



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1385)

Environmental, Social and Governance Report 2021



*For identification only

BRIEF INTRODUCTION OF THE REPORT

REPORT SCOPE

Shanghai Fudan Microelectronics Group Company Limited (the “Company”, “Fudan Microelectronics” or “we”) sees the integration of sustainability principles into its strategic planning and day-to-day operations through transparent measures as its business key, with a view to delivering long-term value to stakeholders of the Company and maintain its competitive edge. The Company is delighted to publish this environmental, social and governance (“ESG”) report (the “Report”) highlighting its initiatives and efforts in pursuit of sustainability. The data and information contained herein cover the ESG practices of Shanghai Fudan Microelectronics Group Company Limited (HK01385/SH688385) and its subsidiaries from 1 January 2021 to 31 December 2021. To ensure continuity and for the convenience of comparison, some of the data and information provided are not limited within the year 2021.

Principle for preparation

This report is prepared in compliance with the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx ESG Reporting Guide”), The Report has been reviewed and approved by the board of directors of the Company.

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



2021 ESG Performance Statistics Table

Category	Performance Indicator	2021
Environment	Investment in environmental protection (RMB 0'000)	127.23
	Annual electricity consumption (KWH)	19645080.22
	Water consumption (tonne)	23278
	Direct GHG emission (tonnes of carbon dioxide equivalent)	124
	Indirect GHG emission (tonnes of carbon dioxide equivalent)	16321
	Intensity of GHG emission (tonnes of carbon dioxide equivalent)/RMB 0'000)	0.0638
Social	Proportion of suppliers who signed a CSR commitment (%)	100%
	Customer satisfaction	94.93
	Proportion of female management personnel at middle-level and above to the management personnel (%)	23.5%
	Coverage ratio of individual performance appraisal of employees (%)	100
	Total number of personnel receiving training on anti-corruption	110
	Number of concluded anti-corruption cases	0
	Number of customer complaints	43
	Proportion of sold products recalled for safety and health (%)	0
	Employee turnover rate (%)	12.77%
	Percentage of male and female for same position and remuneration	1:1
	Signing rate of employment contract (%)	100%
	Safe capital investment (RMB0'000)	107.28
	Number of employees receiving training on safety (person)	256
	Number of safety incidents (times/year)	0
	Work-related fatalities (person/year)	0
	Lost hours due to work (H)	252
	Occupational diseases (number/year)	0
	Investment in employee training (RMB0'000/year)	72
	Total training hours per year of employees (training hours/year)	13354
	Types of training courses (number/year)	334

Code of Business Conduct

As a responsible enterprise, the Company abides by business ethics and operates in compliance with laws and regulations. In order to convey the Company's commitment to business ethics to every employee, regulate employees' business behavior and ethical standards, and create a fair, just and clean internal environment, the Company has formulated and released the Code of Business Ethics and Conduct as a code of business conduct for the operation of the Company. In 2021, there was no corruption lawsuits filed and concluded by the management and employees of the Company.

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

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

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

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

Intellectual property rights and confidentiality: The Company implements strict policies on intellectual property protection and confidentiality. Employees are responsible and obliged to protect the Company's confidential information and intellectual property rights. The confidential information in relation to customers, suppliers and related parties obtained during business must be kept confidential.

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

The ESG Committee

The ESG Committee is the top management and supervisor of the ESG system. The established ESG Committee Working Group and ESG Committee Secretary are responsible for formulating ESG management policies, formulating and promoting strategic planning and implementation of plans, and including evaluating and prioritizing the management of major ESG-related issues and risks, and also guide, supervise and inspect the implementation of ESG by all functional departments and subsidiaries of the Company.

Key ESG Issues

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

Statistics on key issues communicated and concerned by stakeholders

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

Quality Control System

Quality policy

Provide customers with satisfactory products and services is the basis for subsisting of the Company; Development of customers is the basis for development of the Company; To maintain the environment that the Company and customers depend upon is the fundamental concept for sustainability of the Company.

- We can obtain the operating income and long-term trusts from customers by focusing on customer satisfaction and subject to requirements of relevant laws and regulation, and it is also the basis for competing with our competitors.

- Customer development will create further demands, and the foundation of the Company's development is arranging various resources to meet these demands.

- Environment is the foundation for the Company and customers to achieve sustainable development, and protecting the environment is the premise of the Company's sustainability.

The Company has established a comprehensive and strict quality management system, covering the entire product life cycle, including product research and development, engineering realization, mass production, supplier management and product quality testing. The Company has passed ISO9001, QC080000 and other management system certification.



ISO9001:2015 Quality management system certification

Product quality control

1) Research and development

The project leader formulates product quality objectives and product quality plans, determines the overall quality strategy, important quality objectives, and various quality assurance and control activities. The environmental protection requirements of products are taken into full consideration during development and planning, and green and environmentally friendly raw materials are selected to achieve the purpose of protecting the environment. The project quality engineer monitors the implementation of the quality plan and the implementation of DFMEA in the research and development process, audits all stages of product development, and ensures that the research and development team can execute according to the established product development process of the Company. In 2021, the Company had no recalls of sold or shipped products due to product safety and health issues.

