



2023

Environmental, Social and
Governance Report
Semiconductor Manufacturing
International Corporation

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A Snapshot of SMIC IC Development

Semiconductor Manufacturing International Corporation (SMIC, 00981.HK/688981.SH) is one of the leading foundries in the world and is a leader of IC manufacturer industry in Chinese Mainland with leading manufacturing capability, manufacturing scale, and comprehensive service. SMIC Group provides semiconductor foundry and technology services to global customers on 8-inch and 12-inch wafers.

Headquartered in Shanghai, China, SMIC Group has an international manufacturing and service base, with 8-inch and 12-inch wafer fabrication facilities in Shanghai, Beijing, Tianjin and Shenzhen. SMIC Group also has marketing and customer service offices in the U.S., Europe, Japan, and Taiwan, China, and a representative office in Hong Kong, China.

- Letter from the Chairman
- ESG Performance Highlights in 2023
- Honors and Awards
- SMIC Milestones
- Board Statement



Letter from the Chairman



Dear Readers,

Over the past 23 years, SMIC has won trust, support and help of friends from all walks of life. On behalf of the Board of Directors and the Management of SMIC, I would like to extend our sincere gratitude and best wishes to everyone who cares about and supports the development of SMIC.

Looking back to the year of 2023 we witnessed the world's unprecedented changes in a century, fierce competition in the global semiconductor market and profound changes in the industry. SMIC has always adhered to the general principle of pursuing progress while ensuring stability. We united to overcome difficulties, and withstood the test of severe challenges in various aspects including technology R&D, production, operation and market supply chain. Our overall business indicators remain stable, demonstrating the resilience of our development. Under the strong leadership of the Board of Directors and with the joint efforts of the management and employees, SMIC has been a firm practitioner to ESG governance and adhered to the commitment to sustainable development. With the care and support from all sectors of the society, we continue to strengthen our corporate governance, practice the concept of environmental protection, safeguard the rights and interests of employees, engage in public welfare activities, and enhance our ESG governance capabilities, earning extensive recognition from the society.

Strengthening corporate governance while firmly enhancing the resilience of the development. We made solid progress in management reform, continued to improve the governance structure with the Board of Directors as the core decision-making body and facilitated the participation of all departments in ESG management. Upholding a customer-centric approach, we are committed to creating long-term values for customers and building mutually beneficial and deeply integrated partnerships. Meanwhile, we made constant efforts to raise risk management awareness and strengthen the compliance management of suppliers and other related parties, building a clean and honest business environment.

Firmly practicing the concept of environmental protection while actively implementing green production. SMIC has made great efforts in environmental protection, including formulating and implementing a framework responding to climate change, integrating energy-saving, emission reduction and environmental efficiency targets into production and operation, improving the internal environmental performance incentive policy, and setting up special awards for energy-saving achievements. We forged ahead with factory land intensification, harmless raw materials, clean production, waste recycling, and energy decarbonization. SMIC now has five sites certified as green factories and five main plants certified as green buildings.

Safeguarding the rights and interests of employees while providing the warmest care. SMIC has more than 20,000 employees around the world. Valuing and cherishing our employees, we continue to optimize remuneration incentives and benefits system for employees and build a multi-path talent development system and differentiated training mechanisms, providing our employees with a broad stage to make the best of their talents and wholeheartedly addressing their most immediate and pressing concerns.

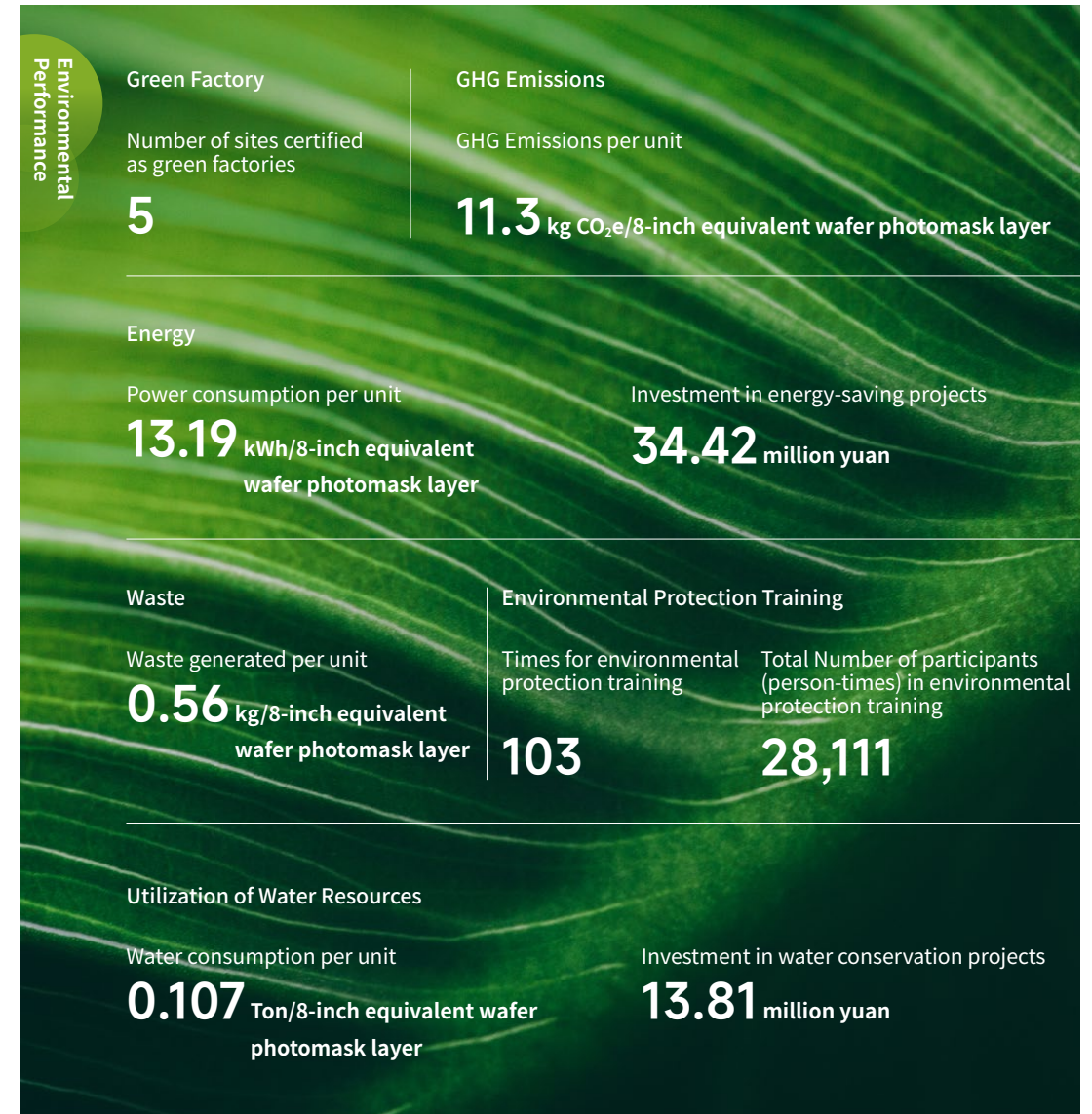
Actively participating in public welfare activities while taking the initiative to fulfill social responsibilities. 2023 marks the first year that SMIC carried out environmental protection activities at the group level, and all sites joined hands to carry out a series of activities, contributing a total of nearly 25,000 hours to public welfare activities. In addition, we continued to promote the philanthropic program "SMIC Liver Transplant Program for Children". Together with our employees and caring individuals, we have donated nearly RMB 45 million, assisting 832 children with liver disease regain their health.

Staying true to the initial intention, we insist on the journey of developing the Company. In the new year, SMIC will continue to undertake the original mission of "making SMIC stronger, better and bigger, and participating in the international competition on behalf of the IC industry". In adherence to the principles of responsible governance and putting people first, we will devote ourselves to environmental protection, fulfill our social responsibilities, and cultivate the path of sustainable development, making greater contribution to creating a prosperous, harmonious and better future.

Chairman of the Board of SMIC

Dr. Liu Xunfeng

2023 ESG Performance Dashboard

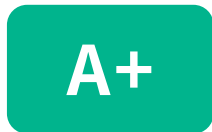


Honors and Awards

In 2023, SMIC sustained good level in ESG rating in the assessment of the following ESG rating agencies:

HSI ESG Index

Rated A+



Wind ESG

Rated A



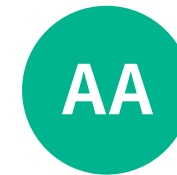
ISS ESG

Rated "Prime" for ESG Corporate Rating



China Securities Index ESG

Rated AA



- ◆ Included in the first edition of *S&P Global Sustainability Yearbook 2023 (China Edition)* in 2023
- ◆ Winner of the 11th *Mirror Post* Outstanding CSR Award

- ◆ SMIC listed in the "Top 100 ESG Pioneers among China's Listed Companies"



- ◆ Included in the List of Top 500 Publicly Traded Chinese Companies in 2023 released by *Fortune*
- ◆ Included in the 2023 Corporate Governance Best Practice Cases by the China Association for Public Companies

SMIC Milestones

2000

SMIC was founded

2001

Produced the first 8-inch wafer in Shanghai Fab

2002

Semiconductor Manufacturing International (Beijing) Corporation (SMIC Beijing) was founded
Mass-produced in 0.18 μ m process

2003

Semiconductor Manufacturing International (Tianjin) Corporation (SMIC Tianjin) was founded
Mass-produced in 0.35 μ m-0.13 μ m process

2004

Publicly listed in the Hong Kong Stock Exchange

2006

Mass-produced in 90nm process

2015

Mass-produced in 28nm process
China IC Fund invested in SMIC
Obtained approval from the Shanghai municipal government to set up its regional headquarter in Shanghai

2013

Semiconductor Manufacturing North China (Beijing) Corporation (SMNC) was founded

2011

Mass-produced in 45/40nm process

2009

Mass-produced in 65/55nm process

2008

Datang Group invested in SMIC
Semiconductor Manufacturing International (Shenzhen) Corporation (SMIC Shenzhen) was founded

2016

Semiconductor Manufacturing South China Corporation (SMSC) was founded

2017

SMIC invested in JCET Group

2020

Listed on the Shanghai Stock Exchange Sci-Tech Innovation Board (SSE STAR) market
Semiconductor Manufacturing Beijing Corporation (SMBC) was founded

2021

Semiconductor Manufacturing Oriental Corporation (SMOC) was founded

2022

Semiconductor Manufacturing Tianjin-Xiqing Corporation (SMTX) was founded

Board Statement

Responsibilities of the Board of Directors

As a responsible corporate citizen, SMIC fully recognizes the importance of environment, social and governance (ESG) on the path to a shared development, and joins hands with all stakeholders to make the world a better place. SMIC's Board of Directors undertakes the ultimate responsibility for the ESG governance system, and is accountable for developing the Company's ESG strategy, goal setting and progress, as well as ESG performance.

An ESG Steering Committee is set under the Board of Directors to be responsible for the Company's ESG management. It formulates ESG strategy, objectives and direction by analyzing the internal and external environments, and deliberating corporate development strategy. The ESG Steering Committee leads and guides the ESG Committee in discussing, planning and promoting ESG-related issues, supervises ESG implementation across functional departments, so as to ensure legally compliant operation, and assists the Company in achieving ESG goals, reflecting how the Company cares for people, the environment and society. The ESG Steering Committee reviews the annual ESG Report and submits it to the Board for approval.

Issue Analysis

Keeping abreast of the external environment and peer performance, the ESG Committee communicates closely with our internal and external stakeholders, identifies and assesses material issues, develops working plans based on ESG objectives, and reviews relevant progress regularly.

The ESG Committee is responsible for identifying, managing, overseeing and controlling the Company's ESG-related risks, as well as facilitating the decision-making of the Board by providing risk analysis. The Board of Directors is responsible for overseeing material issues.

Daily Implementation

An ESG Office has been set up at SMIC to optimize the ESG information collection system. Based on the nature of our business, the ESG Office analyses and formulates corresponding strategies, goals and action plans to promote a company-wide ESG strategy and integrate it into our daily operation, thereby continuously improving our ESG governance ability.





Lean Operation and Steady Development

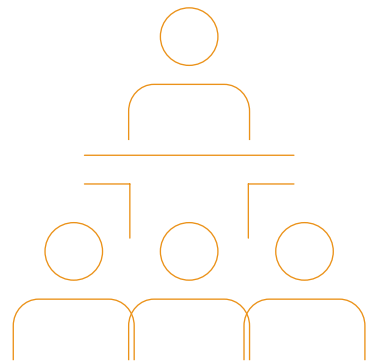
The Company always does business in a compliant manner to achieve stable development. Attaching great importance to responsible governance for sustainable development, SMIC focuses on internal audit, keeps close communication with various stakeholders, and carries out business operations based on integrity and compliance. Further, strengthening risk control, SMIC has established a perfect and integrated sustainability development framework, and enhanced sustainable management, thereby creating long-term corporate value.

- Lay a solid foundation through responsible governance
- Strengthen the governance for sustainable development
- Adhere to the integrity and compliance



Laying a Solid Foundation through Responsible Governance

A sound corporate governance system is vital for the healthy and stable development of an enterprise. Therefore, SMIC continuously improves corporate governance, clarifies the authorities of the Board of Directors, and actively fulfills social responsibilities while pursuing healthy and sustainable development.



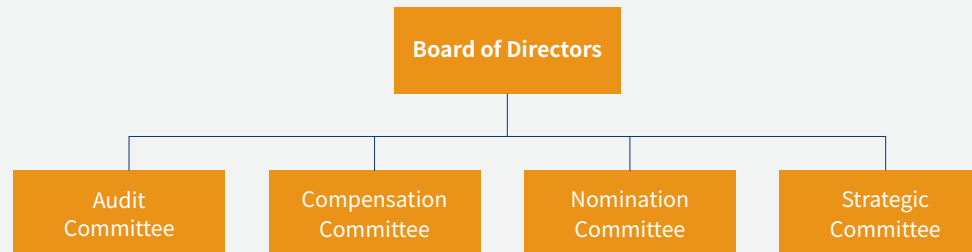
Structure of the Board of Directors

As the core body of corporate governance, the Board of Directors plays a dominant role in decision-making and supervision. SMIC's Board of Directors is responsible to the Company's shareholders by overseeing and managing the Company's affairs and making decisions for the Company. The Board of Directors exercises its power directly or indirectly through its committees, and is responsible for determining the overall strategy of the Company, establishing and monitoring the attainment of the Company's goals and objectives. Further, the Board of Director oversees the Company's financial performance and accounts preparation, establishes corporate governance systems and policies, and reviews the Company's internal control systems. All directors may consult or communicate with the Company's management about corporate operations or financial conditions.

Governance Structure of the Board of Directors

The Board consists of the Audit Committee, Compensation Committee, Nomination Committee and Strategic Committee. The committees assume their respective responsibilities of governance within the limits of their powers.

As of the end of the reporting period, the Board of Directors had the following structure:



Chairman of the Board/Executive Director

Liu Xunfeng

Non-executive Directors

Lu Guoqing, Chen Shanzhi, Yang Lumin

Independent Non-executive Directors

Liu Zunyi, Fan Renda, Liu Ming, Wu Hanming

Secretary of the Board/Secretary of the Company

Guo Guangli

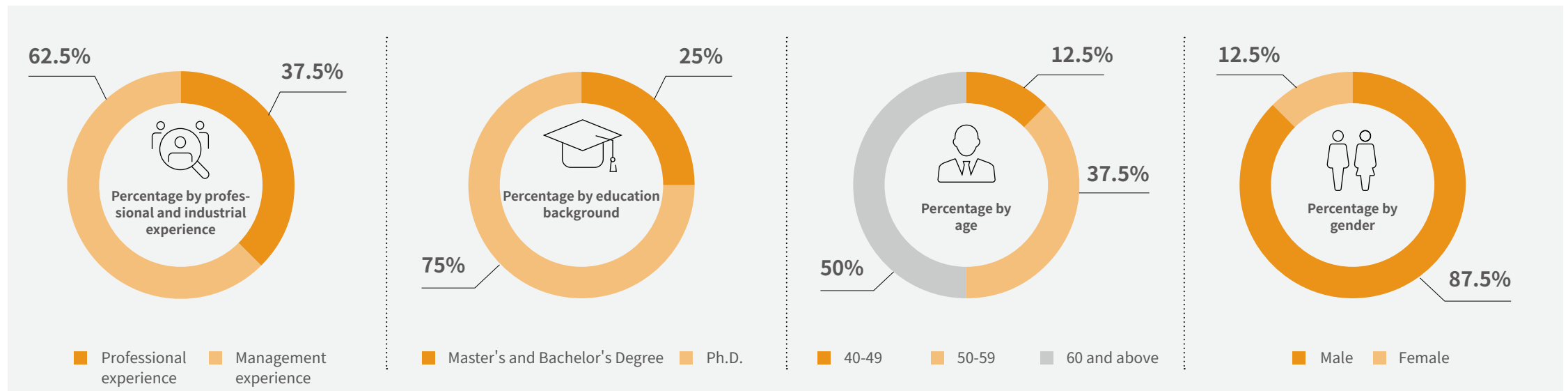


For more information, please refer to SMIC's official website

The board members in the committees as of the end of the reporting period are as follows:

Board Member	Audit Committee	Compensation Committee	Nomination Committee	Strategic Committee
Liu Xunfeng	—	—	Chairman	—
Lu Guoqing	—	Member	—	—
Chen Shanzhi	—	—	—	Chairman
Yang Lumin	—	—	—	Member
Liu Zunyi	Member	Member	Member	Member
Fan Renda	Chairman	Chairman	Member	—
Liu Ming	Member	Member	—	Member
Wu Hanming	—	—	Member	Member

SMIC values the diversity and professionalism of the Board. We ensure that there is a female member on the board, the board member as of the end of the reporting period are as follows:



Internal Audit

As an organization under the Board of Directors, Internal Audit performs routine duties, together with the Company's management team, and assists the Audit Committee of the Board of Directors in assessing operational risks. Also, it supports and urges the Management to improve the Company's internal control, risk management and corporate governance levels.

Planning and Reporting

- Internal Audit prepares an annual plan of audit and resource allocation according to risk assessment results, upon approval by the Audit Committee and the Chairman.
- Internal Audit investigates and addresses major risks identified by the Senior Management.
- The results of major internal control audits, corrective actions by the management, and the follow-up audit findings on the Management's corrective actions are presented to the Audit Committee, the Chairman and CEO.
- A summary of audit reports is presented semiannually to the Audit Committee.

Functions and Authorities

- Internal Audit may request relevant departments to assist, consult relevant records, review relevant assets, and contact relevant personnel at any time during the audit.
- Internal Audit audits the effectiveness of the Company's systems, procedures and internal control activities.
- Upon completion of an audit, Internal Audit will report the audit results and audit rectification suggestions to the relevant management team, and follow up on and supervise the implementation of corrective measures.
- Internal Audit monitors the implementation of risk management mechanisms at the company-level and in relevant departments.
- Internal Audit will assist in establishing a sound anti-fraud mechanism, and identify the key areas, aspects and main contents of anti-fraud. Also, reasonable attention and examination shall be made to potential frauds during the internal audit process.



Strengthening the Governance for Sustainable Development

Centering on the ESG policy, SMIC has further improved its ESG management system in accordance with the United Nations Sustainable Development Goals (UN SDGs), the Responsible Business Alliance (RBA) Code of Conduct and other internationally advanced concepts of sustainable development. In this way, we ensure our business activities in line with internationally recognized standards in promoting social development, protecting the environment, and fulfilling ethical responsibilities. Actively responding to the expectations of stakeholders, we have made outstanding achievements in sustainable development for consecutive years.

To achieve these goals, SMIC:



ESG Guidelines and Strategy

ESG Guidelines

Always honoring its commitments to promoting social development, SMIC actively protects the ecological environment, and fulfills ethical responsibilities. Upholding the philosophy of "Caring for people, the environment and society", we make every possible effort to align our development direction with global sustainability trend, and collaborate with all stakeholders to realize sustainability with actions.

Responding to UN SDGs in an Active Manner

As part of a global agenda adopted in 2015 by the United Nations, the United Nations Sustainable Development Goals (UN SDGs) contain a total of 17 SDGs, which aim to tackle global social, economic and environmental problems around the world. In active response to the UN SDGs, SMIC has constantly improved its ESG management system according to the requirements of *China's National Plan on Implementation of the 2030 Agenda for Sustainable Development*.



Supporting RBA

The Responsible Business Alliance (RBA) is a global business alliance dedicated to promoting social, environmental, and economic sustainability in the supply chains of the electronics industry. It seeks to facilitate responsible business practices in the global electronics industry through cooperation, standard development and training, so as to ensure that environment, labor rights, and ethical issues are considered in the production and application of electronic products worldwide.

Since 2013, SMIC has adopted the RBA Online Risk Assessment System (RBA-Online) and timely completion of the Self-Assessment Questionnaire (SAQ). The RBA-developed standardized risk assessment template to assess the management of the Company as a whole and all its fabs regarding environment, health and safety, as well as labor rights and ethical management, and to establish improvement plans for existing risks. While committing to observing the *RBA Code of Conduct*, we urge our suppliers to engage in their business activities in accordance with such guidelines for a more stable and reliable supply chain.

We also actively respond to concerns of ESG and RBA SAQs from the stakeholders. In 2023, the Company and its fabs were all rated as low-risk upon assessment.

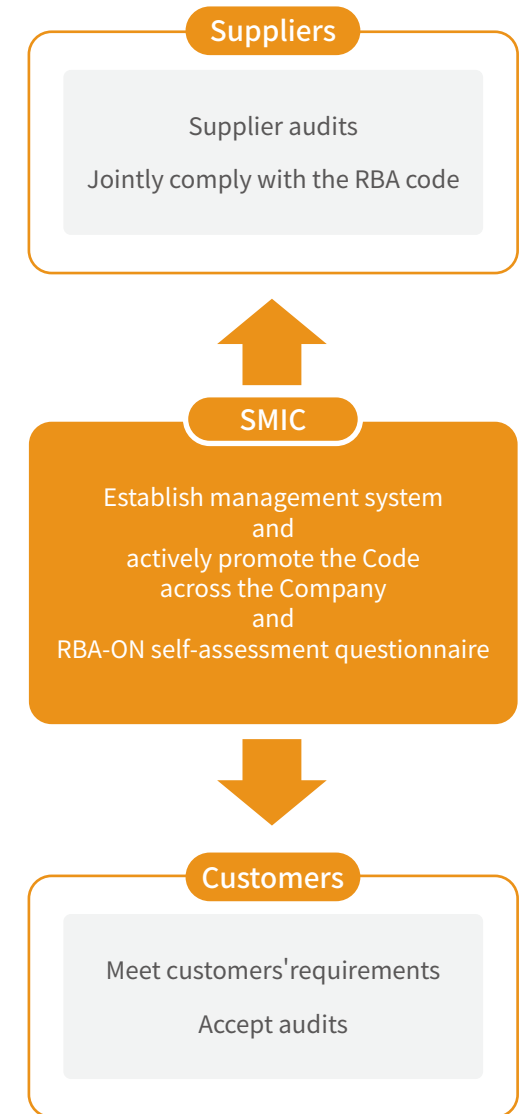
A total of

72

replies were given to ESG and RBA SAQs as well as related inquiries



RBA Framework



Implementation of RBA code at SMIC

ESG Governance Structure

SMIC has established a four-tier sustainability governance system with the Board of Directors as the highest decision-making body, such a four-tier framework is regarded as the cornerstone and important guarantee for the ongoing development of our ESG governance. ESG governance structure embodies our sustainability commitment in terms of environment, social and governance, clearly defines the working mechanism of all functional departments, and effectively promotes ESG engagement across all departments.

