



2024

# Environmental, Social, and Corporate Governance Report

SG Micro Corp

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# Message from the Chairman

“ The year 2024 presented both challenges and opportunities. Amidst a complex and dynamic market, SGMICRO actively navigated these complexities while strategically capitalizing on emerging opportunities. We remain steadfast in our founding aspiration: to become a leading integrated analog IC enterprise, dedicated to enhancing lives through technological innovation. Technology is a pivotal force driving societal progress, and each advancement broadens human prospects and enriches possibilities. We firmly believe that our continuous pursuit of technological innovation and breakthroughs will guide our era toward a future that significantly benefits global well-being and the sustainable development of our planet.

Since our inception, we've focused on developing high-performance, high-quality, and eco-friendly Integrated Circuit (IC) products. This commitment stems from a sincere desire to protect our environment and improve the quality of life for future generations. Driven by our pursuit of excellence, we continuously increase

R&D investment, push the boundaries of technological innovation, and develop more efficient and energy-saving analog ICs. Our product portfolio now encompasses 34 categories and over 5,900 products. Many of these are widely adopted across diverse and critical markets, including new energy vehicles, photovoltaic energy storage, intelligent manufacturing, and green household appliances. This not only creates value for our customers but also serves our collective goal of energy conservation and environmental protection.

We recognize climate change as the defining global challenge of our generation. In response, SGMICRO has proactively integrated carbon reduction into our core sustainability strategy. We've established ambitious medium- to long-term goals: a 50% reduction in carbon emissions per million yuan of output by 2030, and a 90% reduction by 2050. These targets are underpinned by continuous initiatives to optimize our energy mix, enhance operational efficiency, and embed green development principles across all facets of our operations.

Believing that corporate growth and social progress are fundamentally interconnected, SGMICRO maintains a customer-centered approach to delivering high-quality, reliable products. This is supported by a comprehensive quality management system and responsive customer feedback mechanisms. Externally, we have raised environmental standards for our suppliers, reinforcing a joint commitment to building a sustainable and responsible supply chain. Internally, fostering a diverse, equitable, and inclusive workforce remains a priority. We consider a supportive workplace culture that values employee well-being and development crucial for strengthening cohesion and enhancing a sense of belonging across the company. Furthermore, SGMICRO actively participates in various social welfare events to raise public awareness of sustainable development and social responsibility.

We are committed to improving operational efficiency through lean management practices. By refining comprehensive aspects of our governance, including our corporate structure,

sustainable framework, and ethical conduct, we enhance the effectiveness of risk and compliance management. Reflecting on 2024, SGMICRO achieved steady growth across various fronts, including financial strength, team efficiency, and resilience against risks, delivering robust overall performance.

Looking ahead, SGMICRO will adopt an even more responsible stance, collaborating with stakeholders to advance economic, social, and environmental sustainability. In the face of unforeseen challenges and environmental shifts, SGMICRO's team will continue to contribute with a strong sense of mission, working collaboratively to bring about positive change in the world.

Zhang Shilong  
Chairman and CEO





# About SGMICRO

SGMICRO specializes in the research, development, and sales of high-performance, high-quality analog integrated circuits, with the goal of becoming a leading comprehensive analog IC company. From its very beginning, the company established a core operating principle centered on customer needs, focusing on developing and producing highly reliable and consistent analog IC products through a process of continuous innovation. SGMICRO is fundamentally driven by an engineer-led culture.

SGMICRO began by specializing in high-performance operational amplifiers and LDOs, primarily serving industrial applications. The company then strategically broadened its product portfolio to offer comprehensive signal-chain solutions in analog and mixed-signal conditioning, alongside a complete suite of power management solutions. As a fabless analog IC company, SGMICRO has maintained a long-standing partnership with TSMC since its inception. This collaboration enabled the successful development of a range of high-precision, low-noise, high-speed operational amplifiers (OpAmps). By leveraging CMOS process technology to replace traditional bipolar processes, SGMICRO gained significant market recognition for its technical expertise and achieved a distinct cost advantage.

SGMICRO consistently upholds a strong dedication to independent product development, a principle rooted in its profound respect for intellectual property rights. This commitment has cultivated extensive in-house technical expertise, thereby fostering robust capabilities for continuous improvement. Through sustained effort over many years, this dedication has culminated in an impressive portfolio of proprietary products. Concurrently, the company has established a comprehensive and systematic quality assurance mechanism. Furthermore, all integrated circuit (IC) products from SGMICRO rigorously meet RoHS regulations and other environmental standards.


SGMICRO prioritizes attention to detail and continuous improvement, striving to offer our customers the utmost support and seamless service. While steadily expanding its industrial client base, the company has also demonstrated a strong adaptability to the dynamic global market for communication and information-related consumer electronics. This has honed its stable supply chain management and cost competitiveness. As a result, we have earned an excellent reputation for delivering high-quality products with short lead times and large-scale shipments, thereby securing the respect and trust of its customers.


Since its inception, the company has maintained a stable founding team and low employee turnover, enabling consistent and rapid business growth. We have been continuously profitable annually since 2009. The company was successfully listed on the Shenzhen Stock Exchange on June 6, 2017, trading under stock code 300661.

SGMICRO aims to be a leading global supplier of analog IC solutions. The company cooperates directly with top manufacturers in various industries, including factory automation, solar inverters, new energy vehicles, Li-battery formation, white appliances, 5G wireless base stations, optical fiber modules, servers, office equipment, machine vision, smartphones, audio systems, VR, game consoles, and smart watches.

## Overview

 Headquartered in Beijing China

 Listed on the SZSE ChiNext (stock code 300661) on June 6, 2017

 As of the end of 2024, nearly 1,600 employees, including approximately 1,200 in R&D

3.347  
2024 Revenue (RMB Billion)

5,000+  
Customers

5,000+  
Products



# Social Responsibility Performance Highlights



## Awards and Recognition

- Top 10 China IC Brands
- World Electronics Achievement Awards "Product of the Year"
- China Analog IC Automotive Industry Excellence Award
- China Patent Excellence Award
- National Intellectual Property Demonstration Enterprise



# Corporate Culture

## Corporate Strategy

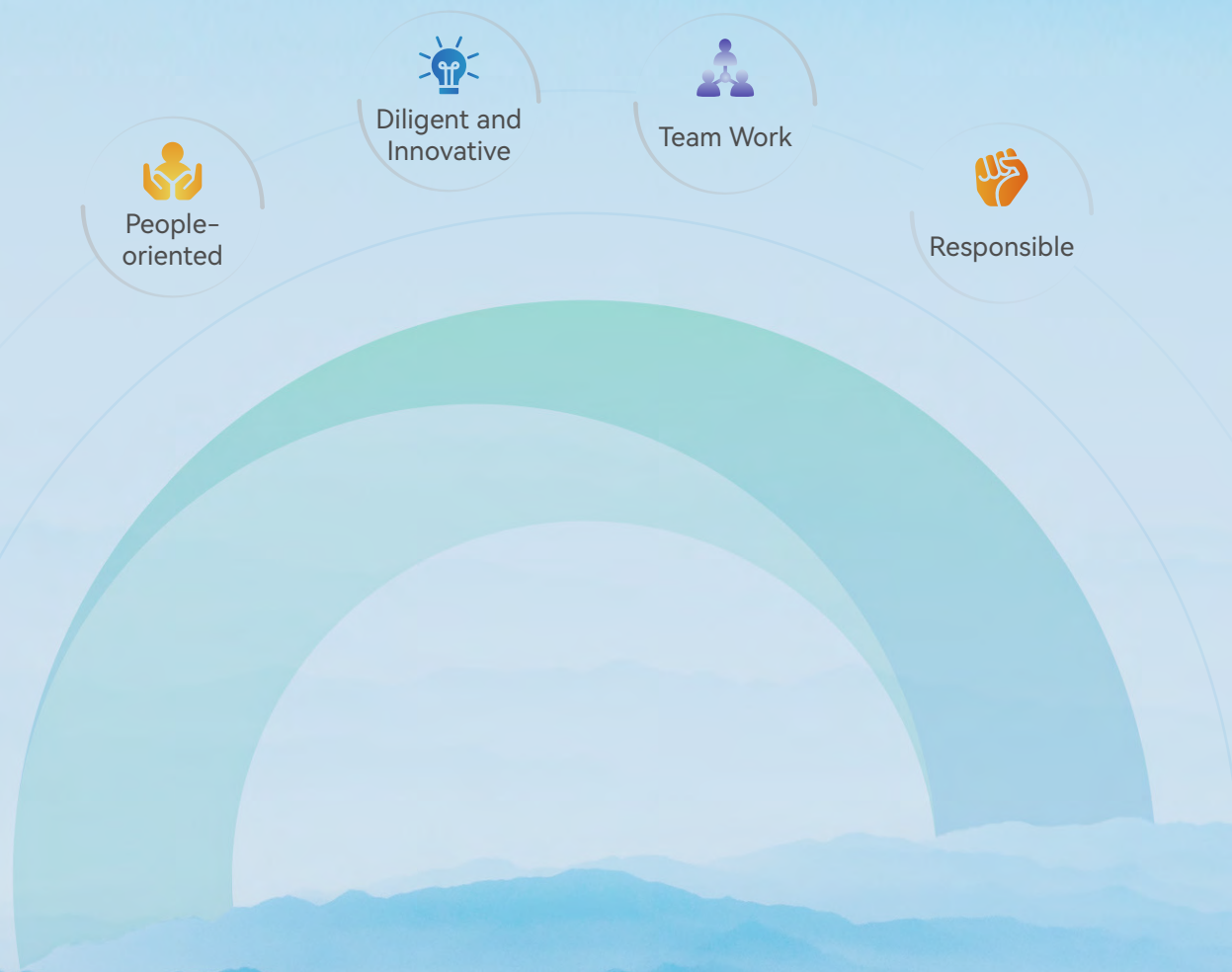
SGMICRO is committed to achieving its business objectives by creating societal value through innovation-driven, market-oriented strategies. We prioritize strategic planning, emphasizing robust research and development to address critical technical challenges and continually enhance our existing product portfolio. We are actively advancing next-generation high-performance analog IC technologies, steadily reinforcing our position within the industry. With a long-term vision of becoming a leading integrated analog IC provider, SGMICRO aims to contribute to societal progress and improve the quality of life through continuous innovation and technological advancement.

## Our Culture and Values

SGMICRO champions a people-oriented philosophy, fostering a culture defined by diligence, innovation, teamwork, and accountability. We are dedicated to cultivating an environment that is positive, straightforward, trustworthy, confident, inclusive, open-minded, and supportive. We encourage independent thinking and continuous experimentation through open, direct, and authentic communication. Our aim is for every employee to deeply understand the value of their work, align with team goals, and integrate personal growth with team advancement and the company's sustainable development. We empower our employees to boldly pursue breakthroughs, embrace challenges, and enhance their professional skills, ensuring their career development progresses alongside the company's steady growth, enabling them to share in its collective success.

Our company embraces a philosophy of continuous improvement and a flat organizational structure, promoting equality and unhindered communication among colleagues. We encourage every supervisor to actively participate in resolving critical team issues, serving as a motivator, facilitator, and trainer. Similarly, we empower each team member to proactively collaborate with colleagues on task implementation, continuously accumulating experience, deepening understanding, optimizing processes, and enhancing efficiency. This fosters individuals who are experts, challengers, and innovators in their roles. We pay particular attention to fostering internal team vitality and efficiency, emphasizing a competitive, dynamically optimized resource allocation mechanism built upon synergistic overall goals. Our results-oriented performance evaluation system consistently incentivizes employees to grow and develop alongside the company for the long term.

The company mandates that all employees conduct themselves in accordance with legal regulations and social ethical standards, ensuring that all activities and decisions align with the long-term interests of customers, the company, and employees. We prohibit the provision of false or misleading information and strictly adhere to anti-corruption commitments and anti-commercial bribery regulations in all business operations. SGMICRO practices corporate citizenship across all its operational locations. Our corporate governance mechanisms are designed to ensure that business policies meet the long-term interests and demands of relevant stakeholders, including government, society, customers, employees, and shareholders. We are actively committed to fulfilling our social and environmental responsibilities, thereby ensuring the company's sustained long-term development.







# Green Comes First

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SGMICRO is committed to sustainable development in response to global climate change. We aim to reduce our environmental impact by integrating eco-friendly practices into our operations. Through research and innovation, we advance green, low-carbon technologies to support industry sustainability.