2) Engineering realization

The preliminary sample verification, positive sample verification, finalization identification, effective cooperation with suppliers of tape-out, testing and packaging, and solidification of the production process through corner lot and DOE tests ensure that the results of the design output can enter the new product introduction stage and that the quality of the new product meets the design requirements.

3) Mass production:

Stability of product quality is tracked and monitored through SYL and SBL and the qualification rate of the production. The product yield is continuously improved through the BOM optimization and upgrading process, to further ensure the optimization and effective application of product performance.

Supplier quality management

The quality of a supplier's product is critical to product quality. The Company comprehensively monitors the quality of the products processed by suppliers through supplier selection management, product inspection, process control and reliability monitoring.

1) Supplier selection and review: The Company selects and register suppliers according to the Procedures for Management of Supplier Management, formulates an annual review plan according to the Process for On-site Review of Supplier, and routinely reviews the quality management system and process control of qualified suppliers according to the plan. A special audit will be conducted on the supplier when a major quality issue occurs.

2) Supplier evaluation: According to the Rules for Evaluating Suppliers, the Company evaluates the performance of all qualified suppliers in terms of quality, business, technology, etc. on a quarter and annual basis.

3) Product inspection: According to the requirements for inspection specification of each product, sampling inspections such as Map inspection, wafer mirror inspection, packaging inspection, label inspection, appearance and electrical performance inspection are carried out.

4) Process control: The Company controls the yield based on the control limit in accordance with the Quality Control Plan of the product; supplier will hold the product and feedback and deal with the abnormality in time when the yield exceeds the control limit.

5) SPC monitoring of key parameters: The packaging supplier is required to conduct SPC control over the key parameters of key packaging processes in accordance with the requirements of the Specifications on Packaging SPC Inspection, and provide monthly Cpk reports. Quality management engineers review the SPC compliance of various key parameters and monitor the implementation of relevant improvement measures.

Trial and Testing on Reliability of Products

The Company's quality management department is responsible for conducting thorough testing, initial sample verification, positive sample verification, and identification inspection of new products and products as designed, developed and modified, and comprehensively assessing and evaluating the reliability of mass-produced products according to product enterprise standards and product test operation specifications. The product laboratory established by the Company has a variety of equipment for reliability test, which can perform various types of reliability tests on semiconductor devices.

Customer Satisfaction Survey

Customer complaint processing mechanism

The Company communicates with customers through various channels to understand customer needs, suggestions and complaints, and improves products and services accordingly. The Company has established and improved the customer complaint processing mechanism. Customer feedback are passed to the internal by the salesperson through the Customer Service Status Form and Quality Information Feedback Form in the OA system of the Company, which will be handled respectively under the guidance of the customer service engineer and the quality management engineer, who will then formulate and implement corrective and preventive measures, and issue an analysis report. In 2021, the Company received 43 customer complaints, all of which were complaints about the quality of individual batches of products, and no recalls occurred due to product safety and health issues. All customer feedback is responded to within 5 working days.

Customer satisfaction survey

In order to systematically understand the needs and satisfaction of customers, the Company regularly conducts customer satisfaction surveys around the four aspects of product quality, packaging & delivery, service assurance and HSF capability. In 2021, the scores in product quality, packaging & delivery, service assurance and HSF capability were 93.87, 93.22, 96.79 and 95.97 respectively, and the weighted average customer satisfaction was 94.93.

In 2021, the Company's production capacity was kept growing while there was a global shortage of chips, which has met customer needs and has been recognized by customers. The survey on delivery has reached more than 90 points. The Company will continue to optimize supply chain construction to meet customer needs in the future.

Service guarantee has always been our advantage and with the highest score in the satisfaction survey which shows that our customers highly recognize the Company's sales services, technical support and other aspects. Product quality is always the most critical indicator of satisfaction surveys, and it directly affects product price and market competitiveness. With the continuous development of the Company in recent years, the product varieties have gradually become serialized, and expanded to new customer groups, which has brought us new development opportunities, and also revealed the quality of some of the Company's products can be improved.

We need an "outside-in" perspective and consistently review our work and results from the perspective of customers and investors. We encourage constructive criticism, seek opportunities for continuous improvement and remain customer-oriented to grow rapidly, stabilize the corporate culture and make the products more competitive in the market.

Hazardous Substance Control

Fudan Microelectronics not only attaches great importance to its own development, but also pays great attention to environmental protection. The Company has realized the importance of environmental protection since its establishment, and included “environment is the foundation of sustainable development, and environmental protection is the premise of sustainable operation of the Company” in the Company's strategic policy.

