



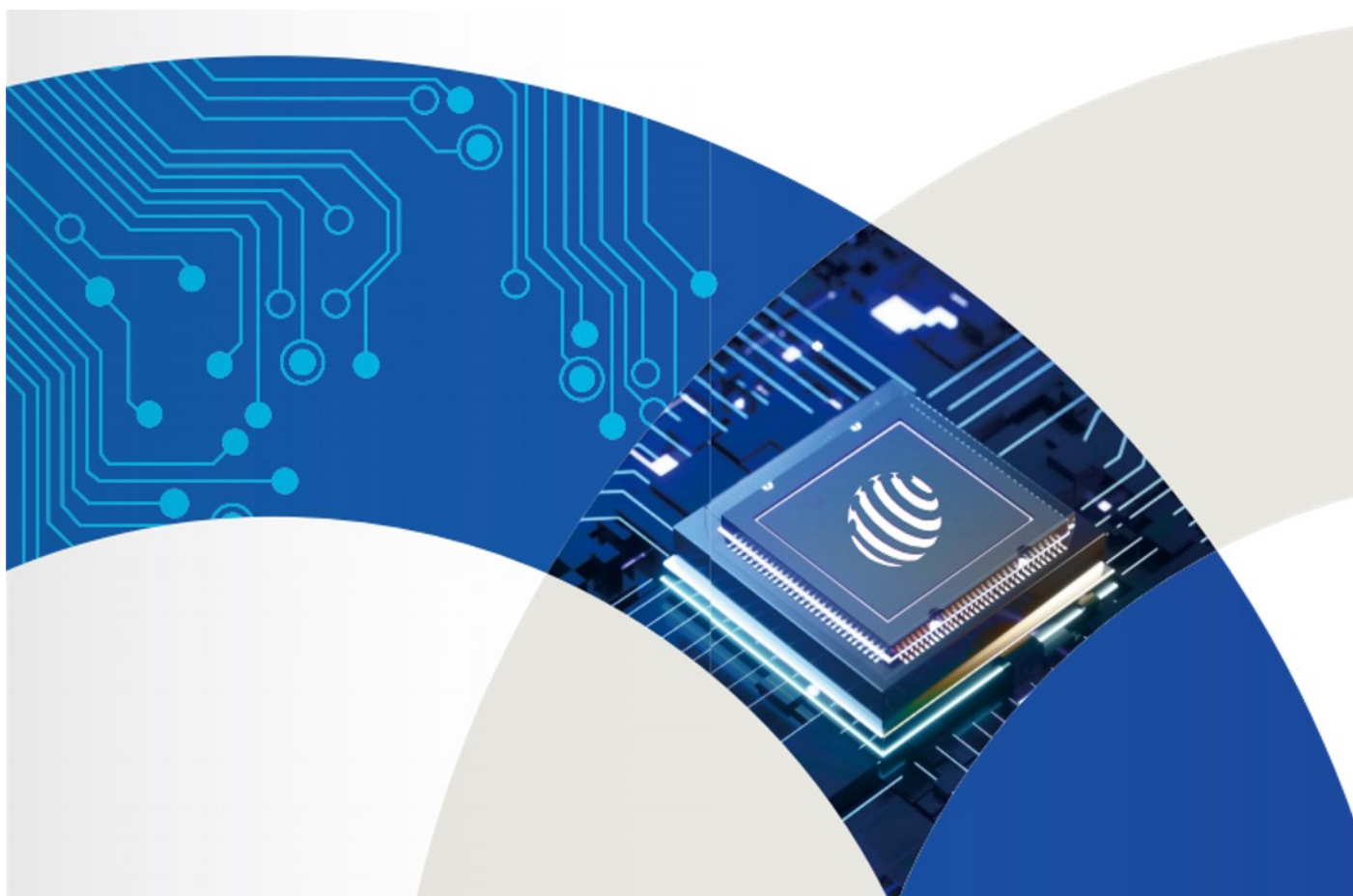
上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

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

(Stock Code: 1385)

Environmental, Social and Governance Report 2022



**For identification only*

INTRODUCTION OF THE REPORT

REPORT SCOPE

Shanghai Fudan Microelectronics Group Company Limited (the “Company”, “Fudan Microelectronics” or “we”) and its subsidiaries (the “Group”) considers the integration of sustainability principles into its strategic planning and day-to-day operations through transparent measures as its key of business, with a view to delivering long-term value to stakeholders of the Group and maintain its competitive edge. The Company is delighted to publish this environmental, social and governance (“ESG”) report (the “Report”) highlighting its initiatives and efforts in pursuit of sustainability. The data and information contained herein cover the ESG practices of Shanghai Fudan Microelectronics Group Company Limited (HK01385/SH688385) and its subsidiaries from 1 January 2022 to 31 December 2022. To ensure continuity and for the convenience of comparison, some of the data and information provided are not limited within the year 2022.