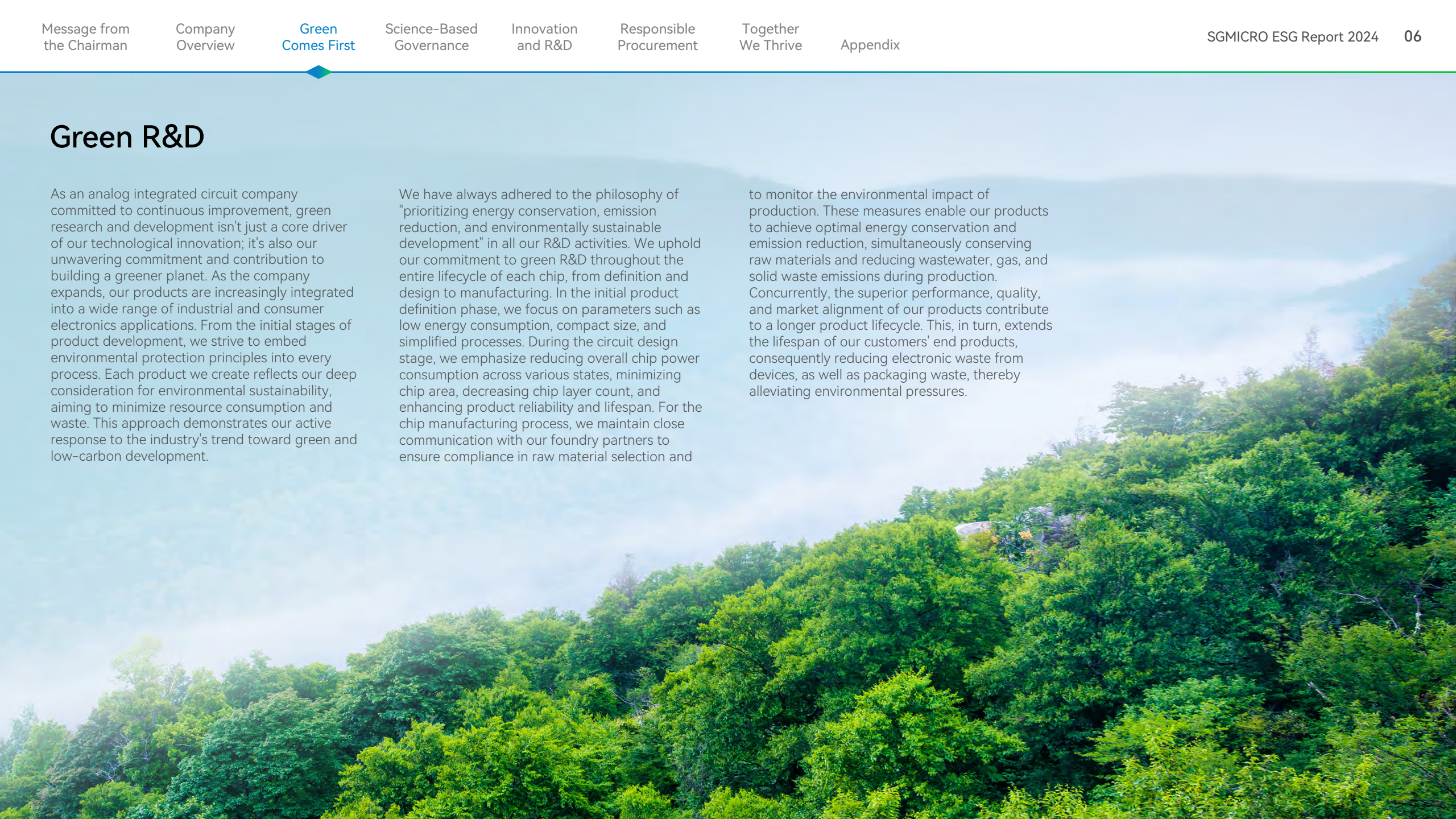


## Green R&D

As an analog integrated circuit company committed to continuous improvement, green research and development isn't just a core driver of our technological innovation; it's also our unwavering commitment and contribution to building a greener planet. As the company expands, our products are increasingly integrated into a wide range of industrial and consumer electronics applications. From the initial stages of product development, we strive to embed environmental protection principles into every process. Each product we create reflects our deep consideration for environmental sustainability, aiming to minimize resource consumption and waste. This approach demonstrates our active response to the industry's trend toward green and low-carbon development.

We have always adhered to the philosophy of "prioritizing energy conservation, emission reduction, and environmentally sustainable development" in all our R&D activities. We uphold our commitment to green R&D throughout the entire lifecycle of each chip, from definition and design to manufacturing. In the initial product definition phase, we focus on parameters such as low energy consumption, compact size, and simplified processes. During the circuit design stage, we emphasize reducing overall chip power consumption across various states, minimizing chip area, decreasing chip layer count, and enhancing product reliability and lifespan. For the chip manufacturing process, we maintain close communication with our foundry partners to ensure compliance in raw material selection and

to monitor the environmental impact of production. These measures enable our products to achieve optimal energy conservation and emission reduction, simultaneously conserving raw materials and reducing wastewater, gas, and solid waste emissions during production. Concurrently, the superior performance, quality, and market alignment of our products contribute to a longer product lifecycle. This, in turn, extends the lifespan of our customers' end products, consequently reducing electronic waste from devices, as well as packaging waste, thereby alleviating environmental pressures.





# Environmental Management

SGMICRO strictly adheres to environmental protection laws and regulations of the People's Republic of China, including the *Environmental Protection Law*, *Water Pollution Prevention and Control Law*, *Air Pollution Prevention and Control Law*, *Prevention and Control of Environmental Pollution by Solid Wastes Law*, and *Environmental Noise Pollution Prevention and Control Law*. Upholding a green development philosophy, we actively support China's "carbon neutrality and peak carbon emissions" goals and diligently fulfill our social responsibility for energy conservation and emission reduction.

In 2024, SGMICRO identified "mitigating climate change and promoting sustainable development" as the core initiative of our environmental responsibility. We have since made a formal climate action commitment, established a scientific greenhouse gas accounting system based on the ISO 14064 standard, and set mid- and long-term carbon reduction targets. Carbon emission reduction performance is regularly tracked and assessed.

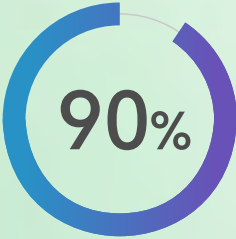


SGMICRO pledges:

Using 2025 as the base year,



we are committed to reducing carbon emissions of per million sales in scope I+II in owned facilities by 50% by 2030.



and to reduce carbon emissions of per million sales in scope I+II in owned facilities by 90% by 2050.

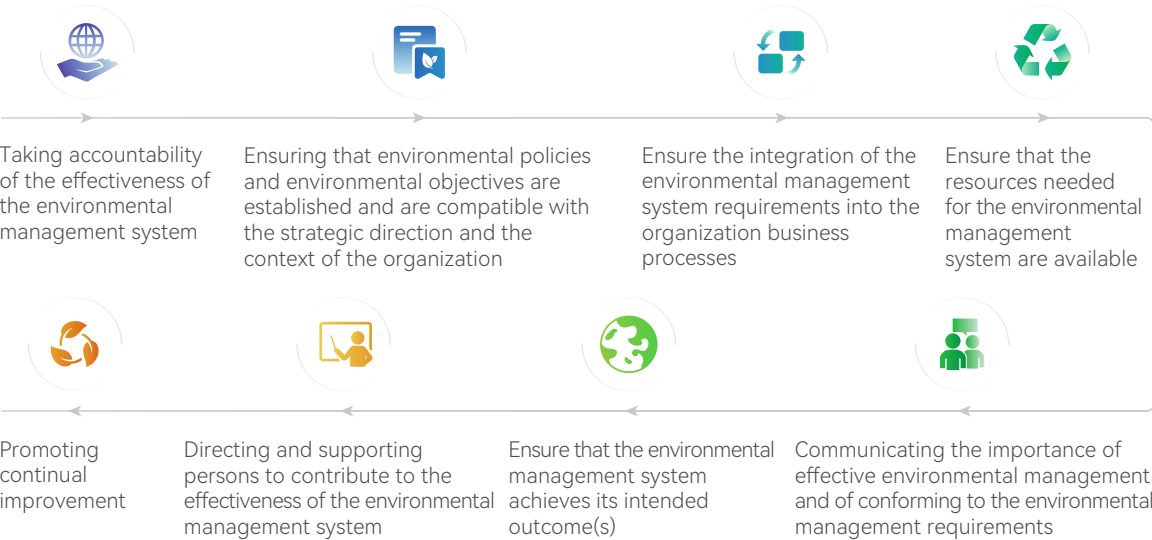
Using 2023 as the base year,



we are committed to reducing carbon emissions of per million procurements by 25% by 2030.

The company actively advances the standardization of our Environmental Management System, strictly comply with applicable laws and regulations in all locations of operation and remains committed to green development. In line with ISO 14001 requirements, SGMICRO continues to improve our internal environmental management framework and organizational structure. Guiding documents such as the *Environmental Management Manual* and *Objectives Management and Control Procedures* clearly define the leadership responsibilities in the environmental management system.

Responsibilities of Management in Environmental Management



Annually, the company sets multi-dimensional targets for various environmental factors, including solid waste recovery control rates, noise emissions, electricity consumption, health and safety incidents, and hazardous substance non-compliance events. These environmental objectives and targets are formally documented in the *Quality and Environmental Objectives Release Order* and integrated into our management review processes.

SGMICRO has consistently maintained our ISO 14001 Environmental Management System certification and successfully passed the annual audit in 2024. Utilizing the ISO 14001 environmental management system, we conduct annual training on related content to enhance employee environmental protection awareness. At the time of this report, 100% of the employees participated in environmental protection-related training.

Environmental Policy

**Legal compliance**  
Compliance with applicable laws, regulations, and other requirements

**Continual improvement**  
Continuous improvement of the environmental management system

**Risk prevention**  
Energy conservation, emission reduction, pollution prevention, and control

**Green operation**  
Provide the best products and services for green energy customers, promote a green supply chain





# Energy Conservation and Carbon Footprint Reduction

Our company actively supports environmental protection by prioritizing the effective and strategic use and management of energy. We integrate these practices into our core daily operations and implement energy-saving and emission-reduction policies. This approach not only reduces our environmental impact but also lowers production costs, whereby enhancing our corporate competitiveness.

## Our Approaches



We regularly inspect, maintain, and repair our equipment to promptly identify and resolve any malfunctions. This ensures stable operation and efficient energy utilization across all our machinery.



The Integrated Management Department tracks monthly electricity and water usage, conducts statistical analysis, and promptly addresses any anomalies according to established procedures.



Prominent notices in public areas promote water conservation, energy saving, and paper conservation, encouraging employees to incorporate energy-saving awareness into their daily habits.



We utilize variable-frequency air conditioning units and ensure their operation adheres to company guidelines. During summer times, air conditioning temperatures are set no lower than 26 degrees Celsius, and in winter times, they are kept no higher than 20 degrees Celsius.



Paper usage is consistently monitored, with employees being advised to reuse paper to reduce waste. Meeting rooms are furnished with electronic pads to encourage paperless office practices.



Energy-efficient LED lighting is installed throughout our office spaces to reduce energy consumption.





# Waste and Material Management

## Waste Disposal

SGMICRO develops and sells analog ICs, outsourcing manufacturing. We manage solid and electronic waste through categorized storage with clear labeling, recycling points in operational areas, and employee training on waste sorting and recycling. We also maintain waste disposal records and have contracts with third-party processors to ensure compliance.

For all end-of-life electronic products, test kits, and other electrical equipment, the company partners with qualified professional recycling organizations for proper disposal. Similarly, discarded ink cartridges, toner cartridges, computers, and other devices from all regional offices are collected by the local IT department. These items are then regularly retrieved and documented by certified environmental protection agencies, effectively mitigating associated environmental risks.



### Solid Waste Management



**Discarded Batteries**

Battery recycling bins are set up for centralized recycling and processing



**Discarded Toner Cartridges and Drums**

Centralized recycling and processing



**Discarded Circuit Boards, Samples, and Solder Dross**

Centralized recycling and crushing are conducted, with video documentation of the crushing process

## Noise Pollution Prevention and Control

SGMICRO rigorously follows GB12348-2008 *Industrial Enterprise Boundary Noise Standards* Class III functional areas standards, maintaining company boundary noise levels below 65dB during the day and below 55dB at night (from 10:00 PM to 6:00 AM the next day). Additionally, regular maintenance and upkeep of noise-generating equipment are performed to reduce noise pollution.



## Green Sourcing

SGMICRO actively upholds its commitment to a green supply chain. Across all stages—from raw material selection to wafer manufacturing and packaging & testing—we rigorously require our supply chain partners to adhere to stringent green environmental standards. They must provide the latest third-party test reports for raw materials and products, ensuring full compliance with environmental protection laws, regulations, and certification standards. This minimizes the environmental impact throughout the chip's production, usage, and post-disposal phases.