- Responsible for reviewing and approving ESG strategies, goal settings, progresses and annual ESG report

Board of Directors

The highest responsible body

- Responsible for leading the ESG Committee in formulating the Company's ESG strategy, objectives and development directions
- The ESG Steering Committee annually reports to the Board of Directors regarding the results of ESG implementation and future plans, and draws the Company's sustainability blueprint

ESG Steering Committee

Chairman: Chairman of the Board

Vice Chairman: Co-CEOs

- Responsible for carrying out ESG agenda, including ESG topics management, work plan development and risk management, as well as highlighting SMIC's core strengths based on the SDGs

ESG Committee

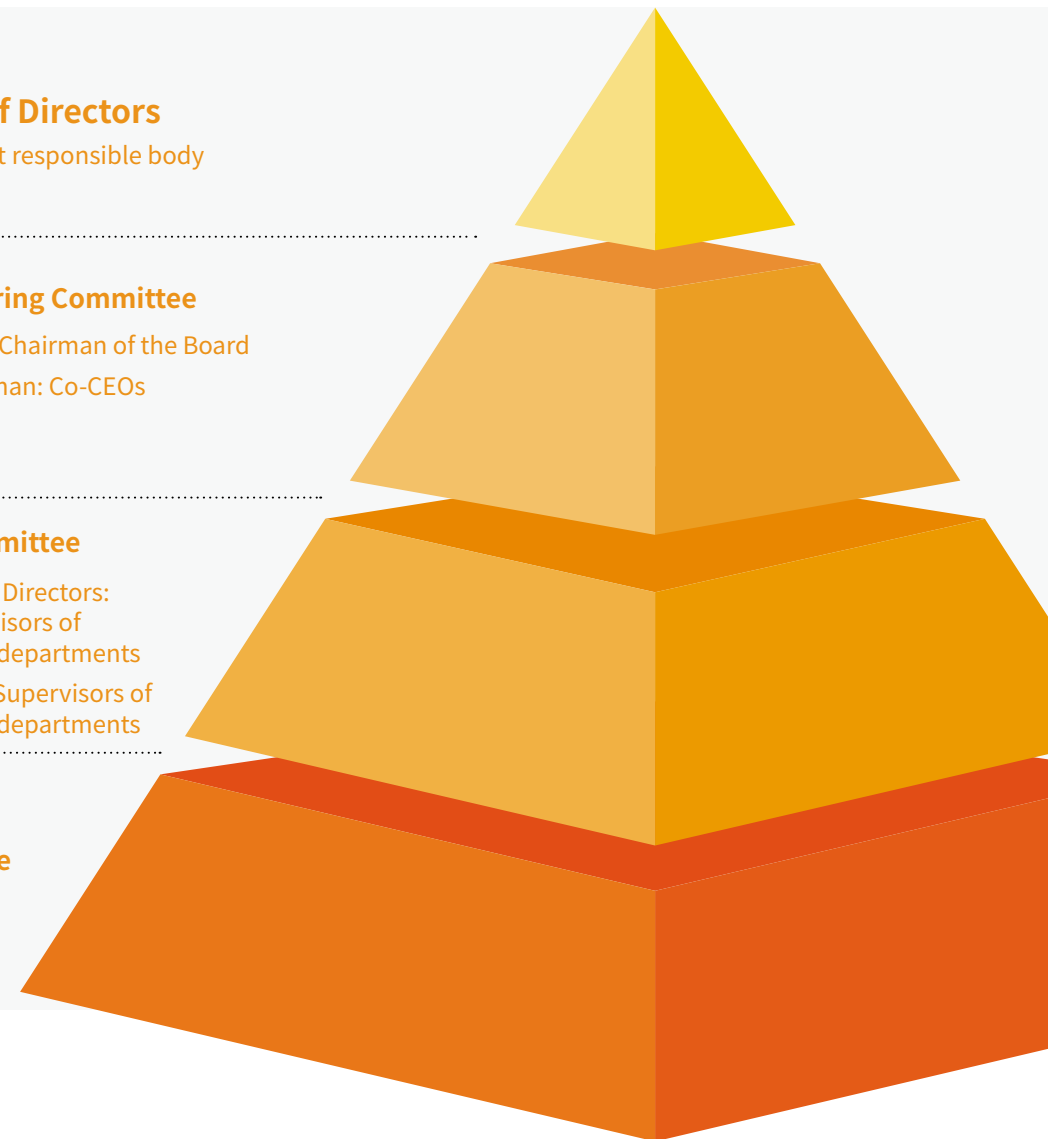
Member of Directors:
Top supervisors of
functional departments

Members: Supervisors of
functional departments

- Formulate response strategies, targets and action plans based on the ESG topics, and organizing meetings from time to time to track the progress and effectiveness of the implementation

ESG Office

- Report progress to the ESG Committee and ensure the implementation of ESG strategies



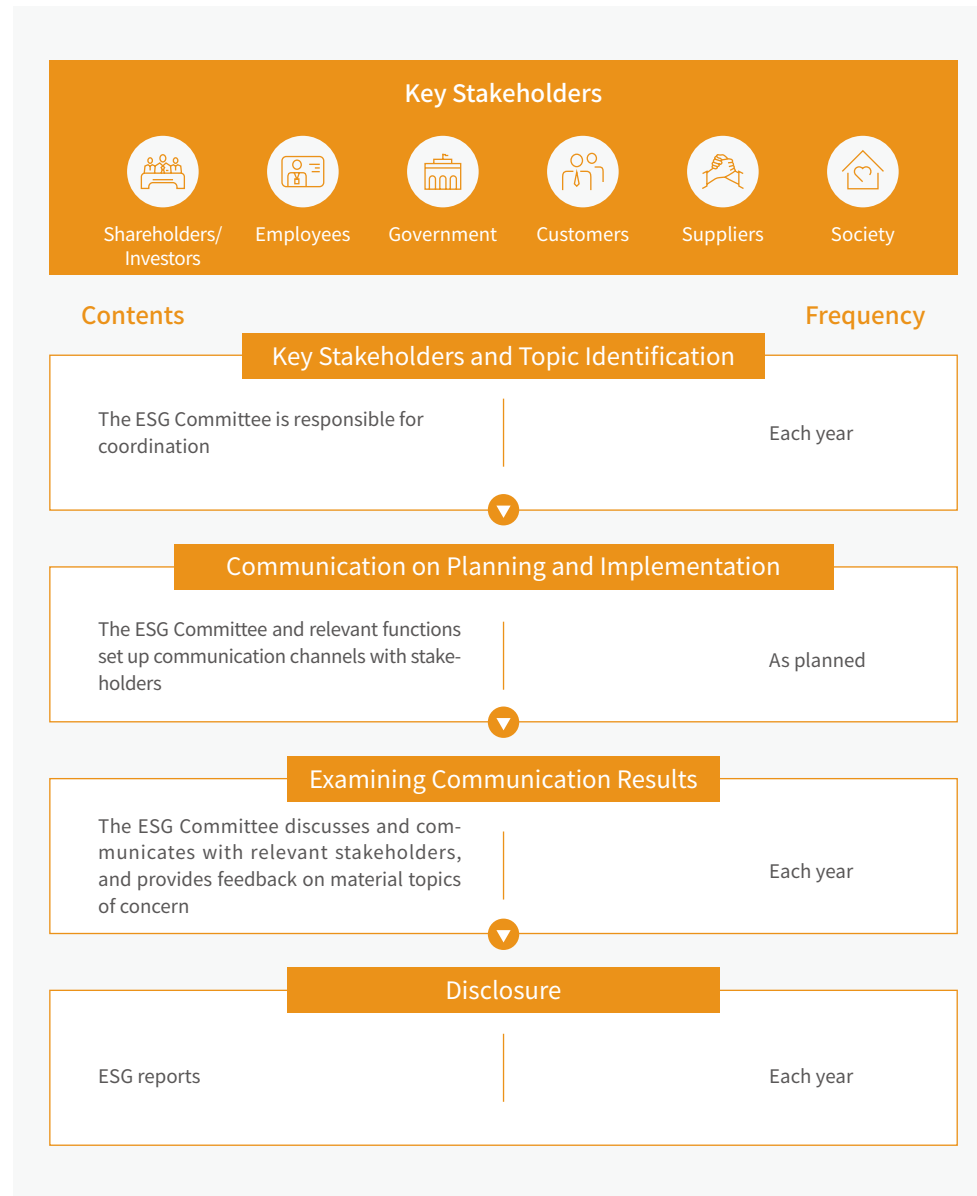
Communication with Stakeholders

SMIC believes that sustainable development is inseparable from the expectations and suggestions of stakeholders, and maintaining good communication with stakeholders is significant for the Company's steady growth. The stakeholders identified by SMIC include shareholders/investors, employees, government, customers, suppliers, and society.

The ESG Committee of SMIC discusses the annual ESG report, and maintains good communication with stakeholders with reference to the external environment and the current situation of the company. Besides, SMIC attaches great importance to the opinions and expectations of stakeholders on environmental, social, and governance aspects of the Company, and have established channels to facilitate smooth receipt of external suggestions and opinions on SMIC's ESG.

SMIC actively responds to the expectations of diversified stakeholders, and is committed to jointly creating values with them.

The Company has a professional team conducting investor relations management, aiming to strengthen the communication among the Company and shareholders and investors, effectively establish a channel for the Company's management to listen to investors' suggestions, and improve the Company's governance, maximizing the overall value of the Company and protecting the lawful rights and interests of investors. In the management of investor relations, the Company communicates with the capital market, based on the principles of compliance, equality, initiative, honesty and trustworthiness by multiple channels, platforms and methods. Such communications cover the operation and management status, financial situation, product technology, capacity building and other information. Communication methods include but not limited to: announcements, general meetings of shareholders, earnings calls/webcasts, official website of the Company, WeChat Official account, roadshows and reverse roadshows, surveys, brokerage conferences, promotional materials, media interviews.

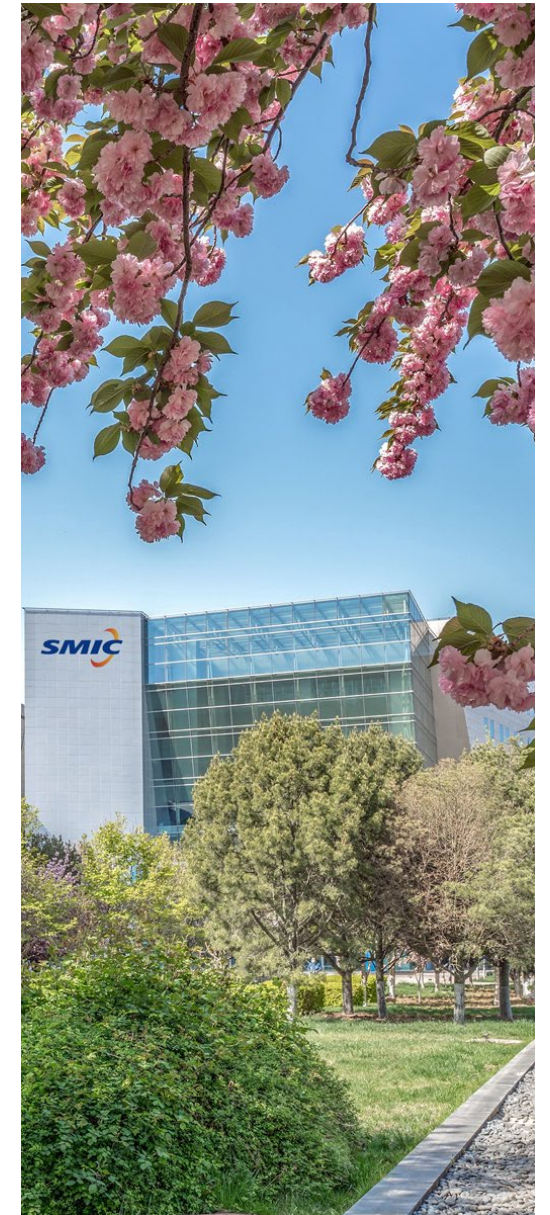
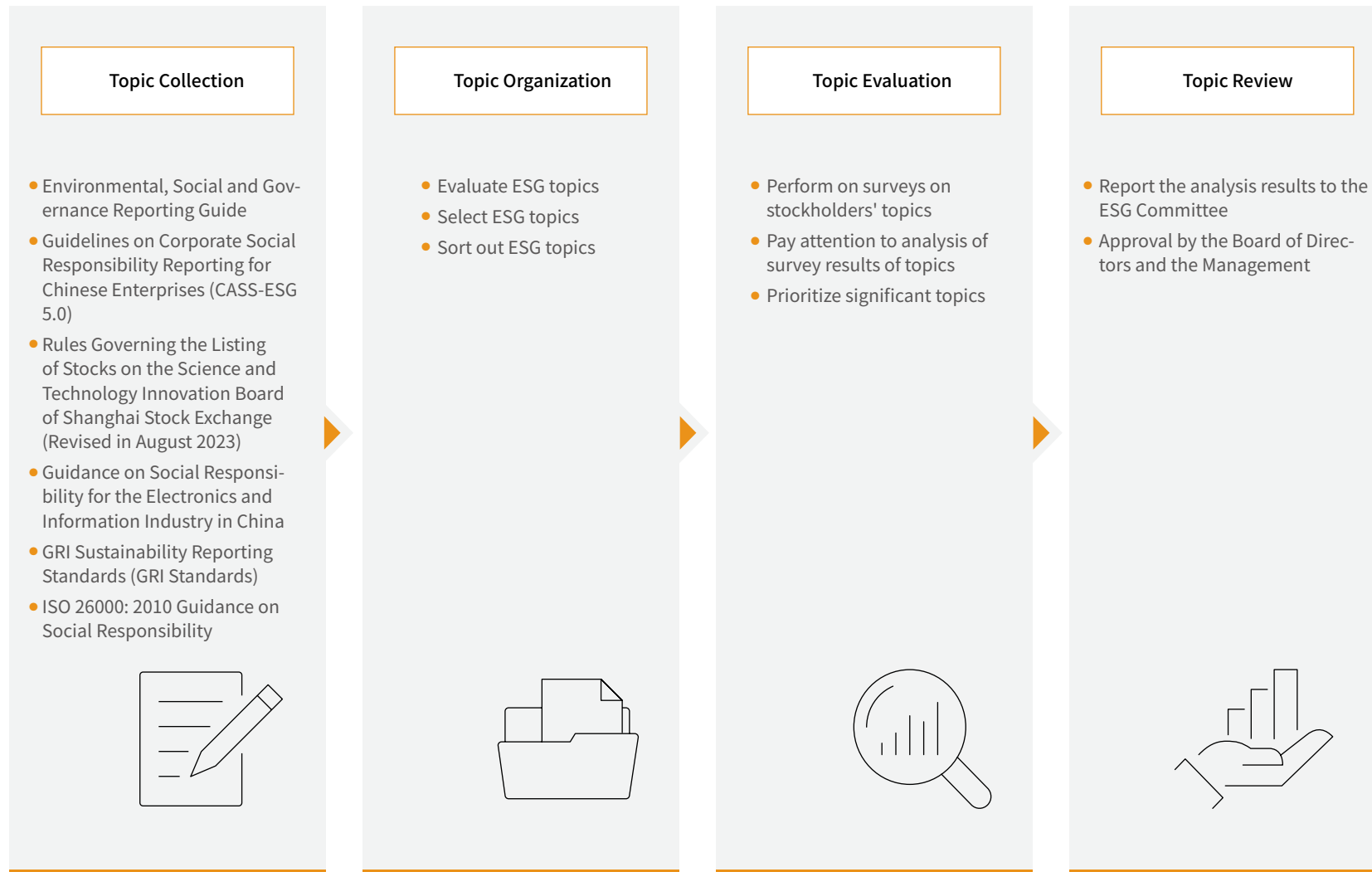


Stakeholders	Subjects of Communication	Communication Channels and Forms	Topics of Concern
Employee 	<ul style="list-style-type: none"> All employees 	<ul style="list-style-type: none"> Employee communication meetings WeChat official account Company-wide announcement emails Internal website Hotline for ethic breach reporting Other kinds of employee activities 	<ul style="list-style-type: none"> Employee welfare and benefits Future growth potential The Company's competitive edge in the industry Talent retention Employee training and education Physical and mental health of employees Employees' personal development Corporate governance
Shareholders/ investors 	<ul style="list-style-type: none"> Shareholders Investors Analysts Statutory disclosure media Hong Kong Stock Exchange (HKEX) Shanghai Stock Exchange (SSE) 	<ul style="list-style-type: none"> Announcements Regular reports General Meetings of Shareholders Earnings calls/webcasts Statutory disclosure media Official website of the Company WeChat official account Roadshows and reverse roadshows Surveys Brokerage conferences SSE E-interactive Investor hotlines and emails 	<ul style="list-style-type: none"> Industry prosperity of the Company Business strategy and planning Technology platform layout Core competitive advantages Industrial policy changes and impact

Stakeholders	Subjects of Communication	Communication Channels and Forms	Topics of Concern
Customers 	<ul style="list-style-type: none"> Global customers 	<ul style="list-style-type: none"> Customer satisfaction survey Business/quality/technology assessment meetings for customers Technology seminars Other daily communication with customers 	<ul style="list-style-type: none"> Customer service and satisfaction Innovative management The Company's competitive advantage in the industry Product quality control Confidential information protection Business ethics
Suppliers 	<ul style="list-style-type: none"> Raw material suppliers Equipment suppliers 	<ul style="list-style-type: none"> Assessment and scoring On-site review Quality questionnaires 	<ul style="list-style-type: none"> Quality, price, delivery and service Compliance with laws and regulations Business ethics Supplier sustainability management Anti-corruption
Government 	<ul style="list-style-type: none"> National and local government institutions National and local industry associations 	<ul style="list-style-type: none"> Policy teach-ins Seminars Marketing fairs Other conferences and meetings 	<ul style="list-style-type: none"> Future growth potential Outlook on semiconductors The Company's competitive advantages in the industry Pollution prevention and control Innovative management
Society 	<ul style="list-style-type: none"> Print media: newspapers, magazines Electronic media: Internet, television, radio, social media Public welfare organizations, living quarters 	<ul style="list-style-type: none"> News release Interviews and features Press conferences Social media Public welfare activities Environmental protection promotion 	<ul style="list-style-type: none"> Corporate governance Economic benefits Innovative management Anti-corruption Social engagement External cooperation Biodiversity conservation

Management of Significant Topics

Every year, SMIC concentrates efforts on interpreting international and domestic ESG standards, as well as national and local laws and regulations, and also prioritizes substantive topics based on our own development strategy and ESG practices with reference to key issues of leading companies in the industry as well as stakeholder assessments and dimensions of sustainability, so as to facilitate our annual ESG initiatives effectively.



Analysis of Significant Topics

During the reporting period, SMIC comprehensively assessed significant topics based on both external surveys by means of communication, interviews, online discussions, etc., in conjunction with industry trends and market research. The assessment involves stakeholders ranging from employees, suppliers, customers, the government, shareholders/ investors to the society (including the media, non-profit organizations, and communities).

Based on multiple factors such as the Company's development strategy, ESG practices and industry development, SMIC held a number of communication meetings with stakeholders to review and integrate significant topics, and established a matrix of significant topics for the year 2023 as described below:

S/N	Topics	Scope (Corporate Governance/ Economy/ Environment/Society)
1	Corporate governance	Corporate governance
2	Competitive strengths and growth of the Company	Economy
3	Economic performance	Economy
4	Innovative management	Economy
5	Customer service and satisfaction	Economy
6	Communication and cooperation with stakeholders	Economy
7	Confidential information protection	Society
8	Water resource management	Environment
9	Energy management	Environment
10	Climate change and GHG management	Environment
11	Air pollutants management	Environment

S/N	Topics	Scope (Corporate Governance/ Economy/ Environment/Society)
12	Waste Management	Environment
13	Product quality control	Society
14	Green products	Environment
15	Business ethics	Corporate governance
16	Regulation compliance	Corporate governance
17	Talent recruitment and retention	Society
18	Labor rights and interests	Society
19	Talent cultivation and development	Society
20	Occupational health and safety	Society
21	Social engagement	Society
22	Supplier sustainability management	Society
23	Risk management	Corporate governance
24	Anti-corruption	Corporate governance



● Corporate governance ● Society ● Environment ● Economy

Adhering to Integrity and Compliance

SMIC controls risks in a rigorous and self-disciplined manner, and always adheres to legal compliance and integrity in daily operations. We are committed to establishing a robust risk management system, and regard compliance as a prerequisite for business cooperation. We have been always upholding the highest standards of ethical principles for our employees and partners. By raising the awareness to risks, compliance, and operation, we ensure that everyone, including our employees, suppliers and agents, can obtain a proper understanding of and comply with our business philosophy, thereby building a transparent and ethical business environment.

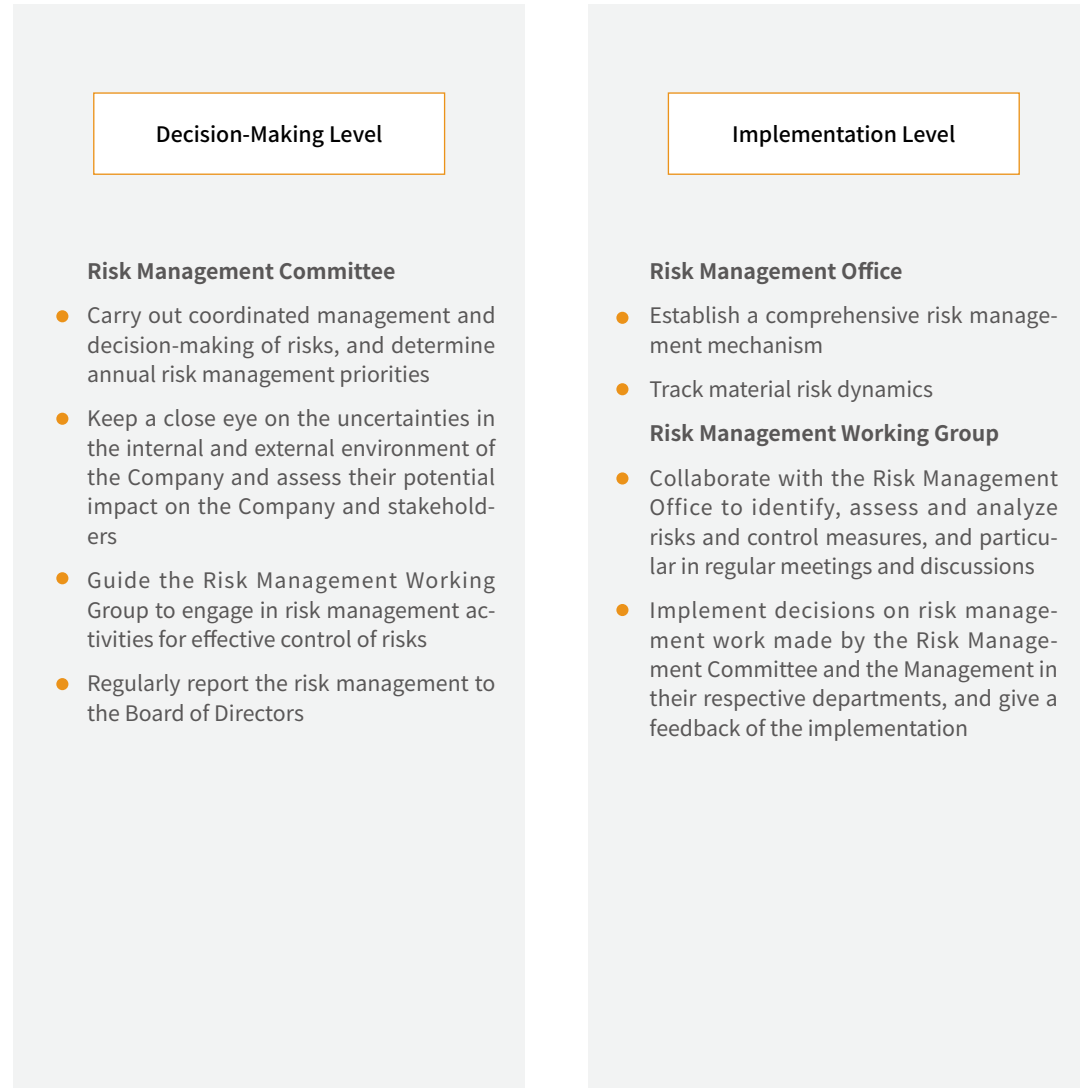
Risk Management

Risk management represents a prerequisite for driving the sustainable development of the Company. SMIC has established a robust risk management framework, upon which regular risk analysis and assessment are performed based on the business and development direction of the Company, and risk control for identified risks is intensified to improve the risk management level of the Company.

Based on the Charter of the Risk Management Committee, and in conjunction with external regulatory norms and excellent industry practices, SMIC has established a corporate risk management structure as follows.



SMIC Risk Management Framework



SMIC has established a company-wide risk database for strategic, financial, market, operational, and compliance risks to ensure that the Company can attach due importance to risk categories, improve risk sensitivity, and enhance the risk management capabilities.

Examples of Risk Categories



In order to ensure business continuity in case of emergencies, we have established a business continuity management system, actively identified internal and external risks, and worked out contingency plans for potential business interruptions. Also, we have developed response plan for interruption incidents, regularly reviewed, tested, and updated the plans, actively communicated with customers and stakeholders, to ensure minimized impact by business interruptions and to shorten the recovery time.

Legal Compliance

SMIC is a red-chip enterprise established in the Cayman Islands and listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange's Sci-tech Innovation Board market, with subsidiaries established in China and overseas. SMIC and its subsidiaries strictly comply with the laws and regulations of different countries and regions and operate in a lawful and compliant manner.

Legal Training

We are committed to enhancing employees' legal awareness to strengthen the company's ability to prevent legal risks. In FY2023, we conducted training on contract signing and fulfillment, confidentiality and information disclosure in both online and offline forms. The online training covered all management personnel; the on-site training totaled 35 sessions, covering the departments of procurement, sales, R&D, design services, finance, corporate governance, facility, general affairs and human resources etc., covering the fabs in Shanghai, Beijing, Tianjin and Shenzhen, with a total of 2,969 participants. The training raised the awareness of contract risk prevention among all employees and standardized their business behaviors.