Principle for preparation

The 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.

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



2022 ESG Performance Statistics Table

Category	Performance Indicator	2022
Environment	Investment in environmental protection (RMB 0'000)	125.32
	Annual electricity consumption (KWH)	16125722.91
	Water consumption (tonne)	30711
	Direct GHG emission (TCO ₂ -e)	340
	Indirect GHG emission (TCO ₂ -e)	6773
	Intensity of GHG emission (TCO ₂ -e /RMB 0'000)	0.0201
Social	Charitable investment (RMB 0'000)	71.15
	Customer satisfaction	96.48
	Proportion of female management personnel at middle-level and above to the number of management personnel (%)	26.7%
	Coverage ratio of individual performance appraisal of employees (%)	100%
	Total number of personnel receiving training on anti-corruption	191
	Number of concluded anti-corruption cases	0
	Number of customer complaints	36
	Proportion of sold products recalled for safety and health (%)	0
	Employee turnover rate (%)	9.66%
	Percentage of male and female for same position and remuneration	1:1
	Signing rate of employment contract (%)	100%
	Capital investment for safety (RMB0'000)	148.54
	Number of employees receiving training on safety (person)	658
	Number of safety incidents (times/year)	0
	Work-related fatalities (person/year)	0
	Lost hours due to work (H)	256
	Occupational diseases (number/year)	0
	Investment in employee training (RMB0'000/year)	75.8
	Total training hours per year of employees (training hours/year)	17270
	Types of training courses (number/year)	293
	Average employee training hours	11.23

Board's Statement

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

Code of Business Conduct

Since incorporation, the Company has been operating with integrity as one of its core values, always operating legally and in compliance with the law, opposing any form of fraud (including bribery, extortion, fraud and money laundering) and avoiding all forms of conflict of interest. We respect intellectual property rights and protect customer information; participate in business competition in accordance with the principles of fairness and honesty, and resolutely oppose unjustified competition. The Company provides effective communication channels for complaints and whistleblowing, discloses various reporting methods such as hotlines and emails in the Anti-Fraud and Whistleblowing Complaints System, and provides identity protection for complainants and whistleblowers, prohibiting any form of anti-reporting behaviour. We designate the audit department as the permanent body for anti-fraud work, and implement specific tasks such as supervision, investigation and follow-up.

The Company organised training on corporate integrity for directors and staff from all relevant departments, including modules on "Introducing the dangers of corruption", "Explaining laws and regulations", "Analysing common phenomena of corporate corruption" and "Emphasising company attitudes and culture", which enhanced employees' values of integrity and honesty effectively. In 2022, the Company confirmed that there were no violations of relevant laws and regulations, ensured compliance with relevant national and regional laws and regulations (including the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong) and that there were no corruption litigation cases filed and concluded by the Company, its management and its employees.

The Company has developed and published a Code of Business Ethics and Conduct and signed an undertaking with its employees to communicate the Company's commitment to business ethics to each of its employees and to regulate the business conduct and ethical standards of its employees, including:

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 signs confidentiality agreements with its customers and strictly abides by them; it also requires each employee to sign a "Commitment to Business Ethics and Code of Conduct" and to implement a strict intellectual property protection and confidentiality policy; employees are not allowed to obtain commercial secrets of the company and its partners such as customers, suppliers and friends in any illegal form, and have the obligation and responsibility to protect the confidential information including but not limited to privacy and trade secrets of the Company, customers, other third parties, etc., which come to their knowledge lawfully in the course of business, and not to disclose, or sell such information without the permission of the relevant parties, so that the employees of the Company are fully aware of the importance of intellectual property rights, strictly comply with the Anti-Unfair Competition Law of the People's Republic of China, and firmly eliminate losses caused by improper acts.

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".

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. In 2022, Fudan Microelectronics is not aware of any material breaches of the laws and regulations of the PRC and Hong Kong relating to health and safety, advertising, labelling and privacy matters and intellectual property rights in relation to the products and services provided.