Fudan Microelectronics is a “factory-less” integrated circuit design company and mainly produces electronic products. In order to reduce the impact of electronic products on the ecosystem, the Company has introduced the HSPM system since the end of 2007, in accordance with the standard Requirements for IECQ QC080000 Hazardous Substances Process Management System, and passed the IECQ HSPM QC080000 certification and the 2017 version of the standard certification in 2018 and in March 2018 respectively. An effective hazardous substance management system can control and reduce the environmental pollution generated by products of the Company, protect the environment and human health, and maintain the sustainable and healthy development of the society. The main control measures are as follows:

- 1) The Company has formulated Procedures for Management of Hazardous Substances and Standards for Environmental Management Substances to clarify the Company's requirements for managing substances harmful to the environment, and that products wrapped with plastic and module products must comply with the EU RoHS Directive, REACH regulations; and also other requirements to ensure that the supply meets laws and regulations and the requirements of customer at different levels.
- 2) Product classification management: Integrated circuit products wrapped with plastic are managed and controlled under R level and G -level. In particular, substances controlled under the R level are mainly subject to the requirements of RoHS, PAHs, PFOS and Reach directives; in addition to requirements under the R level, products controlled according to the G level are also subject to the requirements of Sony GP (SS-00259), and Halogen-free and Antimony-free requirement. Module products are controlled under RoHS level.
- 3) HSF review shall be carried out in accordance with the provisions of the Process Review and Evaluation Process to ensure that the supplier can provide HSF products that meet the provisions of the Standards for Environmental Management Substances before production and processing or design finalization of newly developed products. In case of change in material of the product, the engineering technology department ensures the HSF compliance of the changed material through the Engineering Change Control Process.



QC080000 Management system certification



Product Hazardous Substance Monitoring Report

Respond to Climate Change

People's consumption and demand for energy have increased rapidly with the development of the global economy. Energy consumption has resulted in a large amount of greenhouse gas emissions, and the resulting greenhouse effect has an impact on the global climate. In order to actively respond to climate change, governments around the world are actively responding, in particular, the European Union has pledged to achieve carbon neutrality by 2050, and the government of the People's Republic of China has pledged to achieve carbon neutrality by 2060.

The Company pays attention to the impact of climate change on the environment. As early as 2011, it has established a greenhouse gas inventory management program in accordance with GHG Protocol, ISO14064-1 and IPCC Guideline-2006, and conducts a systematic inventory of greenhouse gas emissions every year and invites a third-party certification body for verification. With a view to achieving the sustainable development goal of energy conservation and carbon reduction by accurately getting know of the Company's greenhouse gas emissions and implementing targeted emission reduction measures.








According to the statistics, the Company invested RMB3.81 million in environmental protection during the period from 2019 to 2021. With the increase in the Company's output, energy consumption and greenhouse gas emissions continued to increase. In 2021, the Company's greenhouse gas emissions was 16,445 tons of carbon dioxide equivalent represented an increase of 24% over 2020. In 2021, the output value per RMB10,000 was 0.0638 tons of carbon dioxide equivalent per RMB10,000, and the emission intensity was 18.6% lower than that in 2020.

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

- 1) From 2019 to 2020, the Company replaced the original ordinary air compressors with Jaguar permanent magnet variable frequency level-1 energy-consuming air compressors, which can save 30KWH per hour and reduce greenhouse gas emissions by approximately 210 tonnes of carbon dioxide equivalent every year.
- 2) In 2020, the Company gradually applied Trane inverter refrigerators with Class 1 energy efficiency instead of the original air-cooled chillers as the cold source for purifying air conditioners and process cooling water, and adopted, among others, chilled water pumps, cooling water pumps, medium-temperature water pumps and permanent magnet cooling tower fans with energy efficiency above Class 2, which can save 150KWH per hour and reduce greenhouse gas by approximately 1000 tons of carbon dioxide equivalent every year.
- 3) 2 Atlas variable frequency screw vacuum pumps were used in replace of the original 5 Liqile rotary vane vacuum pumps, which can save 24KWH per hour.
- 4) The Company will take measures to push suppliers to implement carbon emission reduction measures, purchase green power, promote energy conservation measures, and reduce carbon emission of products.



Table: Statistical table on the Company's environmental performance from 2019 to 2021

	Environment indicator	2019	2020	2021
	Investment in environmental protection (RMB0'000/year)	117.89	136.22	127.23
	Total electricity consumption (KWH)	13457043.79	16356233.08	19645080.22
	Total water consumption (T/year)	16608	17035	23278
	Packaging consumption per unit product (KG/10 thousand particular)	— —	— —	1.2
	Direct GHG emission (tonnes of CO ₂ equivalent)	100	107	124
	Indirect GHG emission (tonnes of CO ₂ equivalent)	10827	13160	16321
	Intensity of GHG mission (tonnes of CO ₂ equivalent/RMB0'000)	0.0741	0.0785	0.0638

Note: Greenhouse gas data was calculated based on ISO14064 standard, and sewage discharge was calculated based on 90% of water consumption.