The company actively encourages and supports its suppliers in implementing sustainable practices. We prioritize suppliers with commitments to reducing energy consumption and emissions, collaboratively minimizing environmental and climate impact.

In addition, our product's internal and external labels clearly display relevant green environmental markings. For outer packaging, we utilize biodegradable and recyclable materials, prioritizing those made from recycled content. We also facilitate information exchange through barcode scanning and digital transmission, aiming for paperless product documentation whenever possible to further reduce consumption.

Compliance with the <i>Restriction of Hazardous Substances Directive</i> (RoHS)	All company products comply with RoHS requirements, completing the necessary investigations, confirmations, and testing to ensure they meet regulatory timelines and deliver on customer requirements.
REACH Declaration	By the REACH legislation, the company confirms that our products do not contain volatile substances or intentionally release substances. Additionally, the company does not directly export any chemical substances to the EU. The content of substances of very high concern (SVHC) in company products meets the EU requirement of less than 0.1%.
Packaging and Packaging Waste Directive (94/62/EC) and its amendment (2004/12/EC).	The directive requires that the total concentration of heavy metals, i.e. lead (Pb), cadmium (Cd), mercury (Hg), and hexavalent chromium (Cr6+), in packaging does not exceed 100 ppm.
Other Substances	The company confirms, after thorough investigation of our supply chain, that plastic materials containing red phosphorus or antimony trioxide flame retardants are not used. Furthermore, all products and raw materials do not contain perfluorooctane sulfonate (PFOS), perfluorooctanoic acid (PFOA), C9-C21 perfluorocarboxylic acids (PFCA), perfluorohexanoic acid (PFHxA), and perfluorohexyl sulfonic acid (PFHxS) substances.
Halogen-Free Requirements	Halogen-free materials are used in all products. For products that meet halogen-free requirements, the label includes the addition of "HF" mark except "Pb free" and "RoHS" marks. Relevant material composition tables and third-party testing reports are also provided to demonstrate product compliance.





# Science-Based Governance

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SGMICRO is diligently refining its corporate governance structure and developing a science-based governance system. We implement a streamlined, efficient, and smoothly functioning framework that adheres to principles of integrity and compliant management. This approach aims to effectively protect investor interests and consistently enhance company value.





# Enhance Governance Structure

## Corporate Governance

Since its establishment, SGMICRO has consistently adhered to relevant legal requirements and proactively refined our corporate governance framework. Clear and standardized responsibilities are assigned to the Board, executive officers, supervisors, and the management team, creating a robust mechanism for independent oversight and strong corporate governance. This ensures that decisions made adhere to legal regulations while safeguarding the collective interests of our shareholders.

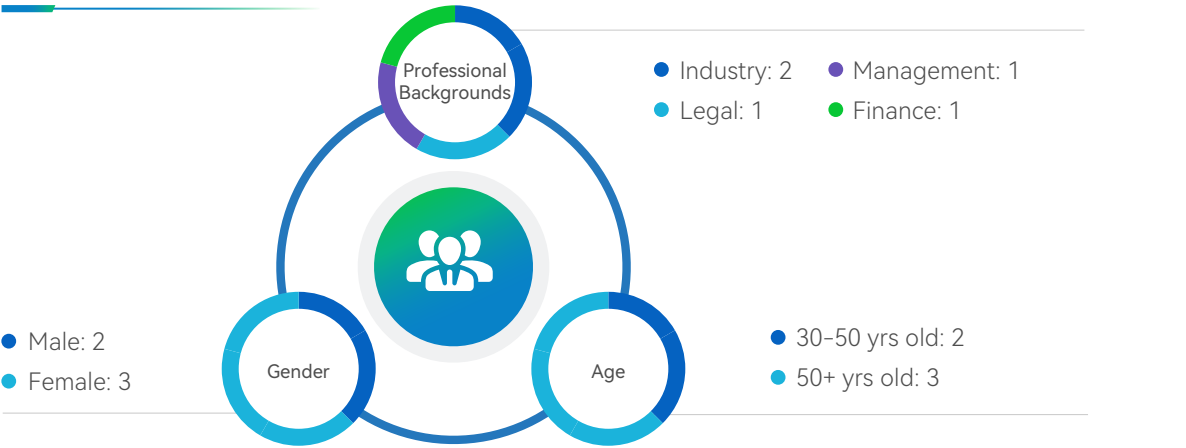
Governance structure	Shareholders' Meeting	Composed of all company shareholders and serves as the company's governing body.
	Board of Directors	Audit Committee: Review the company's financial information and disclosure, supervising and evaluating internal and external audit work, and internal controls.
		Compensation Committee: Tasked with establishing performance evaluation criteria for directors and senior management, devising and reviewing compensation policies and schemes.
		Strategy committee: Responsible for formulating the company's development strategies and medium to long-term development plans.
		Nomination Committee: Responsible for selecting and reviewing candidates for directors and senior management positions and assessing their qualifications.
	Board of Supervisors	Serves as the supervisory body of the company with the focus on financial oversight, ensuring lawful and compliant performance of the company's directors, general manager, and other senior executives.

SGMICRO places strong emphasis on diversifying our Board of Directors to enhance corporate governance effectiveness and improve decision-making quality through a more comprehensive perspective. The company's Board of Directors consists of five members, including two independent directors. All directors possess extensive experience in corporate management and risk management control. To improve the efficiency and quality of major decisions, directors are assigned to various committees based on their professional backgrounds and industry expertise, laying a solid foundation for the company's long-term growth.

At the time of the report, the attendance rate of the Board members was 100%, with all directors performing their duties faithfully, honestly, and diligently.

100%

### Board of Directory Diversity



## Disclosure of Information

The Board of Directors is responsible for overseeing and managing the disclosure of information. The Board Secretary coordinates and organizes specific activities related to this disclosure, with support from the Securities Affairs Representative. At SGMICRO, we rigorously enforce our information disclosure system and maintain strict confidentiality of company insider information. This dedication is essential in protecting the interests of our investors.

We disseminate information through various channels, including CNINFO and media outlets designated by regulatory authorities, such as *China Securities Journal*, *Shanghai Securities News*, *Securities Times*, and *Securities Daily*. This ensures all shareholders have equal access to information.

### Performance:

In 2024, in the Announcement on the Results of the 2023–2024 Annual Information Disclosure Assessment for Companies Listed on the ChiNext Market released by Shenzhen Stock Exchange, SGMICRO was granted "A" grade in recognition of our outstanding disclosure practices.

This is the third consecutive year we have been awarded the "A" grade by Shenzhen Stock Exchange.

## Investor Relations

SGMICRO places high importance on investor relations management, designating the Board Secretary as the responsible person to coordinate relationships with investors, handle visits, and respond to inquiries. A comprehensive investor communication mechanism has been established, including the regular release of financial reports, organization of on-site research and roadshows, provision of dedicated investor hotlines and email channels, and the use of digital platforms to promptly address investor concerns—all aimed at enhancing investors' understanding of the company.





# Business Ethics

SGMICRO is guided by the principles of authenticity, compliance, resilience, and sustainability, with authentic data and legally compliant operations. We crack down on commercial bribery and oppose unfair competition. We comply with all relevant laws and regulations to maintain a fair, equitable, and competitively open commercial environment. Our products and services of superior quality combined with an excellent reputation enable SGMICRO to continue securing new business opportunities.

## Integrity and Honesty

In accordance with strict integrity guidelines, we have developed policies such as the *Integrity and Anti-Corruption Management Standards*, and are committed to strict compliance with applicable anti-bribery and anti-corruption laws and regulations. We prohibit any form of bribery, corruption, embezzlement, extortion, misappropriation of funds, or any related conduct to ensure the smooth operation of the company. All employees are required to refrain from promising, offering, giving, granting, or accepting any improper and illicit benefits.

### Establishment of Supervisory Management Institutions

The Audit Committee, established under the Board of Directors, adheres to relevant laws and regulations while overseeing business ethics and corruption issues. It promotes a comprehensive system of integrity, continuously enhances SGMICRO's capacity for legal governance, and standardizes the management of business ethics in the company.

### Annual Integrity and Honesty Management Audit

Relevant departments of the company organize annual integrity and honesty management audits, encompassing all employees and business partners who have direct business dealings with SGMICRO. The *Annual Integrity and Honesty Management Audit Report* is released following a comprehensive evaluation and analysis process.

### Integrity and Honesty Management Training

We conduct regular integrity and honesty management training for employees, reinforcing their understanding of business conduct and principles. During orientation, new employees gain a deep understanding of the company's *Integrity and Honesty Management Standards*, which apply to all employees of SGMICRO and its direct and indirect subsidiaries and branches.

We require all marketing and procurement personnel to sign the *Integrity Commitment Letter* strictly adhering to prohibited conduct regulations on integrity and honesty, including: prohibition on soliciting or accepting cash, securities, payment instruments, or other valuable items in any form from business partners, or having them pay for any goods or services; prohibition on directly or indirectly offering, promising, or providing any payment or item of value to government officials/employees, political candidates, or employees/officials of international organizations to obtain or retain business or any improper advantage.

It is of primary importance to SGMICRO that we emphasize continuous improvement of integrity and compliance awareness among managers and employees. Through internal training programs, employees gain a deeper understanding of their compliance obligations when engaging with business partners, ensuring adherence to contractual terms and lawful supervisory channels to regulate conduct.

### Promotion of Integrity and Honesty Management

Every year, SGMICRO organizes activities to promote integrity and honesty management concepts to business partners who have direct business dealings with the company, ensuring that they comply with the integrity and honesty management standards and relevant regulations. Business partners of the company all have signed the *Commitment to Integrity and Honesty*.

## Whistleblowing and Protection Mechanism

SGMICRO consistently clarifies requirements for standardized operations, anti-corruption, and fair trade, creating an internal environment of strong business ethics. We rigorously implement integrity and compliance management into all business activities. Employees and partners who discover any illegal or non-compliant behavior with the company's business ethical standards can promptly lodge complaints through dedicated channels. SGMICRO protects whistleblowers, ensures their identities remain confidential, and maintains channels and policies of open communication. Employees and partners can express their compliance concerns through dedicated channels, whether anonymously or identified. Complaints will be investigated and any retaliatory actions or threats against whistleblowers are strictly prohibited. The company will take appropriate disciplinary action against any violation, including but not limited to, termination of employment contracts and pursuing legal liability.

Email: [informer@sg-micro.com](mailto:informer@sg-micro.com)

Dedicated phone line: 010- 88825983

Mailing address: Office of Integrity and Compliance, Room D-1106, International Finance Center, No. 87, North Third Ring Road, Haidian District, Beijing, China

# Internal Control and Risk Management

## Internal controls

SGMICRO has a rigorous internal control management mechanism and a well-defined internal control management policy. The risk management system is backed by robust internal control management measures that help ensure its effective operation.

We continuously refine the internal control system to comply with relevant laws and regulations, such as the *Company Law of the People's Republic of China*, *Basic Standard for Enterprise Internal Control* and other internal control supervision requirements.

The Board of Directors is responsible for establishing, strengthening, and effectively implementing internal controls. The Audit Committee, which operates under the Board of Directors, serves as the company's internal control supervision agency. The Board of Supervisors oversees the Board's actions in establishing and implementing internal control mechanisms. Through ongoing operation, analysis, and assessment, the internal control system has been instrumental in mitigating operational and management risks, thus facilitating the company's continuous sound development.

## Risk management

We underline the importance of corporate risk evaluation and identification, therefore we formulated the *Risk and Opportunity Control Procedure*. By utilizing an efficient risk assessment system, potential risks are identified and analyzed in areas such as policy, operations, and finance based on internal control mechanisms, strategic planning, and industry characteristics. By thoroughly assessing and sorting the risks and considering the characteristics, significance, and probability of occurrence, we can manage and address any potential risks promptly.

## Risk Identification

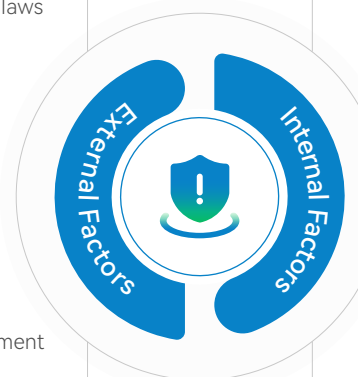
Regulatory requirements (changes in laws and regulations/industry standards)

Requirements of relevant parties (supervision level of regulatory authorities/requirements of relevant parties)

Technology (new products/new technologies)

Politic (supply chain/exchange rates/trade compliance)

Resources (intensified market competition/macroeconomic environment and industry fluctuations/IT software)



Financial status (asset-liability ratio/inventory turnover ratio/accounts receivable)

Company management (management process/after-sales service/document control/data information security management/authority)

Resources (company operating environment/infrastructure management/performance appraisal/personnel turnover)

## Measures Against Risks



Continuously assess various risks; develop and update risk response plans.



