-4	Worker participation, consultation, and communication on occupational health and safety	SDG-8, SDG-16	Protecting Employees' Rights and Benefits
403-5	Worker training on occupational health and safety	SDG-8	Protecting Employees' Rights and Benefits
403-6	Promotion of worker health	SDG-3	Protecting Employees' Rights and Benefits

GRI Standard Indicator Contents		Sustainable Development Goals	Location
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SDG-8	Protecting Employees' Rights and Benefits
403-8	Workers covered by an occupational health and safety management system	SDG-8	Protecting Employees' Rights and Benefits
403-9	Work-related injuries	SDG-3, SDG-8, SDG-16	Protecting Employees' Rights and Benefits
403-10	Work-related ill health	SDG-3, SDG-8, SDG-16	Protecting Employees' Rights and Benefits
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	SDG-4, SDG-5, SDG-8, SDG-10	Employee Training and Development
404-2	Programs for upgrading employee skills and transition assistance programs	SDG-8	Employee Training and Development
404-3	Percentage of employees receiving regular performance and career development reviews	SDG-5, SDG-8, SDG-10	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	SDG-5, SDG-8	Protecting Employees' Rights and Benefits
405-2	Ratio of basic salary and remuneration of women to men	SDG-5, SDG-8, SDG-10	-
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	SDG-5, SDG-8	Protecting Employees' Rights and Benefits
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SDG-8	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	SDG-5, SDG-8, SDG-16	Protecting Employees' Rights and Benefits
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SDG-5, SDG-8	Protecting Employees' Rights and Benefits
GRI 410: Security Practices 2016			

GRI Standard Indicator Contents		Sustainable Development Goals	Location
410-1	Security personnel trained in human rights policies or procedures	SDG-16	-
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	SDG-2	-
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs		-
413-2	Operations with significant actual and potential negative impacts on local communities	SDG-1, SDG-2	-
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	SDG-5, SDG-8, SDG-16	Supplier Responsibility Management Standards
414-2	Negative social impacts in the supply chain and actions taken	SDG-5, SDG-8, SDG-16	Supplier Compliance Management
GRI 415: Public Policy 2016			
415-1	Political contributions	SDG-16	-
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories		Ensuring Product Safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SDG-16	-
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	SDG-12	Building a First-class Innovation Mechanism
417-2	Incidents of non-compliance concerning product and service information and labeling	SDG-16	-
417-3	Incidents of non-compliance concerning marketing communications	SDG-16	-
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG-16	Ensuring Customer Information Security


Reader Feedback

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Thank you for reading this Report! This is the Longcheer 2023 ESG Report. We would appreciate your suggestions and comments, which will help us to keep improving.

You can contact us via:

 E-mail: ir@longcheer.com

 TEL: 021-61890866

Please tell us what you think of the report (tick ✓ in boxes).

Evaluation Item	Highly agree	Agree	Neither agree or disagree	Disagree	Highly disagree
Did you get the information you needed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Do you think this report is easy to read and well designed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Will you stay tuned for Longcheer's future ESG reports?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Other Information

Which part of the report are you most interested in? (Please specify)

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Your contact details (optional and confidential. Longcheer strictly protects your personal information and will not use it for any business purposes.)