Export Compliance

SMIC is committed to creating a corporate atmosphere for legal compliance, continuously promoting cross-border compliance construction and management, studying relevant laws and regulations at home and abroad, and strengthening the publicity and training on legal compliance, in order to promote the sound development of the Company's operations.

Export Control Compliance System Building

SMIC has established a comprehensive export control compliance mechanism covering all types of import and export activities of the Company, and is committed to ensuring that its operations comply with the export control requirements of all relevant countries and regions. We regularly review our Internal Compliance Program (ICP), and in order to clarify the relevant regulations, processes and responsibilities, we have developed an ICP Manual, which provides detailed guidance on identifying, assessing and managing export control compliance risks.



During the reporting period

Total number of training sessions conducted by the
Legal Department throughout the company

35

Training participants

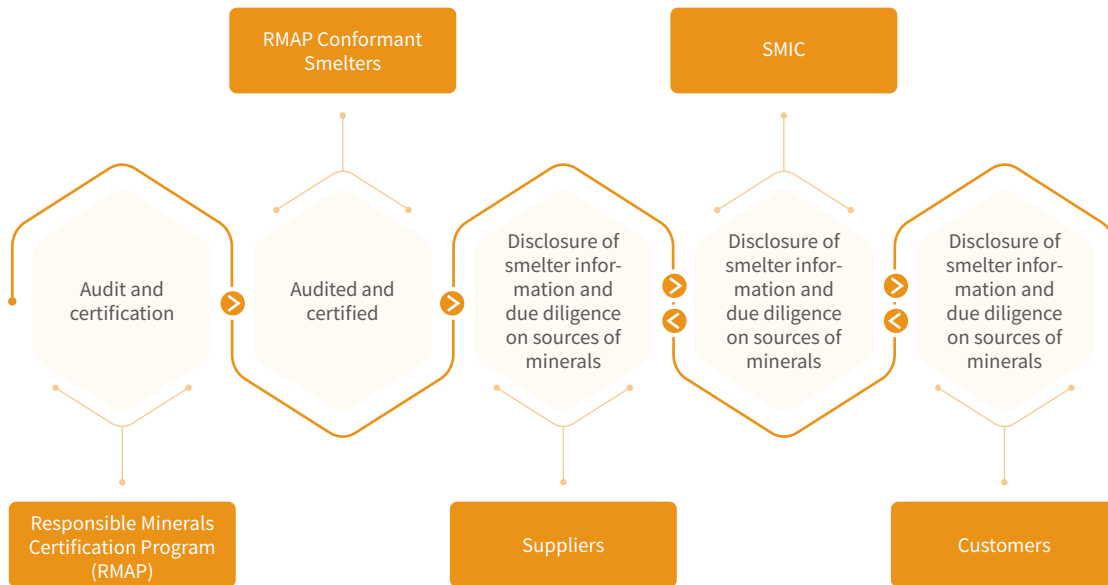
2,969

Legal Training

Responsible Minerals Management

Staying true to the mission of fulfilling corporate responsibilities, SMIC optimizes responsible minerals management on an ongoing basis. In concerted efforts with upstream and downstream enterprises, we resolutely prevent any behaviors damaging the environment, violating human rights, fueling armed conflicts or running against business ethics, to ensure a conflict-free minerals supply chain. In this regard, we established a responsible minerals management working group involving functions such as Legal Affairs, Procurement, Customer Engineering and CSR, which keeps improving our responsible minerals management mechanism, strictly enforces the *SMIC Responsible Minerals Policy*, regularly audits the supply chains, and continuously oversees and assesses conflict mineral risks in supply chains.

During the reporting period, we conducted due diligence on all suppliers with tools such as the *Due Diligence Guidance for Responsible Minerals Supply Chains* of Organization for Economic Cooperation and Development (OECD), the *Conflict Minerals Reporting Template* (CMRT) and the *Extended Minerals Reporting Template* (EMRT) developed by the Responsible Minerals Initiative (RMI), so as to ensure compliant and sustainable mineral procurement, and an effective governance structure was established to ensure compliance in our supply chains. Furthermore, SMIC actively responded to due diligence of our customers by submitting related information in a timely and effective manner to disclose smelter and mineral sourcing compliance.



Responsible Minerals Management Mechanism at SMIC

During the reporting period

100%

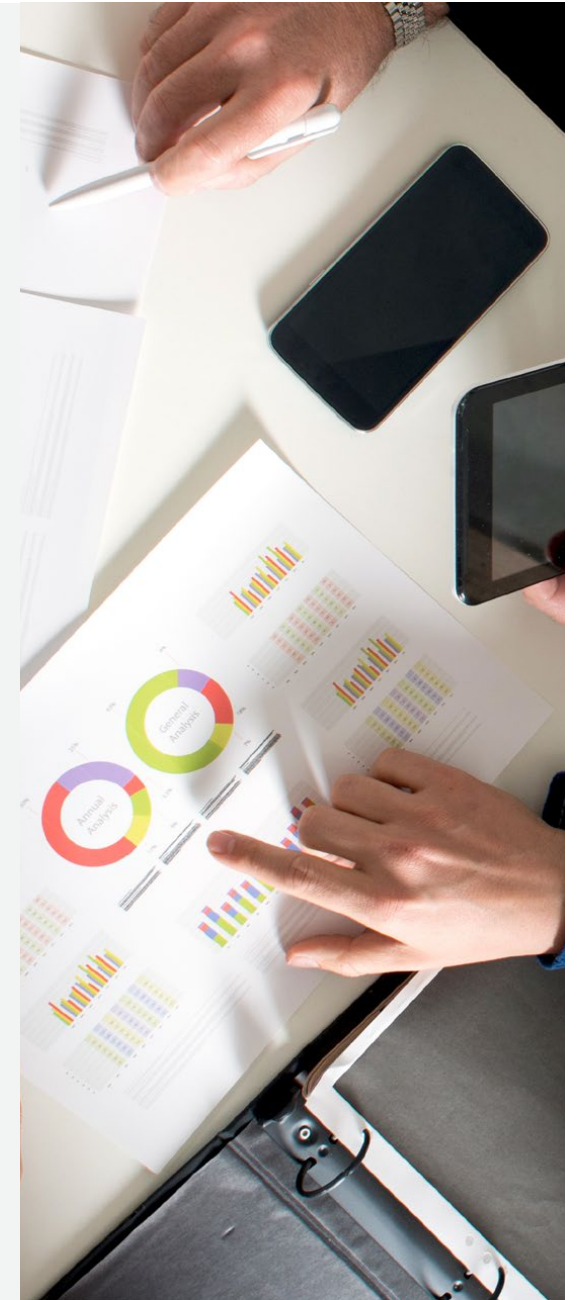
of the suppliers have completed due diligence

100%

of smelters were compliant

228

investigations concerning conflict minerals from our customers were performed



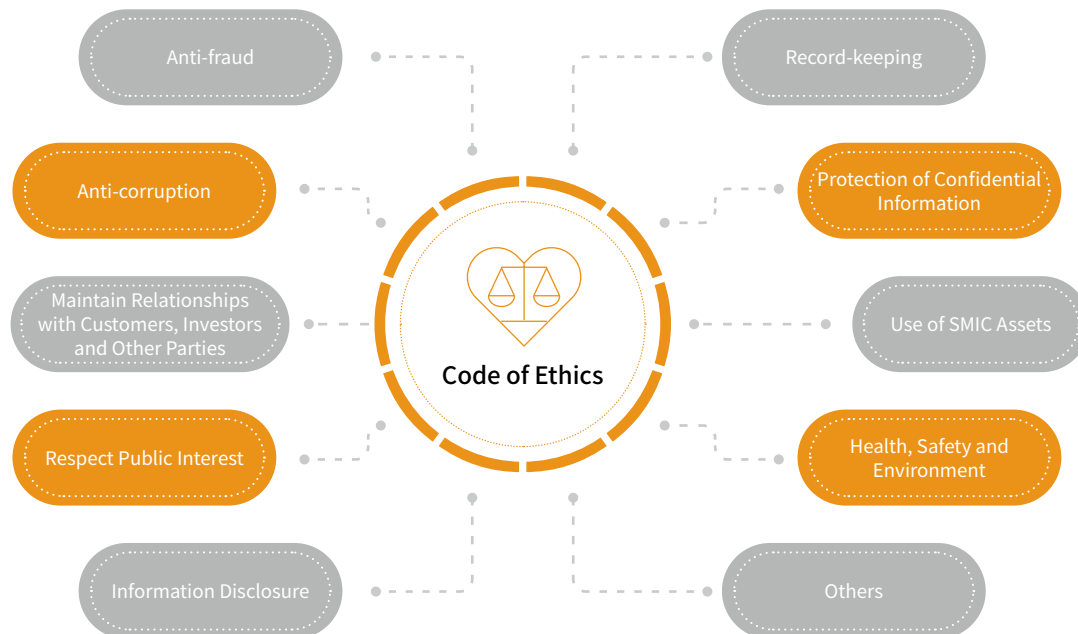
Integrity and Business Ethics

With the commitment of creating a favorable corporate atmosphere of integrity across the Company, SMIC highly values business conducts and ethics, makes continuous efforts to strengthen integrity and ethical performance, and explicitly prohibits corruption, fraud, or other behaviors violating the business ethics in any forms. Furthermore, by integrating the compliance management of integrity into daily operations, the Company steadily improves the business ethics management level, thereby laying a solid foundation for integrity building and driving sustainability of the Company.

Code of Business Conduct and Ethics

The Company has established the *Code of Business Conduct and Ethics (Code of Ethics)* and made it applicable to all employees, directors, contractors, consultants, agents and business partners, so as to ensure that the Company complies with the requirements of relevant laws and regulations and standards of business conduct. The *Code of Ethics* of the Company aims to regulate ethical matters including anti-fraud, anti-corruption, protection of public interests and intellectual property rights, as well as safety and environment.

The *Code of Ethics* mainly covers the following aspects:



Ethics Compliance Office

The Company has an independent Ethics Compliance Office ("ECO") under the Audit Committee of the Board of Directors, which is responsible for ethics compliance management and independent investigations, enables anonymous reporting channels for any potential violations, and reports to the Audit Committee from time to time. The ECO is responsible for formulating policies and procedures related to ethics compliance, monitoring and ensuring the compliance of the professional ethics and business practices of the Company and employees with the *Code of Ethics* of the Company, managing and maintaining ethics reporting leads, promptly investigating any fraud leads and conducting legal responsibility in case of a suspected legal violation, and organizing ethics compliance trainings for employees to raise their awareness and inform the use of ethics reporting hotline.

Signing the Commitment to Integrity

Advocating the culture of integrity and self-discipline, SMIC applies strict disciplines to eliminate frauds. In order to keep integrity and self-reflection alive at all times, all employees should sign the *Commitment to Integrity and Self-Discipline*, which includes the areas of business bribery, conflicts of interest, intellectual property rights and information security. In the meantime, all the suppliers should sign the *Supplier Commitment to Corporate Social Responsibility* upon admittance.

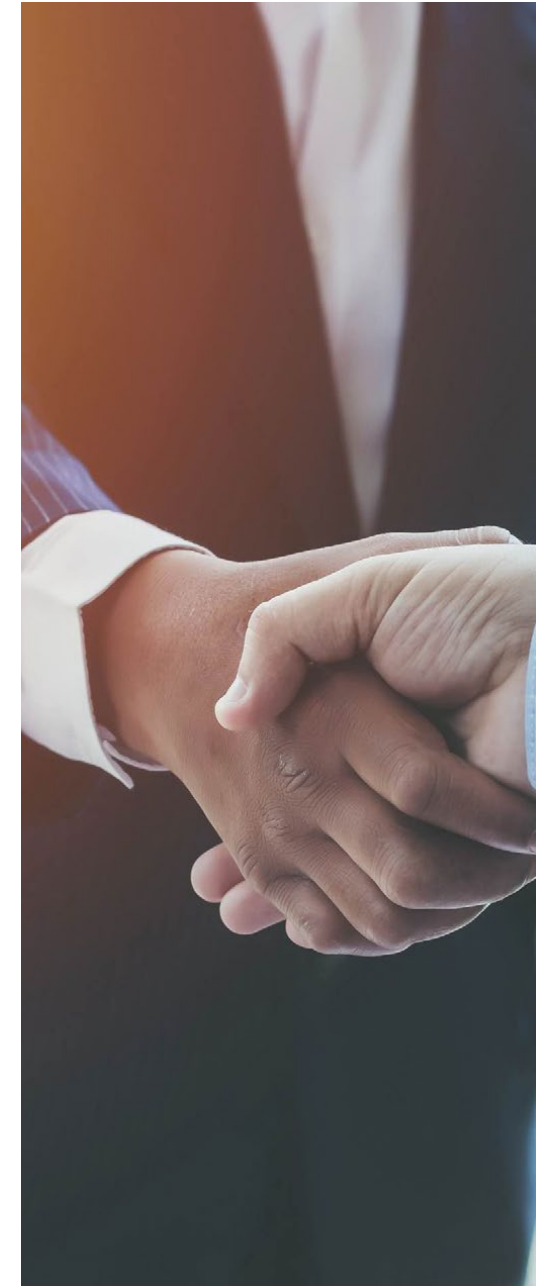
During the reporting period

100%

of the new employees signed the *Commitment to Integrity and Self-Discipline*

100%

of the suppliers signed the *Supplier Commitment to Corporate Social Responsibility*



Implementing the Training on Ethical Compliance

For the purpose of continuously raising the internal ethical compliance awareness and ensure compliant operations of the Company, We continue to organize anti-corruption, anti-fraud and other ethical compliance training programs for the directors and all employees. thereby popularizing and normalizing ethics education. In October, the Company organized the annual training on *Code of Business Conduct and Ethics* requiring the participation by all employees, with three key aspects as follows:

Policy Promotion

- Clearly define and demonstrate the Compliance-related policies, especially policies for the protection of confidential information, etc.

Frauds and crimes with high incidence

- Elaborate the main crimes related to fraud, and focus on the crime of infringing up the trade secret by means of vivid warning cases

Risk Prevention

- Enumerate the behaviors, hazards and potential consequences of frauds, Publicize internal reporting channels and whistleblower protection system

The coverage of the ethics training in employees was

100%

with the examination passing rate of

100%

Optimizing Ethical Reporting and Investigation Mechanism

The Company has established a perfect complaint and reporting mechanism, with accessible channels for complaints and reports via emails and hotline. We ensure to keep the information of all whistleblowers confidentiality and prohibit any form of retaliation against whistleblowers.

✉ Email: code@smics.com

☎ Hotline: +86(21)20812121

Upon receipt a complaint or report, the Compliance Supervisor of SMIC will promptly review the received information, create a log for each reported case for tracking the receiving, investigation and resolution thereof, and report material violations to the Audit Committee.

During the reporting period, there were no corruption litigation cases against employees at SMIC.





Sustainable Empowerment with Green Development

Upholding the principle of sustainability, SMIC is always committed to creating long-term values for all stakeholders. While actively responding to the national policy for energy-saving and emission reduction, SMIC adheres to the business philosophy of green development by incorporating environmentally friendly goals into the development strategy of the Company.

- Adapting to Climate Change and Creating a Low-carbon Development Future
- Driving Green Operating as Due Responsibility

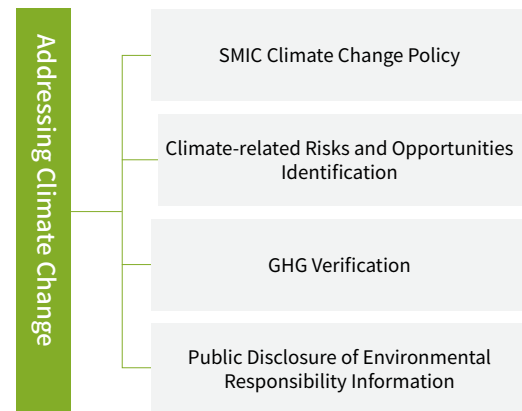


Adapting to Climate Change and Creating a Low-carbon Development Future

As global climate change issue is becoming increasingly severe, a global consensus has been reached to take proactive measures to address climate changes and mitigate the corresponding effects. To address such a global issue, SMIC has actively implemented a series of initiatives under the framework of climate change response. Every year, we promote energy-saving and emission reduction projects in an orderly manner so as to improve energy efficiency, reduce GHG emissions, and address climate change. Furthermore, SMIC performs GHG quantification in each of its fabs every year and completes the climate change questionnaire of the Carbon Disclosure Project (CDP), devised by a global environmental information research center, aiming to evaluate the completion of environmental-related tasks, and address any existing gaps by disclosing our own environmental performance. We look forward to joining hands with our ecosystem partners to contribute to the goal set in the Paris Agreement of "holding the increase in the global average temperature by the end of this century to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels".

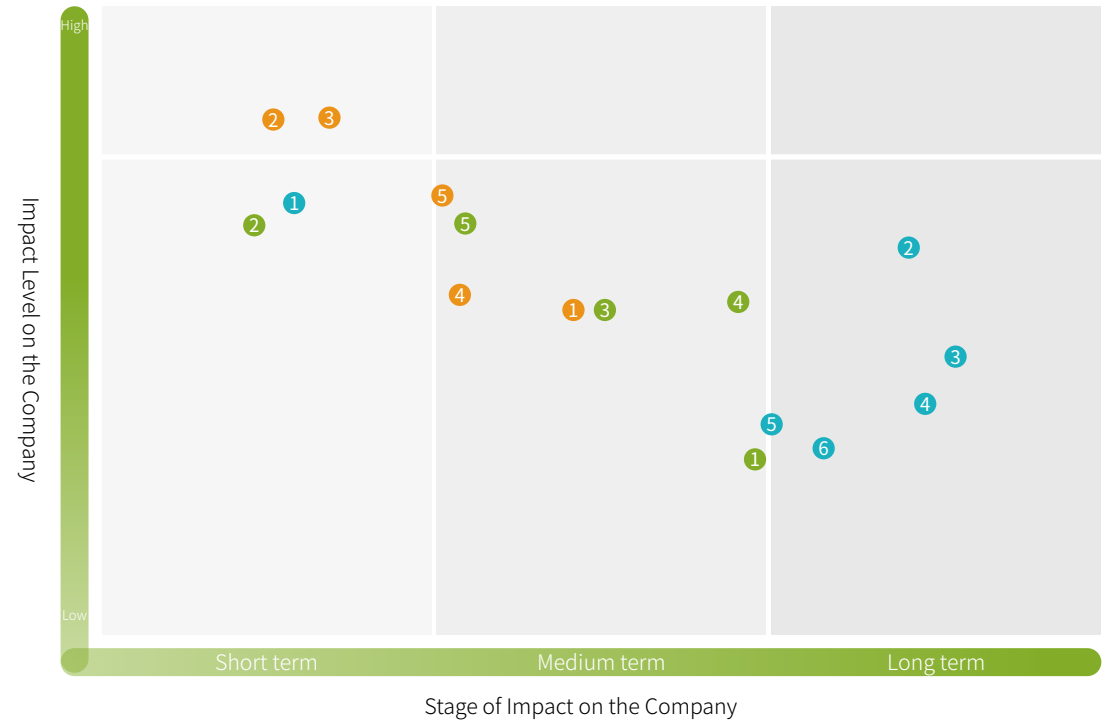
Identification of climate-related Risks and Opportunities

SMIC actively responds to the crises and challenges brought by climate changes, and also firmly believes that business opportunities can be sought for from climate changes. With reference to the disclosure framework and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we identified the climate-related risks and opportunities from four perspectives, i.e., corporate governance, strategy, risk management, as well as metrics and targets, and analyzed the possible financial impacts on the Company's operation and development strategy resulted from climate change. During the reporting period, we plotted a matrix of climate-related risks and opportunities to provide better support for the climate change decision-making and response strategies of the Company.



Framework for Addressing Climate Change at SMIC

Matrix of climate-related Risks and Opportunities



Transition Risks

- 1 Regulation and requirements for existing products
- 2 Environmental information disclosure
- 3 Innovation risks in decarbonization technology development
- 4 Change in customers' preference for low-carbon consumption
- 5 Stakeholders' growing concern about negative feedback

Physical Risks

- 1 Typhoons
- 2 Floods
- 3 Droughts
- 4 Extreme precipitation
- 5 Rising temperature
- 6 Sea level rise

Opportunities

- 1 Developing green products
- 2 Building a sustainable supply chain
- 3 Innovating and developing low-carbon and energy-saving projects
- 4 Obtaining green building certifications
- 5 Expanding renewable water sources

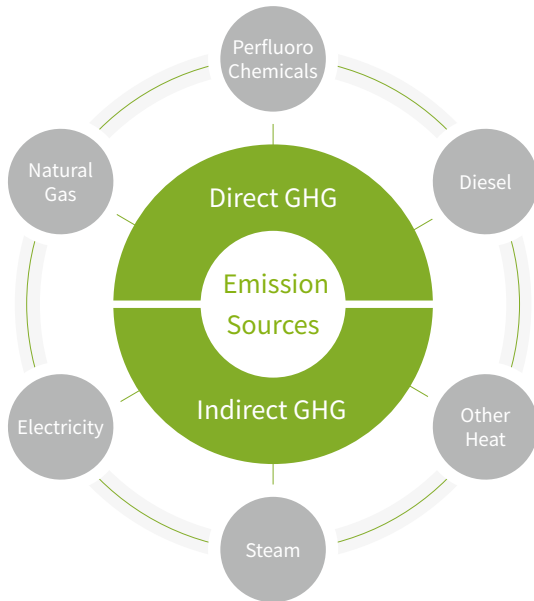
Analysis of Climate Change Risks

Type of Risks	Climate-Related Risk	Potential Financial Impacts	SMIC's Countermeasures
Physical Risks	Typhoons	The operations of the Company in Shanghai and Shenzhen are vulnerable to extreme weather such as typhoons, which may cause power outages and waterloggings, resulting safety accidents or suspension of R&D and production, further resulting in an increase in operating costs.	SMIC has established a sound environmental emergency plan to identify and review the potential physical risks on an annual basis. We have set up an adequate response mechanism and reserved emergency materials in fabs with physical risks. With regular improvement in our response strategies, all functional departments work together to ensure the continuity of production.
	Floods	Global warming will intensify water-related risks, including river floods and flash floods. Our production and R&D centers in Shanghai are at risks of flooding, which will damage the infrastructure and related facilities of the operations and plants, resulting in financial losses.	
	Droughts	Our operation in Beijing is exposed to a moderate to high risk of droughts. Droughts will cause water supply shortage and stricter control on water resources, which will lead to increased water costs, or even insufficient water supply, increasing operating costs.	
	Extreme precipitation	Extreme precipitation will affect the production and transportation processes of suppliers in the supply chain. Companies are required to deploy countermeasures, which may increase the operating costs.	
	Rising temperature	In hot summers, rising temperatures will result in increased refrigerant demand and possibly increased operating costs.	
	Sea level rise	Our major operations are currently located in northeastern, eastern and southern coastal areas of China, which may be threatened by rising sea levels, resulting in operation damages.	
Transition Risks	Regulation and requirements for existing products	National and local laws and regulations, as well as emerging policies, may impose more stringent requirements and supervision on factories and products, which will increase operating costs.	SMIC has established a legal risk identification platform to regularly identify changes in emerging laws and policies, timely track the introduction of new laws or regulations, and actively respond to satisfy compliance requirements.
	Environmental information disclosure	With the improvement and implementation of management measures in carbon emissions and carbon trading, countries and regions, as well as stock exchanges and capital markets, have raised requirements for corporate environmental information disclosure. It is required for companies to disclose environmental indicators. Failure to such disclosure in a timely manner may expose SMIC to compliance risks.	According to the ISO 14064 Greenhouse Gas Emission Inventory System, SMIC regularly verifies and calculates its carbon emission inventory every year, and discloses relevant carbon emission information in the annual ESG report.
	Innovation risks in decarbonization technology development	To actively control the carbon emissions of products, it is necessary to enhance the effectiveness of environmental protection process development, improve the use of new technologies, and update clean production equipment to meet the demands for low-emission products. This may lead to an increase in operating costs in the short term.	SMIC actively optimizes its own production processes and technologies. We have implemented the concept of cleaner production in all fabs and implemented the low-emission production process.
	Change in customer consumption preference	Customers tend to choose greener products. If we fail to meet their requirements in sustainability performance such as energy-saving and consumption reduction, SMIC may face the risk of losing customer, which will lead to revenue decline.	During product design and production process upgrading, SMIC takes energy-saving and consumption reduction into account. We have set up a professional department to manage and advance toward our energy-saving and consumption reduction targets, and reviews the targets every year to achieve low energy consumption and high production efficiency.
	Stakeholders' growing concern about negative environmental feedback	As concepts such as carbon neutrality and sustainable development grow in popularity, customers, investors and other stakeholders are paying more attention to environmental information disclosure. When the information disclosed falls short of their expectations, the image and reputation of the Company as well as capital market recognition may be adversely affected.	SMIC discloses its ESG performance in the annual report and ESG report. We place great importance to environmental performance, and continue to ensure our environmental compliance throughout the whole process of operation and production via various environmental management measures.