Management of Environment of Suppliers

Fudan Microelectronics does not own a production line, but has never relaxed its control over the supplier's environment monitoring. In order to promote suppliers to jointly fulfill social responsibilities, reduce the impact of environmental pollution and produce in compliance with laws and regulations, the Company has adopted the following strict control measures in supplier management:

- 1) The Company conducts a risk assessment on the supplier of hazardous substances in introducing a new supplier and terminates the introduction of such supplier if there is high risk. The Company assesses the implementation of environmental and hazardous substance management and control in the supplier's production process during the routine on-site assess of the supplier. The Company included the management and control of hazardous substances in supplier performance evaluation.
- 2) Under the vigorous promotion of the Company, the suppliers of plastic packaging and modules have signed the Agreement on Unuse of Hazardous Substances with the Company which undertake that the products produced meet the requirements of the Standards for Environmental Management Substances. The Company evaluates the compliance and cooperation of HSF requirements on suppliers of plastic products and modules on a quarterly basis; and quality management engineers conduct routine audits on qualified suppliers based on the annual audit plan.
- 3) Major tape-out and packaging suppliers have passed ISO14001 certification, and have formulated a complete environmental protection and emission management system.
- 4) In the future, the Company will keep improving and strengthening the identification and control of suppliers' ESG risks. Based on the existing HSF and environmental compliance inspections, the Company will keep improving the sustainable procurement management mechanism and gradually incorporate ESG control requirements into supplier selection, on-site audit and dynamic evaluation process to promote suppliers to fulfill their social responsibilities in society, governance, energy conservation and emission reduction.

Our Employees

The Company is committed to providing an equal, fair and diverse working environment. Employees are treated fairly at work, regardless of race, age, gender, religion, belief and other factors, and are offered fair employment opportunities based on their capacities. The Company insists on People-oriented and values the capacity improvement and career development of employees and provides vocational training and development channels for employees to achieve common growth and development of the Company and employees. The Company has no cases of child labor or forced labor.

Excellent technological innovation ability is the driving force for the development of Fudan Microelectronics. The Company attaches great importance to the discovery and training of various technical talents. By the end of 2021, the Company has formed a diversified and multi-level team comprising over 1,500 talents, of which 73% are undergraduates and above, and female management account for 23.5%. An excellent workforce can better support the sustainable development of the Company.

The human resource management of the Company is mainly reflected in the aspects of selection, employment, cultivation, retention and export. The Company broadens the selection channels and adheres to the principle of suitable ability in selection; adheres to the principle of eclectic employment in employment; strengthens the internal training of talents and provides suitable competition and optimization mechanism in cultivation. The principles of retention of talent insist on improving environment, culture, institution, treatment, individual development and emotion in retention and insist on talent import and export. Optimize the talent structure according to development needs and improve the quality of talents to meet the needs of talent structure at different development stages.

HR Performance Data	2021
Total number of employees	1519
Ratio of male and female employees	2.38:1
Ratio of employees aged below 30/aged between 30 and 50/ above 50	4.61: 8.59: 1
Number of disabled employees	16
Ratio of employees with bachelor's degree or above/high school education or above/junior high school education and below	32.59: 11.09: 1
Percentage of female management at middle and above levels to the total number of management personnel	23.5%
Number of foreign employees	1



Employees Rights Protection

Remuneration and benefits

The Company provides employees with competitive remuneration and benefits, including salary, bonus, social insurance, housing provident fund, health examination, supplementary commercial medical insurance and other welfare. The Company provides employees with various leave according to law, including personal affairs leave, sick leave, marriage leave, work injury leave, bereavement leave, annual leave, maternity leave, paternity leave, among others.

The Company has established a complete performance appraisal system to assess employees through targeted appraisal objectives. At the end of each year, the Company formulates a salary adjustment plan based on the results of employee performance appraisal, with reference to the market rate and current operating conditions of the Company. Meanwhile, the Company optimizes the talent team through comprehensive talent evaluation mechanisms such as performance appraisal and talent promotion channels to build and develop a first-class talent team.

Employee rights and communication

The Company encourages employees to actively communicate with the Company, and they are free to communicate with their superiors for any suggestions or comments which they can communicate with direct supervisor, supervisor's supervisor or the general manager. When a problem or suggestion cannot be agreed upon with the supervisor and seriously affects his/her work or mood, the suggestion may be submitted to the general manager.

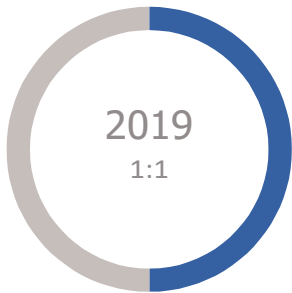
The Company has 65 employee representatives, and the employee representative meeting is held irregularly to review various matters. The Company established a labor union committee in 2019 to safeguard the legitimate rights and interests of employees according to law. The labor union actively conducts various health activities, such as organizing employees to participate in blind date activities, interesting sports competitions, among others, to improve the positive emotions of employees. The Company cares about the health of employees, and organizes employee recuperation, physical examination and other activities.