Based on the risk assessment results, appropriate and sufficient resources are allocated to ensure operation continuity.



Organize various compliance trainings to strengthen legal risk management awareness.



Develop effective emergency response and control procedures.





# Information Security and Protection

Our goal is to build a safe and stable corporate network environment, proactively apply advanced security protection technologies, and develop a scientifically rigorous information security management system. Simultaneously, we actively promote the establishment and improvement of risk assessment mechanisms, accurately predict potential security risks, and take efficient preventive measures to ensure the long-term security of our corporate information systems.

## Information Security

The company strictly complies with relevant national laws and regulations of People's Republic of China, such as the Cyber Security Law, the Data Security Law, and the Personal Information Protection Law. Considering our industry and the specific characteristics of our company, we have established an information security management committee and working group, using the ISO 27001 Information Security Management System as the policy benchmark. Our goal is to establish an information security management system for carrying out information security protection and improving our networks security defense system. In 2024, the company conducted a gap analysis and applicability assessment of existing policies in alignment with the latest legal regulations and industry best practices. We updated the *Information Security Emergency Response and Business Continuity Plan* to effectively prevent, promptly control, and minimize the impact of emergencies, ensuring business continuity.

The company continues to strengthen its network security capabilities and develop innovative security solutions to achieve all-round and three-dimensional protection from hardware facilities to software applications, from defense against external threats to internal management and control, thereby establishing robust safeguards for operational stability. At the time of this report, the company has seen no information security incidents.



### Measures to Strengthen Information Security Management

Awareness and Training01

We regularly send out reminders to help employees prevent phishing attacks, enhancing their cybersecurity awareness and response capabilities.

We provide cybersecurity awareness training for all employees through online lectures and video tutorials. Additionally, our IT team receives specialized security training and regular updates.

Security Policy Updates02

We continually revise and refine our security policies to align with evolving business needs and technological advancements.

We revise our cybersecurity policies and procedures to ensure continuous alignment with the latest cybersecurity standards and regulations.

Network Isolation and Monitoring03

We maintain strict segregation between our office and R&D networks, with VPN access and robust controls and auditing for all data transmissions.

We conduct real-time monitoring of our networks and systems to enable automated alerts. This ensures that any faults or anomalies are promptly detected, allowing us to take immediate preventative measures.

Endpoint and Security Management04

We implement access controls for external and mobile storage devices, restrictions on outbound email, application control, and comprehensive software compliance management.

We implement access control for critical areas, alongside surveillance and IoT device monitoring, to enable automated security incident alerts.

Emergency Response Drills and Vulnerability Scanning05

We regularly conduct cybersecurity emergency drills to validate the feasibility and effectiveness of incident response plans, enhancing our IT team's ability to react and collaborate during incidents. Additionally, we perform routine security vulnerability scans of our systems to promptly identify, assess, and remediate potential security risks.

Supervision and Audit06

We conduct regular audits of data management practices across all departments to ensure data compliance and security.

We engage third-party auditors to verify the effectiveness of our IT system and resource security controls.

Case Information Security Training

At the time of the report, the company conducted information security training for new employees and organized multiple company-wide awareness sessions on an ad-hoc basis. These initiatives strengthened employees' security awareness and practical skills, building a robust defense line for the company's data security.

Case Access Control

At the time of the report, SGMICRO implemented refined management of its access control mechanisms. Access permissions were assigned based on employees' job responsibilities and business needs, with multi-tiered access controls applied to data. Unauthorized privilege escalation was strictly prohibited.

Data Protection

The company rigorously complies with national laws, regulations, and industry standards regarding information and data exchange to ensure the secure storage and use of information. By establishing relevant management systems, we protect our assets from unauthorized access or attacks, thereby minimizing various information risks. Employees are required to comply with national laws and regulations related to network usage and strictly adhere to confidentiality policies, preventing leakage or theft of company information. Through a combination of policies and technologies, we effectively safeguard our information security.

For customer information and data security, the company strictly complies with relevant laws and regulations on information protection and continuously enhances mechanisms to secure various customer information and data.





# Refine Sustainable Corporate Governance

While focusing on technology and product development, SGMICRO continuously strengthens our sustainable development system, advancing our ESG management efforts. We understand the demands of our stakeholder and aim to respond to our stakeholders on a timely basis, improving the company's level of sustainable development management.

## ESG Management System

SGMICRO believes that sound ESG management is the foundation of high-quality sustainable development. Internally, we have established an ESG management system led by our Board of Directors, with cooperation from various relevant departments.

### ESG Management Structure



## Stakeholder Communication

SGMICRO attaches great importance to communication with various stakeholders, and carries out the identification, evaluation and analysis of substantive issues through various channels such as shareholders' meetings, customer satisfaction surveys, employee and management symposiums, websites and WeChat accounts. We strive to continuously improve our sustainable development performance.

Stakeholders Recognition	Expectation and Demands	Communication and Responses
Investors	Financial performance R&D and innovation Investor relations management Board structure and governance	Shareholders' meeting Disclosure of information Investor communication
Government/ regulators	Risk and internal control management Product responsibility management Community charity Environmental management Occupational health and safety	Official correspondence Supervision & inspection Disclosure of information
Customers	Product responsibility management R&D and innovation Risk and internal control management Industrial exchange and cooperation Information security and privacy protection Business ethics	Customer service Technical seminar Customer satisfaction survey
Employee	Employee health and safety Protection of employee rights and interests Employee training and development	A democratic communication platform Employee assembly Employee training Employee activities
Suppliers/ Service Providers	Supply chain management Mutual benefit and progress	Suppliers screening and review Suppliers exchange and training
Cooperative Organizations (i.e. NGOs, Scientific research institutions)	R&D and innovation Industry win-win relationships	Industry forum Industry-university-research cooperation
Community and the Public	Community building collaborations Rural revitalization	Disclosure of information Community activities Exchange and interview

## Analysis of Substantive Topics

Based on the expectations of internal and external stakeholders, as well as factors relating to business scope and sustainable development, we carry out identification, evaluation and analysis of substantive topics to determine issues pertinent to the company and our stakeholders.

### Substantive Topics of ESG



#### Environmental Topics

- Green R&D
- Tackling climate change
- Energy conservation and carbon footprint reduction
- Water resource utilization and management
- Green operation



#### Social Topics

- Product quality control
- Product R&D and innovation
- Intellectual property rights
- Quality of customer service
- Sustainable supply chain
- Employee benefits
- Talent development
- Health and safety
- Salary and compensation
- Industry-university research cooperation
- Taking social responsibility



#### Topics of Corporate Governance

- Corporate governance
- Board composition
- Board of supervisors performance
- Disclosure of information
- Investor relations management
- Business ethics
- Compliance control
- Internal control and risk management
- Information security and data protection



## Response to the UN's Sustainable Development Goals

Sustainable development goals	Action	Corresponding chapter	Sustainable development goals	Action	Corresponding chapter
 <b>3</b> Good Health and well-being	Implement annual general and occupational health check-ups for all employees, with zero cases of occupational illness Focus on occupational health and safety training Build employee clubs, organize cultural and sports events for the employees	Health and Safety	 <b>9</b> Industry, innovation and infrastructure	Enhance technological innovation Carry out intelligent transformation	Research, Development and Innovation
 <b>4</b> Quality education	Focus on employee training Support education by providing scholarships and teaching awards to multiple universities	Talent Development	 <b>10</b> Reduce inequalities	Prohibit all discrimination of any types	Recruitment
 <b>5</b> Gender equality	Supporting our female employees Implement a non-discrimination policy and strictly prohibit sexual harassment and misconduct	Employee Benefits	 <b>11</b> Sustainable cities and communities	R&D of highly efficient semiconductor products to promote the use of clean energy and facilitate urban sustainable development	Green R&D
 <b>6</b> Clean water and sanitation	Conservation of water resources Improve utilization of water resources	Energy Conservation and Carbon Footprint Reduction	 <b>12</b> Responsible consumption and production	Responsible emissions management Efficient management of resource	Waste and Material Management
 <b>7</b> Affordable and clean energy	Promote the photovoltaic industry development and the utilization of solar energy	Green R&D	 <b>16</b> Peace, justice and strong institutions	Oppose commercial bribery and unfair competition by formulating the Integrity and <i>Anti-Corruption Management Standards</i> , and require business partners to sign the <i>Integrity Commitment Letter</i> Listen to the employees through multiple channels	Business Ethics Employee Benefits
 <b>8</b> Decent work and economic growth	Legal employment, promote employment rate	Recruitment	 <b>17</b> Partnerships for the goals	Build channels for stakeholder communication Focus on supply chain construction and carry out technical exchanges and training with suppliers Open up ecological cooperation and promote the development of a healthy ecosystem in the industry	Refine Sustainable Corporate Governance Build a Sustainable Supply Chain Conflict Minerals Management



# Innovation and R&D

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SGMICRO specializes in research and development of analog Integrated Circuits (IC). We consistently benchmark ourselves against the world's top-ranking analog manufacturers. Notably, our products excel in key specifications, surpassing those of our international peers. Our outstanding product performance and quality, along with timely and effective customer support, have earned the trust and recognition of our large customer base.





# Research, Development and Innovation

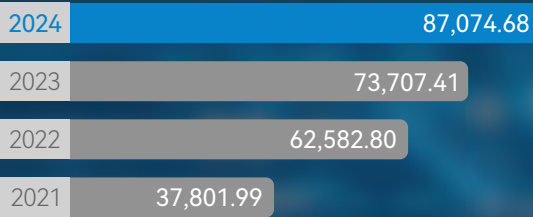
Research and development (R&D) and innovation form the cornerstone of our company's sustained growth. We view product R&D capabilities as our most critical core competency and have established a comprehensive R&D management system and processes. Since our inception, we have consistently pursued an independent innovation driven technical development strategy. With technical innovation at our core, we continuously increase R&D investment, accumulating numerous critical core technologies. Concurrently, based on market trends, customer demands, and predictions of future technological shifts, we proactively conduct technological research and product planning. This allows us to anticipate changes in end-user demand, strategically position ourselves for growth opportunities, and promptly deliver internationally competitive products to our target markets. While ensuring the full application of existing product technologies, we actively pursue next-generation innovations.

## Investment on R&D

We have consistently invested a substantial portion of our revenue in research and development, progressively increasing our commitment. The ongoing R&D investment has resulted in the rapid expansion of our technical team and significantly bolstered our technological capabilities. We take pride in independently developing a wide range of core technologies. Leveraging these cutting-edge technologies, SGMICRO offers a comprehensive product portfolio that caters to diverse market requirements. We provide specialized solutions for specific segments.

In fiscal year 2024, our R&D investment totaled 871 million RMB, representing a 26.02% share of total revenue for the period. This marks an 18.14% increase in R&D investment compared to the previous year. This significant investment has yielded strong results, as evidenced by our expanded portfolio of over 5,900 products. This demonstrates the effectiveness of our R&D efforts in broadening our product matrix.

Investment in R&D (in 10,000 RMB)



Historical Sales-Ready Product Number



To manage the R&D projects efficiently, we are continually enhancing our R&D management system. This includes further enhancing sub-project management, document administration, and cost control efficiency through the optimization and upgrade of our specialized R&D management software. Through persistent independent innovation, increased investment, continuous accumulation of core technologies, and timely adjustment of market strategies aligned with customer demands, we offer competitive analog IC products and solutions to global markets. We aim to consistently expand our portfolio of new technologies and products to empower the company's long-term competitiveness.



R&D Team

The construction and cultivation of our talent pool have always been a strategic priority at the company. We are dedicated to nurturing outstanding professionals who resonate with our corporate culture and core values. We actively attract talent through a wide variety of channels. Amidst the challenges presented by 2024, the size of our R&D team continued to expand, with 1,184 R&D personnel, accounting for 74.09% of our total employees. Of these, 658 individuals hold master's degrees or above, which comprise 55.57% of the total R&D personnel, providing solid technical support for long-term development.

R&D Personnel Performance

1,184

155<sup>↑</sup>

15.06%<sup>↑</sup>

R&D personnel in 2024    Increase compared to previous year    Increase percentage compared to previous year

We have established a reward system to encourage employee innovation, driving the company towards continued excellence. Our R&D innovation incentive scheme, combined with the R&D performance evaluation system, recognizes employees' innovative achievements in their daily work. These incentive schemes are regularly updated, emphasizing innovation as the driving force behind our ongoing development. Our patent portfolio continues to expand. At the time of the report, the number of patents held by the company further increased.