Greenhouse Gas

In active response to the national policy of carbon peaking and carbon neutrality, SMIC has established a GHG emission management system and calculates the GHG emissions of fabs on an annual basis in accordance with ISO 14064 Greenhouse Gas Emission Inventory System. During the reporting period, we continued to improve the dual-carbon capabilities of our employees, engaged in energy-saving and carbon-reduction projects in an orderly manner, so as to take action to achieve the target of carbon emission reduction.

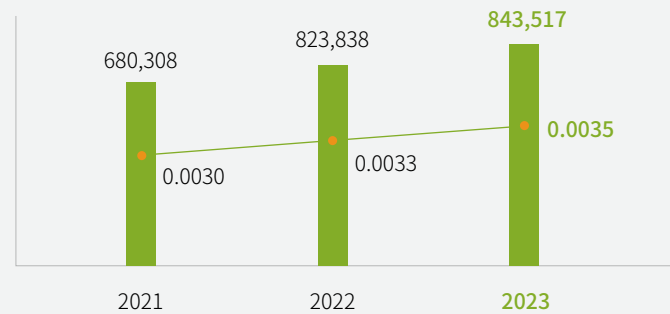
SMIC's primary sources of emission fall under the following categories:



GHG Emissions in 2021-2023

Direct GHG Emission

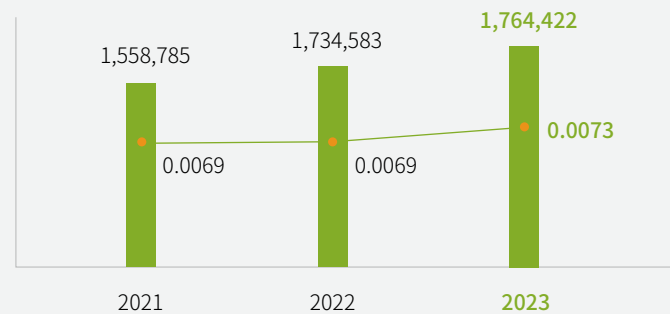
- Direct GHG Emission (ton CO₂-eq)
- Direct Emission Intensity (ton CO₂e/8-inch equivalent wafer photomask layer)



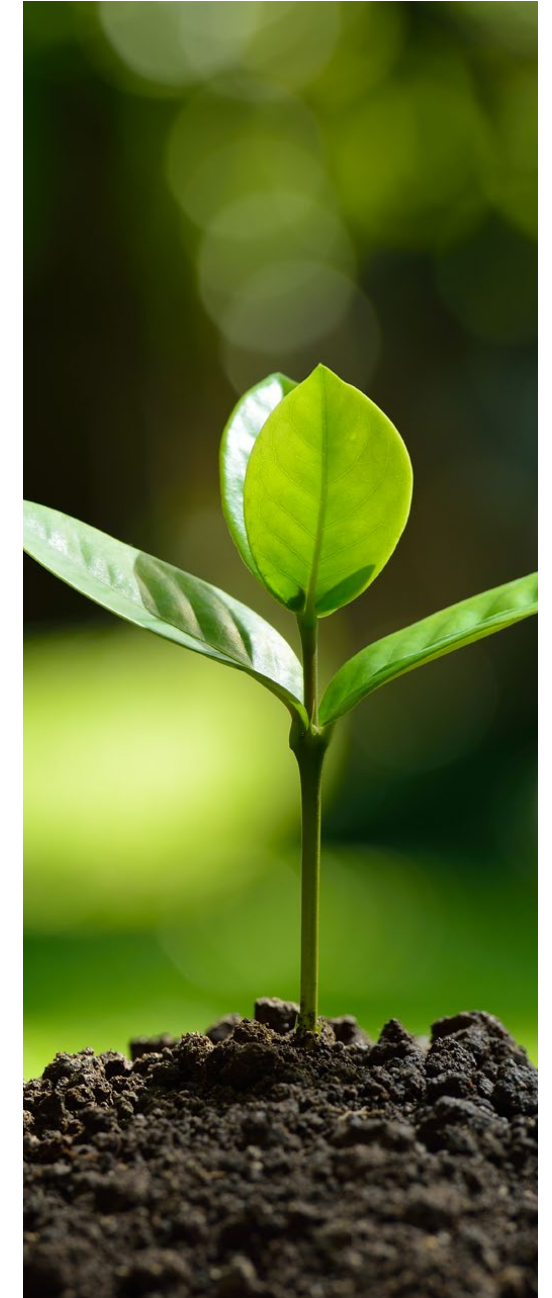
Note: The sources of direct GHG emissions include the direct combustion emissions from fuels such as natural gas and diesel, chemical vapor deposition and fluoride gas emission during dry etching process, organic waste gas emission from combustion, refrigerant gas leaks, wastewater treatment emissions, and pure water treatment emissions, etc. Direct GHG emissions are calculated based on the discharge coefficient and mass balance provided in the 2019 IPCC Guidelines for National Greenhouse Gas Inventories.

Indirect GHG Emission

- Indirect GHG Emission (ton CO₂-eq)
- Indirect Emission Intensity (ton CO₂e/8-inch equivalent wafer photomask layer)



Note: The sources of indirect GHG emissions include the emissions from outsourced energy such as electricity, steam, and heat. Indirect emissions are calculated based on the discharge coefficient and mass balance provided in the 2019 IPCC Guidelines for National Greenhouse Gas Inventories.



Emission Reduction and Energy Saving Initiatives

SMIC firmly believes that climate changes are associated with the future and development of human being, and is one of the most daunting global challenges. To strengthen the carbon peaking and carbon neutrality efforts of our employees and lay a solid foundation for the emission reduction strategy of the Company, we launched trainings for GHG inspectors before internal audit.

Training for GHG Verifiers

The training helped carbon-related professionals understand the sources and development of GHG management, as well as international carbon-related policies. Through the training, the trainees gained a proper understanding of the quantification and reduction methods of common GHG emissions sources. During the reporting period, we held a total of 8 training sessions about ISO 14064 system, involving a total of 2,427 participants, thereby providing talent reserves for the Company's GHG inventory and laying a solid foundation for subsequent carbon reduction efforts.



Furthermore, SMIC has implemented a series of energy-saving and emission reduction measures, with the aim of improving energy efficiency and reducing carbon emissions.

During the reporting period, we invested a total of 34.42 million yuan in energy-saving and emission reduction projects, with a contribution to a reduction of energy consumption of up to 11,976,944 kWh each year.

During the reporting period

we invested a total of

34.42 million yuan

in energy-saving and emission reduction projects

with a contribution to a reduction of energy consumption of up to

11,976,944 kWh

Refrigerant replacement and upgrading of dated refrigerator units

The existing outdated refrigerator units had an aging problem in internal pipeline, resulting in refrigerant leakage and volatility. All of such outdated refrigerator units have been replaced with new refrigerator units, thereby solving the problem of refrigerant leakage and volatility. Furthermore, we leveraged the refrigerants with lower Global Warming Potential (GWP) value to replace the refrigerants with higher GWP value, thereby reducing GHG emissions generated by refrigerants from the source.

During the reporting period, we invested a total of 2.45 million yuan in refrigerant replacement and upgrading of dated refrigerator units, thereby realizing an annual reduction of approximately 22,233 tons of CO₂ equivalent.

During the reporting period

we invested a total of

2.45 million yuan

in refrigerant replacement and upgrading of dated refrigerator units

thereby realizing an annual reduction of approximately

22,233 tons of CO₂ equivalent

Equipment energy-saving renovation

Previously, the air conditioning in the distribution room was operated at a mains frequency, and currently frequency converters are installed for the air conditioning. With such efforts, 310,000 kWh of electricity, equivalent to 130.2 tons of CO₂ emissions, can be saved every year.

Waste heat recovery

A new medium-temperature heat recovery ice machine was introduced to replace the heating through a boiler, so as to recover and recycle the heat originally dissipated through a standard condenser to a cooling tower, and replace need for heat exchange from the hot water to warm water in the boiler, thereby reducing boiler usage and carbon emissions.

Energy Management

Adhering to the concept of green operation, we have established a comprehensive energy management system and incorporated energy saving and emission reduction into daily production and operation, aiming to achieve a synergistic advancement between economic gains and environmental benefits. We have set up a three-tier energy management structure based on the ISO 50001 Energy Management System, and fully implemented the system of energy management accountability in the production and operation process. Besides, we stress the energy efficiency, formulate energy usage plans and targets every year, and actively drive the fulfillment of targets through daily supervision and review.

In active response to the national call on climate change and energy use, we have developed the internal environmental performance incentive policy, with a view of calling on employees to work together and promote the Company's sustainable development. During the reporting period, we formulated the energy indicator incentive policy, set up and rewarded special awards for energy-saving achievements to departments with performed well in achieving key energy-saving performance targets.

During the reporting period, the energy management measures taken by SMIC included:

Improvement of equipment energy efficiency

Transformers, as core equipment for converting utility power into plant power supply, will suffer non-load and load losses during operation. Due to use of energy-efficient transformers, losses during operation were reduced, thereby saving electrical energy.

Lighting renovation of office areas and public areas

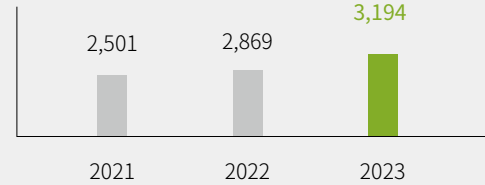
Damaged incandescent bulbs in the office areas were replaced with LED lamps, and the lighting devices in the office areas and walkway were gradually replaced with microwave lighting, thus reducing electricity consumption.

During the reporting period, the total energy consumption of SMIC was 3,717 million kWh, and the energy consumption intensity was 16.09 kWh/ 8-inch equivalent wafer photomask layer.

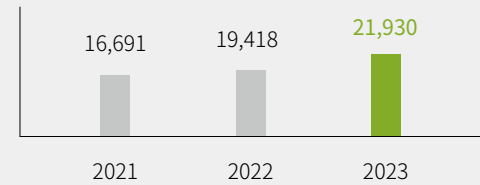
The main energy consumption distribution of SMIC during the reporting period was as follows:

Total Energy Consumption

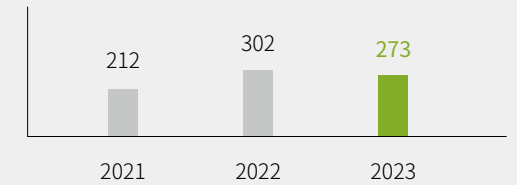
Total Electricity Consumption of SMIC
Unit: million kWh



Total Natural Gas Consumption of SMIC
Unit: km³

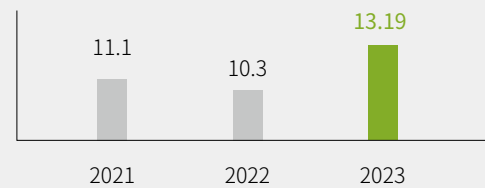


Total Steam Consumption of SMIC
Unit: thousand tons



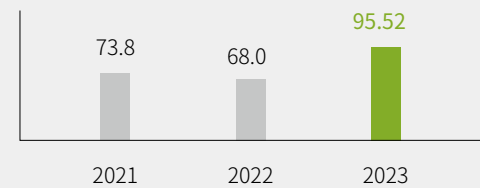
Energy Consumption Intensity

Electricity Consumption Intensity of SMIC
Unit: kWh/ 8-inch equivalent wafer photomask layer



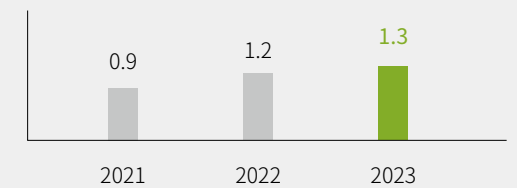
Note: The intensity of electricity consumption shown is per 8-inch wafer produced by SMIC.

Natural Gas Consumption Intensity of SMIC
Unit: m³/ 8-inch equivalent wafer photomask layer



Note: The intensity of natural gas consumption is per 8-inch wafer produced by SMIC.

Steam Consumption Intensity of SMIC
Unit: kg/ 8-inch equivalent wafer photomask layer



Note: The intensity of steam consumption is per 8-inch wafer produced by SMIC.

Green Factory Design

In order to improve the energy efficiency, SMIC has taken into account energy and green building design in the early stages of factory construction, and pushed ahead with the planning, design and construction. As of the end of the reporting period, all new-established fabs at SMIC were designed according to green building standards, among which, 5 fabs received the LEED Gold award, and 2 fabs obtained the certification from China Green Building Label.

Water Management

Water management is crucial to development of a semiconductor manufacturing industry. SMIC strictly requires each fab to implement water resource management in line with local water resource conditions, and gradually reduces the water resource consumption intensity by enriching water sources, improving water efficiency and promoting various water conservation programs, while contributing technological efforts to build a water-saving society.

Expanding Water Sources

SMIC flexibly makes area-specific adjustments in the water utilization strategies in places where we operate, actively exploring diversified water sources. We use a variety of water resources including external water sources (tap water and external reclaimed water), and condensate from the air conditioning and natural water (rainwater and mountain spring water).

Improving Water Utilization

Nowadays, the narrowed line width of integrated circuit has resulted to higher cleanliness requirements and greater water demands. Therefore, an increase in water recycling rates has become a top priority in water resource management. SMIC makes constant efforts in water-saving projects, having improved the production water management systems of all fabs. We also work out detailed water utilization plans for operation based on annual water conservation targets, striving to maximize water efficiency.

Summary of Water-Saving Projects

Project investment

13.81 million yuan

Annual water saving

1,440,996 tons

Annual savings

12.20 million yuan

During the reporting period, the water consumption of SMIC was as follows:

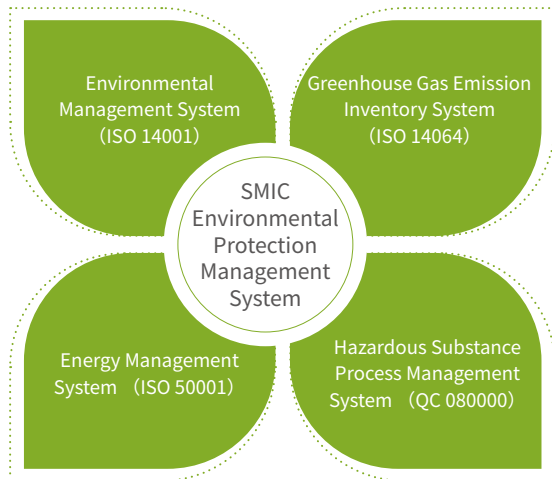
Index	2021	2022	2023
Total consumption (thousand tons)	20,619	24,713	26,932
Total consumption intensity ¹ (ton/8-inch equivalent wafer photomask layer)	0.091	0.088	0.107

¹ Note: The intensity of water consumption is per 8-inch wafer produced by SMIC.



Driving Green Operation as Due Responsibility

SMIC earnestly fulfills its environmental protection duties and complies with relevant environmental protection laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, as well as national and local standards. By establishing a sound environmental management system, and setting up a professional department to rigorously control possible pollution in production and operation, we have controlled the generation and discharge of various pollutants, and we carried out environmental impact assessment, environmental audit, and other environmental management activities. Introducing more environmental protection projects, and performing operation control and management oversight, we conduct environmental protection up to high standards during production, which elevates our corporate environmental performance. During the reporting period, all fabs of SMIC passed ISO 14001 management system certification, with an overall certification rate of 100%, and did not receive any environmental violation fines or experience any environmental violation incidents.



SMIC Environmental Protection, Safety and Health Policy

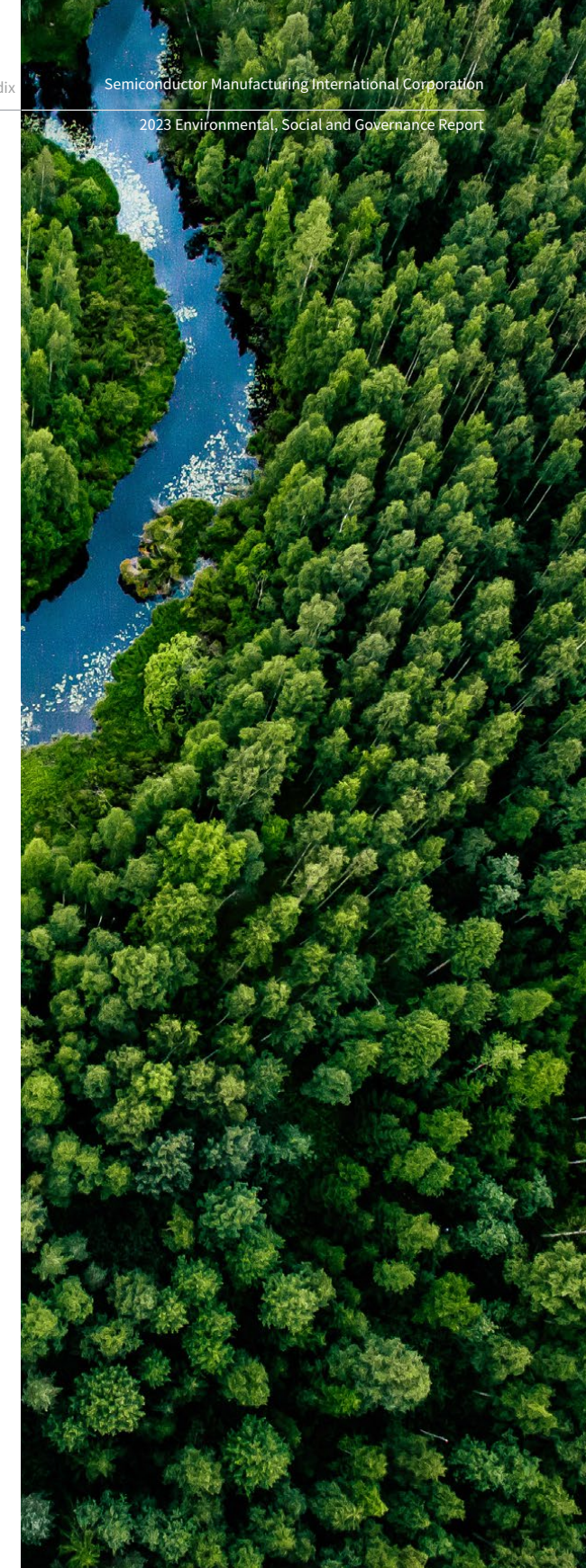
In the production and operation, SMIC makes efficient use of natural resources, prevents environmental pollution from the source, protects employees and minimizes accident risks, to ensure the Company's sustainable development. We have formulated the SMIC Environmental Protection, Safety and Health Policy and taken specific measures to fulfill our environmental protection responsibilities.

Our Commitments:

- Comply with environmental, safety and health regulations as well as international conventions to meet customer requirements
- Hold environmental quality improvement and employee health and safety assurance as the primary responsibilities of every supervisor
- Strengthen the prevention and control of accidents, and enhance resilience and recovery capabilities
- Implement the on-site environmental protection, safety and health management system involving voluntary groups
- Establish a green industrial chain, achieve green production, and provide customers with green products

Our Measures:

- Propose and implement environmental protection measures and promote energy saving and emission reduction
- Carry out waste classification, collection and recycling
- Supervise and manage the diversion and safe disposal of hazardous waste as well as the qualification of waste disposal vendors
- Control the content of hazardous substances in products
- Organize regular environmental protection monitoring and carbon emission verification with result disclosure



Environmental Goal Progress and Updates

To better achieve sustainable development, SMIC regularly tracks and reviews the achievement of environmental goals every year. As of the end of the reporting period, the Company's environmental goals were achieved well.

Energy Goal

By 2030, we will further improve the energy management system to enhance energy efficiency.

- Optimize energy structure by increasing the proportion of renewable energy.
- Improve process flows to reduce the energy intensity of production.

Waste Goal

By 2030, we will further strengthen waste management and reduce waste emission intensity.

- Increase the proportion of waste recycling.
- Explore innovative and recycled materials to advocate green procurement.

Carbon Reduction Goal

By 2030, we will make efforts to reduce carbon emissions year by year.

- Build a corporate-level carbon emission management system to keep tracking carbon emission data, and develop emission reduction plans.
- Increase the investment in renewable energy and strive to build low-carbon factories.

Water Saving Goal

By 2030, we will increase investment in water-saving technologies and processes to improve water efficiency.

- Actively explore water-saving equipment and process.
- Increase the use of recycled water and reduce water intensity.

Green Factory

Green manufacturing is not only a necessity for global sustainability but also an inevitable choice for high-end development of industries. As an industry leader, SMIC focuses on greening the production process, and promoting the intensification of fab land use, harmlessness of raw materials, cleanliness of production, waste recycling, and low-carbon energy. As of the end of the reporting period, a total of 5 fabs of SMIC have been certified as "green Factory".

- SMIC Northern Fab (2017)
- SMIC Tianjin Fab (2018)
- SMIC Shanghai Fab (2023)
- SMIC Beijing Fab (2023)
- SMIC Shenzhen Fab (2023)

Environmental Protection Advocacy

At SMIC, we advocate the concept of "Environmental protection is everyone's responsibility", and encourage our employees to actively participate in environmental protection activities. During the reporting period, SMIC advocated environmental protection activities as planned, such as organizing environmental protection publicity before major environmental holidays and environmental activities for employees.

In addition, to enhance the environmental protection management capacity, SMIC actively organized relevant departments to hold knowledge and vocational skill training sessions. During the reporting period, we organized a total of 103 environmental-related training sessions, involving 28,111 participants.



	QC 080000 Hazardous Substances Management System Training	ISO 14064 Greenhouse Gas Inventory System Training	ISO 14001 Environmental Management System Training	ISO 50001 Energy Management System Training
Total training sessions	16	8	16	10
Total participants	8,867	2,427	7,716	3,505

Wastewater Management

In strict accordance with relevant discharge laws and regulations such as the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Wastewater Discharge Standard*, and other laws and regulations of the location of operations, SMIC continuously improves the efficiency of sewage treatment by classification and management of wastewater based on its source and composition and secondary wastewater treatment process.

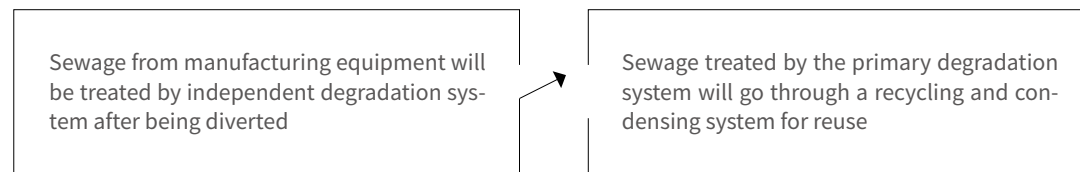
We use continuous monitoring devices for water quality and quantity monitoring at the outlets of wastewater treatment facilities in each fab, while monitoring and uploading real-time data. In case of any abnormalities, emergency measures will be taken immediately.

Besides, in light of compliance with the wastewater discharge standards, the Company has also taken targeted improvement measures to reduce chemical oxygen demand (COD) and suspended solids that are directly associated with wastewater quality, thereby minimizing the environmental impact of wastewater discharge.

Please see the monitoring data released by SMIC for detailed information: [SMIC-Health, Safety & Environment \(smics.com\)](https://smics.com)

Wastewater Classification Management

- SMIC adopts classification management system for wastewater produced during its processes, and divides the wastewater into hydrofluoric acid wastewater, acidic and alkaline wastewater, grinding wastewater, ammonia-containing wastewater, etc.
- SMIC has established different diversion treatment systems and performed the diversion management of the wastewater according to its composition and concentration, and wastewater treatment equipment are updated regularly



SMIC Wastewater Treatment Process

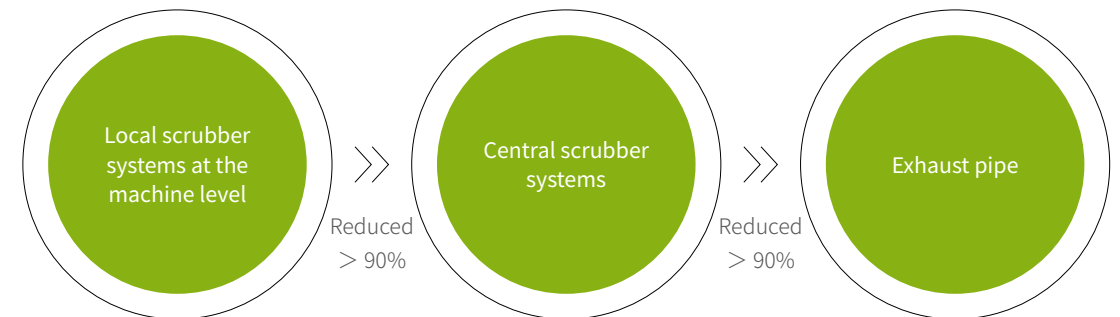
During the reporting period, the wastewater discharge of SMIC was as follows:

Index	2021	2022	2023
Total amount of wastewater discharge (ten thousand tons)	1,786.33	1,977.28	2,171.23
Amount of wastewater per wafer photomask (ton/8-inch equivalent wafer photomask layer)	0.079	0.079	0.094

Air Emissions Management

SMIC attaches great importance to disposal of air emission pollutants. Based on various production-related pollution emission standards, we continuously improve the air emissions management system in strict accordance with the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other laws & regulations. We divide air emissions into two levels, and treat them at both the machine and facility levels to ensure that the air emissions meet relevant national regulations.