In 2021, the Company obtained honorary title of "Shanghai Enterprise with Standard Harmonious Labor Relations" by Shanghai Municipal Human Resources and Social Security Bureau, Shanghai Trade Union Federation and other institutions.

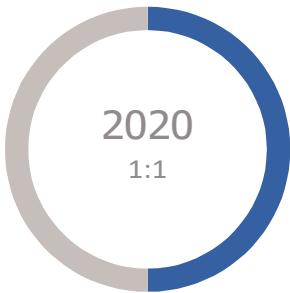


2019-2021 Employee Compensation and Data Sheet

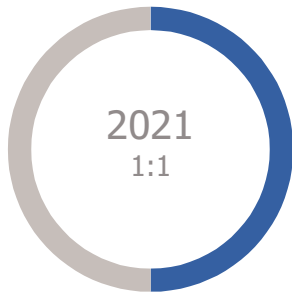
Percentage of male and female for same position and remuneration (%)



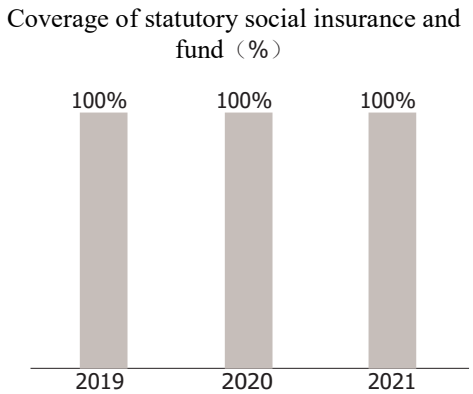
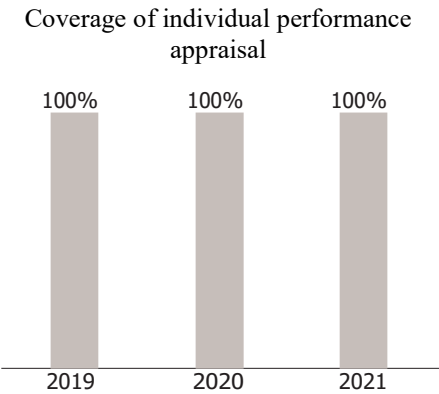
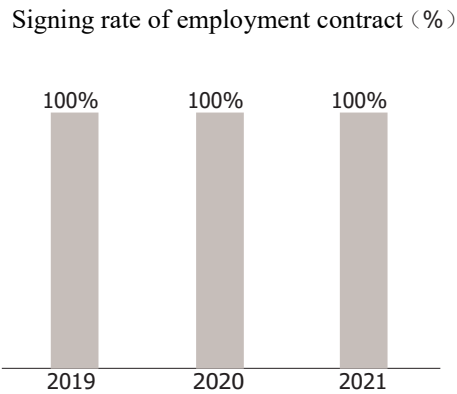
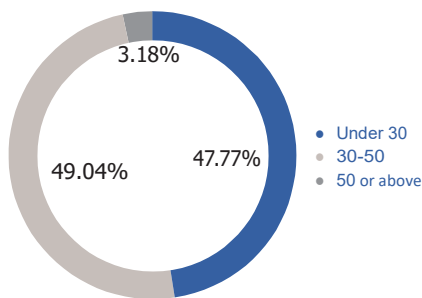
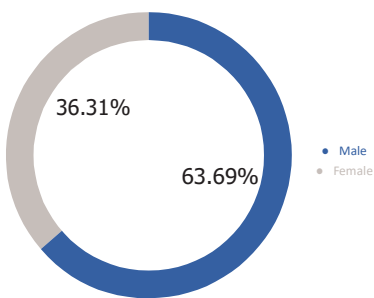
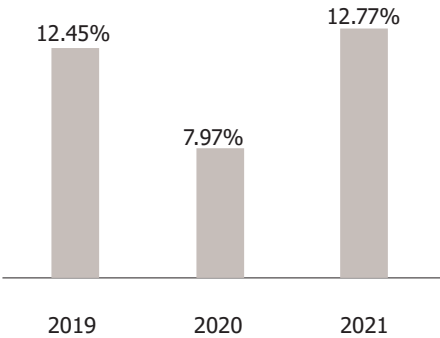
Employee turnover rate (%)



