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# About This Report

This Report is the first *Environmental, Social, and Governance (ESG) Report* published by Southchip Semiconductor Technology (Shanghai) Co., Ltd. It discloses to our stakeholders the philosophy, management approaches, initiatives, and outcomes of the Company in relation to ESG matters in the course of its operations.

## Reporting Scope

This Report covers Southchip Semiconductor Technology (Shanghai) Co., Ltd. (hereinafter referred to as "Southchip", "Southchip Semiconductor", "the Company" or "we/us") and its subsidiaries. Unless otherwise specified, the reporting scope is consistent with that of the Company's consolidated financial statements for the same period (stock code: 688484).

## Basis for Preparation

This Report has been prepared in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) (April 2024) (hereinafter the "SSE Guidelines")* and the *Guidelines No. 13 of Shanghai Stock Exchange STAR Market for Self-Regulation of Listed Companies – Sustainability Report Preparation (January 2026)*, with reference to the *Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021)*.

## Access and Contact Information

This Report is published in electronic form on the information disclosure platform designated by the stock exchange, and is also available for online viewing and download on the Company's official website. If you have any suggestions for this Report, you can contact us through the following methods:

- Address: Room 1201, Building 4, No. 54, Lane 565, Shengxia Road, China (Shanghai) Pilot Free Trade Zone
- Email: investors@southchip.com

# Reporting Principles

## Materiality

The Company has identified material topics related to its operation that all stakeholders are concerned about as the highlights of this Report. While reporting on the material topics in this Report, we also took into account the characteristics of our industry and business operations. The process and results of the Materiality Analysis are set out in the "ESG Management" chapter of this Report.

## Accuracy

This Report ensures that the information is as accurate as possible. For the measurement of quantitative information, the data standard, calculation basis, and assumptions have been explained to guarantee that the calculation error range will not mislead the users. Quantitative information and notes are detailed in the "ESG Data Table" section of the Report.

## Balance

The contents of this Report reflect objective and true facts, and information involving both the Company's positive and negative aspects has been disclosed in an impartial manner.

## Clarity

This Report is published in simplified Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. It contains tables, diagrammatic figures, a glossary of technical terms, etc., to supplement the written content and facilitate stakeholders' understanding of the information presented. To facilitate faster access to information for stakeholders, this Report provides a table of contents and a disclosure index of ESG standards.

## Quantification

This Report discloses key quantitative performance indicators and, where possible, historical data.

## Comparability

The Company maintains consistency in the statistical and disclosure methodology for the same quantitative metrics across different Reporting Periods. Where there are changes to the data collection, measurement or calculation methods, the relevant data are retrospectively adjusted, and the adjustments and the reasons for them are explained in the notes to this Report, so as to enable stakeholders to conduct meaningful analysis and assess trends in the Company's ESG performance.

## Completeness

The scope of the disclosures shall be in line with that of the Company's consolidated financial statements.

## Timeliness

This is an annual report covering the period from 1 January 2025 to 31 December 2025. The Company strives to publish this Report as soon as possible after the end of the reporting year to provide timely information for stakeholders' decision-making.

## Verifiability

The cases and data in this Report were derived from the original records or financial reports of the Company's actual operations, and the sources and calculation processes of the disclosed data are all traceable.

# Chairman's Message



**Chairman & General Manager  
Ruan Chenjie**

Southchip Semiconductor Technology (Shanghai) Co., Ltd.

**“ Pursuing knowledge through action, building a foundation for global sustainable development with "chips" at the core**

Dear Stakeholders,

The year 2025 has been a pivotal one for Southchip Semiconductor, a year of deep cultivation in the analog chip sector and of strategic advancement. Standing at this historic juncture, where industry cyclicality intersects with the global energy transition, we have been reflecting not only on how to achieve technological breakthroughs, but also on how, as a technology enterprise, we can build a genuine "moat" capable of withstanding cyclical headwinds through the systematic practice of Environmental, Social, and Governance (ESG) principles.

The story of Southchip Semiconductor's growth is one of exploration driven by curiosity. From our founding vision of "domestic substitution" to our current journey toward global leadership, we have consistently upheld the spirit of inquiry, seeking to understand not only "what" but "why". This same spirit guides our sustainability path: we eschew tokenism in favor of engaging deeply with the essence of our business, delivering outstanding product energy efficiency to support a green, low-carbon future; cultivating systematic organizational capabilities to enable our people to thrive; and underpinning our long-termism with rigorous governance structures.

## Green-driven: Illuminating a Low-Carbon Future through Energy-Efficiency Innovation

Southchip Semiconductor firmly believes that every gain in chip efficiency represents a direct contribution to the global green transition.

**Pursuit of Superior Energy Efficiency in R&D:** In 2025, we continued our deep engagement in segmented fields such as charge pump chargers, high-efficiency DC-DC and AC-DC converters, and charge management. The Company has accumulated a total of 199 patents and continues to push the boundaries of energy conversion efficiency. In 2025, our R&D expenses reached RMB 647.15 million. By continually optimizing our chip design solutions, we are helping consumer electronics and industrial terminals worldwide achieve significant reductions in energy consumption.

**Expansion of Our Green Footprint Across All Scenarios:** Grasping both macro trends and targeted entry points, we have accelerated our expansion from consumer electronics into emerging sectors such as automotive, industrial, and communications. In 2025, the penetration rate of Southchip Semiconductor's automotive-grade chips in the smart electric vehicle market grew by leaps and bounds. By providing highly integrated, low-loss power management solutions, we are becoming the solid "chip-powered" force behind the zero-carbon transformation of green mobility and smart industry.