Disclosure item	Unit	2022	2023	2024
Total number of granted patents	Piece(s)	162	229	370
Total number of registered IC layout design registration certificates	Piece(s)	147	259	340





## Green R&D and Opportunities

SGMICRO integrates sustainable development into its innovation practices, actively promoting the research and development of green, low-carbon technologies to create energy-efficient products. Concurrently, the company is seizing new opportunities in green R&D to provide customers with solutions for efficient energy utilization, meeting the growing demand for intelligent living and environmental sustainability.

**SGMICRO has optimized energy consumption reduction in its analog IC design across various categories.**

Efficiency, low power consumption, and miniaturization are important trends in IC development, particularly within the analog chip domain. These are also SGMICRO's areas of expertise. Through years of targeted independent research and development, SGMICRO has developed technologies, intellectual property, and products in areas including chip power reduction, enhanced power conversion efficiency, process optimization, and chip size reduction. These include ultra-low power operational amplifiers, comparators, low-dropout regulators (LDO), Buck-Boost DC/DC converters. These products utilize innovative power conversion circuit architectures, low-power circuit module designs, dynamic power control technologies, and more compact packaging technologies that significantly enhance power conversion efficiency while reducing energy consumption and raw material usage. The application of these advanced technologies strengthens the market competitiveness of the company's products and provides customers with lower-power, more energy-efficient, and environmentally friendly solutions. These solutions help extend standby time and overall battery life for portable electronic devices, contributing to greener, low-carbon development of end products.

### Case High-Efficiency, Energy-Saving Switched Capacitor Products

SGMICRO develops innovative, energy-efficient circuit designs. Our switched capacitor chargers efficiently power single-cell lithium-ion or lithium-polymer batteries via smart adapters or wireless chargers. With a 50% duty cycle, the switched capacitor reduces battery current to one-quarter, minimizing voltage drop, energy loss, and thermal buildup. This design offers higher power density, lower conduction and switching losses, and better voltage drop performance than traditional inductor-based converters. Additionally, it optimizes efficiency under varying loads, providing a greener power solution.

### Case Environmental Benefits of AMOLED Power Management Chips

SGMICRO has launched a series of power management chips designed for AMOLED displays, incorporating multiple energy-saving technologies. These include a proprietary SIMO (Single Inductor Multiple Outputs) structure, an inductor-less charge pump solution, and a symmetric voltage supply design that reduces power consumption and simplifies circuit design. These innovations significantly improve energy efficiency while reducing chip size and PCB footprint. With their advantages in low power consumption, high efficiency, and compact design, these products are widely applicable in smartphones, AR/VR devices, tablets, and small- to medium-sized active matrix OLED displays. They help customers reduce the energy consumption of their end products.

**Our products are extensively employed in energy conservation and environmental protection, facilitating the across-the-board adoption and rapid development of various green and energy-efficient products.**

Global climate change presents both challenges and opportunities. As we address this challenge, humanity is compelled to explore and adopt low-carbon and sustainable development models. Emerging sectors such as clean energy and energy-saving environmental protection offer unprecedented development opportunities. There are new impetus for economic growth as well as effective means to address environmental issues. Semiconductor technology, as the cornerstone of modern society, plays a crucial role in driving the development of green technology. In response to these opportunities, the company began laying out innovative products for applications in new, green, and clean energy fields many years ago. Collaborating with relevant end-products manufacturers, we have launched multiple next-generation analog IC products for energy conservation and environmental protection in various applications, such as photovoltaic energy storage, lithium battery manufacturing and management, new energy vehicles, and third-generation semiconductors. These efforts contribute to the widespread adoption and rapid development of various green and energy-efficient products, providing a more environmentally friendly and efficient experience for our lives. Furthermore, they contribute to improving the Earth's environment and human sustainable development.



## Industry Partnership

We are dedicated to fostering industry prosperity through robust collaborative partnerships. Beyond active participation in industry associations and conferences, we significantly contribute to the development of national and industry semiconductor standards, thereby promoting vital information exchange and overall industry growth.

### Industry Collaborations (some):

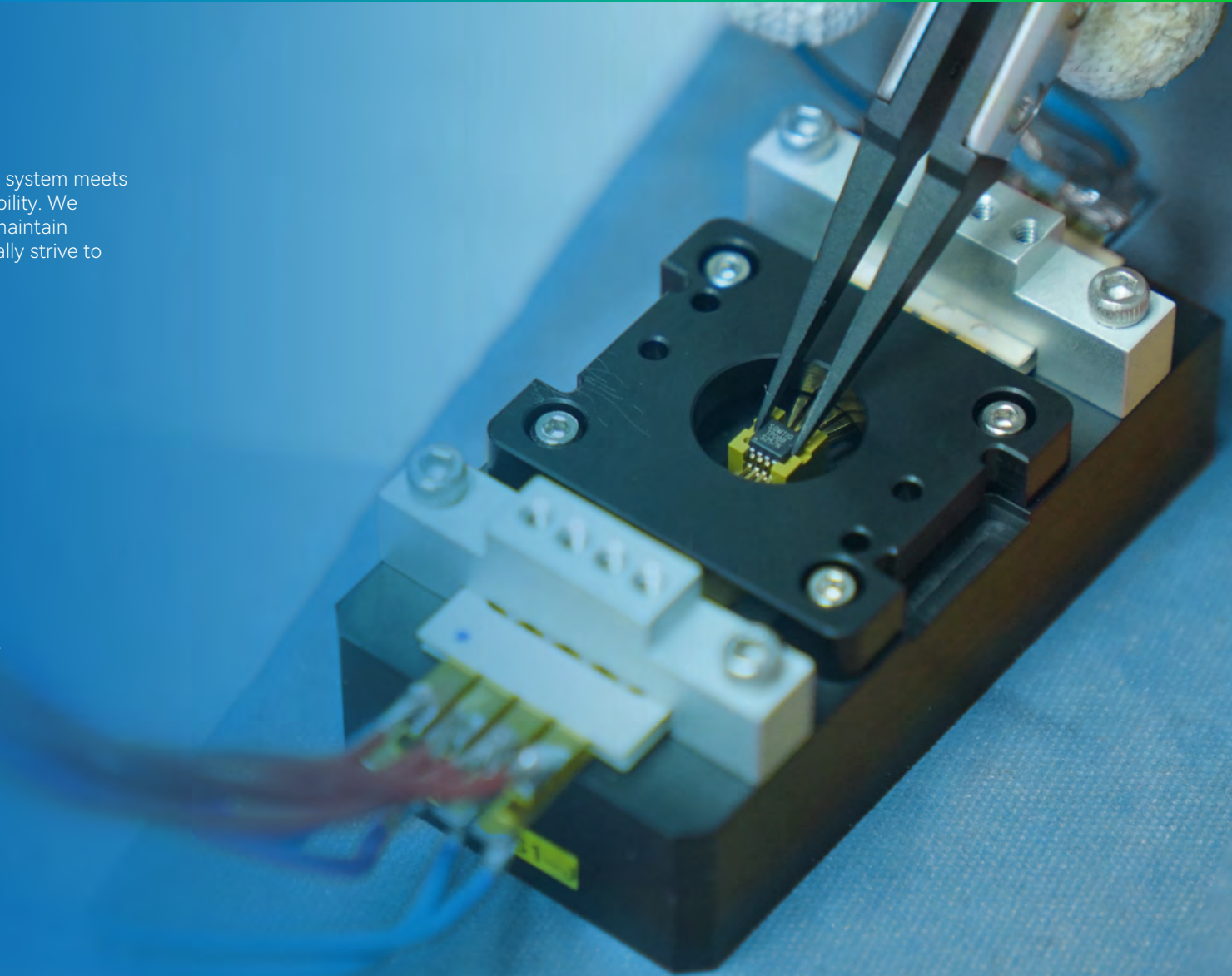
Industry Association/Union	Title
China Semiconductor Industry Association	Director of the Integrated Circuit Design Branch
China Integrated Circuit Innovation Association	Managing Director
Beijing Semiconductor Industry Association	Director
Shanghai Integrated Circuit Industry Association	Member
China Automotive Chip Industry Innovation Strategic Alliance	Director
Automotive Electronics Industry Alliance	Member





# Strict Quality Control

SGMICRO offers high-performance, quality analog IC products. A stringent quality assurance system meets top industry standards, ensuring each product is thoroughly tested for consistency and reliability. We enforce a "zero-defect" culture and apply our quality policy throughout the supply chain to maintain production efficiency and product stability. Customer needs are our priority, and we continually strive to improve service quality.



## Quality System

We have implemented a comprehensive quality assurance policy in accordance with the *Product Quality Law of the People's Republic of China* and other relevant specifications, adhering to the highest industry standards. Our guiding principles encompass "advanced technology, reliable quality, customer satisfaction, and continuous improvement". Rigorous quality assessments are conducted on every product to ensure its quality and reliability. We preferentially select wafer foundries and assembly & test factories with the highest reliability and yield rates. Additionally, every new product undergoes stringent testing against the highest standards to uphold the utmost quality and reliability, allowing us to guarantee our product quality while continually expanding our product lines.

Strict product quality standards and quality management processes are established to oversee product design, production, and sales comprehensively. Rigorous tests are carried out before product warehousing and shipment. Moreover, the company diligently monitors crucial elements such as design standards, manufacturing methods, production workflows, and testing protocols to consistently enhance product quality and bolster resilience against external factors. This approach ensures both high production efficiency and consistent product quality.

At the time of the report, SGMICRO has consistently maintained certification under the ISO 26262 automotive functional safety management system, ISO 9001 quality management system, and the ISO 14001 environmental management system. By aligning our quality and environmental management practices with international standards, we have established a strong foundation that supports the company's continuous growth and optimization.

## Customer Service

In line with our commitment to customer-centric principles, we place the demands of customers as top priority, constantly improving our service quality to ensure the delivery of exceptional products and solutions. Our distribution strategy primarily leverages product distribution channels, complemented by direct sales. This decision aligns with industry standards and SGMICRO's unique circumstances. By adopting this approach, we effectively reach a broad spectrum of end customers, enhance sales channel efficiency, expand our customer base, and promote our products.

Our technical team is dedicated to improving customer satisfaction and product quality. Their competencies cover various aspects including quality, technology, and service for our clients. In 2024, we have enhanced our relationship with customers by understanding their needs better through meetings and surveys. We prioritize honest, transparent, and efficient communication, ensuring prompt responses and follow-ups to meet customers' quality requirements and provide direct technical support.

The company is dedicated to refining the *Customer Complaint Handling Process Guidelines*, which thoroughly delineate the individuals responsible for managing customer complaints, the procedures involved, response time frames, steps for escalation, and closed-loop management requirements. This approach ensures that customer complaints are addressed in a timely, efficient, and professional manner. The company continually conducts customer satisfaction surveys, actively seeking and implementing feedback to improve our services and products.

### Performance:

At the time of the report, customer satisfaction score reached 93.54%.





# Intellectual Property Rights

SGMICRO places a high value on the protection of intellectual property rights and actively pursues their application and establishment. We emphasize the strategic breadth and coverage of our patents to ensure a comprehensive and robust intellectual property framework. Our dedication to intellectual property management throughout our operational processes enhances our ability to acquire, protect, utilize, and uphold these rights. This method effectively safeguards our innovative achievements, thereby fortifying our core competitive advantage.

## Intellectual Property System

The company follows laws like the Patent Law, Trademark Law, and Enterprise Intellectual Property Management Standards in China to build a strong intellectual property management system. This helps protect our innovation and market competitiveness. We are continuously enhancing our intellectual property management system and preventing related risks.

## Protection of Intellectual Property

SGMICRO prioritizes the protection of its intellectual property in accordance with its management philosophy. The company follows the *Intellectual Property Management Work Manual*, which is customized to fit its specific characteristics and the integrated circuit industry. These principles ensure that intellectual property matters are handled properly, effectively, systematically, accurately, and promptly. The guidelines set expectations to standardize the intellectual property workflow and enhance company-wide awareness of intellectual property protection. As of the report, the company continues to advance the application and strategic organization of intellectual property rights, focusing on building an intellectual property portfolio centered around patents covering a wide array of technologies.

At the time of this report, the company continued to advance the application and strategic development of intellectual property rights, building an intellectual property portfolio primarily centered on patents.

Protection of Intellectual Property

Reasonable selection of the scope of protection and strategy for patented technology ensures adequate protection of the company's innovations. Before implementation, patent search, analysis, and evaluation are conducted; after implementation, the effective form of protection is determined, and timely application is completed to protect the intellectual property.

Strengthen patent early-warning mechanisms and inquiries on trademarks as well as other related intellectual property to avoid the risk of infringement.

Actively conduct various intellectual property training to effectively improve the intellectual property protection awareness of all employees as well as the understanding and application of intellectual property knowledge for relevant personnel.

For business partnerships, a Non-Disclosure Agreement (NDA) is signed by all parties, comprehensively outlining intellectual property rights, their respective ownership, and stipulated usage permissions."