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 2022, 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, SBL, SPC control 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) Quality Agreement: A quality agreement is signed with all qualified suppliers to specify the quality requirements of the product, including inspection requirements, yield requirements, change management requirements, reliability monitoring requirements, etc.

3) Supplier evaluations: Annual evaluations are conducted on the quality management system and process control of qualified suppliers; special evaluations are conducted on suppliers when major quality problems occur.

4) Performance evaluation: In accordance with the Supplier Evaluation Regulations, the Company conducts quarterly and annual performance evaluations of all qualified suppliers, including quality, commercial and technical aspects.

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 2022, the Company received 36 customer complaints and no recalls occurred due to product safety and health issues. All customer feedbacks have been responded 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 2022, the scores in product quality, packaging & delivery, service assurance and HSF capability were 95.81, 94.92, 97.73 and 97.50 respectively, and the weighted average customer satisfaction was 96.48.

To remain invincible in the brutal market competition, companies need to examine their work and results from the perspective of their customers and investors consistently. A successful company requires an "outside-in" perspective, seeking and adopting different views, welcoming constructive criticism, keeping abreast of competitors and the market as a whole, staying customer-oriented and developing quickly, expanding the foundation of traditional values and incorporating new elements to make our corporate culture more solid and our products more competitive in the market.

Environmental protections, Emissions and Use of resources

Through the establishment, implementation and maintenance of the ISO14001 environmental management system, the Company has established a long-term mechanism for environmental protection and promoted the harmonious development of energy conservation, resource utilisation and environmental protection.

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

The Company uses water mainly for office use and has not encountered any problems in sourcing suitable water sources. In order to reduce water consumption and improve water efficiency, the Company uses water-saving sanitary ware to conserve water and to protect the water environment.

The Company strictly complies with the Environmental Protection Law of the People's Republic of China, the Noise Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Prevention and Control Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Environmental Impact Assessment Law of the People's Republic of China and many other environmental protection laws, regulations and standards, and conducts compliance assessments on a regular basis. As at the end of the reporting period, the Company had no incidents of environmental pollution and had not received any complaints from relevant parties in relation to the environment.











The Company has been insisting on green product output since the beginning. In accordance with the standard "IECQ QC080000 Requirements for Hazardous Substance Process Management System", we have established a hazardous substance management system within the company and passed the third party certification. The Company has also issued the Environmental Management Substances Standard, which clearly stipulates that plastic sealed products and modular products must comply with the EU Rohs Directive and REACH regulations, effectively controlling and reducing the pollution caused by the Company's products to the environment and achieving the objective of protecting the global environment.

The Company places a high priority on greenhouse gas emissions reduction and energy efficiency. As energy consumption is one of the major causes of greenhouse gas emissions, the Company is constantly looking for energy saving opportunities and seeking to improve energy efficiency to achieve its carbon reduction targets. The Company is also highly concerned about waste management and has adopted various waste management measures, such as recycling of waste and reduction in the use of disposable materials. Going forward, the Company plans to maintain emissions, energy and waste generation at the same level (or lower) than last year.

"To maintain the environment on which the Company and its customers depend as the basic philosophy of sustainable management", this has been the strategic direction of the Company since its incorporation and is the fundamental principle that the Company has always adhered to its pursuit of continuous development and growth.

With the increase in sales in 2022, the Company's greenhouse gas equivalent emissions, the amount of packaging materials used and the amount of water consumed will increase slightly compared to 2021, but through various energy saving measures, the Company's environmental performance data per unit of sales will be reduced to varying degrees:

Table: Statistical table on the Company's environmental performance from 2020 to 2022

	Environment indicator	2020	2021	2022
	Investment in environmental protection (RMB0'000/year)	136.22	127.23	125.32
	Total electricity consumption (KWH)	16356233.08	19645080.22	16125722.91
	Total electricity consumption density (KWH/ RMB100 million)	967824.44	762323.64	455657.62
	Total water consumption (T/year)	17035	23278	30711
	Total water consumption density (T/ RMB100 million)	1007.99	903.30	867.79
	Packaging consumption (KG/10 thousand units of products)	-	1.2	1.28
	Packaging consumption density (KG/10 thousand units of products / RMB100 million)	-	0.047	0.036
	Direct GHG emission (TC02-e)	107	124	340
	Indirect GHG emission (TC02-e)	13160	16321	6773
	Intensity of GHG mission (TC02-e /RMB0'000)	0.0785	0.0638	0.0201

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


Respond to Climate Change

There is a global consensus to reduce greenhouse gas emissions and mitigate climate change. As a member of the global citizenship, Shanghai Fudan Microelectronics is promoting paperless office through the use of ERP, MES and other online systems to achieve the goal of reducing paper usage, thereby reducing tree felling, mitigating the greenhouse effect and realising the corporate responsibility of protecting the environment and caring for the earth.