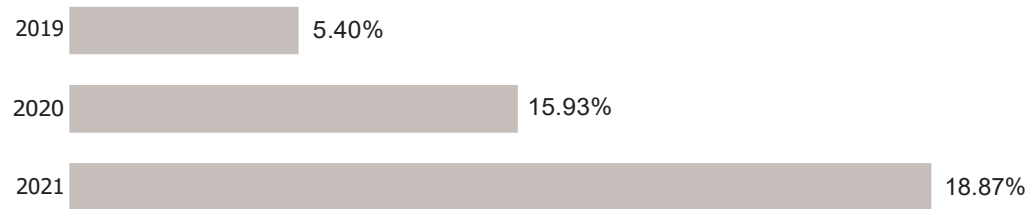
2021 Employee turnover rate by gender



2021 Employee turnover rate by age group



Growth rate of employee compensation



Occupational Health and Safety

Fudan Microelectronics adheres to the policy of “putting safety first, focusing on prevention and implementing comprehensive management, puts people first in safety production and insists on safe development. It strengthens and implements the main responsibility for safety production of the unit, and has established a safety management mechanism which is the general manager of the unit is mainly in charge and the department leader is the person in charge of the department; led by the company safety officer; supervised and inspected by the office; and all staff participate. In accordance with the requirements of laws and regulations, the Company strengthens safety production management, establishes and improves safety production rules and regulations, improves conditions of safety production, research and development, testing, and working, and promotes standardized safety production construction so that can ensure the Company’s safe production.

The purposes of safety, health and hygiene management of the Company are zero accidents, zero health hazards and zero fatalities. From 2019 to 2021, the Company has not occurred any safety accidents or occupational diseases. The control measures taken are as follows:

- 1) The Company conducts usual safety inspections, and conducts special safety inspections every six months. The departments with problems found in the inspections are notified for rectification, and the safety officers of each department make rectification and closure accordingly.
- 2) In order to protect the health and safety of employees, the Company provides employees with workplaces and operating environments that meet national occupational health standards and hygiene requirements, continuously improves various safety management systems and operating procedures, and regularly monitors key links such as fire safety and operation safety, to prevent accidents.
- 3) The Company invests in safety improvement every year and holds various safety training and fire drills to improve employees' safety awareness, safety management level and emergency response capabilities continuously.

2019-2021 Company Safety Performance Statistics

Safety performance indicator	2019	2020	2021
Investment in safety (RMB0'000)	117.89	136.22	107.28
Total training hours on safety (H)	461	462	503
Total number of safety officer	39	42	42
Total number of major accidents	0	0	0
Serious injuries and fatalities	0	0	0
Number of lost-time accidents (times)	3	1	1
Lost time due to work-related injury (H)	-	-	252



Fire knowledge training and drill



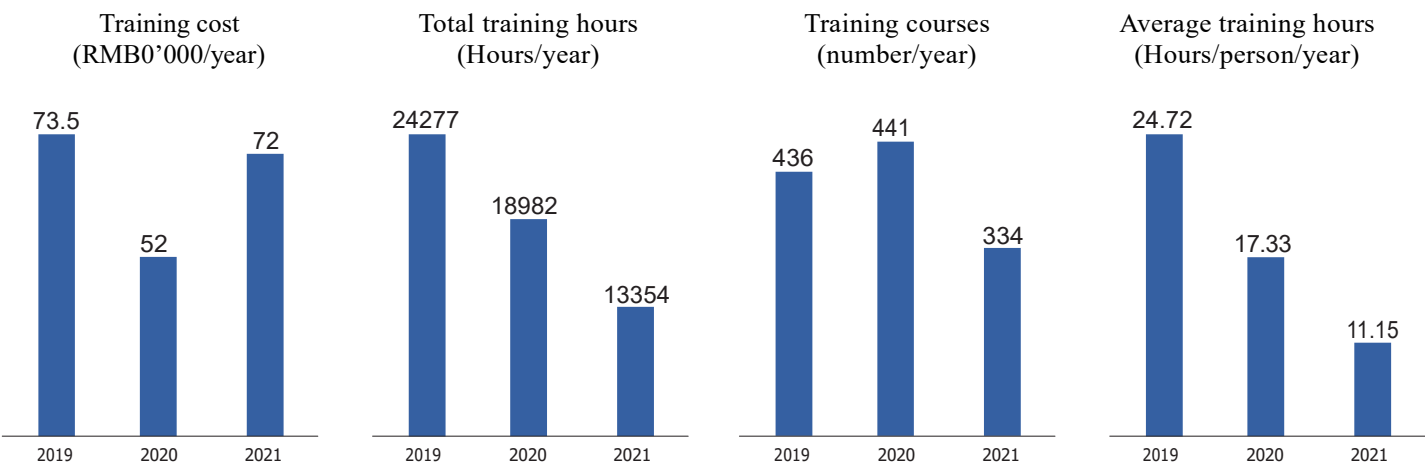
First aid escape drill

Training and Occupational Development

Employee education and training

The Company invests financial resources and efforts every year to provide employees with various knowledge trainings, including basic ability training, job transfer training, training on improving professional skills and management skills, among others, to achieve the common growth and development of the Company and employees. According to statistics, from 2019 to 2021, the Company invested RMB1.975 million in training, with 56,613 training hours and 441 types of training courses.