Some Intellectual Property Awards

China Patent  
Excellence Award

National Intellectual Property  
Demonstration Enterprise

Beijing Municipal  
Invention Patent Award

National Intellectual Property  
Advantage Enterprise





# Responsible Procurement

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SGMICRO's highly collaborative supply chain is a key competitive advantage. We maintain close cooperation with our suppliers, having established a standardized process for supplier onboarding and evaluation. Our categorized supplier management approach optimizes oversight, reduces costs, and enhances supplier value. Adhering to our sustainable development philosophy, we integrate critical factors such as product quality management, environmental protection, and social responsibility into our supplier evaluation system. SGMICRO is firmly committed to avoiding conflict minerals and actively promotes sustainable development throughout the entire industry supply chain.





# Build a Sustainable Supply Chain

## Sustainable Supply Chain

Our company regularly reviews and updates its risk and opportunity assessment criteria. We conduct various risk assessments for our suppliers, developing corresponding mitigation strategies. Furthermore, through our business continuity management protocols, we clearly define our business continuity management structure and policies.

To ensure uninterrupted supply, we've established and refined a business continuity assurance system, regularly assessing risks of operational disruption. We implement various measures to prevent supply chain interruptions, including introducing secondary suppliers for production-related processes, requiring suppliers to develop business continuity plans, and mandating that suppliers maintain safety stock levels that meet our specific requirements.

## Supplier Management

Our company evaluates new suppliers across multiple dimensions, drawing upon international standards such as ISO9001, IATF16949, and ISO14001. This assessment leverages management systems like ISO14001, QC080000, and ISO45001. Critically, during the initial onboarding phase and on-site audits of new suppliers, we consistently include environmental and social responsibility criteria. These factors directly influence the supplier's score and overall evaluation outcome.

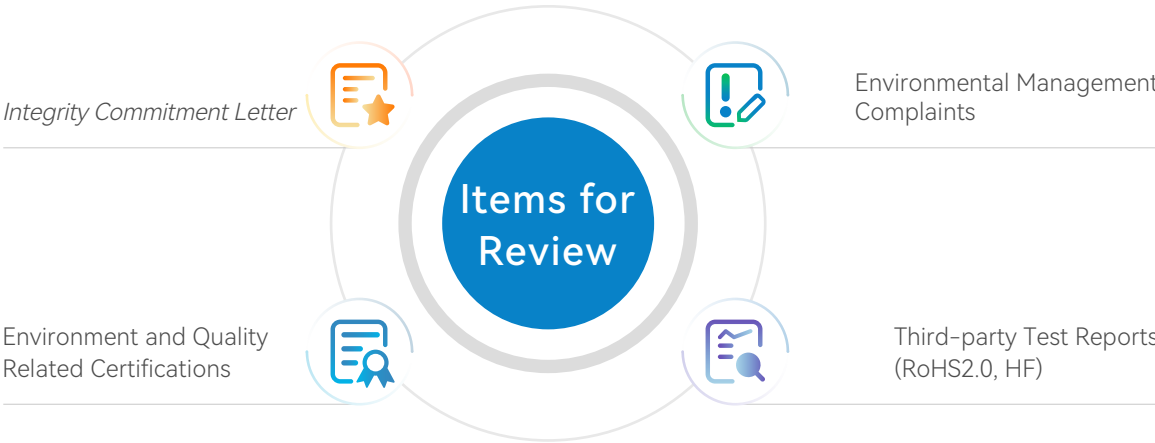
At the time of the report, our suppliers maintained ecological, social, and quality certifications as listed below:

Category	Certification	Percentage of certified suppliers
Environment	ISO 14001 Environmental Management Systems	100%
	QC080000 Hazardous Substance Process Management System	100%
Society	ISO 45001 Occupational Health and Safety Management System	100%
Quality	ISO 9001 Quality Management	100%
	IATF 16949 Automotive Quality Management System	100%

At the time of the report, the company has signed codes of conduct and other relevant agreements with suppliers, requiring them to carry out thorough due diligence on their supply chains to ensure full compliance with laws and regulations during their business with our company. The areas included in due diligence are, but not limited to, labor rights, health and safety, environment and hazardous substances, ethical standards, business continuity, and information security.

SGMICRO conducts annual audits of suppliers to promote social responsibility, emphasizing transparency and integrity. We require suppliers to comply with legal standards, uphold ethical business conduct, follow human rights regulations, and avoid forced or child labor. Suppliers must also avoid conflict minerals and meet environmental standards. Compliance agreements are established, supplier performance is evaluated, and warnings are issued to low-scoring suppliers with time for improvement. Persistent non-compliance may lead to disqualification.

### Review of Suppliers' Social Responsibilities



## Supplier Integrity Management

The company has a longstanding commitment to promoting responsible supply chain development through our *Transparent Procurement* initiative. Our suppliers sign documents such as the *Commitment to Integrity and Honesty*, which mandates transparency in all business transactions. They are required to accurately reflect these transactions in their business accounts and records. Our procurement process adheres to principles of transparency, fairness, and impartiality. We continuously optimize our procedures, conducting periodic supplier audits to ensure compliance with integrity requirements.

During the reporting period, through strict oversight and enforcement, the company found no significant illegal or non-compliant activities within its procurement processes.





# Conflict Minerals Management

SGMICRO is committed to mitigating the environmental and social impact of conflict minerals. As part of our supplier approval process, we conduct due diligence specifically related to conflict minerals. This ensures that materials such as tantalum, tin, tungsten, gold, and other minerals used in our products do not originate from conflict areas. We have established the *Environmental Restricted Substances Management Operation Specification*, which defines conflict minerals, outlines their scope, management methods, and associated commitments. This document is regularly updated in accordance with updates in law and customer demands. Additionally, we transparently disclose the use of cobalt and mica in our supply chain, as detailed in the company's EMRT survey report.

Following the Responsible Minerals Initiative (RMI) guidelines created by the Organization for

Economic Cooperation and Development (OECD), we use tools such as the Conflict Minerals Reporting Template (CMRT) to conduct due diligence on all suppliers. Detailed disclosures of mineral sources and usage and information on related smelters are provided, ensuring that all relevant suppliers are certified by RMI. The Environmental Agreement signed by both the company and the suppliers explicitly states that suppliers must comply with the DRC conflict-free policy under the *U.S. Dodd-Frank Act*. Furthermore, we have established comprehensive processes to ensure traceability of materials.

The company is diligent in constructing a responsible system for sourcing minerals, closely collaborating with upstream and downstream businesses to promote responsible procurement practices. At the time of the report, we conducted audits of all suppliers' hazardous substances and

conflict mineral management systems. Following the audit, it was found that all our suppliers have established conflict-free metal procurement policies. Investigations into conflict-free metals in downstream supply chains have confirmed that metals (gold, tin, tantalum, tungsten) procured are from conflict-free areas. At the time of the report, 100% of the mineral raw materials involved in SGMICRO's supply chain were sourced from RMI-accredited smelters or countries, and some suppliers have obtained Responsible Business Alliance (RBA) certification.

## Performance:



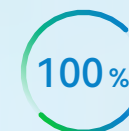
100% of the raw minerals used by SGMICRO are sourced from RMI certified smelters or countries



Supplier due diligence rate



Suppliers with hazardous substances and conflict mineral management system



Traceability white list rate







# Together We Thrive

The stable growth of our talent team is the core driving force behind the company's sustainable development. SGMICRO consistently upholds a talent philosophy of "integrity and competence, dedication to teamwork, pursuit of excellence, and practical responsibility," coupled with a people-centric approach to long-term growth. We're dedicated to providing a broad career platform for all employees and fostering a fair, diverse, and safe work environment. SGMICRO deeply cares for the well-being of every employee, continuously optimizing our welfare system, building advanced and efficient training mechanisms, and actively exploring diverse communication channels. We're committed to fulfilling our employees' aspirations for the future, working hand-in-hand with them to plan and achieve the company's long-term vision.

2023

齐心协力

撸起袖子  
加油干!!





# Recruitment

## Careers

SGMICRO adheres to a “people-oriented” core philosophy and considers our core talent the key driver behind our innovation breakthroughs and sustainable development. By continuously optimizing the *Recruitment Management Policy* and building a diversified matrix of recruitment channels, the company integrates both campus and social recruitment mechanisms to ensure openness and diversity in talent acquisition. This approach attracts individuals with varied experiences and backgrounds, fostering innovation and growth. During the selection process, SGMICRO strictly adheres to the principles of fairness, impartiality, and transparency to identify top talent, build a strong talent pipeline, and enhance talent reserves, thereby laying a solid foundation for steady development and future strategic upgrades.

### Campus Recruitment

The company provides diverse job opportunities through campus recruitment, leveraging online and offline promotional efforts as well as campus-enterprise collaborations. This strategic approach not only expands our talent pool but also fulfills our corporate social responsibilities, contributing to our reputation as an exceptional employer.

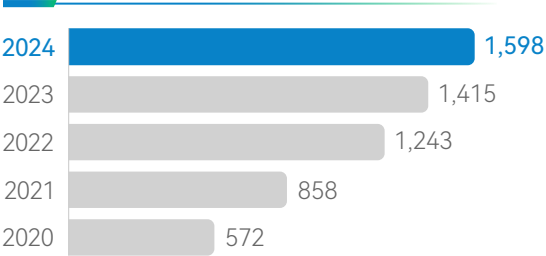


### Experienced Recruitment

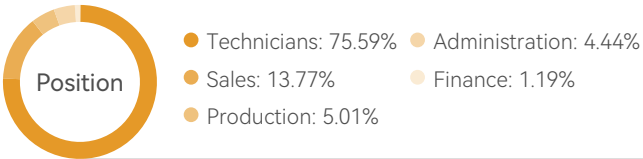
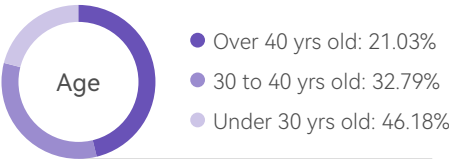
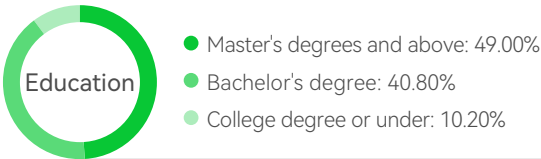
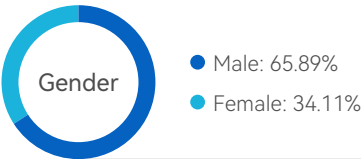
As our company continues to grow and expand, our ability to attract talent consistently strengthens. We actively utilize a variety of recruitment channels and methods, including but not limited to, various job boards, our company website, and official WeChat accounts. This approach helps us attract seasoned industry professionals, bolstering our talent pool and continuously refining our talent pipeline. This, in turn, meets our increasing talent demands and accelerates our technological innovation.

During the reporting period, we offered a significant number of professional technical positions to university students, attracting and cultivating top talent through various campus activities and training programs. Concurrently, we further enhanced our employer branding by bringing in experienced technical and management personnel through external hiring initiatives.

### Number of Total Employees



The company ensures that all employees sign legally compliant labor contracts or employment agreements. Additionally, we provide social insurance and a housing provident fund according to local regulations, maintaining a coverage rate of 100%.



## Diversity and Anti-discrimination

Our company is dedicated to fostering a diverse and inclusive work environment. We strictly adhere to a non-discriminatory hiring policy, basing all employment decisions solely on an individual's work abilities and the requirements of the position. We unequivocally prohibit discrimination based on race, color, social class, nationality, religious belief, disability, pregnancy, gender, sexual orientation, ethnic background, union membership, political affiliation, age, or marital status. Furthermore, the company explicitly prohibits sexual harassment and all forms of inappropriate conduct, striving to protect the dignity and safety of every employee.

Additionally, SGMICRO collaborates with the China Disabled Persons' Federation to provide employment opportunities for people with disabilities. At the time of the report, the company has 14 disabled employees.

### Measures for Diversity

#### Policy making

SGMICRO has incorporated equal employment and diversity guidelines into our management framework, which are communicated to employees through various means such as new employee training programs and assemblies, ensuring their understanding and adherence to the guidelines.

#### Establishment of supervision mechanisms

The company has established effective supervision mechanisms led by the Human Resources Department to regularly inspect the implementation of equal employment and diversity policies, able to promptly identify issues for improvements.

#### Enhanced communication and feedback

SGMICRO promotes and strengthens employee communication through various channels and methods, encouraging employees to provide feedback and suggestions on equal employment and diversity policies.

## Labor & Human Rights

The company thoroughly verifies the age of applicants to ensure that only employees aged eighteen and above are hired in compliance with legal requirements. We respect the fundamental labor rights of our employees and value their freedom to choose their employment, setting a zero-tolerance policy towards forced labor and human trafficking. No violation was reported at the time of the report.