Since 2011, the Company has established GHG management procedures in accordance with the GHG Protocol, ISO 14064-1 and the IPCC Guideline - 2006, and conducts systematic GHG emission on an annual basis. We have also asked a third-party certification body to conduct verification in the hope that we can accurately grasp the Company's GHG emission status and implement planned emission reduction measures by increasing the number of LED lighting fixtures and other energy-saving methods, so as to achieve the sustainable development goal of energy saving and carbon reduction.

The Company's GHG emissions intensity in 2022 is 0.0201 tonnes of carbon dioxide equivalent per RMB0'000, representing a reduction of 68.50% from 2021.

Extreme weather such as typhoons, heavy rain (snow), thunderstorms, hailstorms and high winds can affect the health of employees and the continuity of the Company's business. The Company has formulated the "Meteorological Disaster Field Management Plan" to guide the Company to react in the face of extreme weather quickly and methodically, to control and minimise bodily injuries to employees in a timely manner, and to restore the normal production and operation order of the Company as soon as possible.



The image shows a formal ISO 14064-1:2018 Greenhouse Gas Verification Statement. On the left, a vertical red banner reads 'Bureau Veritas Certification'. The main document is white with black text. At the top, it says '温室气体核查声明书' (Greenhouse Gas Verification Statement) and '授予' (Granted) to '上海复旦微电子集团股份有限公司' (Shanghai Fudan Microelectronics Group Co., Ltd.). It lists several addresses in Shanghai. The scope of verification includes the company's factory, office, warehouse, and product design/development. The verification period is from January 1, 2022, to December 31, 2022. The verified direct emissions are 340.33 tCO₂e, and the verified indirect emissions are 6772.80 tCO₂e. The total verified emissions are 7113.13 tCO₂e. The base year is 2022. The statement is signed on March 6, 2023, with the reference number CNSH15440140. At the bottom, there is contact information for the certification body, Bureau Veritas, including its address in Beijing and Shanghai, and a website.

温室气体核查声明书
授予
上海复旦微电子集团股份有限公司
核查地址：中国上海市国泰路 127 号 4 号楼；
中国上海市国泰路 127 号 2 号楼（1 楼和 2 楼）
中国上海市逸仙路 3901 号 21 号楼/7 号楼/号楼
中国上海市国泰路 11 号 1901-1904 室
中国上海市国权北路 1088 号 A5 座 4 楼-7 楼/B1 座/B2 座
中国上海市静安区 351 号 2 号楼
组织边界：上海复旦微电子集团股份有限公司拥有及租赁的财务控制权的实体和区域
报告边界：上海复旦微电子集团股份有限公司厂区范围、办公区域、仓库（集成电路及片上系统（SOC）产品的设计、开发、生产（测试）和技术服务）的温室气体直接排放源，能源间接排放源和公司识别的重要间接排放源
限制性叙述：不适用
保证等级：合理保证等级
必维认证（北京）有限公司
证明上述单位依据下列国际标准执行组织温室气体核查工作，查证数据为合理测量和计算，其它详细声明如附件所述。
ISO 14064-1:2018
经核查 2022 年 1 月 1 日至 2022 年 12 月 31 日期间
查证温室气体直接排放数值为：340.33 吨 CO₂e
查证温室气体能源间接排放数值为：6772.80 吨 CO₂e
查证温室气体重要间接排放数值（商务旅行、下游产品运输导致的间接排放）
为：399.25 吨 CO₂e
基准年：2022 年
签发日期：2023 年 03 月 06 日
声明书编号：CNSH15440140
认证机构地址：中国北京市东城区东长安街 1 号东方广场西一办公大楼 9 层 902 室，邮编：100738
当地办公室地址：中国上海市黄浦区外马路 1288 号综合楼 12 层 1201 室，邮编：200011
通过必维认证来声明的核查范围，可查询向必维认证机构索取
索取必维认证声明书之详细资料，+86 21 22190000

ISO 14064 Greenhouse Gas Verification Statement

Management of Environment of Suppliers

Fudan Microelectronics is a "fabless" IC design company that has no in-house production lines, but has never relaxed its environmental controls over its suppliers. In order to promote suppliers to jointly fulfil their social responsibility, reduce the impact of environmental pollution and produce in a compliant and legal manner, the Company has adopted the following stringent control measures in the management of suppliers:

- 1) Sign the Supplier CSR Commitment with suppliers to promote the fulfillment of social responsibility in social, governance, energy saving and emission reduction. We have also added environmental management system evaluations to the Supplier Site Evaluations Process to ensure that our suppliers are compliant and legal in their production.
- 2) Conduct a hazardous substance risk assessment of the supplier at the time of introduction of the new supplier and terminate the supplier at high risk. Routine supplier site evaluations are conducted to assess the implementation of environmental and hazardous material controls during the production process, and hazardous material controls are included in the supplier performance evaluation.
- 3) Signed a Non-Hazardous Substance Guarantee Agreement with both the plastic seal and module suppliers, committing to produce products that meet the requirements of the Environmental Management Substances Standard. The Company conducts quarterly assessments of compliance and fit with HSF requirements for plastic sealing products and module suppliers; quality management engineers conduct regular routine evaluations of qualified suppliers in accordance with an annual evaluation plan.

供应商 CSR 行为承诺书

To: 上海复旦微电子集团股份有限公司（以下简称“复旦微电子”）
（以下简称“本公司”）作为复旦微电子供应链上的合作伙伴公司在对人权和社会责任方面的相关要求，并承诺如下：

1 诚信守法

本公司承诺遵守业务所在地国家的法律法规。对同一主题，法律和本承诺都有规定且无相互冲突时，以要求较高者为准。若当地法律有冲突以致遵守本承诺会导致违法时，以符合当地法律为准。

2 人权

本公司尊重国际公认的人身权利，并且不得以任何形式侵犯到一个人的人格尊严、个人隐私和基本权利。

3 劳工标准

3.1 结社自由和劳资谈判权

本公司保证及承认自由结社和一定比例的员工（雇员和工人）达成一致后进行劳资谈判的权利，不歧视员工代表或者工会成员在结社自由和劳资谈判的权利受到公司允许员工自由选择他们的代表。

Supplier CSR Commitment signed with the supplier

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. Fudan Microelectronics has no cases of child labour and forced labour in 2022 and is not aware of any material breaches of laws and regulations relating to pay and dismissal, recruitment and promotion, hours of work, leave, equal opportunities, diversity, anti-discrimination and other treatment and benefits that have a material impact on the Company.

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 2022, the Company has formed a diversified and multi-level team comprising over 1,600 talents, of which 74% are undergraduates and above, and female management account for 26.7%. 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.

Fudan Microelectronics is firmly committed to the protection of labour rights and the protection of children, and strictly complies with relevant labour laws and national regulations, including the Regulations on the Prohibition of Child Labour, the Law of the People's Republic of China on the Protection of Minors and the Labour Law of the People's Republic of China. In order to eliminate any chance of child labour, all applicants are required to provide legal identification or proof of identity prior to acceptance for our rigorous screening process. If any forged documents are found, Fudan Microelectronics will not hesitate to terminate the employment contract and take legal action.

Our commitment to preventing child labour and forced labour also extends to the management of our supply chain, with suppliers entering into CSR agreements and terminating supplier contracts if any breaches of relevant laws and regulations are identified.

In 2022, Fudan Microelectronics was not aware of any cases involving serious violations of laws and regulations relating to the prevention of child labour and forced labour.

HR Performance Data	2022
Total number of employees	1688
Ratio of male and female employees	2.22:1
Ratio of employees aged below 30/aged between 30 and 50/ above 50	4.17: 8.78: 1
Full-time to part-time staff ratio	211:1
Number of foreign employees	5
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	21.14: 6.47: 1
Percentage of female management at middle and above levels to the total number of management personnel	26.7%

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.

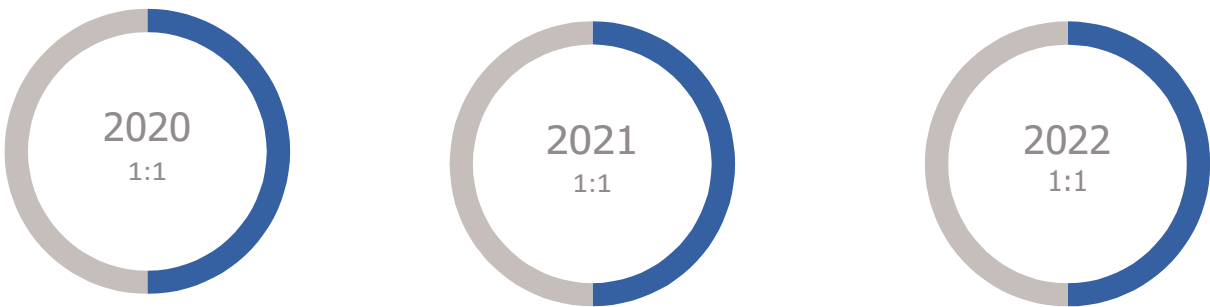
The Company has 131 employee representatives, and the employee representative meeting is held irregularly to review various matters. The Company established a labor union committee in 2019 to safeguard the legitimate rights and interests of employees according to law. The labor union actively conducts 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.