Table: 2019-2021 Employee Education and Training Performance Statistics



The Human Resources Department has established a systematic training management process, and formulated an annual training plan every year based on the employees' work and assessment results in the previous year and the development goals of each department. The training is implemented in two ways: external training and internal training; after the training, tests, post-training feedback, and performance appraisal are adopted to evaluate the effect, and improvement suggestions are collected for continuous improvement.

New employee training: The Human Resources Department and the direct supervisor prepare an “Introduction Training Plan during Probation” for each new employee, and provide new employees with training on entry and basic abilities during the probation period. The content of new employee training includes the basic company profile, development history, employee handbook, corporate management system, administrative rules and regulations, professional skills training and among others. New employees are encouraged to participate in the Company’s management and improvement actively.

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

Occupational development mechanism

For the development of the Company and its advancement to the strategic goal of becoming a world-class integrated circuit design company, the Company needs to have first-class talents and first-class teams in the future. In order to meet the needs for development of the Company, the talent structure are required to be optimized to form a talent team with different positions and different age.

The Company has established a dual-channel career development promotion channel for outstanding technical personnel and management personnel. At present, two growth paths have been formed being the technical development channel from engineers, senior engineers, sophisticated engineers to chief engineers and technical experts, and management channel from team leaders, department managers, product managers, and R&D center managers, which enable employees at different level achieve good career development.



Professional technical training for employees

Employee cultural activity

Fudan Microelectronics is the home of all employees. It organizes colorful cultural and entertainment activities and cares about the work and life of employees to create a sense of belong, and shares weal and woe with employees and grows together.



Cooperation for Mutual Benefit

As an important part of corporate operation and management, supply chain management plays a vital role in corporate development. As a chip design company and due to the particular nature of the industry, the product realization is mainly completed by suppliers, therefore the management of suppliers is more important. We can only prevent business risks and promote rapid development of the Company by establishing a stable and win-win supplier management model.

The Company establishes and implements the Supplier Management Procedures, Supplier On-site Audit Procedures and Supplier Evaluation Rules, which stipulate the operation procedures for the selection, evaluation and approval of procurement and outsourcing suppliers, and clarify the principles of supplier selection, suppliers' qualification requirements, evaluation standards and on-site audit operation procedures. During the process of supplier selection, we require suppliers to have relevant qualifications and provide relevant certificates, and give preference to suppliers with good compliance and ISO9001/ISO9001/IATF16949/ISO14001 system certification, and suppliers with good reputation in the industry. Currently, the Company has 56 qualified outsourcing suppliers, including 54 domestic suppliers and 2 overseas suppliers.

Supplier CSR management

We are committed to strengthening the management of corporate social responsibility in the supply chain, requiring cooperative suppliers to agree with the requirements of Fudan Microelectronics on respect for human rights, environmental protection and social responsibility of its partners in the supply chain, and sign the Letter of Commitment on Suppliers' Business CSR Action and Agreement on Unuse of Hazardous Substances.

Suppliers must abide by the laws and regulations of the country where their business are located, and illegal business practices such as bribery, corruption, fraud, money laundering and unfair competition are forbidden when conducting business. Suppliers should take preventive measures against environmental challenges, actively develop and promote environmentally friendly technologies, and provide Fudan Microelectronics with processing technologies, products and packaging materials used in products that meet the Standards for Environmental Management Substances, and strive to reduce the impact on environment. In addition, we also require suppliers to protect labor freedom of association and labor bargaining rights, prohibit forced labor, child labor and employment discrimination under international labor standards, provide labors with a healthy and safe working environment, respect labor's personal rights that are internationally recognized, and adhere to people-oriented principle and will not violate these rights in any way.

Supplier audit and evaluations

In order to manage suppliers better, understand the actual implementation of suppliers and the level of management and control at the production site, the Quality Management Department organizes the engineering and technology department, the manufacturing department, the resource planning department and other departments and sets up an audit team to conduct an on-site audit based on the Supplier On-site Audit Checklist of Fudan Microelectronics. An audit report will be issued after the audit, and suppliers are required to take rectification and closure measures in a timely manner. The on-site audit results will serve as the basis for supplier selection and re-evaluation.

In order to better monitor the existing qualified suppliers, the Company conducts quarterly and annual evaluations on the performance of suppliers in terms of quality, production capacity, delivery time, technology and price according to the evaluation criteria stipulated in the Supplier Evaluation Rules and determine the supplier grade, and take different control measures for suppliers according to the evaluation results with reference to the process.

Strategy for promoting supplier CSR

In order to achieve the sustainable development of the product supply chain, the Company will gradually improve the management of sustainable procurement system in the future, integrate ESG management standards into the process of supplier selection, review and dynamic evaluation based on the existing supplier management, and promote suppliers to continuously improve CSR management performance.

In addition, against the backdrop of carbon neutrality and carbon peaking at home and abroad, the Company will also promote suppliers to actively respond to climate change and achieve carbon neutrality in the supply chain through energy conservation, emission reduction, and the use of clean energy.