# Salary and Compensation

Our company embraces a "total compensation" philosophy, offering industry-competitive salaries and benefits to attract and retain key talent who drive our future growth. While ensuring overall fairness and equity, our compensation structure favors those who take on greater responsibility and create high value. We adjust compensation based on actual economic performance, labor market conditions, and industry developments, in conjunction with individual employee performance. We are committed to equal pay for equal work, ensuring no differential treatment based on an employee's gender.

We use various incentive mechanisms, such as awards, performance bonuses, and employee benefits to boost employee satisfaction and strengthen their sense of honor and belonging. Our company's competitiveness is strengthened in the process. Our long-term equity incentive plans allow employees to share in the company's growth. This continuously attracts and retains skilled technical and management talent who strongly identify with our culture and values. It helps ensure the stability of our core team while constantly injecting vitality into our ongoing development. In recent years, we've significantly enhanced these long-term incentive programs, launching five plans since becoming a public company, closely aligning company performance with employee interests and fostering a shared focus on long-term growth.

## Performance Management

SGMICRO's long-term focus emphasizes a balance between performance targets and individual/team development, driving sustained improvement. We encourage employees to aspire to ambitious goals to ignite greater passion, performance, and growth.

In 2024, aligned with our industry-specific demands and corporate values, we further optimized our performance management system. By adopting a structured goal-cascading methodology, we translated the company's strategic objectives into actionable departmental and individual Key Performance Indicators (KPIs). This ensures company-wide directional alignment and effectively transforming goals into actionable plans for all employees, promoting higher performance and continuous growth.

### Performance:

In 2024, the coverage rate of comprehensive performance management (including performance evaluation, performance coaching, and performance goal setting) reached 100%.



# Employee Benefits

SGMICRO strictly adheres to national laws and regulations in China, such as the *Labor Law*, *Labor Contract Law*, and *Law on the Protection of Minors*. Additionally, we comply with international guidelines and standards, including the *Universal Declaration of Human Rights*, *The Core Conventions of the International Labor Organization*, and the *UN Guiding Principles on Business and Human Rights*, placing significant emphasis on respecting employees' fundamental rights and legitimate interests.

## Work Hours and Holidays

SGMICRO champions work-life balance for our employees, ensuring compliance with relevant laws and regulations such as the *Labor Law of the People's Republic of China*. Employees are entitled to statutory holidays, weekends off, sick leave, maternity leave, and other leave arrangements.

Our company upholds the principle of fairness, creating equal employment and career development opportunities for female employees. We ensure they receive comprehensive benefits, including full maternity and parental leave, along with maternity insurance, dedicated mother-and-baby rooms, and special Women's Day benefits.

## Employee Communication

SGMICRO values the input of all employees and encourages honest and effective communication as part of our corporate structure and culture. To foster an open and inclusive workplace, the company has implemented communication management procedures to welcome diverse suggestions and criticisms while ensuring prompt and appropriate responses. Employees are encouraged to communicate feedback, suggestions, and personal grievances to managers at all levels, who shall actively respond and take responsibility to address them.

Additionally, a series of effective communication mechanisms are implemented to promote internal communication, convey corporate culture and management philosophy, as well as solicit employee feedback and suggestions. These mechanisms include:

01

**Employee Assembly**

Employee assemblies are organized periodically that cover policy briefings, performance reviews, and communication on future outlook of the company. These meetings ensure that all employees are informed about the company's strategic direction, development goals, and major decisions, enhancing their sense of belonging and solidarity.

02

**Quarterly Review Meetings**

In quarterly review meetings, departments report on progress and exchange thoughts. This practice ensures all departments align in their direction.

03

**Regular Communications with HR**

A mechanism for regular communication with HR is in place, focusing on facilitating dialogue between different employee groups, including new hires, long-time employees, frontline staff, middle managers, and key personnel. This approach maintains timely exchange and feedback across the company.

04

**Suggestion Box**

Suggestion boxes are available at all office locations. Managed by HR, these boxes collect employee opinions and suggestions, which are then forwarded to relevant departments and individuals for follow-up.

## Employee Grievance Report

SGMICRO upholds the core principle of "respecting every employee's voice" by establishing a robust grievance management system and a timely response mechanism. Based on the fundamentals of being "objective, fair, and just", the company offers multiple feedback channels: reporting to direct supervisors or department heads; submitting complaints via the company's internal dedicated email; use of suggestion boxes; and directly contacting Human Resources department or the management.

The company strictly enforces confidentiality throughout the grievance process to protect employee privacy. Upon receiving a complaint or appeal, we respond promptly with a thorough and impartial investigation while providing regular updates to the employee on the progress. All decisions are made fairly and reasonably based on investigation findings in full compliance with company policies, ensuring the protection of employees' legitimate rights and interests.



# Talent Development

Recognizing that talent is the cornerstone of sustainable growth, SGMICRO is dedicated to fostering an environment of mutual development for both the company and its employees. Our people-oriented, open, inclusive, and proactive corporate culture, combined with abundant career development opportunities driven by our rapid expansion and a comprehensive compensation and incentive program, are crucial for attracting, motivating, and retaining top talent.

## Career Development

SGMICRO focuses on employee growth, offering career paths for technical specialization and team management, along with cross-functional mobility. As the company evolves, employees gain expanded job responsibilities and career prospects. They can develop skills, move into leadership, or explore new roles across departments. A structured promotion system ensures opportunities for mutual growth.

### Technical and Managerial Path

#### Technical path

Our business expansion is driven by effectively meeting the ever-growing demands of our customers and target markets. This will create increased opportunities for our employees to develop innovative and complex solutions, continually enhancing their technical expertise.

#### Managerial path

The company offers a clear and accessible promotion path, providing significant career development opportunities for employees ready to assume greater management responsibilities. This framework empowers individuals to fully leverage their management skills and expertise, supporting their career progression goals.



## Employee Training and Development

Employee growth powers our company's sustainable development. We've built a robust training system, continuously fostering a "learning organization" to actively support and empower employees' career advancement. By creating comprehensive talent development plans, we aim for a virtuous cycle of "learning-application-innovation". This boosts our team's professional competitiveness and enhances our employees' career satisfaction.

The training system covers all business areas, functional departments, and talent categories. It includes courses for new hire orientation, technical skill enhancement, management and leadership development, professional competency enhancement, and management systems for environmental and safety measures.

Our company prioritizes training effectiveness, employing a systematic management approach that spans need assessment, planning, course development, delivery, and evaluation of results. We leverage digital tools to efficiently manage training resources and records.

Company training sessions increased by 60% this year, creating a more dynamic atmosphere at all levels.



2024

Training time on average per person: 58 hrs



Training coverage rate: 100%



### Parts of 2024 Training Programs

#### Professional Development Program

SGMICRO continues to enhance both team-wide and individual technical capabilities by offering diverse and systematic training programs tailored to the needs of various technical teams.

#### New Graduate Training Program

For many years, we have built our graduate employer brand around the "Star for the Future" program. This program not only provides new graduates with comprehensive, systematic training for their initial entry into the workplace but also offers specialized professional training and on-the-job project opportunities tailored to the demands of different roles.



#### Management and Leadership Training Programs

"The Journey" workshops were organized for managers at all levels, focusing on the implementation of annual performance goals. These sessions encouraged in-depth reflection and discussion across departments regarding the company's strategic objectives for the year.



#### Mentorship Program

Our ongoing Mentorship Program aims to enhance the coaching capabilities of our senior staff, particularly for guiding new hires.



SGMICRO focuses on providing employees with up-to-date technical knowledge and industry trends to promote growth through new product research and development. To achieve this, we offer internal training to improve R&D skills for new employees, ensuring we remain technologically advanced. Furthermore, we work with external partners to offer courses in quality management, organizational management, and business compliance, which helps strengthen our overall competitiveness.

Case R&D Technical Seminars

SGMICRO is committed to fostering a culture of continuous learning and innovation through its R&D Seminars. These seminars serve as a vital platform for professional exchange, featuring sessions led by renowned industry experts who present on leading technologies and address current industry challenges. In addition, we facilitate internal technical seminars to encourage in-depth discussions among our employees. These initiatives ensure our team remains at the forefront of technological advancements, promote innovative thinking through collaborative idea exchange, and ultimately enhance SGMICRO's core technological capabilities, driving both individual professional development and the company's overall innovation-driven growth.



Case Process R&D Trainings

The Process Engineering Department, in partnership with Human Resources, has introduced a specialized training program to boost process R&D capabilities. Senior engineers lead this systematically structured curriculum, covering essential areas like device fabrication, process integration, and ESD. The program combines fundamental theories with technical standards and practical case studies, aiming to deepen R&D personnel's understanding of common process challenges.

Industry- University- Research Cooperation

Our company is dedicated to fostering deep industry-university collaboration and nurturing talent in the integrated circuit field, by combining the academic strengths of universities with our own professional expertise. We work with universities on research, competitions, and curriculum development to teach advanced engineering and practical skills. This fulfills our need for innovative talent while sharing resources and leveraging complementary strengths.

Case New Generation of Talents for the Future

Our company actively practices the concept of industry-university collaborative research and innovation. As a sponsor of university student chip design competitions, we provide cutting-edge engineering cases derived from real-world business challenges as competition topics. We also assemble a team of senior technical experts to serve as mentors, guiding participating students through specialized training sessions and dedicated Q&A email support. This multi-faceted approach helps students enhance their innovative thinking and professional skills, actively cultivating future talent for the industry's development.



# Employee Care

SGMICRO places great importance on employee well-being, striving to create an environment where every team member can thrive both at work and in their personal lives.

## Employee Benefits

Our company is dedicated to providing comprehensive employee benefits and care for every employee to facilitate work-life balance.



- We've implemented a flexible work system, making commutes easier for employees and contributing to a lower carbon footprint;
- A diverse range of sports events and team-building activities are organized regularly to enhance team solidarity and employee satisfaction;
- Annual health check-ups and group accident insurance are also in place with 100% coverage for employee health examinations;
- Paid sick leave is offered to all employee to ensure their physical wellbeing;
- Customized holiday benefits for special occasions are offered;
- Shuttle services and employee cafeterias are available in some cities, bringing convenience for employees in work and life;
- We provide care and support to employees and their families facing serious illness.

## Employee Activities

A rich array of cultural activities is crucial for sparking creativity and strengthening team cohesion. Our company regularly organizes diverse events that provide employees with opportunities for physical well-being, help them manage their work pace, and offer a platform to showcase personal talents. These activities also foster communication and collaboration among colleagues, creating an open, lively, and proactive work environment.

### Employee Activities



**Sports activities**  
To support employee well-being, we offer a variety of sports activities such as football, basketball, badminton, table tennis, and hiking, subject to availability. These programs boost the physical and physiological health of our team members.



**Photography competition**  
Our popular annual photography competition invites employees to share life's beauty. With themes like "blossoming", "light", and "limitless", the contest encourages our team to capture the essence of our world. This activity celebrates creativity and fosters a sense of community.



**Team-building**  
We offer varied team-building excursions, often short trips in breathtaking scenery. Through activities like group competitions and collaborative games, these outings foster understanding and trust among colleagues.



**Women's Development Forum**  
In 2024, we hosted a Women's Development Forum, themed "Be the Best Version of Yourself". Our female employees shared their experiences in work and life, telling stories of growth and passion.



# Health and Safety

SGMICRO prioritizes the health and safety of our employees, continuously enhancing our occupational health and safety management system to ensure a safe and supportive work environment.

## Safety

The company strictly complies with occupational health and safety laws, regulations, and standards in all regions where it operates. We have established the Occupational Health and Safety Manual, continuously optimizing the safety management system and operational processes, clarifying the responsibilities, authorities, and relationships of various levels of positions. Following the PDCA (Plan-Do-Check-Act) management model, we are constantly improving the company's system as well as the overall performance on occupational health and safety. Additionally, we conduct regular safety inspections and maintenance at production facilities and workspace to ensure timely identification and elimination of potential safety hazards.

Following the requirements of the ISO 45001 Occupational Health and Safety Management System, our company has established an EHS (Environment, Health, and Safety) working group and refined our occupational health and safety management standards and procedures. In 2024, we further introduced or revised relevant policies and processes, thoroughly implementing our "Occupational Health and Safety Policy."

### Occupational Health and Safety Policy



### Measures to Raise Employees' Safety Awareness:

- 01

Specialized courses on "Environment, Health, and Safety" are incorporated into employee training programs, with organized learning sessions and assessments for employees.
- 02

Fire safety drills are regularly carried out, and firefighting equipment is placed in accordance with regulations to ensure clear access to fire exits.
- 03

The workplace regularly conducts safety inspections, including daily safety checks, major safety inspections before important holidays, and specialized safety inspections.
- 04

Safety reminders are posted in lounge areas, restrooms, and water dispensers across the workplace.
- 05


The factory holds daily pre-shift safety meetings.