SMIC has engaged third-party agencies to regularly test the air emissions of all fabs according to relevant requirements of the local government. All the monitoring data are fully disclosed. [SMIC-Health, Safety & Environment \(smics.com\)](https://smics.com)



Scrubber Systems at SMIC

Types of Air Emissions	2021	2022	2023
Sulfur dioxide emissions SO ₂ (ton)	5	14	14.8
Nitrogen oxide emissions NO _x (ton)	108	113	171.9
VOCs emissions (ton)	30	36	40.2
Total air emissions (ten thousand m ³)	5,505,055	6,247,676	8,248,471

Waste Management

SMIC has established a comprehensive waste management system in strict accordance with the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes* and relevant waste disposal laws and regulations, to ensure the 100% compliance in disposal of all kinds of waste. We categorize solid waste into general solid waste, hazardous waste, and domestic waste, and strictly control the generation, collection, internal diversion, storage, transportation, utilization, treatment, and other steps involved in waste management through the proper disposal method.

Ensuring that

100%

disposal compliance of all kinds of waste

The types and definitions of waste are as follows:

General Solid Waste

Refers to non-hazardous solid waste generated directly or indirectly during the production process, such as water treatment sludge, equipment parts, pipes, clean room gloves, wooden boards and waste cartons, and foamed plastics.

Hazardous Waste

Refers to waste included in the *National Catalogue of Hazardous Wastes*, such as acid waste, alkali waste, medical waste, rags contaminated with hazardous chemicals, and waste fluorescent tubes.

Domestic Waste

Refers to waste generated in daily life, such as beverage packaging, used batteries, waste paper and food residues.

Internal Control and Management

In order to minimize the potential negative impact of the Company's production and operation on humans and the environment, SMIC has established a comprehensive cleaner production management system .

- We promote source reduction by incorporating waste reduction into our production and operation management strategies, and continuously improve the efficiency of raw materials usage to reduce waste generation.
- We actively explore the recycling of general solid waste to make recyclable materials recycled; we work with qualified companies with recycling capacity to dispose of materials that cannot be recycled in fabs.

Management of Vendors

Actively assuming its corporate environmental responsibilities, SMIC closely tracks and strictly controls waste after transferred to waste disposal vendors. Requirements for the waste disposal vendors are as follows:

- All waste disposal vendors must be accredited by the government.
- All waste disposal vendors must attain a satisfactory score from our assessment before signing contracts.
- Waste disposal vendors are subjected to on-site or on-board inspection.
- Waste Transferring manifest management system for waste storage and transfer must be implemented strictly, and the waste transfer process must be fully standardized.

Waste Generated

The waste generation data of SMIC:

Type of Waste	2021	2022	2023
General Solid Waste (ton)	41,285	46,141	57,059
Domestic Waste (ton)	2,686	2,075	4,184
Hazardous Waste (ton)	47,578	58,268	67,529
Total (ton)	91,549	106,484	128,772

Hazardous Waste Management Training

SMIC recognizes the risks of hazardous waste to the environment and relevant personnel, and controls hazardous waste rigorously. To further reduce the risks associated with hazardous waste, we conduct training and presentations on hazardous waste regularly to help relevant personnel better identify risks and facilitate management practices.

Hazardous Waste Management Training

To ensure that new employees become familiar with the Company's hazardous waste management process quickly, we provide HSE training for new employees and those transferred to new jobs each quarter. The training content included courses about hazardous waste management. Moreover, our comprehensive training on HSE knowledge for engineers also involves hazardous waste management. The training sessions are provided through online assessment and examinations to ensure the quality of training, and help the engineering personnel gain a better understanding of hazardous waste management knowledge.

Environmental Protection and Public Welfare

SMIC encourages employees to personally participate in environmental protection, fulfilling corporate social responsibilities together with the Company. During the reporting period, about 20,000 employees person-times of the Company participated in the public welfare activities, contributing nearly 25,000 hours.

"Caring for the Earth" Public Welfare Activity in Four Places



On October 15, 2023, SMIC launched a public welfare activity in four places simultaneously (Four-place joint action) for the first time, successfully organizing nearly 200 employees and their families in Shanghai, Beijing, Tianjin, and Shenzhen to go to mountains, beaches, and rivers to pick up garbage, as part of environmental protection efforts. The activity also actively responds to the Company's integrated management initiative, enabling everyone to have a personal feeling and understanding of strong energy of "We Are Together" from the perspective of public welfare.

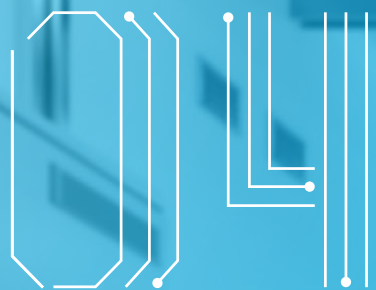


Tree Planting and Carbon Reduction Champion



Trees can absorb a large amount of carbon dioxide from the environment. During the reporting period, various departments of SMIC actively organized employees to participate in the tree planting activities during the Arbor Day. While sweating, each employee contributed to carbon reduction. In addition, all fabs actively participated in online public welfare activities by donating steps and participating in the Ant Forest Initiative online.





Great Originality, Quality Topmost

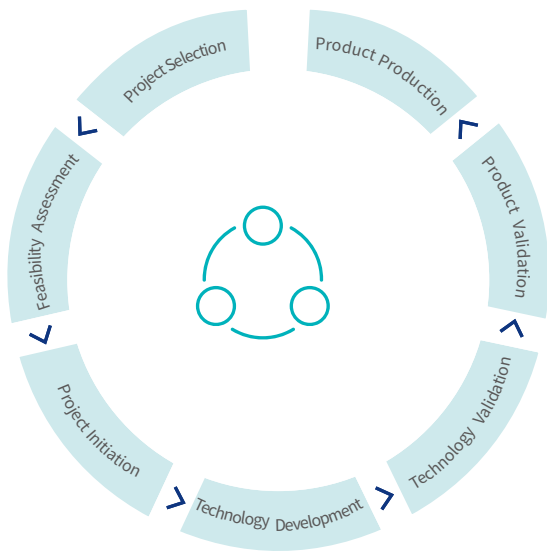
Always insisting on independent innovation, SMIC strictly controls product quality and provides customers with excellent products and services through a reliable data security system. We are also committed to incorporating sustainability into supply chain management, striving to forge a more resilient and sustainable supply chain together with our supply chain partners in a win-win manner.

■ Based in China, Going Global



Based in China, Going Global

SMIC attaches great importance to technological innovation and R&D. We have set up a well-established innovation management system and policy with a professional and outstanding R&D team to strongly support technological innovation. In order to ensure successful transformation of R&D projects, we have a strict approval process for seven stages of the R&D, providing a robust guarantee for smooth progress of R&D projects.



R&D Workflow

Intellectual Property Rights Protection

SMIC attaches great importance to the protection of intellectual property rights and has taken a number of measures to ensure comprehensive protection of intellectual property rights. The company respects the intellectual property rights of others, timely applies for registration to protect intellectual property rights, constantly follows up new policies and new requirements for intellectual property rights protection, regularly carries out intellectual property rights monitoring, and actively protects rights.

SMIC focuses on enhancing the company's core competitiveness in the wafer manufacturing industry, and comprehensively carries out intellectual property protection work, and distributes patents and trademarks globally to ensure that the company's intellectual property rights are fully protected and applied.

- We deepen the patent mining layout around the core products and key technologies, promote the integration of patents to support the company's innovation and development of technical solutions, and carry out full-process electronic management in all aspects of excavation, proposal, evaluation, application and assessment, forming a highly efficient and complete patent management system; through the implementation of the patent training mechanism and incentive mechanism, to encourage employees to actively innovate.
- We pay attention to trademark applications, maintenance, and defense of rights to ensure the validity of domestic and foreign trademarks and help companies grow globally.
- We have established a comprehensive business secret management system to fully protect the company's business secrets, especially proprietary technologies.

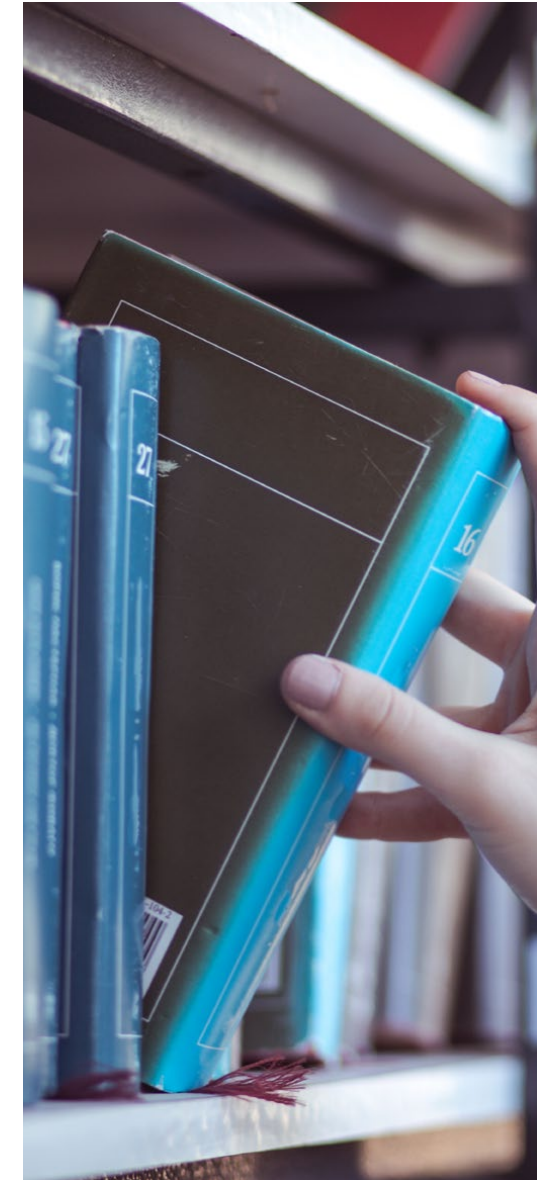
During the reporting period

SMIC owned a total of
156
trademark registration certificates

Obtained
13,450
authorized patents cumulatively

Patents for inventions
11,641

Utility model patent
1,809



Quality Management

SMIC is committed to providing excellent customer services, focusing on product quality, making constant efforts to enhance the employees' awareness of quality and achieve quality excellence across all respects.

Quality Management System

Following industry standards, SMIC has established a comprehensive internal management system, and has acquired quality management system certifications including the ISO 9001 Management System, the TL 9000 Telecom Quality Management System and the IATF 16949 Automotive Quality Management System.

ISO 9001 Management System

Focus on the overall quality improvement of products and services for the quality assurance throughout the Company's design, development, manufacturing and service.

TL 9000 Telecom Quality Management System

Focus on the establishment of a sound quality management system for customers in the telecommunications industry, and emphasize the integrity of supply chain directives.

IATF 16949 Automotive Quality Management System

Focus on the establishment of a quality management system for customers in the automotive industry, with the aim of eliminating defects across all links of the automotive supply chain and providing customers with quality products and services.

Product Quality Management System

SMIC follows a comprehensive product quality control workflow to manage the entire manufacturing and service process covering technology development, wafer fabrication, product quality monitoring and customer satisfaction.

Statistical Process Control (SPC)

Impose the SPC on product performance during production through a strict auditing mechanism to ensure the stability and reliability of product quality.

Recipe Management System (RMS)

Control product quality more accurately through centralized management and key parameter monitoring to provide customers with reliable products.

Unified Management

Optimize settings for all equipment and process recipes, and unify process management to achieve consistent product quality levels.

Diversified Labs and Tools

Cover chemical and raw material analysis, product failure analysis, yield improvement, reliability inspection and monitoring, etc.

Product Quality Assessment and Recall

SMIC has formulated strict product quality assessment and product recall procedures, and controlled product safety and health risks according to the Hazardous Substances Process Management System (QC 080000), to ensure that our products comply with relevant domestic and international regulations and customer requirements. During the reporting period, there were no major product recall at SMIC, and no product sold was recalled for any safety or health reasons.

Upon the principle of "Quality First, First Time Right", SMIC organized diversified quality improvement activities around product quality, to enhance the quality culture building and improve the employees' awareness of quality and safety.

Special Testing Center of Automotive Chip Reliability



SMIC's Special Testing Center of Automotive Chip Reliability has been officially put into operation. We follow the AEC-Q100 (Stress Testing Certification Standard for Integrated Circuits) standards to provide a full range of reliability testing services for automotive chips. We have got the CNAS certification during the reporting period.

Quality Culture Training



In 2023, the Company fully provided quality and reliability-related courses through online and offline training, with training content covering 50 courses including FECP, FMEA, SPC, 8D tools, and quality systems. The initiative aims to fully raise the employees' awareness of quality to enable the engineers to have a better understanding and enhance implementation capabilities of quality processes, and to further enhance employees' proficiency in using product quality tools and improve the quality level.

Customer Services

Always being customer-oriented, SMIC strictly follows domestic and international laws and regulations throughout our product design, manufacturing and after-sales services, to ensure the consumer safety and product performance. We make continuous efforts in technological innovation to create long-term value for customers and to build mutually beneficial and win-win cooperative relationships. In order to better serve global customers, SMIC has professional customer service teams in Shanghai, Beijing, Tianjin, Shenzhen, Taiwan, China, California (USA), Munich (Germany), Milan (Italy), Tokyo (Japan), etc.

To gain an in-depth understanding of customer needs, we have updated and adjusted customer satisfaction questionnaires in a timely manner, actively collecting their feedbacks and suggestions. Smic's average customer satisfaction score is about 84 points for many consecutive years, proving our efforts in improving our service quality and customer satisfaction.

During the reporting period, SMIC actively participated in industry seminars and communication activities, and maintained smooth communication with partners from all walks of life, looking forward to the future together.



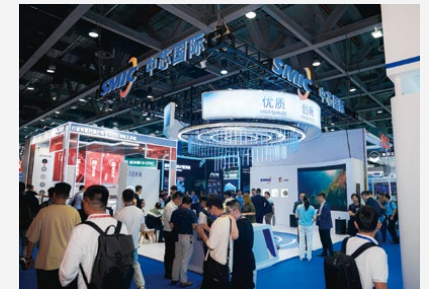
Improving Customer Satisfaction

SMIC has established a comprehensive customer complaints system to improve customer satisfaction. Relevant departments are required to investigate all customer complaints timely and then generate an 8D (Eight Disciplines Problem Solving) analysis report within 10 days for in-depth review and summary. Furthermore, targeted improvement measures grounded in the underlying cause of complaints were taken to minimize the occurrence of similar incidents. During the reporting period, all the customer complaints at SMIC were promptly handled in line with relevant procedures.

The 29th Guangzhou Integrated Circuit Computer Aided Design (ICCAD)



On November 10 and 11, 2023, SMIC, as a leader of IC manufacturer industry in Chinese Mainland, was invited to attend the ICCAD Summit. ICCAD Summit, themed by "With you in the Bay Area, Chip Heads to the Future," delved into the current situation of the integrated circuit industry of China, especially the difficulties and challenges faced by the IC design industry, and offered suggestions for the development. During the Summit, participants jointly discussed technologies and concepts, exchanged insights into the development trends of the integrated circuit industry, and sought cooperation opportunities, laying a solid foundation for further promoting upstream and downstream cooperation in the industry chain.



SMIC Exhibits at 2023 CICD



In April 2023, SMIC, as a leader of IC manufacturer industry in Chinese Mainland, attended the 25th China Integrated Circuit Manufacturing Annual Conference themed "Basing on the New Development Stage, Building a Chip Development Pattern." The annual manufacturing conference integrating forums and exhibitions, brought together industry elites to jointly explore future development trends of the industry, with focus on the entire IC industry chain, including manufacturing, design, packaging testing, and EDA tools. In the SMIC's exhibition area, industry peers exchanged advanced technologies and concepts, building bridge for cooperation along the industry chain.



Supply Chain Management

The manufacturing of integrated circuits is in the middle of the industrial chain and closely connected to both upstream and downstream industries. As a large IC manufacturer in China, SMIC has established a complete supplier management system and incorporated the concept of ESG risk into our supply chain management to strictly control industrial chain risks and ensure the stability of production.

Supply Chain Management and Planning

SMIC continuously improves the specification of layered management for suppliers within the Company. The specification covers the whole life cycle of the supply chain and refines specific requirements for access, evaluation and management. Incorporating multiple aspects including strategic supply chain management, and raw materials and spare parts procurement, we have established global supply chain management and planning, to ensure product quality and service capabilities of our supply chain.

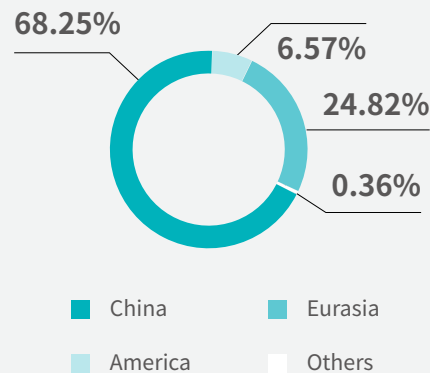
Supplier Access and Evaluation

We have established a complete new/alternative supplier access assessment mechanism, and organized quality, HSE, procurement and other departments to participate in the evaluation for procurement areas such as production equipment, raw materials, fab facilities, and professional services. SMIC has incorporated product quality, environmental protection/safety/health management and other sustainable development requirements into our supplier management system, and implements an objective and quantitative assessment mechanism and evaluation system:

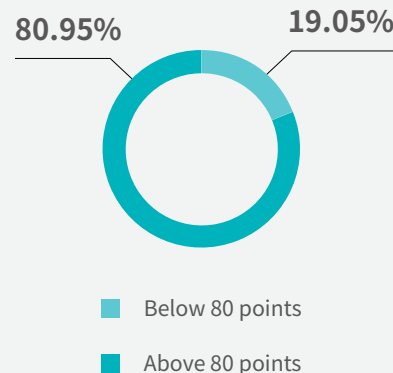
- Contracted suppliers are scored every six months by SMIC based on QCDSE (Quality, Cost, Delivery, Service, Environment). The evaluation indicators include quality indicators, cost indicators, delivery and service indicators, safety and environmental protection indicators, and so forth. If any project fails to meet our standards or indicator requirements, the supplier must provide an improvement plan and rectify within a specified time limit. Those that remain lagged behind after rectification will be removed from the Company's list of approved suppliers.
- For new suppliers, we provide multi-level quality improvement assistance according to the criticality/priority. During the reporting period, we completed a total of 7 joint quality improvement programs, 19 continuous quality improvement programs and 23 on-site audits.

In order to further help suppliers enhance the management quality, we adopt the Quality System Assessment (QSA) to achieve more comprehensive and professional evaluation of suppliers. In 2023, we conducted a total of 72 on-site supplier audits and held 6 supplier quality management presentations, helping 21 suppliers improve their quality management level.

Percentage Distribution of SMIC's Number of Raw Material Suppliers by Regions in 2023



Supplier Assessment Results in 2023



Strengthening the Resilience of Supply Chain

SMIC attaches great importance to the improvement of our supply chain security system. SMIC rationally allocate part of the purchase volume to suppliers with relatively stronger supply chain security according to our production demands. With focus on the continuity and controllability of supply sources, we strive to achieve regional balance between different provinces and cities as well as domestic and foreign manufacturers, to strengthen the stability and security of the supply chain.

Enhancing Suppliers' Construction Safety Awareness

In order to make the suppliers gain a thorough understanding of SMIC's safety operation requirements and safeguard the safety of fab areas and the suppliers themselves, the Company provides construction safety training for all operating personnel and conducts safety assessment after the training. Only those who have passed the assessment are allowed to enter the construction site. The training content mainly includes the Company's HSE policies and rules, knowledge and requirements of site construction safety, safety points for high-risk work, and emergency response after an incident, if any, to ensure safe operation at high standards during the construction process and minimize potential risks.

Enhancing Suppliers Ethical Compliance

SMIC asks the suppliers to engage in business activities upon the principles of integrity, fairness, and transparency. Suppliers are required to strictly comply with laws and regulations and check their ethical compliance management systems before undergoing review by SMIC, to verify their compliance and provide necessary support and guidance.

During the reporting period

Contractor HSE Training (Unit: person-times)

The Company provided contractor HSE training with a total of

30,645 person-times

2021	2022	2023
34,968	23,748	30,645

Information and Data Security

Strictly abiding by national laws and regulations such as the *Cyber Security Law of the People's Republic of China*, SMIC always gives top priority to protecting the security of stakeholder information, and provides strong security guarantees for intellectual property and business confidential information of customers by continuously improving the internal control system and organizing ongoing security training.

We have established a comprehensive information security protection system, following secure independent data storage and cyber environments, and strictly controlling the use of information in production. We comply with the internal information security policy. The Information Security Committee has formulated and implemented the information protection policies, and the information security management was expanded to third parties including customers, visitors and suppliers. During the reporting period, all SMIC's main operation sites have been accredited by the ISO 27001:2013 information security management system.



Information Security Management Structure at SMIC

Technology Defense and Monitoring System

SMIC has established a complete confidential information technology defense and monitoring system. Based on a sound organizational structure for information and data security, SMIC continuously upgrades various information security technologies such as physical environment control, network access control, and data confidentiality controllability, to strive for excellence and enhance the protection of customer information security.

- **Data Classification:** Strictly conduct the hierarchical management of confidential intellectual property information and continuously strengthen the classification of confidential level of information assets.
- **Data Partition:** Divide different levels of controlled areas according to the degree of business confidentiality, and take physical protection solutions with the corresponding intensity.
- **Data Collection:** Establish a platform of log collection, analysis and management to carry out big data collection and analysis in daily operation.
- **Data Inspection:** Perform around 500,000 inspections each month through sensitivity inspection on information security, compliance inspection when entering and leaving the Company, electronic equipment inspection, mail inspection, and information security compliance inspection on suppliers/visitors, with wide coverage and strong intensity of inspection.
- **Data Monitoring:** Implement the access control mechanism for confidential information of the Company and customers, follow the principle of authorized access and on-demand access, and strengthen the Company's entry and exit management through the visitor registration, access control and surveillance system.
- **Data Audit:** Perform regular data audits on access, transmission and storage of specific confidential information, to ensure the continuity and effectiveness of data control measures.

We further standardize the Company's internal information security operations by increasing the frequency and detail of inspection, upgrading internal and external data transfer control technology, and conducting various forms of presentations and training, and strictly deal with and correct violations. During the reporting period, SMIC did not experience any material cybersecurity or commercial information leakage incidents.

SMIC steps up efforts to improve the in-depth intelligent protection platform according to the characteristics of the chip manufacturing industry. Focusing on the business operations, the in-depth intelligent protection platform can flexibly achieve proactive security protection around business objectives. The platform has enabled a closed-loop security system that is intelligent in security threat detection, intelligent security analysis, and intelligent security control and management, providing strong back-end support for technical defense and monitoring.

Information Security Training

By providing continuous training and standardizing information security behaviors, SMIC enhances the employees' awareness of information security. To enhance information security awareness and information protection capabilities of employees, we continuously optimize the update channels on corporate information security through the ISO 27001 information security management system, and publish the Company's information security progress through a centralized display platform, helping employees obtain a full understanding of our information security policies.