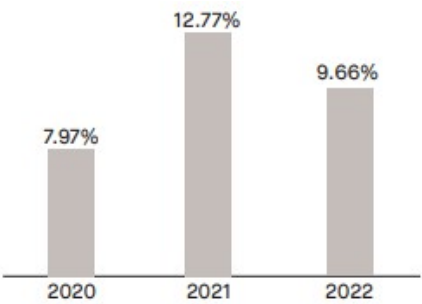


2020-2022 Employee Compensation and Data Sheet

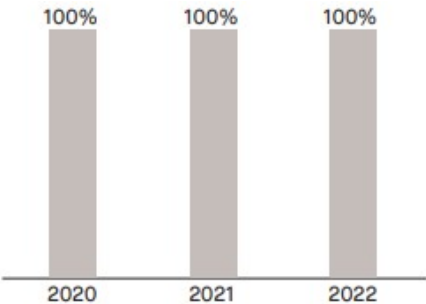
Percentage of male and female for same position and remuneration (%)



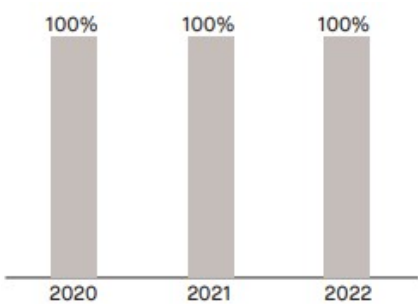
Employee turnover rate (%)



Employee contract signing rate (%)



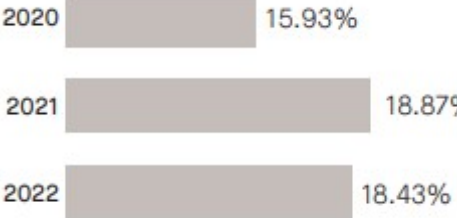
Employee performance appraisal coverage (%)



"Five insurance and one fund" coverage rate (%)



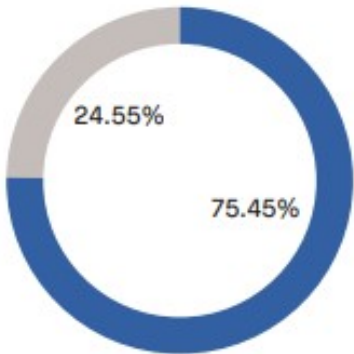
Employee salary increment rate (%)



Overseas employee turnover rate (%)

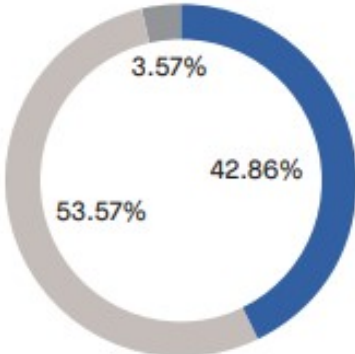


Turnover by gender of employee (%)



Male: 75.45%
Female: 24.55%

Turnover by age group of employee (%)



Below 30: 42.86%
30 – 50: 53.57%
Above 50: 3.57%

Occupational Health and Safety

Fudan Microelectronics insists on people-oriented and safe development, establishing a safety management mechanism with the general manager as the main person in charge, departmental leaders as the departmental safety responsible persons, company safety officers lead the office supervision and inspection, and the participation of all staff. The Company has established and implemented an occupational health and safety management system in accordance with the ISO45001:2018 standard to provide a safe working environment for research and development, testing and pilot inspection to ensure the safety and health of employees. In 2022, Fudan Microelectronics did not aware of any serious violations of the laws and regulations in Mainland China and Hong Kong relating to the provision of a safe working environment and the protection of employees from occupational hazards. No safety fatalities and no occupational diseases have occurred during the period 2020-2022 and the control measures adopted are as follows:

- 1) The Company conducts usual safety inspections, and conducts special safety inspections every month. 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.