Health


Committed to employee well-being, SGMICRO ensures a healthy and safe work environment. This commitment is reflected in our rigorous management of quality and environmental standards across facilities procurement, decoration material selection, and construction. We maintain comprehensive safety protocols in equipment-dense areas such as laboratories and factories, complemented by the provision of multi-functional spaces to further enhance employee health and safety.


Occupational Health and Safety Management Measures

- 

Facilities procurement: We prioritize the purchase of environmentally friendly materials and equipment to mitigate potential impacts on employee health from the work environment. We avoid the use of harmful materials, and reduce air and noise pollution. Additionally, regular inspections and maintenance of facilities are conducted to ensure safe and proper operation and reduce the risk of equipment failure.
- 

Our Work Environment: We've created human-centered, multi-functional spaces, including break areas and dining zones, to help employees relax and recharge during work periods. All company offices are equipped with drinking water dispensers, and we regularly replace water filters to ensure the healthiest drinking water for our staff.
- 

Laboratory safety measures: Our laboratories implement a comprehensive set of measures to ensure a safe working environment. These include: Air Quality Control: Installation of air purification equipment and regular filter replacement to maintain optimal air quality. Noise Reduction: Establishment of soundproof rooms to minimize noise levels. Accident Prevention: Implementation of anti-static measures and equipment grounding to prevent safety incidents.
- 

First aid supplies: First aid kits and commonly used trauma medications are available in the workspace for prompt emergency response in case of employee accidents.
- 

Renovation material selection: We prioritize the use of eco-friendly renovation materials to minimize harmful substances. All materials chosen for our office spaces meet environmental protection requirements. Furthermore, prior to official occupancy, air quality testing is conducted to ensure compliance with national environmental standards, thereby providing a healthy office environment.

Performance

Key Performance Indicators	Amount
Recordable work-related accident	0
Lost days of work-related accident	0
Major accidents (Resulting in disability or loss of life)	0
Occurrences of occupational disease	0
Employee health check coverage rate	100%





# Taking Social Responsibility

SGMICRO is committed to sustainable development. We recognize the significance of social responsibility and actively engage in charitable events. Through concrete actions, SGMICRO aims to spread love and hope for a harmonious society.


We firmly believe that an enterprise's long-term sustainable development is intrinsically linked to ongoing social progress. We are dedicated to a range of philanthropic causes and are consistently increasing our contributions to social responsibilities. SGMICRO remains committed to playing our part in achieving sustainable development goals.

Case

Charity and Donation in 2024

SGMICRO has partnered with charity foundations to jointly carry out a series of public welfare and charity activities, actively supporting students from underprivileged remote areas in their pursuit of education, and continuing to create more heartwarming stories.

We continue to extend support to the development of microelectronics-related education in universities, providing scholarships and teaching grants to students and faculty in multiple universities aiming to foster top-tier talents.







# Appendix

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# About this Report

## Purpose

This report (the "Report") is the annual 2024 Environmental, Social, and Corporate Governance (ESG) Report released by SG Micro Corp and our subsidiaries (referred to as "SGMICRO" or "the company", "company", "we" or "us"). The purpose of the report is to facilitate a transparent dialogue between SGMICRO and our stakeholders regarding our environmental, social, and governance practices and to address their expectations with a comprehensive and structured approach.

## Scope

The disclosure scope of this report is consistent with that of the financial information in the company's 2024 annual report, and some information may involve policies and practices from previous years.

## Data

The report quotes data from various sources, including the company's operation information, publicly available government documents, annual financial reports, internal statistical reports, among others. Financial data in this report is presented in Chinese currency RMB. In cases where discrepancies arise between this report and the financial statements, the financial statements shall take precedence.

## Reliability Guarantee

The report contains no false representations, misleading statements or major omissions, and we attest to the truthfulness, accuracy and completeness of the contents.



## Basis for Compilation

- Global Reporting Initiative's GRI Standards
- The Chinese National Standard *Guidelines for the Preparation of Social Responsibility Reports* (GB/T 36001-2015)
- The Chinese Academy of Social Sciences *China Corporate Sustainable Development Report Guide* (CASS-ESG 6.0)
- SZSE Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report* (For Trial Implementation)
- 2030 UN Sustainable Development Goals (SDGs)
- ISO 26000:2010 Guidance on Social Responsibility



## Compilation Process

This report is based on our company's ESG practices, following a process of "project setting and research, information collection, drafting and revision, executive review, board review, and public release". At some stages, we engage with relevant stakeholders to discuss and validate the report's framework and content, ensuring transparency and alignment with our corporate values.



## Versions and Availability

The report can be accessed and downloaded from the official website of SGMICRO ([www.sg-micro.com](http://www.sg-micro.com)), the Shenzhen Stock Exchange website ([www.szse.cn](http://www.szse.cn)), and the CNINFO website ([www.cninfo.com.cn](http://www.cninfo.com.cn)). The Report is available in both Chinese and English. In case of any discrepancy, the Chinese version takes precedence. We welcome feedback for the ESG report. Please do not hesitate to reach out to us at [Investors@sg-micro.com](mailto:Investors@sg-micro.com) if you have any questions or comments.



# Key Performance Indicators

## Business Performance

Sector	Disclosure Item	Unit	2024
Business Performance	Revenue	RMB 10,000	334,698.31
	Net profit attributable to shareholders of the listed company	RMB 10,000	50,024.79
	Investment on R&D	RMB 10,000	87,074.68
	R&D investment percentage	%	26.02
	R&D personnel	person	1,184
	R&D personnel percentage	%	74.09
	Total cash dividends distributed during the period (with tax)	RMB 10,000	4,707.27
	Basic earnings per share	RMB/share	1.0619

## Environmental Performance

Sector	Disclosure Item	Unit	2024
Energy	Natural gas consumption	m³	4,913.82
	Gasoline	Liters	889.49
	Power consumption	kWh	7,893,380.47
Greenhouse Gas	Scope I	tCO₂e	12.59
	Scope II	tCO₂e	4,235.59
	Total greenhouse gas emissions (Scope I + II)	tCO₂e	4,248.18
Office Operation	Water consumption	m³	12,630.16

- Note:
1. The disclosed data are collected from some of the company’s operating regions.
  2. The emission of greenhouse gases represents the sum of Scope I and Scope II greenhouse gas emissions. The emissions from Scope I are calculated based on the consumption of natural gas, gasoline, and corresponding emission factors. The emissions from Scope II are calculated based on purchased electricity and corresponding emission factors.





Corporate Governance Performance

Sector	Disclosure Item	Unit	2024
Corporate Governance	Number of board members	person	5
	Male directors	person	2
	Female directors	person	3
	Independent directors	person	2
	Non-independent directors	person	3

Social Performance

Sector	Disclosure Item	Unit	2024
Safety	Number of people with work-related injuries	person	0
Supply Chain	The number of suppliers identified as having actual or potential significant negative social impacts	Number	0
	The number of suppliers identified as having actual or potential significant negative environmental impacts	Number	0
	The percentage of new suppliers that were screened based on environmental criteria	%	100
	The percentage of new suppliers that were screened based on social criteria	%	100
	The percentage of RMI certified supplier	%	100
	Supplier due diligence rate	%	100
	Traceability white list rate	%	100
	Suppliers with management system for hazardous substances and conflict mineral	%	100

Sector	Disclosure Item	Unit	2024
Patents	Total number of obtained patents	piece	370
	Newly applied patents	piece	162
	Total number of newly licensed invention patents	piece	132
	Newly registered IC layout design registration certificates	piece	81
Employee	Number of total employees	person	1,598
	Male staff	person	1,053
	Female staff	person	545
	Over 40 yrs old	person	336
	30 to 40 yrs old	person	524
	Under 30 yrs old	person	738
	Master's degrees and above	person	783
	Bachelor's degree	person	652
	College degree or under	person	163
	Production	person	80
	Technicians	person	1,208
	Sales	person	220
	Finance	person	19
	Administration	person	71
	Disabled	person	14
	Average training time per year per employee	hrs	58
	Social insurance coverage rate	%	100

GRI Index

GRI Index

Instructions	SG Micro Group reported the information quoted in this GRI content index according to GRI standards between January 1, 2024, and December 31, 2024.
GRI 1 Used	GRI 1: standard 2021

GRI Standards	Disclosure Item		Corresponding Chapter
GRI 2: General Disclosure 2021	2-1	Detailed information about the organization	About this Report
	2-3	Reporting period, frequency and contact point	About this Report
	2-7	Employee	Together We Thrive
	2-9	Governance framework and composition	Enhance Governance Structure
	2-12	In terms of governance impact, the supervisory role of the highest governance body	Enhance Governance Structure
	2-14	The highest governance body's role in sustainability reporting	Refine Sustainable Corporate Governance
	2-22	Statement on sustainable development strategy	Refine Sustainable Corporate Governance
	2-29	Approach to stakeholder engagement	Refine Sustainable Corporate Governance
GRI 3: Substantive Topics of ESG 2021	3-1	The process of determine substantive issues	Refine Sustainable Corporate Governance
	3-2	List of substantive issues	Refine Sustainable Corporate Governance
	3-3	Management of substantive issues	Refine Sustainable Corporate Governance
GRI 201: Economic Performance 2016	201-1	Directly generated and distributed economic value	Key Performance Indicators
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics

GRI Standards	Disclosure Item		Corresponding Chapter
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Key Performance Indicators
GRI 303: Water and Effluents 2018	303-1	The interaction with water as a shared resource	Energy Conservation and Carbon Footprint Reduction
	303-2	Management of water discharge-related impacts	/
	303-3	Water consumption	Key Performance Indicators
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste and Material Management
	306-2	Management of significant waste-related impacts	Waste and Material Management
	306-3	Waste generated	Waste and Material Management
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened against environmental criteria	Build a Sustainable Supply Chain
GRI 401: Employment 2016	401-1	The percentage of new employee hires and employee turnover	/
	401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Employee Care
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system (OHSMS)	Health and Safety
	403-3	Occupational health services	Health and Safety
	403-4	Occupational health and safety topics: worker participation, consultation, and communication	Health and Safety
	403-5	Worker training on occupational health safety	Health and Safety
	403-6	Promote worker health	Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety
	403-10	Work-related health	Health and Safety
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Talent Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Recruitment
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened against social criteria	Build a Sustainable Supply Chain



## Glossary

Technical Terms	Definitions
LDO	Low Dropout Regulator (LDO) is a type of integrated circuit voltage regulator characterized by its ability to provide a stable output voltage with minimal power loss.
MOSFET	MOSFET, short for Metal–Oxide–Semiconductor Field–Effect Transistor, is a type of transistor widely used in integrated circuits. It plays a crucial role in switching and amplifying electronic signals in various applications.
DC/DC	A DC/DC converter is a converter that transforms a direct current power source into another direct current power source with a different voltage or current.
AMOLED	Active Matrix Organic Light Emitting Diode (AMOLED) is a type of organic electroluminescent device.
LED	Light Emitting Diode, is a solid-state semiconductor device with diode characteristics that can convert electrical energy into light energy.
SVHC	Substances of Very High Concern
RoHS	The restriction of the use of certain hazardous substances in electrical and electronic equipment
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
LBMA	London Bullion Market Association
RJC	Responsible Jewellery Council

## Feedback Form

This report is the 2024 annual Environmental, Social, and Corporate Governance (ESG) Report of SGMICRO publicly released to society. In order to improve the company's ESG management and enhance our performance in fulfilling ESG responsibilities, we sincerely ask for your opinions and suggestions. Please fill in the feedback form and choose one of the following methods to send:

1. What is your overall view of the ESG report?  
☐ Very good    ☐ Good    ☐ Average    ☐ Poor    ☐ Very poor
2. Do you think the report can comprehensively and accurately reflect the company's significant economic, social, and environmental impacts?  
☐ Very good    ☐ Good    ☐ Average    ☐ Poor    ☐ Very poor
3. How do you rate the quality of this report in terms of responding to and disclosing issues of concern to stakeholders?  
☐ Very good    ☐ Good    ☐ Average    ☐ Poor    ☐ Very poor
4. What do you think of the clarity, accuracy, and integrity of the information, data, and indicators disclosed in the report?  
☐ Very good    ☐ Good    ☐ Average    ☐ Poor    ☐ Very poor
5. How would you rate the readability of this report, including its logical structure, content design, language, and formatting?  
☐ Very good    ☐ Good    ☐ Average    ☐ Poor    ☐ Very poor

### Open-ended Questions

What aspect of this report are you most satisfied with?

Do you have any suggestions for our future ESG reports?



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