During the reporting period, 100% of new employees and in-service employees received annual training, and 100% of the suppliers and visitors received information security training, which included but was not limited to:

- Training on information leakage risks
- Training on confidential information protection policy and confidential information classification
- Training on the measures of information security management
- Training on A-level area information security management

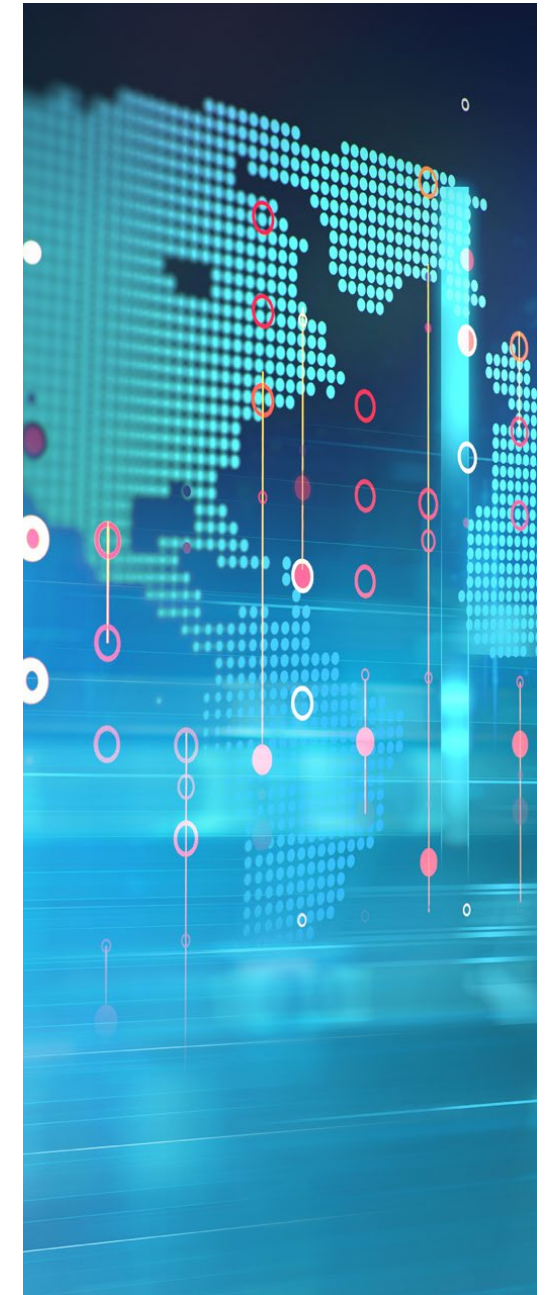
During the reporting period

New employees and in-service employees received annual training

100%

Suppliers and visitors received information security training

100%





Remaining True to Original Aspiration, Helping Growth of Employees

SMIC firmly believes that employees are the core driving force for sustainable development. We provide every employee space to develop freely in a safe and stable workplace with an equal and diversified working atmosphere. Upholding the people-oriented philosophy, we care for the well-being of our employees, and continuously improve our welfare system, having established advanced training systems, and set up various employee communication channels. We spare no effort to respond to employees' expectations for a bright future and draw a beautiful blueprint together.

- Driving Sustainability with People Orientation



Driving Sustainability with People Orientation

SMIC strictly abides by the employment laws and regulations, including the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Minors*. We constantly improve our internal employment systems such as the *SMIC Employment Policy*, the *Employee Recruitment System*, and the *Implementation Rules of SMIC Campus Recruitment*.

We recruit excellent talents extensively from all over the world through diversified recruitment channels, providing employment opportunities for talents from different countries, nationalities and cultural backgrounds as well as people with disabilities. We firmly believe that a diversified talent pipeline will help us to fuel innovative capacity into our corporate development, to improve scientific research efficiency, and to better meet the complex and diverse customer demands, thus driving our business growth.

On-Campus Recruitment

- SMIC attaches great importance to graduates selection. We have been collaborating with major universities to organize on-campus recruitment for many years and have formed a set of virtual recruitment systems combining online and offline activities. To facilitate our campus recruitment, we launched the Campus Ambassador program to help students learn more about SMIC during our talent selection. During the Reporting Period, SMIC has held more than 60 online live broadcasts and presentations, recruiting nearly 1,000 of outstanding graduates through on-campus recruitment.
- In terms of education background, mostly are students with master's and doctoral degrees.
- In terms of speciality, mostly are from the specialties of electronic information, materials, physics, chemistry, mechanical engineering, optics, and environment.

Social Recruitment

- Based on our business development and current human resources assessment, SMIC has formulated a series of recruitment plans for professionals from all walks of life, and developed multiple recruitment methods and channels, including online recruitment, on-site job fairs and professional headhunting services. In addition, we have also established an internal referral mechanism for high-level talents to boost our high-potential talent pipeline. During the Reporting Period, SMIC recruited over 1,000 outstanding talents through various social recruitment channels.
- Mainly recruited professional talents and high-end experts.



Gender
diversity

Maintaining workplace gender equality while building talent teams.



Function
diversity

Our employees are categorized into production personnel, sales personnel, R&D personnel, and administrative personnel. The diversity of various functions in each business unit enables the sustainable development of SMIC.



Age
diversity

We believe that age diversity can lead to beneficial career development of employees.



Region
diversity

Our employees are from more than 20 countries and regions around the world.

During the reporting period

Our employees were aged

31
on average

SMIC recruited a total of about

2,000
new employees from all over the world

As of the end of the reporting period

The number of full-time employees was

20,223

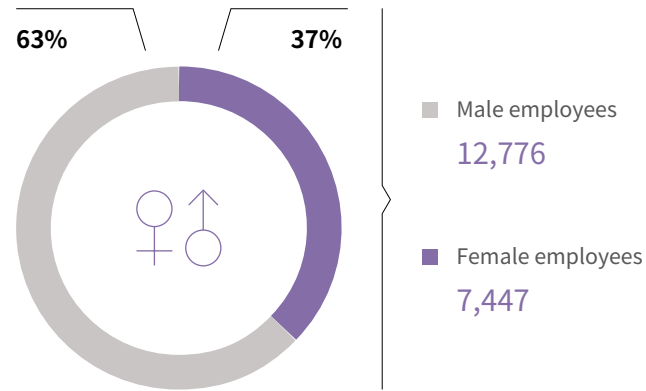
With a labor contract signing rate of

100%

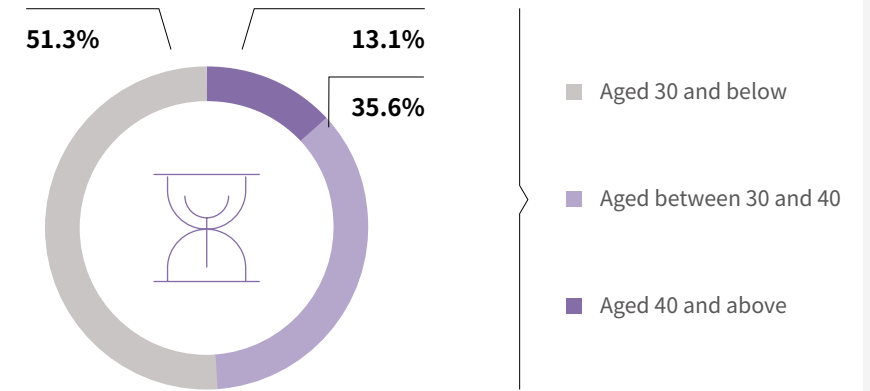


Data of employment diversity are as follows:

Proportion of employees by gender



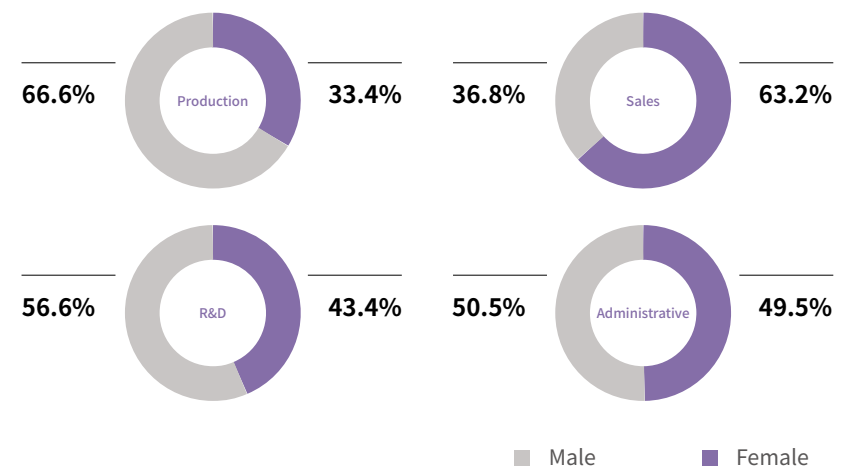
Proportion of employees by age



Proportion of employees by region



Proportion of employees by function



Talent Retention

Employees are the most valuable assets of SMIC. We cherish the efforts and contributions of every employee. By reinforcing the financial incentives in our salary system and building a medium- and long-term incentive and restraint mechanism, we provide employees with competitive remuneration and benefits. We constantly deepen employees' sense of belonging and identity to the Company to retain outstanding talents and enhance the core team cohesion as well as our corporate competitiveness.

SMIC listens attentively to the employee voice, being problem-oriented, and actively promote reforms of relevant systems. During the reporting period, SMIC has introduced various optimization measures such as improving the welfare system and working environment, and broadening career development opportunities to better satisfy the demands and expectations of all kinds of employees. The overall voluntary employee turnover rate was 13.76% during the reporting period, details on employee turnover distribution are as follows:

- Employee turnover by region: 99.96% in China, 0.04% in America, and 0.00% in Eurasia
- Employee turnover by gender: 72.5% in male, 27.5% in female
- Employee turnover by age: 64.5% aged 30 and below, 31.8% aged between 30 and 40, and 3.7% aged 40 and above

Share Incentive

In order to create a benefit-sharing mechanism between employees and owners, realize the consistency of interests of the Company and its shareholders and employees, attract and retain excellent management talents and business backbones, enhance staff cohesion and the Company's competitiveness, the Company introduced A-share long-term incentive mechanism on the basis of the HKEX Stock Incentive Plan, and implemented the SSE STAR Market Class B Restricted Stock Incentive Plan in 2021, with the aim of building and continuously improving the comprehensive compensation system, motivating and retaining outstanding talents of the Company and further stimulating their enthusiasm and creativity, and ensuring the achievement of the long-term strategic goals of the Company. The Company's incentive targets include senior management, core technicians, middle and senior business managers, technical and business backbone personnel.

On July 19, 2021, the Company granted 67.5352 million shares to the incentive recipients for the first time, benefiting a total of 3,944 employees; on June 21, 2022, we granted 8.1152 million reserved shares to a total of 1,175 incentive recipients. The Company will complete the phased vesting of the granted shares as planned for the purposes of motivating and retaining talents.

In order to fully mobilize employees' motivation and retain excellent elites, talents the Company will continue to establish and improve the medium and long-term incentive restraint mechanism by increasing positive incentives and implementing salary diversification, so as to effectively attract and retain excellent talents, enhance the cohesion of core teams and sharpen the core competitiveness of the Company.

Dedicated Awards

Dedicated awards are granted to motivate teams and individuals to drive cost optimization and revenue growth by adopting innovative ideas.

On July 19, 2021

First grant of shares to the incentive target

67.5352 million shares

Benefiting employees a total of

3,944

on June 21, 2022

Grant a reserve share to the incentive target

8.1152 million

Benefiting employees a total of

1,175

Long Service Employee Incentive

The Company granted long-term service souvenirs to employees who have completed 5, 10, 15 and 20 years of continuous services at the Company, in recognition of their created value and contribution to the development of the Company and to enhance their sense of belonging and honor.




Career Development

SMIC always believes that shaping and presenting of employees' personal value is an important component of the Company's overall value. We provide employees with a well-established training system, and comprehensive supporting resources. Moreover, we have designed a variety of career paths for employees, including career development paths, rapid development channel, and two-way development channel.

Career Development Paths

Benchmarking with world-class companies for a long time, SMIC has launched and optimized our career ladder system. We have presented complete and clear career paths for employees by continuously improving our five sequences of positions.

- Managerial
- Technical and R&D
- Professional & Supporting
- Administrative
- Operational

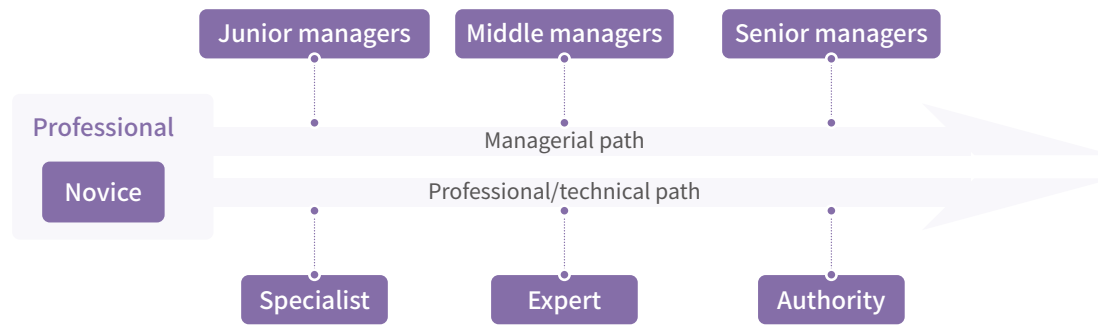


Rapid Development Channel


The Company has launched a rapid development program in the technical sequence, aiming to build a rapid development channel, attract talents with great potential, and cultivate a group of high-level technical experts through a targeted training mode.

Two-Way Development Channel


The Company has established a two-way career development channel for managerial and professional/technical talents, supported by corresponding systems and incentive measures, enabling employees to grow together with SMIC.



Two-Way Development Channel

Vertical Development Channel - Promotion 

The Company provides promotion opportunities for employees with excellent performance and abilities, and offers incentives in terms of salary, bonus, and development opportunities.

Horizontal Development Channel - Transfer 

The Company publishes internal recruitment information on the intranet according to its business needs for employees to apply for based on their personal career plans, interests, and strengths. The horizontal development channel can fully mobilize the employees' initiative and enthusiasm, and optimize the Company's human resources allocation.



Career Development Booster

SMIC values talent training. We have launched diversified talent training solutions based on different business demands and employees' potential, and built a complete internal training mechanism, firmly guaranteeing a shared, high-quality development between employees and the Company through career development boosters such as leadership training courses, online learning platforms, and further education programs.

Internal Training Mechanism

Training Types	New employee orientation, management training for frontline managers, capacity development programs and for middle and senior managers, etc.
Multi-dimensional Content	Training on corporate culture, professional skills, general skills, management and leadership development, etc.
Multiple Training Styles	Face-to-face teaching, on-the-job training, job rotation, study group, reading group, E-Learning, knowledge base, etc.

During the reporting period, the Company provided employees at different positions with a variety of training programs for all-round skills enhancement, including expertise and teamwork, to enable better employee development.

As of the end of the reporting period, the employee training data of SMIC was as follows:

Supervisor Training Camp: Enable supervisors at the grassroots level to better complete role recognition and transformation and enhance their sense of responsibility for team motivation and cohesion, so as to help organizations achieve business goals

Technical Trainee Program: Through a four-stage training scheme over three years, foster outstanding fresh graduates into young technical backbones, thereby forming a solid talent pool

Senior Key Employee: Offer online courses on general competencies for employees independently and flexibly to improve their overall occupational literacy

Frontline Team Leader: Help frontline team leaders improve their production line skills to enhance their managerial and collaborative capabilities

Production Assistant: Help production assistants to adapt to their teams quickly through "WAAT – We are a Team" bootcamps and mentor training camps, to enhancing managerial and collaborative capabilities across frontline teams

Fresh Graduates: Organize training camps for fresh graduates to imbue them with the cultural values of the Company, and strengthen their teamwork and general abilities

Online Learning Platform

To enable employees to learn at any time, the Company has established an online E-learning platform. In 2023, we continued to upgrade and optimize the course content and training system of the platform to meet the development needs of employees in the new era. By the end of the reporting period, the online platform had provided over 3,500 courses, including knowledge on semiconductor technology.

The number of articles published on knowledge management system (KMS)

20,669

The number of views by employees

238,123

The number of courses provided by the Company over

3,500



Course duration

600,971 hours

Total employee training attendance

302,075 person-times

Training coverage

100%

Per employee training hours

31 hours

Average training hours of male employees

35 hours

Average training hours of female employees

23.3 hours

Average training hours of administrative personnel

33.3 hours

Average training hours of production personnel

31.9 hours

Average training hours of sales personnel

13.0 hours

Average training hours of R&D personnel

24.5 hours

Employee Rights and Interests

SMIC strives to fully protect the rights and interests of employees in strict accordance with labor-related laws and regulations in the places where we operate, including:

Labor Law of the People's Republic of China

Labor Contract Law of the People's Republic of China

Employment Promotion Law of the People's Republic of China

Law of the People's Republic of China on the Protection of Women's Rights and Interests

Special Rules on the Labor Protection of Female Employees

Law of the People's Republic of China on the Protection of Minors

Trade Union Law of the People's Republic of China

We have formulated and improved the following regulations for internal management:

SMIC Management Procedure of Labor and Human Rights Objectives

SMIC Identification and Update Procedure of Labor and Human Rights Related Laws and Regulations

SMIC Employment and Protection Procedure of International Juvenile Employees and Interns

SMIC Risk Assessment and Prevention Procedure of Labor and Human Rights

SMIC Internal Audit and Corrective Procedure of Labor and Human Rights

SMIC Supplier Verification Procedure of Labor and Human Rights

SMIC has established and implemented a labor rights and interest management system based on the *principles of Responsible Business Alliance (RBA)* and SA8000. After years of accumulation and summarization, this management system has become increasingly developed and sophisticated. We promise and guarantee to provide an equal, healthy and free working environment for all employees.

Furthermore, the Company has established a holistic benefits system for employees to provide them with comprehensive and multi-dimensional welfare such as sick leave, paid leave, and physical and mental health care. According to relevant national and local laws, pay social insurance such as pension, medical care, work-related injury, maternity, and unemployment for in-service employees.

Welfare System

Supplementary commercial health insurance

Annual leave

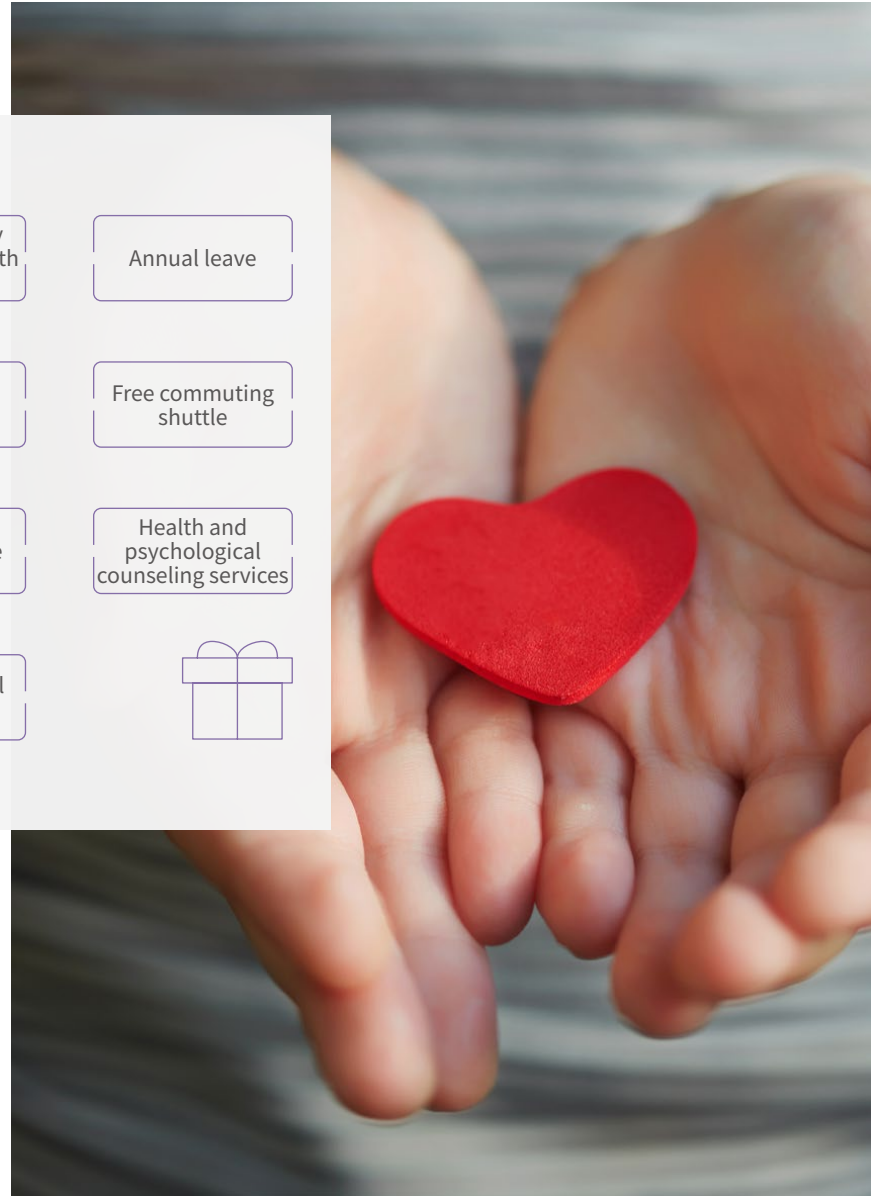
Concessionary rental

Free commuting shuttle

Meal allowance

Health and psychological counseling services

Annual physical examination



Work Safety

"Production Safety is of Paramount Importance and Involves Heavy Responsibility." It is not only of great significance for the survival of a company, but also is a major livelihood issue closely linked to the people's well-being as well as economic and social development. SMIC always prioritizes the occupational health and safety of its employees, making every effort to create and maintain a safe, reliable, and comfortable working environment.

Creating a Safe Workplace

SMIC has established a full-process and comprehensive risk identification, assessment, and control system, as well as rules and regulations, in accordance with the ISO 45001 Occupational Health and Safety Management System, the dual prevention mechanism of safety risk classification and control & hidden danger investigation and management, and the construction of safety standardization, to achieve the goal of eliminating hidden dangers, eliminating accidents, and building a healthy and safe working environment. In order to ensure the effective implementation of the relevant management system, we fully implement the safety production responsibility system for all employees in accordance with the principle of "three controls and three musts".

In order to enhance the safety awareness of employees, the Company conducts safety knowledge promotion through a combination of online E-Learning platform and on-site training, and strengthens safety publicity during National Day holidays and incident cases to remind employees to pay attention to safety issues at all times. These measures have not only raised the safety awareness and skill level of employees, but also provided strong guarantee for the Company's production safety. Over the past three years, there have been no work-related fatalities at SMIC. During the reporting period, 447 workdays were lost due to work-related injuries.

Safety Month Activities

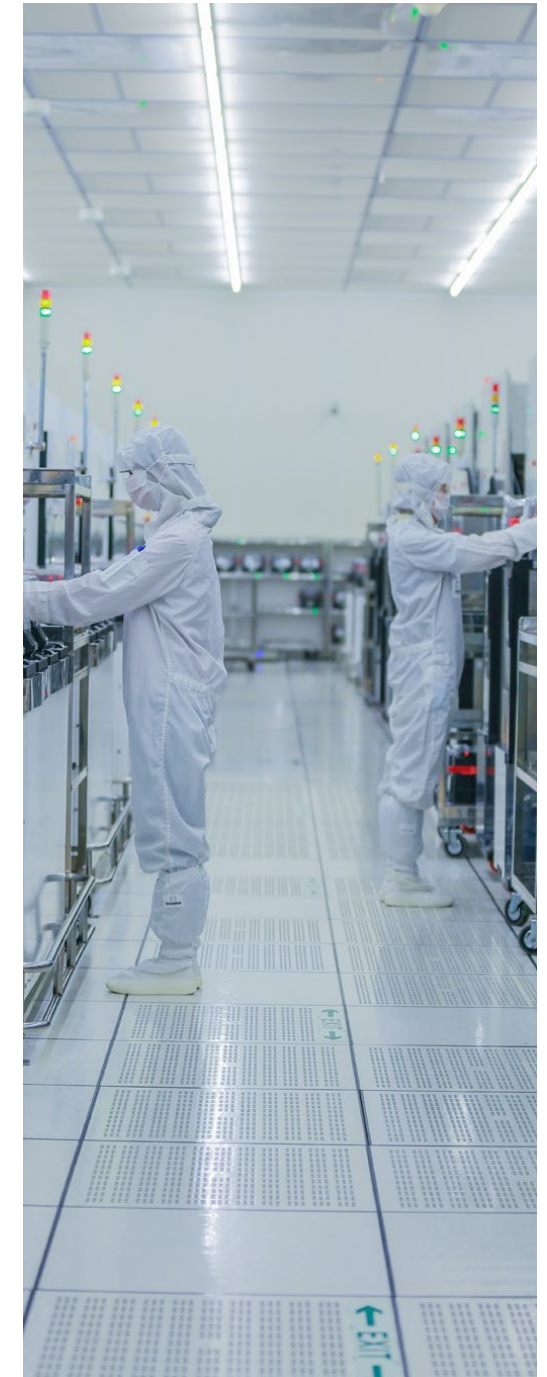
In response to the national call of effectively strengthening safety management, the HSE Departments in all fabs of SMIC have carried out a series of production safety month activities based on the National Safety Month themed "Everyone Focuses on Safety and Everyone Knows How to Respond to Emergencies".

During the Safety Month, the HSE Departments in all fabs have organized production safety knowledge training activities, such as safety knowledge turntable, HSE knowledge examination among all employees, and shocking education, and popularized the safe production concept and raised the employees' safety awareness through accident cases, safety knowledge sharing, etc.