2020-2022 Company Safety Performance Statistics

Safety performance indicator	2020	2021	2022
Investment in safety (RMB0'000)	136.22	107.28	148.54
Total training hours on safety (H)	462	503	1248
Total number of safety officer	42	42	27
Total number of major accidents	0	0	0
Serious injuries and fatalities	0	0	0
Number of lost-time accidents (times)	1	1	1
Lost time due to work-related injury (H)	-	252	256



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 2020 to 2022, the Company invested RMB1.998 million in training, with 49,606 training hours.

Table: 2020-2022 Employee Education and Training Performance Statistics

Indicator data	2020	2021	2022
Employee training input (RMB 0'000 / year)	52	72	75.8
Total annual training hours for employees (hours/year)	18982	13354	17270
Number of training courses (per year)	441	334	293
Average training hours for employee (hours/person/year)	17.33	11.15	11.23
Percentage of senior management trained	-	-	100%
Average training hours for senior management	-	-	26.88
Percentage of middle management trained	-	-	100%
Average training hours for middle management	-	-	36.73
Percentage of employee trained by gender	-	-	Male: 100% Female: 100%

The Human Resources Department has established a systematic training management process, annual training programmes are drawn up each year based on the Company's development needs and the principle of improving staff competencies. The training programmes are not restricted to the gender of the trainees. 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.

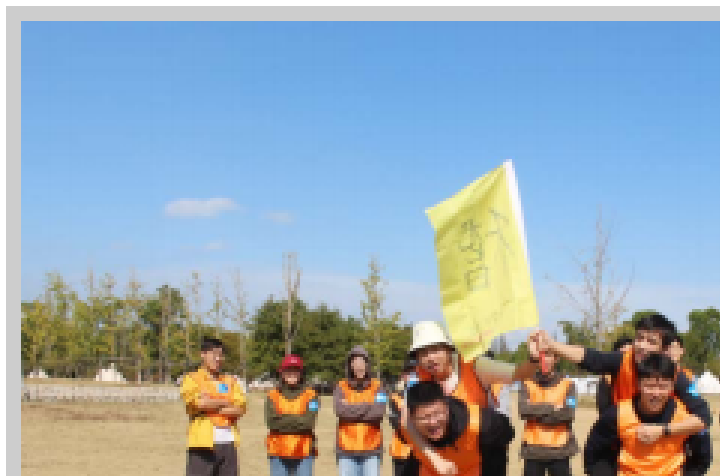
New employee training: The Human Resources Department and the direct supervisor prepare an “Introduction Training Plan during Probation” for each new employee, and provide new employees with training on entry and basic abilities during the probation period. The content of new employee training includes 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 is 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.



New Employee Training



Professional Technical Training for employee

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.



Company Anniversary Events



Programmer's Day gift



Short videos reflecting the working life of staff



Company Anniversary Events



Old Fashioned Annual Fair



Employee Dance Performance

Cooperation for Mutual Benefit

The market environment is changing rapidly and the needs of customers are becoming increasingly personalised. Supply chain management is becoming increasingly important in the management of business operations, especially, as a chip design company with no production line, the product processing process is mainly done on the supplier's production line, so the production and quality management of the supplier is even more important. Only by establishing a stable and win-win supplier management model and having a flexible and agile supply chain can we win market opportunities in such a complex and volatile situation, prevent business risks and promote rapid business development.

The Company's major suppliers are well-known companies in the industry and have a good history of cooperation with major flow and packaging suppliers. The Company's supplier management documents, "Supplier Management Procedures", "Supplier Field Evaluation Process" and "Supplier Evaluation Details", established and implemented in accordance with ISO9001 quality management system standards, stipulate the operational procedures for the selection, evaluation and approval of suppliers for procurement and outsourced processing, and specify the principles of supplier selection, supplier qualification requirements, evaluation standards and field evaluation operational procedures. In the supplier selection process, we require suppliers to possess the relevant qualifications and provide relevant documentation, giving priority to suppliers with good compliance, ISO9001/IATF16949/ISO14001/ISO45001 system certification and a good reputation in the industry. Currently, the Company has 36 key external suppliers, of which 35 are domestic suppliers and 1 is an overseas supplier. The Company conducts annual on-site evaluations and quarterly and annual comprehensive assessments of key suppliers to check the long-term quality improvement, quality incident handling, process capability, production capacity and delivery of each supplier, and the conclusions of the evaluations and assessment scores are used as the basis for increasing or decreasing business.