Public Welfare and Charity

Fudan Microelectronics has always regarded public welfare and charity as an unshirkable social responsibility. From supporting the Special Olympics International with technology to the establishment of the “Special Fund” of Fudan Microelectronics, the Company adheres to the tenet of humanistic care and the principle of pragmatism and rigor, and stays focus on the disadvantaged group by undertaking various charitable and public welfare projects, and endeavors to give back to the society. According to the statistics, from 2018 to 2021, the charitable and public welfare expenditure of the Company amounted to over RMB700,000, and nearly 900 volunteer service activities have been organized in the past three years.

Year	Expenditures of the Special Fund (RMB)	Funded projects
2018	500,000	Flowers Bloom – Cochlear Implants for Hearing Impaired Children
2019	50,000	Hearing Impaired Children’s Choir Project
2021	24,950	The Hearing Impaired Children’s Choir - “Little Snail Choir” recorded “The Most Beautiful Choir”
2021	6,000	Snail Baby Choir on June 1st
2021	50,000	Lazi County Middle School Library Facilities and Equipment Project
2021	150,000	Older Star Youth (Autism) Skills Training Program
Total	780,950	

Supporting the Special Olympics International with technology

For the nine years since 2008, Fudan Microelectronics signed a contract with the headquarters of Special Olympics International as the RFID radio frequency identification technology partner of its Healthy Athlete Program. The “China Core” donated by the Company is aimed at all athletes, coaches and staff participating in the Special Olympics. It can record the basic information and physical fitness of Special Olympics athletes quickly and comprehensively, and improve the efficiency of on-site medical treatment and management.

Funded the establishment of “Special Fund” of Fudan Microelectronics

On 19 December 2017, Fudan Microelectronics reached a cooperation with Shanghai Charity Foundation, donating RMB 1 million to set up a “Special Fund” of Fudan Microelectronics for carrying out various charitable and public welfare projects. After the establishment of the special fund, in the spirit of doing good and practical deeds, the Company actively paid attention to disadvantaged groups, subsidized projects on child support, education assistance, medical assistance and skill training, and tracked the effect of project implementation. In order to ensure the continuous development of various public welfare projects, the Company injected another RMB1 million into the special fund in 2019 and 2021 for the development of charity and public welfare undertakings in Shanghai.

Funded cochlear implant project

In 2018, Fudan Microelectronics invested RMB500,000 to fund the “Flowers Bloom - Cochlear Implants for Hearing Impaired Children” project, which was jointly initiated by the Shanghai Disabled Persons’ Federation, Red Cross Society of China Shanghai Branch and Shanghai Charity Foundation, for the purpose of funding the installation of cochlear implants for severely hearing-impaired children from poor families, and helping them with language training to restore their hearing to the possible greatest extent.

Subsequently, employees of the Company set up a volunteer team to conduct regular volunteering and holiday visits to understand about the technology on children’s cochlear implant and relevant diagnosis and treatment.

Lead the establishment of “Snail Baby Choir”

In order to better help hearing-impaired children grow up healthily, in 2019, Fudan Microelectronics, together with Shanghai Deaf Children Rehabilitation Center, Shanghai Conservatory of Music, China Construction Bank Shanghai Branch and other institutions, established the first chorus composed entirely of hearing-impaired children in Shanghai - “Snail Baby Choir”. Every week, a professional vocal teacher system conducts music knowledge training and skill training and guides the rehearsal of chorus songs. Since the project was launched, the choir has performed on stages such as Malan Orchid Theatre, Magnolia Theatre, “Lovely under the Blue Sky - Charity Gala”, “The Most Beautiful Chorus”, among others, and has attained extensive attention from the society and the full support of caring people.

Co-establishment of the “Xingbao Care” special fund (星寶關愛專項基金)

On World Autism Day in 2019, Shanghai Yangpu Disabled Persons’ Federation and local education bureau, health commission, Women’s Federation, Youth League Committee, Xinhua Hospital and other institutions held an autism day-themed publicity activity and established the first “Autism Rehabilitation Alliance” in Shanghai. Fudan Microelectronics actively responded to the call and contributed to the public welfare. The Yangpu “Xingbao Care” special fund was set up with a number of caring enterprises together in the Shanghai Disabled Persons Welfare Foundation to promote a closed loop of social support for early detection, early intervention and early treatment of autism patients.

Funded the establishment of “Star Youth Skills Practice Base”

In order to further enhance the self-care ability, learning ability and emotional stability of older star youths, in 2021, Fudan Microelectronics funded the establishment of star youth skills practice base, which primarily offers the older youths skill training courses mainly on roasting and coffee making, supplemented by handicraft and art courses, with a view to improving the overall ability of the older star youth in many aspects through the collective training mode and help to contact and integrate into the society, which also promote their employment, ease family conflicts and relieve family pressure.



Funded the establishment of “Star Youth Skills Practice Base”