Safety Evacuation Drill

SMIC conducts fab-wide evacuation drills twice per year, with the aim of raising the safety awareness of all employees and manufacturers, cultivating the evacuation ability of all employees, and familiarizing them with the evacuation routes and gathering points in all areas of each fab. Through these drills, SMIC has identified problems and shortcomings, improved the evacuation process, and enhanced the evacuation awareness and ability of all employees and manufacturers.



Prevention of Occupational Diseases

SMIC has always been concerned about the health and safety of our employees. According to the provisions of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, employees exposed to occupational hazards are subjected to occupational general physical examination, while those not exposed to occupational hazards will accept general health screening once a year. In 2023, a total of 8,390 employees accepted occupational general physical examination, 8,024 employees accepted general health screening, and health surveillance records were created for 100% employees subject to occupational general physical examination.

We have conducted a series of activities during the reporting period to effectively raise the self-protection awareness of employees. During the Safety Month, HSE Departments in all fabs carried out multiple occupational health protection-related activities, including "Lessons from Stories", "Learning from Science", "Methods from Practice", and "Knowledge from Contests", enabling employees to be deeply aware of the importance of protective equipment, spontaneously and correctly wear protective equipment, and change from "asked to wear" to "I want to wear" and from "asked to protect" to "I want to protect".

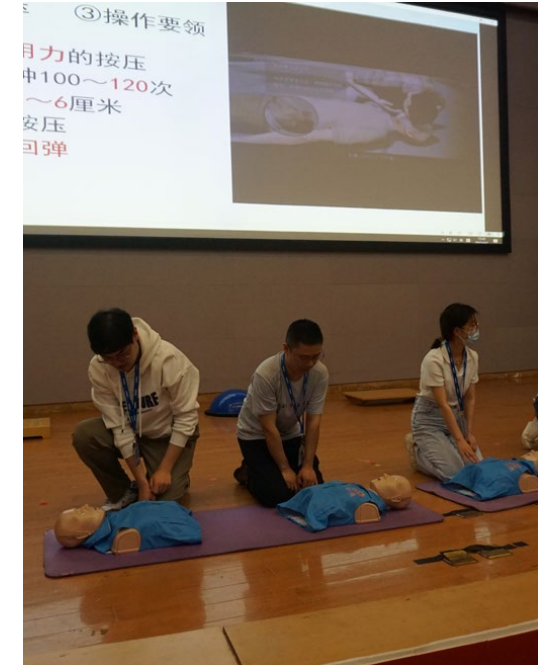


Safety Protection Experience in the Safety Month

Safeguarding Employees' Physical Health

The Health Center in each fab of SMIC is equipped with complete medical equipment and experienced healthcare professionals to provide employees with free health consultation and emergency medical assistance, where general diseases can be cured. In 2023, a total of 23,616 visits were received for treatment or consultation.

In 2023, a total of 44 on-site health promotion activities were carried out in all fabs, and 79 online or offline health education articles were published, with participation for over 4,000 person-times, with the aim of helping employees raise the self-awareness of health, providing positive guidance for employees, and emphasizing the importance of health for labor creation and a happy life. The activities included "National Hypertension Day", "World Sleep Day", "Women's Health", "Emergency Rescue Training", and "Three Reduction & Three Health - Healthy Lifestyle Campaign". Medical experts from local hospitals were invited to the Company to provide free medical services for employees.



Lecture on Emergency Rescue

In 2023

The number of employees participated in occupational general physical examination

8,390

The coverage rate of management of employees' health monitoring files for occupational general physical examination

100%

The number of employees participated in health check-ups

8,024

In 2023

The number of health treatment or consultation

23,616 person-times

The number of articles on health education issued online or offline

79

The number of on-site health promotional activities held in all fabs

44

The cumulative number of participants

4,000 person-times

CPR Training Program



To improve employees' awareness and abilities of first aid, the Company sets cardiopulmonary resuscitation (CPR) as a regular training program in all fabs and offers public training courses on CPR and ERT in the Health Center. Furthermore, the Company arranges a certain proportion of employees (including engineers, operators, and secretaries) to participate the training on CPR every year, and holds CPR competition during the Safety Month. In 2023, a total of 6,398 employees participated the training.

Activity form:

- Emergency science popularization lecture and demonstration, with

5,392 participants.

- Completed online E-Learning course and theoretical examination, with

1,006 participants.

- Established CPR-AED emergency safety popularization station for intelligent examination, and employees who have passed the examination for CPR skills and AED usage skills can obtain an electronic authentication certificate for science popularization issued by Shanghai Fire Protection Science Popularization Education Center of the Ministry of Emergency Management (MEM).

A total of

627 participants attended the activity

Competitions:

A total of 718 employees participated in the First Aid Simulation Competition. Participants were required to conduct first aid operations such as emergency calls, carrying of injured persons, and CPR according to the given scenarios and set first, second and third prizes.



Newly-added Medical Equipment



In 2023, SMIC added a total of 29 first aid kits and 10 Automated External Defibrillators (AEDs) in all fabs. As of the end of the reporting period, a total of 170 first aid kits and 27 AEDs were available in all fabs.

As of the end of the reporting period

The number of first aid kits

170

AEDs were available in all fabs

27



Caring for Psychological Health

SMIC pays great attention to the psychological health of our employees and continuously assists them in building up their psychological health. With 6 psychological counseling rooms, 3 psychological activity rooms, and 1 featured psychological reading room, the Company has carried out a series of online and on-site activities and provided training to help employees learn psychological health knowledge and improve their personal ability of psychological adjustment. The Company has also provided annual "psychological examination" to help employees understand their psychological status and advantages through psychological tests. In 2023, the number of participating employees reached 4,662, a significant increase comparing to 1,804 in 2022.

- The psychological health magazine "Voice of the Mind" on the Company's homepage attracts a lot of attention every month, with each article receiving hundreds to thousands of clicks.

- The Company launched a "psychological assessment and health" webpage on its intranet, with more than 5 psychological science popularization articles posted per month. During the reporting period, a total of 86 articles were posted, each receiving hundreds to thousands of clicks, and psychological tests were provided for 1,123 person-times.

During the reporting period

psychological tests made on the webpage involved

1,123 person-times

SMIC Online Care Activities for Employee
Psychological Health

Group Counseling for Psychological Health

- Conducted a total of **90** group counseling sessions on psychological health to employees, involving **505** person-times
- Included reading campaigns, OH (subconscious projection) Card group salons, sandbox group salons, meditation and relaxation group activities, mindfulness salons, grief counseling groups, etc. Held **33** sandbox group salons and **28** OH card group salons, widely praised by employees

"Good Sleep, Sweet Dream" Sleep Day Series Activities

- Organized **6** Q&A activities on sleep knowledge and **4** expert lectures
- Local characteristic psychological activities: Shanghai Mindfulness Salon, Shanghai Sleep Reading Club, Beijing Group Counseling for Sleep, Shanghai and Beijing "Human-machine Interaction" Pressure Relief, Tianjin Group Counseling for Meditation, Tianjin Dormitory Care, etc
- With participants of **3,319** person-times



"Healthy Psychology for Better SMIC" Psychological Health Month Promotion

- Carried out **18** various activities in different places
- 10** award-winning Q&A sessions on psychological health knowledge, **5** group counseling activities for psychological empowerment, **1** expert lecture for positive psychology, and **2** fun psychological fairs
- With participation of **5,738** person-times



SMIC Care Activities for Employee Psychological Health

Psychological Health Training



Various types of featured trainings were carried out for different groups of employees:

- To help new employees adapt to the environment, the *New Challenges at SMIC* was held for **48** sessions, involving **2,124** new employees.
- All psychological counselors gave public classes on stress and emotional management according to local conditions; many external experts were invited to the Company to give psychological health lectures or training. For example, Xi Juzhe, a professor of positive psychology at East China Normal University, gave a lecture on *Positive Mental Attitude for Better Career* in Shanghai fab; we invited Professor Zhao Ran from the Department of Psychology at the Central University of Finance and Economics to give a lecture on women's psychology titled *Maintain a Pure Heart and Noble Character in Life* on the International Working Women's Day in Beijing fab; we invited several experts to give a series of lectures on topics such as interpersonal relationships, personality testing, and intimate relationships in Shenzhen fab; and a total of **11** sessions were held, with **807** participants.
- The featured psychological health knowledge training customized by departments was held for **27** sessions, with a total of **2,882** participants.

A total of **86** on-site psychological health training activities were held from January to December, attracting a total of **5,813** employees to participate in.



"E-care for You" Manager Care Program



Adopting an "internal and external cooperation" approach, the Company's psychological counselors collaborated with external EAP suppliers to provide psychological care services for all managers and their immediate family members, assisting managers in having a happy family and career success; supervisors were also provided with the training titled *Psychological Crisis Identification and Response in Workplace* to enhance their abilities to identify and respond to employee psychological abnormalities; and electronic bulletins were sent by email on a monthly basis to help managers learn psychological health knowledge, enhance psychological capital, and better manage teams.

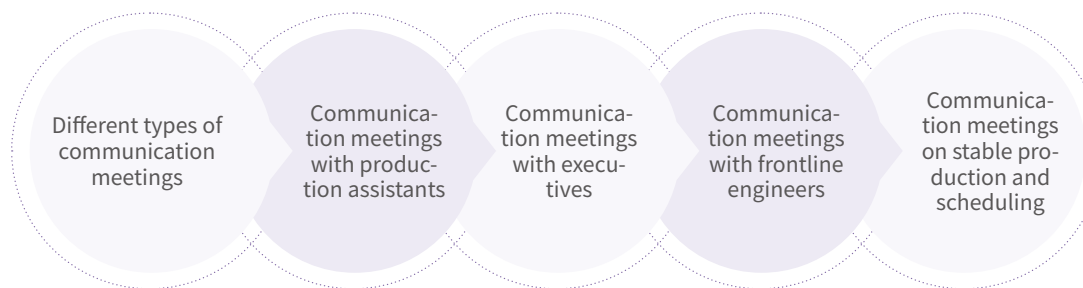
Caring for Employees

Communication with Employees

SMIC places a high value on the communication and exchange with employees. We have built various communication channels and feedback mechanisms for employees, enabling them to express their willingness and needs in different situations, and encouraging them to make suggestions for the development of the Company.

Recruitment	Provide comprehensive onboarding guide for new employees to help them quickly adapt to the working environment and get ready for work	
Service	HR service hotline	
Training	Organize seminars and meetings for technical trainees and new employees regularly to ensure training efficiency	
Resignation Communication	Attach importance to the communication and feedback of resigned employees by phone-calls, and close the gaps identified	

Communication Channels for Employees in Different Contexts



Different Types of Communication Meetings

During the reporting period, SMIC held several meetings to communicate with different types of frontline staff:

Executive Communication Meeting

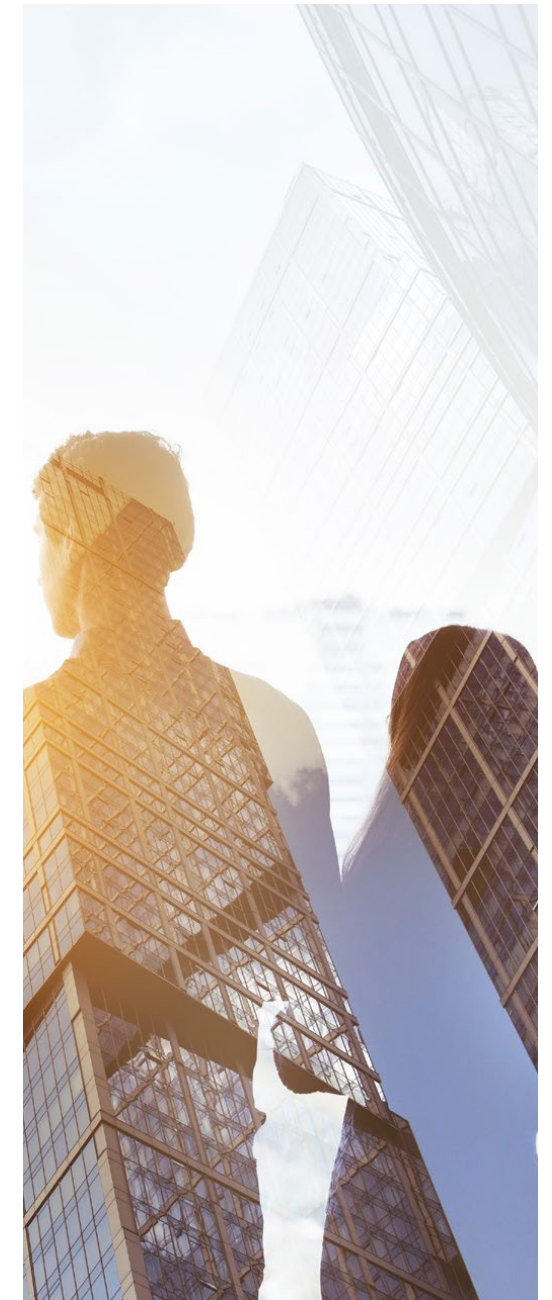


Company-wide executive communication meetings were held in March and August 2023, respectively, aimed at summarizing work in stages and making clear requirements for future work.

Communication Meeting with Frontline Engineers



In order to enhance the stability and enthusiasm of engineers, and strengthen team unity and cohesion, we held the Communication Meeting with Frontline Engineers, at which engineers expressed their opinions freely to identify gaps and share ideas regarding the front-line work, laying a solid foundation for the high-quality development of the Company.



Solicitude Benefits for Employees

Solicitudes at New Year's Eve



SMIC Labor Union held activities in all fabs and presented gift packages to employees who stayed at fabs during Spring Festival. On the night of New Year's Eve, we organized luck draw and other activities for the staff on duty to express our sincerest New Year blessings on behalf of the Company.



Dormitory Visits



As the 2023 Spring Festival approaches, SMIC labor union joined hands with all departments to express sincere solicitude to the employees in dormitories who are still on the frontline of production and operation during the Spring Festival, allowing them to feel the recognition and care from the Company for their work and daily life.



Sending Coolness in Summer



Because of frequent high temperature warnings in the summer of 2023, the Company's management attached great importance to summer production safety, especially employee health. In active response to the notice and call of the municipal labor union and for effective heatstroke prevention and cooling, SMIC labor union carried out "sending coolness" activities for frontline employees who work outdoors in hot weather, conveying care and ensuring a safe and healthy summer life for employees.



Reunion at Mid-Autumn Festival



SMIC labor union not only distribute Mid-Autumn benefits, but also prepared hand-painted, allowing everyone to create their own colorful glass boxes for a happy Mid-Autumn Festival.



Recreational and Sports Activities

By fully leveraging the role of labor union as a bridge, the Company has organized various recreational and sports activities to enrich the leisure life of employees.

"2023 Autumn Athletic Meeting – Advance Courageously with SMIC for Better Future"



On October 29, SMIC held the "2023 Athletic Meeting – Advance Courageously with SMIC for Better Future" throughout the Company in an innovative form, with about 1,500 participants from various regions. The Sports Meeting provided an opportunity for communication and cooperation among employees, stimulated their work enthusiasm, and helped them release work pressure and enhance their unity, cohesion, and sense of belonging, fully demonstrating the Company's philosophy of "One SMIC with Global Operation".



SMIC Ball Games and Sports Association



SMIC Labor Union, with the support and leadership of leaders and supervisors at all levels, joined hands with all associations to hold a series of ball games such as table tennis, badminton, basketball, and football, to enrich the employees' leisure life and improve their health and enhancing team cohesion.



The Voice of SMIC



In order to enrich recreational and sports activities for employees and create a united, passionate, energetic and positive working atmosphere, SMIC labor union held the "Voice of SMIC", attracting employees from various departments to actively participate in. The singing competition showcased the healthy and enthusiastic spirit of employees, allowing them to release work pressure, and stimulating their work enthusiasm.



Employee Carnival



SMIC Shenzhen and Tianjin labor union held employee carnival activities, respectively, setting up a stage for employees to showcase their talents. These interesting activities allowed employees to take joy in games, learn cooperation in competition, and feel the charm and passion of sports after busy work.



Family Day



SMIC Labour Union Shenzhen and Tianjin respectively held a Corporate Family Day, allowing the family members of our employees to come to SMIC , learning about our working environment, feeling the warmth of the corporate family, and enhancing the cohesion and sense of belonging of employees.



"Lady Day" activity



In order to allow female employees to have a cozy and happy annual International female's Day, SMIC Labor Union held "Lady Day" activities, conveying holiday blessings and actively creating a festive atmosphere that respects women, understands female, and promotes the healthy development of female's career.



Convenient and Caring Living Services and Facilities

Practicing the idea of "Building a fab is also building a home", SMIC actively provides relevant support services for employees to fully improve their living conditions.

Comfortable Living Quarter

Tianjin Living Quarter



To improve the living environment for employees, SMIC Tianjin has rented 109 dormitories for engineers and technical trainees, with an occupancy rate of 98% currently. In 2023, efforts were made to renovate old infrastructure and complete wall moisture repair, window screen replacement, bathroom renovation, and kitchen cabinet replacement, thereby creating a better living environment for employees.



Shanghai Living Quarter



Basic information of Shanghai Living Quarter: 2,386 apartments, with 2,200 ones occupied currently, creating an occupancy rate of 92%; 2,747 beds at MA Dormitory, with 1,615 ones occupied currently, creating an occupancy rate of 59%; 2,217 beds at Engineer Dormitory, with 1,196 ones occupied currently and an occupancy rate of 54%; each room has an independent bathroom, and a public self-service laundry room is set up in the dormitory area.

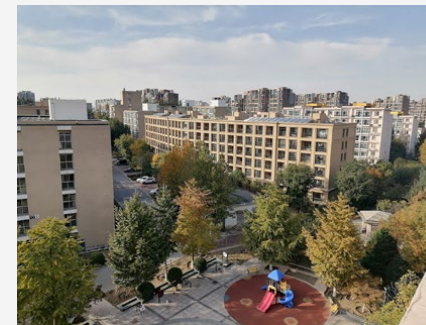


Beijing Living Quarter



SMIC Beijing Garden Apartments/Single Apartments/Collective Dormitories: To meet the housing needs of employees, a total of 367 apartments, 371 single apartments, and collective dormitories with 1,969 beds have been provided for approximately 3,900 employees, including 1,473 employees living in collective dormitories, with an occupancy rate of 74.81%.

Rented collective dormitories: To meet the housing needs of more employees at the grassroots level, we have rented three apartment buildings as collective dormitories, with a total of 2,906 beds. Currently, 2,340 employees are living in the dormitories, with an occupancy rate of 80.52%.



Shenzhen Living Quarter



Basic information of Shenzhen Living Quarter in 2023: 726 single apartments, 481 collective dormitories, 1,530 beds, with an overall occupancy rate of 85.9%. At present, the interior decoration of the Phoenix Garden project built by the government has been completed. According to the statistics of employee intentions, it is planned to lease 294 dormitories for single engineers and 1,072 for family-style apartments, and 454 MA dormitories are currently being equipped with furniture and appliances, which are expected to be ready in April 2024.



Delicious Canteen Dishes

SMIC has set up canteens of varying scales according to the number and demands of employees in different fabs and monthly catering subsidies are provided for employees. In addition, the Company makes continuous efforts to optimize the supervision and inspection mechanism to ensure that the canteen contractor provides high-quality services as well as healthy and safe food to our employees.

New Dishes Tasting



In order to enrich the dining options for employees, the Company's canteen has made bold innovation in dishes and solicited opinions from employees via new-dish-tasting activities. In 2023, Canteen in Shenzhen fab introduced at least four new dishes and two special offers per week.



Free Shuttle Buses

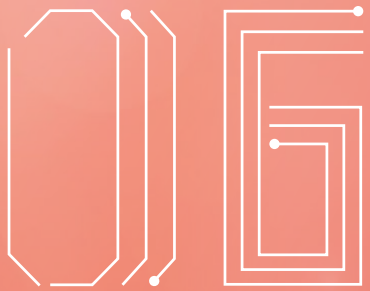
SMIC has set up shuttle bus lines between fabs and living quarters to provide employees with free shuttle services.

Shuttle Buses



In 2023, SMIC replaced its shuttle buses with new ones and optimized bus routes to make the employees more comfortable while saving energy and reducing carbon emissions.





Continuous Gratefulness, Giving Back to Society

Shouldering corporate responsibilities and constantly giving back to society with love, SMIC has led employees to spread the care and love of SMIC through public benefit activities and donation projects. We continued to invest funds and time in medical assistance and education, vigorously pushed ahead with philanthropy projects to cultivate talents for the country, and continuously transmitted positive energy to society. During the reporting period, approximately 20,000 person-times of SMIC participated in public benefit activities, involving a total of nearly 25,000 employees.

- Caring for Children and Delivering Warmth
- Assisting in Education and Nurturing Hope

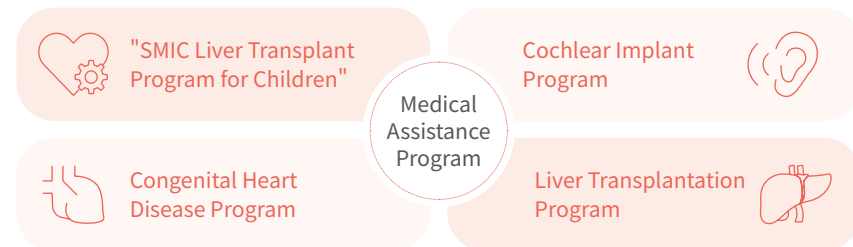


Caring for Children and Delivering Warmth

SMIC constantly cares for the health of youngsters, we have initiated and participated in a number of philanthropic healthcare programs, making due contributions to the country and society.

During the reporting period, SMIC continued to cooperate with China Soong Ching Ling Foundation and Shanghai Renji Hospital to carry out programs such as the "SMIC Liver Transplant Program for Children", liver transplantation, cochlear implant and medical assistance for congenital heart disease sufferers, and providing assistance to impoverished children suffering from liver diseases, hearing impairment and congenital heart diseases, aiming to support their healthy growth of children.

SMIC continues to work with China Soong Ching Ling Foundation and Shanghai Renji Hospital to carry out projects such as "Core Liver Baby Program", liver transplantation, cochlear implant and congenital heart disease rescue, providing assistance to many poor children suffering from liver disease, hearing impairment and congenital heart disease, and helping them grow up healthily.



SMIC Medical Assistance Programs



From Apr 2013, SMIC launched the "SMIC Liver Transplant Program" for Children (SLTPC) with China Soong Ching Ling Foundation and Shanghai Renji Hospital, which is used to support impoverished end-stage liver disease children in accepting liver transplantation surgery. After years of development, the SLTPC has grown from a philanthropy program attended by SMIC only, to be a philanthropy brand jointly attended by employees, enterprises in the integrated circuit industry chain, and caring individuals from all walks of life.



During the reporting period

the SLTPC has collaborated with over 2,000 employees to donate

2.36 million yuan

and a total of

115

caring enterprises actively donated

2.78 million yuan

a record high in history

By far

the SLTPC has donated nearly

45 million yuan

in total

helping

832

children restore health through surgery

The 11th Donation Ceremony of "SMIC Liver Transplant Program for Children"



On October 18, 2023, the 11th Donation Ceremony of "SMIC Liver Transplant Program for Children" was held at Shanghai Renji Hospital. As a leader of IC manufacturer industry in Chinese Mainland, SMIC has always adhered to the people-oriented principle, actively given back to society through practical actions, effectively helped people in straitened circumstances, and transmitted positive social energy. In the new era, SMIC will continue to make concerted efforts together with other partners and actively contribute to high-quality development of China's public welfare undertakings.



Liver Transplantation Program

Since its launch, the SMIC Liver Transplantation Program for Children has received the attention of many friends and kind-hearted individuals in society. SMIC continues to assist underprivileged children in need of liver transplantation to return to a healthy life, and fund them for liver transplantation surgery.

As of the end of the reporting period

SMIC has donated a total of

8.76 million yuan

helped patients

219



Cochlear Implant Program

To enable more patients with severe hearing impairment to hear the voice of the world, we make continuous efforts to promote the Cochlear Implant Program and cooperate with the People's Hospital of Dali Bai Autonomous Prefecture to assist patients in accepting electronic cochlear implant surgery. Currently, the program has been concluded.

As of the end of the reporting period

SMIC has donated

2.32 million yuan

helped patients

50



Congenital Heart Disease Program

SMIC worked with the top cardiologists from Shanghai Children's Medical Center in China to help children with congenital heart disease in impoverished families to restore health, safeguarding the health of children. Currently, the program has been concluded.

As of the end of the reporting period

SMIC has donated

1.5 million yuan

helped patients

51



Love Donation

While contributing to the industry development, SMIC devotes constant efforts to give back to society. With its continuous development, the Company actively carries out charitable donation projects to benefit society and organizes charity event, leading our employees to continuously create value for society.

Love Donation to Village and Town Schools



SMIC donated computers, display screens and other equipment to some rural schools in Ruyang County and Puyang County, Henan Province, as well as rural primary schools in Chaogzhou, Guangdong Province, and Mizhi County, Gansu Province, to provide more educational resources in remote areas.