Supplier CSR management

We are committed to creating a green supply chain and 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 are required to protect workers' freedom of association and the right to negotiate between employers and employees, prohibit forced labour, child labour and discrimination in employment in accordance with international labour standards, provide a healthy and safe working environment for workers, respect the internationally recognised personal rights of workers and refrain from any form of infringement of these rights. At the same time, suppliers should take up their responsibility and obligation to protect the environment, take preventive measures against environmental challenges, actively develop and promote environmentally friendly technologies, phase out some environmentally polluting production processes, provide Fudan Microelectronics with processing technologies, products and packaging materials used in products that meet the Environmental Management Substances Standard, and strive to reduce environmental pollution and enhance environmental protection.

Suppliers 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 Company organizes Quality Management Department, 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 2022, on-site audits were conducted on 17 suppliers in accordance with the audit plan. From the issues identified in the audits, approximately 40% of the non-conformities were related to deficiencies in the suppliers' process control systems and inspections, all of which were issued to the suppliers as on-site audit non-conformities and the suppliers were required to rectify and provide evidence of improvement accordingly.

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 a green, low-carbon and sustainable 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. In the future, as Fudan Microelectronics continues to grow, we will continue to review, evaluate and select relevant suppliers, and gradually downgrade or remove suppliers those who fail to follow our CSR-focused philosophy from the list of qualified suppliers.

Public Welfare and Charity

Fudan Microelectronics has always regarded public welfare and charity as an unshirkable social responsibility. Since 2017, with the Shanghai Charity Foundation, the “Special Fund of Fudan Microelectronics” was established. 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 2022, the charitable and public welfare expenditure of the Company amounted to around RMB1,500,000.

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”
	3,000	Snail Baby Choir on June 1st
	3,000	
	50,000	Lazi County Middle School Library Facilities and Equipment Project
	150,000	Older Star Youth (Autism) Skills Training Program
2022	50,000	Hearing Impaired Children’s Choir Project
	100,000	
	11,500	National Ear Care Day Benefit Concert "Listen to Me and Say Thank You" Song Filming
	100,000	Medical assistance for children with congenital heart disease
	250,000	Paediatric Strabismus and Paediatric Ophthalmology Program
	200,000	Older Star Youth (Autism) Skills Training Program
Total	1,492,450	

Continuous funding to Hearing Impaired Children's Choir Project

In 2022, Fudan Microelectronics contributed RMB161,500 to continue to fund the "Hearing Impaired Children's Choir Project". To help children with hearing impairment grow up healthily, Fudan Microelectronics joined with the Shanghai Rehabilitation Centre for Deaf Children, Shanghai Conservatory of Music and China Construction Bank Shanghai Branch in 2019 to establish Shanghai's first choir of children with hearing impairment, the "Snail Baby Choir". A professional vocal teacher will provide weekly training on music knowledge and skills, as well as rehearsal of choral songs. Since the launch of the project, the choir has performed at the Maryland Theatre, the White Magnolia Theatre, the "Blue Sky Charity Gala" and the "National Ear Care Day Charity Concert", receiving widespread attention and support from the community.



"Baby Snail Choir" on CCTV

Launching the "Enlightenment Core Project" to care for "owl babies"

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

Helping children with heart disease to regain their lives

Fudan Microelectronics has been informed that about 70% of the children with congenital heart disease hospitalized at the Shanghai Children's Medical Center come from all over China, and some of them are from poor families for the sake of their children's health. When people raise money and come to the hospital, they may not have enough money for the hospital deposit, and parents may be under pressure from both illness and finances. As a result, Fudan Microelectronics has contributed RMB100,000 to provide medical assistance to poor families suffering from congenital heart disease in collaboration with the Shanghai Children's Medical Centre to support them to complete their operation and promote their recovery. The operations have been successfully carried out and 5 children have been rescued.



Premature Heart Surgery

"Star Youth Skill Practice Base" was officially launched

In 2022, the "Star Youth Skills Practice Base", funded by the Fudan Microelectronics Group, was officially launched and will continue to focus on self-care, skills development and art therapy for older star youth. Through a collective training model and a combined one-to-one programme support, the programme promotes the overall capacity enhancement of young people, helps them reach out to and integrate into society, and facilitates their employment, increasing the likelihood of employment and smooth integration into society. It also relieves the financial burden and mental stress of parents, improves the quality of life of the whole family and makes the family atmosphere more harmonious and loving.