During the reporting period, we donated 310 sets of used desktop computers.



Flowing Goodwill: Blood Donation Activity



SMIC encourages employees to donate blood every year. In 2023, SMIC actively organized employees to participate in the blood donation activities organized by the health centers in Shanghai. A total of 241 employees donated blood of 48,200 milliliters, fully reflecting the altruism of our employees.



Assisting in Education and Nurturing Hope

Based on education, SMIC devotes to setting up schools to continuously reserve young talents for the country by adhering to the direction of continuously optimizing curriculum design and improving teaching quality.

Being fully aware of the importance of the education system and teaching methods for talent cultivation, SMIC School has been continuously deepening teaching research, striving to improve the teaching level and provide the best development platform for students, and exploring teaching innovation while consolidating basic education. In addition to cooperating with numerous prestigious universities, SMIC School has established multiple scholarships to provide students with multiple development opportunities and help students better achieve their life goals.

Since its establishment, SMIC School has continuously supplied numerous outstanding talents to society. In the future, we will continue to benefit society and assist in national revitalization through education.

Shanghai SMIC Private School

Founded in September 2001, Shanghai SMIC Private School has developed into a 15-year system private school integrating education from kindergarten to high school. Adhering to the people-oriented principle, Shanghai SMIC Private School believes that every student is endowed with great potential and entrusted with important responsibilities. Therefore, the School attaches great importance to the personality development of students and provides them with a wide variety of extracurricular activities to help them explore their own specialties.

Over the past years, the School has been awarded many honors, such as "National Excellent Private Primary and Secondary School", "Featured National Normal School", "Featured National Advanced School", "Featured Project School", and "KingLead China International School Practitioner on Teenager Research". Through unremitting efforts of generations of "SMIC people", SMIC School has become a high-quality private school recognized by the government, satisfied by society, loved by students, and trusted by parents. As of the end of the reporting period, the distribution number of faculty and staff was: 19% for senior high school, 19% for junior high school, 34% for primary school, and 28% for kindergarten. Foreign teachers accounted for 27% of the total number of faculty and staff.



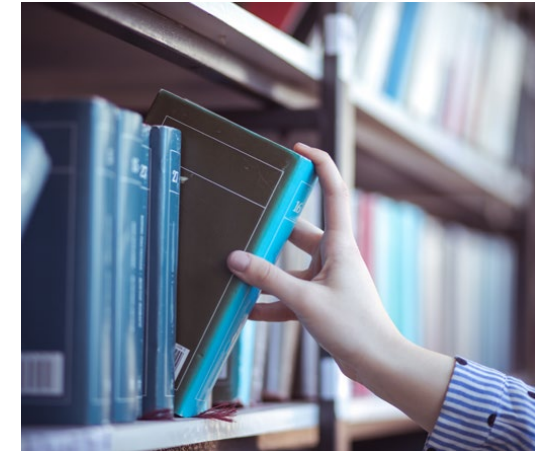
School Environment



Classroom Atmosphere



Playground



As of the end of the reporting period, the distribution number of faculty and staff

Senior high school	Junior high school
19%	19%
Primary school	Kindergarten
34%	28%

Foreign teachers accounted for **27%** of the total number of faculty and staff



Cultivating Students with SMIC Philosophy

Adhering to the philosophy of "Character First, Pursuit of Excellence, Caring for the World, Happy Growth", Shanghai SMIC Private School aims to build itself to be an innovative and outstanding international school, and has achieved outstanding results through continuous efforts in 2023.

In 2023, Shanghai SMIC Private School ranked on the KingLead Top 100 List of China International Schools by Innovative Competitiveness **8th** nationwide and **4th** in Shanghai

In 2023, Shanghai SMIC Private School ranked on the KingLead Top 100 List of China International Schools by Brand Value **16th**

In 2023, Shanghai SMIC Private School continued to carry out large-scale recreational, sports, and public benefit activities, enriching the extracurricular life of students and allowing them to fully experience a joyful atmosphere and showing their youthful vitality.

International Week Activities



In May 2023, Shanghai SMIC Private School held an International Week event, helping students learn about the culture, art, history, and others of various countries in a creative way. Through this event, students not only mastered the method of information collection, composition writing, creative design, artistic expression and group cooperation, but also travelled around the world and explored foreign cultures without going abroad.



Reading Week Activities



The 3rd week of October 2023 is the annual Reading Week of Shanghai SMIC Private School, involving activities from family reading day to reading supremacy day and from dream reading day to reading with good friends, and vocabulary parade. The intriguing reading atmosphere with different themes each day allows students to immerse themselves in the joy of reading, helps them develop reading habits, improves their understanding of reading, and enhances the fun of reading for them.



Philanthropy Charity Bazaar Art Show – Spread the Love of SMIC



As an annual traditional activity of Shanghai SMIC Private School, Philanthropy Charity Bazaar launches a series of activities such as Love Fair and online charity sale, through which funds are raised and donated to philanthropic foundations and in which middle and primary school students are allowed to build charity sales booths. This is an important way for the school to conduct character education as, winning vigorous support from teachers, students, and parents.



Beijing SMIC Private School

Founded in September 2005, Beijing SMIC Private School is located on the bank of the Liangshui River, Beijing Economic-Technological Development Zone in the spacious and livable Yizhuang New City. With over 2,000 teachers and students from 19 countries and regions, it is a private bilingual education school with a 12-year well-established system from primary school to high school, with a diverse cultural atmosphere and an international educational environment.

Over the past 18 years, the school has provided education for students according to the educational philosophy of "Character First, Pursuit of Excellence, Caring for the World, Happy Growth", featured with bilingual courses and immersive international courses for holistic education. The School is committed to helping students raise their abilities of independent exploration and lifelong learning, working together with families to create a "student-centered" educational environment, and cultivating leaders who can freely walk in the future world. As of the end of the reporting period, the distribution number of faculty and staff is: 11% for high school, 9% for middle school, 42% for primary school, and 38% for kindergarten. Foreign teachers accounted for 16% of the total number of faculty and staff.



School Environment



Featured Corridor



Fused Curriculum



Caring for Our Students

Upholding the educational philosophy of "cultivating key abilities, promoting comprehensive development, and able to walk freely in the future world", Beijing SMIC Private School has cultivated students' abilities from multiple aspects and helped them explore the joy of learning and find their future growth direction. Through joint efforts of the school and students, during the reporting period, the School participated in the social organization evaluation organized by the Civil Affairs Department of the Social Affairs Bureau of Beijing Economic-Technological Development Zone. After application and self-assessment, on-site evaluation by the expert group, review and approval by the evaluation committee, publicity and review, the School was received the "5A Level" social organization title once again, becoming the only participating unit in the evaluation to obtain the highest social organization level. In addition, our primary school, junior middle school, and high school have all achieved exciting results.

While improving the quality of education, the school strives to help students find joy after learning and cultivate their multifaceted learning abilities. On November 19, 2023, the debate team of the primary school won the championship of the primary school group in the inter-school competition of the 9th Beijing Middle and Primary School Debate Competition.



The School attaches importance to the physical health of students in addition to learning, and encourages each student to actively participate in various sports. On April 28, 2023, the junior middle school got a first by the total team score at the 2nd Beijing Economic-Technological Development Zone Middle and Primary School Student Games.



The School has achieved remarkable results in education, with its students welcomed by many world-renowned universities. In 2023, several "Ivy League universities" offered an olive branch to SMIC students. Each offer carries not only recognition from well-known universities to our students, but also their love and pursuit of ideals.



Beijing SMIC Private School continues to carry out rich recreational activities and programs to help students achieve all-around development in morality, intelligence, physique, aesthetics and skills, promote students to enhance their relationship with the school, and create a home-like warm school environment.

Beijing SMIC Private School International Day Activities



2023 is the third year for Beijing SMIC Private School to hold the International Day event with the theme of "the Belt and Road · Growth Road". This year, more research and exhibition activities of exploratory courses were provided to help students obtain an in-depth understanding of the background, significance, history, impact, achievements and future development of the "the Belt and Road", thereby improving their core literacy and key capabilities. Apart from various program performances, parents also showed their culinary skills and brought specialty food to the campus, and teachers, students and parents shared delicious dishes together.



Autumn Fun Games



In September 2023, Beijing SMIC Private School held the Autumn Fun Games themed "cooperation, innovation, green, health, and harmony". In 2023, parents of students from grades 1 to 3 were invited to participate in the "parent-child games", cheered with children, enjoyed the passion brought by sports, and accompanied children to grow happily. The joint participation of families and schools at every stage of children growth is a precious memory that SMIC wants to bring to every family.



Evening Party for Welcoming New Students



In September 2023, in order to help new teachers and students become familiar with the environment as soon as possible and better integrate into the campus, and enable their families to learn more about SMIC's educational philosophy and experience colorful campus culture, Beijing SMIC Private School held a unique welcome party for new students to welcome them and convey campus warmth.



About This Report

Introduction

This is the Annual Environmental, Social and Governance (ESG) Report (hereinafter referred to as "This Report") released by Semiconductor Manufacturing International Corporation (hereinafter referred to as "SMIC", "the Group", "we" or "the Company"). This Report discloses the ESG performance of SMIC in 2023 on the principles of openness and transparency.

Reference Standards

This Report is prepared in accordance with the *Environmental, Social, and Governance ("ESG") Reporting Guide* contained in Appendix C2 of the *Listing Rules of the Stock Exchange* issued by the Stock Exchange of Hong Kong Limited and relevant provisions based on principles of materiality, quantitative, balance and consistency, and the *Rules Governing the Listing of Stocks on STAR Market*, with appropriate reference to the *Global Reporting Initiative (GRI) Sustainability Reporting Standards* (GRI Standards), the *Guidelines for the Preparation of Social Responsibility Reports for Chinese Enterprises* (CASS-ESG 5.0) issued by the Academic Division of Economics of the Chinese Academy of Social Sciences, the *Corporate Social Responsibility (CSR) Guide for China's Industrial Enterprises and Industrial Associations* of the China Federation of Industrial Economics (CFIE), *Guidance on Social Responsibility of Information and Communication Technology Industry* (SJ/T 16000-2016) of China Electronics Standardization Association (CESA) and the main principles of *Guidance on Social Responsibility* (ISO 26000:2010) by the International Organization for Standardization (ISO).

Reporting Scope

The Reporting Scope of this Report covers Semiconductor Manufacturing International Corporation ("the Company" or "the Group") and its subsidiaries which is consistent with the scope of the Annual Report. For ease of expression, the "country", "domestic", "Chinese Mainland" and "the government" in this Report refer to the People's Republic of China and its administrative organs.

Reporting Period

The reporting period of this Report is from January 1, 2023 to December 31, 2023. To make this Report more readily understandable, some content and data can be traced back to prior and/or subsequent years.

Release Cycle

This Report is an annual report, which is usually released in the first quarter of the year subsequent to the reported year.

Description of Report Preparation and Data Source

Members of the ESG Committee served as editors for this Report, while each functional department provided ESG-related business information and data. The Company's ESG Office collected and edited the data, which was then reviewed and confirmed by members of the ESG Committee.

The financial data quoted in this Report are sourced from the 2023 consolidated financial statements, which have been independently audited by Ernst & Young Hua Ming LLP. Other information and data are mainly from relevant internal statistical reports or documents of the Company. Unless otherwise specified, the currency amounts of financial statements data included in this Report are measured in USD, while the currency amounts of non-financial statements data included in this Report are denominated in CNY.

Confirmation and Approval

After being confirmed by the Management, this Report was confirmed by the management and approved by the Board of Directors on Mar 28th, 2024.

Report Release

This Report is released in both paper and electronic editions in Chinese (simplified and traditional) and English. To browse the electronic version of this Report, please visit the website of [Semiconductor Manufacturing International Corporation](http://www.smics.com).

Contact Information

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Summary of ESG Performance

Performance indicator	Unit	Figure		
		2021	2022	2023
Revenue	Billion USD	5,443	7,273	6,322
Net profit attributable to shareholders of the listed Company	Billion USD	1,702	1,818	0,903
R & D expenses	Million	639	733	707
Number of employees	Person	17,681	21,619	20,223
Proportion of female employees	%	39	36	37
Labor contract signing rate	%	100	100	100
Employee training coverage rate	%	100	100	100
The average training hours completed per employee	Hour	29	39	31
Number of work-related fatalities occurred in the past three years	Person	0	0	0
Lost days due to work injury	Day	517	232	447
Annual number of new occupational diseases	Case	0	0	0
Cumulative number of occupational diseases	Case	0	0	0
Times of safety training	Time	808	930	1,178
Number of safety training participants Safety training	Person-time	98,765	92,666	118,406
Number of safety production accidents (according to national standards)	Time	0	0	0
Employee volunteer hours	Hour	13,049	40,987	24,640
Cumulative number of patents applied	Piece	17,980	18,799	19,411
Accumulative number of patents granted	Piece	12,467	12,869	13,450

Economic
Social

Performance indicator	Unit	Figure		
		2021	2022	2023
Total volume of air emissions	10,000 m ³	5,505,055	6,247,676	8,248,471
Total volume of nitrogen oxide emissions	Ton	108	113	172
Total volume of sulfur dioxide emissions	Ton	5	14	14.8
Volatile organic solvents	Ton	30	36	40
Total GHG emissions	Ton of CO ₂ e	2,239,093	2,558,421	2,607,939
Total direct emissions (Scope 1)	Ton of CO ₂ e	680,308	823,838	843,517
Total indirect emissions (Scope 2)	Ton of CO ₂ e	1,558,785	1,734,583	1,764,422
Hazardous waste	Ton	47,578	58,268	67,529
General industrial solid waste	Ton	41,285	46,141	57,059
Domestic Waste	Ton	2,686	2,075	4,184
Total electricity consumption	Million kilowatt-hours	2,501	2,869	3,194
Total natural gas consumption	1,000 m ³	16,691	19,418	21,930
Total steam consumption	Kiloton	212	302	273
Total water consumption	Kiloton	20,619	24,713	26,932
Total wastewater discharge	10,000 tons	1,786.33	1,977.28	2,171.23
Total amount of packaging materials used for finished products	Ton	418	521	339
Intensity of packaging materials used for finished products	Ton/million USD	7.67	7.72	5.36
Times for environmental protection training	Time	86	69	103
Number of participants in environmental protection training	Person-time	18,715	12,661	28,111
Passing rate for ISO 14001 certification	%	100	100	100

Environmental

Index of Indicators

HKEX Environmental, Social and Governance Reporting Guide

ESG KPIs	KPIs Description	Disclosure Paragraph
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A1.1	The types of emissions and respective emissions data	Driving Green Operating as Due Responsibility
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Driving Green Operating as Due Responsibility
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Driving Green Operating as Due Responsibility
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	Driving Green Operating as Due Responsibility
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Driving Green Operating as Due Responsibility
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Adapting to Climate Change and Creating a Low-carbon Development Future

ESG KPIs	KPIs Description	Disclosure Paragraph
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	Summary of ESG Performance
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Driving Green Operating as Due Responsibility
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Driving Green Operating as Due Responsibility
Aspect A4	Climate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Adapting to Climate Change and Creating a Low-carbon Development Future
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Adapting to Climate Change and Creating a Low-carbon Development Future
B. Social		
Employment and Labour Practices		
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Driving Sustainability with People Orientation
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Driving Sustainability with People Orientation
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Driving Sustainability with People Orientation
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Driving Sustainability with People Orientation
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Summary of ESG Performance

ESG KPIs	KPIs Description	Disclosure Paragraph
KPI B2.2	Lost days due to work injury	Driving Sustainability with People Orientation
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Driving Sustainability with People Orientation
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Driving Sustainability with People Orientation
KPI B3.1	The percentage of employees trained by gender and employee category	Driving Sustainability with People Orientation
KPI B3.2	The average training hours completed per employee by gender and employee category	Driving Sustainability with People Orientation
Aspect B4	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Driving Sustainability with People Orientation
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Driving Sustainability with People Orientation
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Driving Sustainability with People Orientation
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Based in China Going Global
KPI B5.1	Number of suppliers by geographical region	Based in China Going Global
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	Based in China Going Global
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Based in China Going Global
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Based in China Going Global
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Based in China Going Global

ESG KPIs	KPIs Description	Disclosure Paragraph
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Based in China Going Global
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Based in China Going Global
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Based in China Going Global
KPI B6.4	Description of quality assurance process and recall procedures	Based in China Going Global
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Based in China Going Global
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Adhere to the Integrity and Compliance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Adhere to the Integrity and Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Adhere to the Integrity and Compliance
KPI B7.3	Description of anti-corruption training provided to directors and staff	Adhere to the Integrity and Compliance
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Caring for Children and Delivering Warmth Assisting in Education and Nurturing Hope
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Caring for Children and Delivering Warmth Assisting in Education and Nurturing Hope
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Caring for Children and Delivering Warmth

GRI Standards Guide

Statement of Use	SMIC has reported the information cited in this GRI content indexes for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

Disclosure Issues/Items	Title of Disclosure Item	Chapter Index
GRI 1: Foundation 2021		
GRI 2: General Disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	A Snapshot of SMIC IC Development
2-2	Entities included in the organization's sustainability reporting	About This Report
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	About This Report
Activities and workers		
2-6	Activities, value chain and other business relationships	A Snapshot of SMIC IC Development
2-7	Employees	Driving Sustainability with People Orientation
2-8	Workers who are not employees	Based in China Going Global Strengthen the Governance for Sustainable Development
Governance		
2-9	Governance structure and composition	Laying a Solid Foundation through Responsible Governance Strengthen the Governance for Sustainable Development
2-12	Role of the highest governance body in overseeing the management of impacts	Laying a Solid Foundation through Responsible Governance Strengthen the Governance for Sustainable Development
2-13	Delegation of responsibility for managing impacts	Laying a Solid Foundation through Responsible Governance
2-14	Role of the highest governance body in sustainability reporting	Laying a Solid Foundation through Responsible Governance

Disclosure Issues/Items	Title of Disclosure Item	Chapter Index
Strategy, policies and practices		
2-23	Policy commitments	Strengthen the Governance for Sustainable Development
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Strengthen the Governance for Sustainable Development
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Strengthen the Governance for Sustainable Development
3-2	List of material topics	Strengthen the Governance for Sustainable Development
3-3	Management of material topics	Strengthen the Governance for Sustainable Development
Economy		
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	ESG Performance Highlights in 2023
201-2	Financial implications and other risks and opportunities due to climate change	Adapting to Climate Change and Creating a Low-carbon Development Future
201-3	Defined benefit plan obligations and other retirement plans	Driving Sustainability with People Orientation
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Adhere to the Integrity and Compliance
205-3	Confirmed incidents of corruption and actions taken	Adhere to the Integrity and Compliance
Environment		
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Summary of ESG Performance
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	Adapting to Climate Change and Creating a Low-carbon Development Future
302-3	Energy intensity	Adapting to Climate Change and Creating a Low-carbon Development Future
302-4	Reduction of energy consumption	Adapting to Climate Change and Creating a Low-carbon Development Future

Disclosure Issues/Items	Title of Disclosure Item	Chapter Index
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Adapting to Climate Change and Creating a Low-carbon Development Future
303-4	Water discharge	Adapting to Climate Change and Creating a Low-carbon Development Future
303-5	Water consumption	Adapting to Climate Change and Creating a Low-carbon Development Future
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Adapting to Climate Change and Creating a Low-carbon Development Future
305-2	Energy indirect (Scope 2) GHG emissions	Adapting to Climate Change and Creating a Low-carbon Development Future
305-4	GHG emissions intensity	Adapting to Climate Change and Creating a Low-carbon Development Future
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Driving Green Operating as Due Responsibility
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Driving Green Operating as Due Responsibility
306-2	Management of significant waste-related impacts	Driving Green Operating as Due Responsibility
306-3	Waste generated	Driving Green Operating as Due Responsibility
Society		
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Driving Sustainability with People Orientation
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Driving Sustainability with People Orientation
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Driving Sustainability with People Orientation
403-2	Hazard identification, risk assessment, and incident investigation	Driving Sustainability with People Orientation
403-3	Occupational health services	Driving Sustainability with People Orientation
403-5	Worker training on occupational health and safety	Driving Sustainability with People Orientation

Disclosure Issues/Items	Title of Disclosure Item	Chapter Index
403-6	Promotion of worker health	Driving Sustainability with People Orientation
403-8	Workers covered by an occupational health and safety management system	Driving Sustainability with People Orientation
403-9	Work-related injuries	Driving Sustainability with People Orientation
403-10	Work-related ill health	Driving Sustainability with People Orientation
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Driving Sustainability with People Orientation
404-2	Programs for upgrading employee skills and transition assistance programs	Driving Sustainability with People Orientation
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Laying a Solid Foundation through Responsible Governance Driving Sustainability with People Orientation
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Driving Sustainability with People Orientation
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Driving Sustainability with People Orientation
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Driving Sustainability with People Orientation
GRI 416: Customer Health and Safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Based in China, Going Global

Vision of the Future

In recent years, global competition in the semiconductor manufacturing industry has become increasingly fierce, with development opportunities and challenges coexisting. As the largest wafer foundry in Chinese Mainland, SMIC relies on the strong support of the domestic market, reasonable strategic layout and leading technology, is moving steadily forward amidst a new round of industrial transformation.

Meanwhile, responding to the national call of carbon peaking and carbon neutrality, SMIC has made flexible adjustments to its environmental goals based on its business development and future plans, and in combination with trends of the chip industry, continued to promote energy saving and emission reduction, and implemented the concept of sustainable development.

Looking ahead to 2024, upholding the corporate sustainable development concept of "Caring for people, the environment and society", SMIC will continue to fulfill its long-term commitment of sustainable development. We will work closely with all stakeholders to continuously fulfill corporate social responsibilities and establish a harmonious and win-win social ecosystem.

While continuing to operate in compliance with laws and regulations, SMIC is committed to:

Deepening Cooperation

Join hands with customers and other stakeholders to promote further communication and collaboration through transparent and effective multi-directional channels, grasp the pace of production expansion stably, and jointly drive the business development.

Low Carbon and Environmental Protection

Accelerate the development of low-carbon energy-saving projects, and continuously enhance the level of environmentally friendly and innovative technologies to advance the Company goal of transformation towards green at a faster pace.

International Development

Keep up with the development trend of the global chip industry, rely on the domestic market, deeply integrate into the global industrial chain, and promote the international development of the industry.

Care for Employees

Optimize the benefits for employees, stimulate employees' development potential, and create a workplace environment featuring safety, health and humanistic care.

Green Operations

Make constant efforts to optimize ESG governance, advocate and practice the concept of green and low-carbon operations, and gradually improve the environmental protection management system.

Giving Back to Society

Continue to fulfill our corporate social responsibilities, and actively participate in charity activities, charitable donation projects, providing assistance to vulnerable groups.



Risk Warning

To Readers

This Report mainly summarizes the Company's ESG performance over the past year, and some sections may contain forward-looking or aspirational statements. Such statements, which are included in "Letter from the Chairman", "Vision of the Future" and the policy overview in each chapter, are SMIC's forecasts of future events based on the current situation and estimates according to its best judgment, and should not be used as a primary basis for investment. These statements are inherently subject to known or unknown risks and uncertainties, including, but not limited to, risks in geopolitics, supply chain, customer, R&D and production, the semiconductor industry cycle and market, order or judgment of pending litigation, intellectual property litigation common to the IC industry, macroeconomic conditions, and currency exchange rate fluctuations.

In addition to this Report's contents, readers or investors should primarily consider other documents disclosed by SMIC in real time to the HKEX and the SSE. Other unknown or unpredicted risk factors may also adversely affect SMIC's future performance or development. The forward-looking or aspirational statements do not reflect events occurring after the date of release of the Report, and SMIC assumes no liability for the contents of such forward-looking or aspirational statements, except as required by applicable laws and regulations.



Feedback Form

This is SMIC's 2023 Environmental, Social and Governance (ESG) Report released to the public. To continuously improve our ESG management and ability to fulfill social responsibility, we would love to hear your comments and suggestions. We sincerely request your assistance in answering questions listed in the feedback form, and sending it back to us by Email, post and online response.

1. What do you think of the SMIC ESG Report in general?

- Good
- Fairly good
- Average
- Poor

2. How often would you like SMIC to disclose ESG reports?

- Annually
- Semi-annually
- Quarterly

3. What issues in this Report do you concern most?

- Regulatory compliance
- Occupational safety and health
- Risk management
- Confidential information protection
- Climate change and GHG management
- Customer service and satisfaction
- Product quality control
- Others

4. Do you think this Report can reflect SMIC's significant economic, social, environmental and corporate governance impacts?

- Yes
- To some degree
- No
- I don't know

5. How accurate and complete do you think the information disclosed in this Report is?

- High
- Fairly high
- Average
- Relatively low
- Low

6. What aspects of this Report do you think need improvement?

- Layout
- Data type
- Issues covered
- References

Your comments and suggestions on SMIC's ESG work as well as this Report are appreciated.

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