## Strategic Resilience: Building an Industry-Chain Barrier through "0→1→10"

"Understanding national strategy and industry trends, and identifying the right entry points" is key to Southchip Semiconductor's success. We recognize that the sustainable development of an enterprise is inextricably linked with the ecological resilience of China's semiconductor industry.

**In-depth Breakthroughs in Independent Innovation:** In 2025, Southchip Semiconductor upheld its research philosophy of "learning with purpose", achieving further "0-to-1" breakthroughs in high-end segments of the analog chip market. We are committed not only to resolving the challenge of domestic substitution but also to safeguarding supply chain security and self-sufficiency against the backdrop of international competition through forward-looking strategic deployment.

**Deep win-win collaboration along the industry chain:** We embed the concept of sustainability into every link of the domestic supply chain. In 2025, through close collaboration with leading domestic packaging and foundry partners, we achieved steady growth in production capacity and optimized allocation of resources. We are not merely chip designers but ecosystem builders, ensuring that our industry chain remains in sync even under complex conditions through multiple joint quality-control mechanisms.

## Organization for Good: Inspiring Individual Motivation, Cultivating Fertile Ground for Achievers

"Individual motivation is the foundation of all achievement".

At Southchip Semiconductor, we regard talent as our most valuable organizational asset and are dedicated to building a platform that empowers our employees to transcend their own boundaries.

**Refinement of our talent development system:** We continue to deepen rapid talent-growth programs such as the "Little Rocket" initiative, encouraging employees not merely to focus on performance scores but to seek directions they are passionate about. We advocate the principle that "hands-on attempts outweigh armchair theorizing", and through practical experience we have cultivated a cohort of multi-skilled talent with global vision and managerial depth.

**Commitment to long-termism:** We adhere to a long-termist development outlook and have refined our talent management philosophy, centered on "selecting, developing, and deploying talent based on core values". In 2025, through the continuous iteration of our processes and systems, we have ensured that our organization, like a building with solid foundations, can maintain healthy and orderly development regardless of market fluctuations.

## Governance Discipline: End-to-End Control from Baseline to Excellence

Quality is the lifeline of Southchip Semiconductor and our most solemn commitment to all stakeholders.

**Process-oriented quality system:** We firmly believe that "process management matters more than results". In 2025, Southchip Semiconductor further reinforced end-to-end quality control across design, verification, and production, instilling quality consciousness as the muscle memory of every employee. The Company met its 2025 target of achieving a product pass rate of no less than 98%, realizing a comprehensive elevation from quality baseline to excellence.

**Robust and transparent compliance governance:** Alongside sustained business growth, we have consistently maintained a rigorous and pragmatic approach. In 2025, the Company achieved operating revenue of RMB 3.26 billion, a year-on-year increase of 27.01%. We continue to enhance our ESG disclosure framework and improve the transparency of corporate governance, ensuring that the rights and interests of our shareholders, customers, and employees are fully safeguarded.

**Looking ahead to 2026:** "Sustaining our passion for inquiry into first principles". Southchip Semiconductor will continue to cultivate its roots in the fertile ground of analog chips. Guided by curiosity and using technology as our brush, we remain true to our original aspirations in the pursuit of exceptional products, pursuing knowledge through action. We look forward to joining hands with partners around the globe to build the future of China's IC industry, and to contributing Southchip Semiconductor's wisdom to the creation of a smarter, greener, and better society.

# About Southchip Semiconductor

Company Overview

Business Layout and Development History

Corporate Culture

Highlights and Honors



Southchip, born for efficiency!  
Southchip Semiconductor Technology (Shanghai) Co., Ltd.

# About Southchip Semiconductor

## Company Overview

Southchip is principally engaged in the research, design, and sales of analog and embedded semiconductor chips, with products spanning key sectors including consumer electronics, automotive electronics, and industrial applications. Leveraging its platform-based technological capabilities and full value chain integration, the Company has established a business ecosystem characterized by comprehensive coverage, multi-technology synergy, and cross-scenario enablement, continuously delivering high-performance, high-quality, and cost-efficient system solutions to customers worldwide.

### Basic Information of Southchip Semiconductor

Company Name in Chinese	上海南芯半导体科技股份有限公司
Company Name in English	Southchip Semiconductor Technology (Shanghai) Co., Ltd
Date of Establishment	August 04, 2015
Stock Exchange and Listing Board	Shanghai Stock Exchange Science and Technology Innovation Board ("SSE STAR Market")
Company Office Address	Room 1201, Building 4, No. 54, Lane 565 Shengxia Road, China (Shanghai) Pilot Free Trade Zone

## Business Layout and Development History

The Company's current product portfolio covers chips for consumer electronics, automotive electronics, and industrial applications. Through the development of a comprehensive product matrix, Southchip effectively meets diverse system application needs and has become a leading domestic designer of analog and embedded chips.

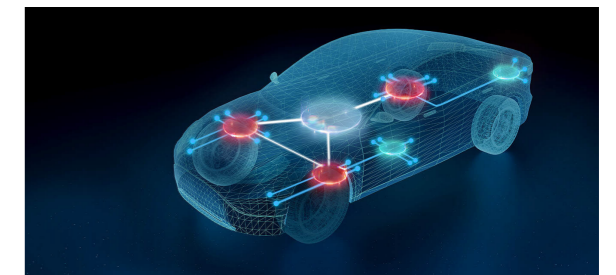
### Consumer electronics

In the consumer electronics segment, the Company has developed into a leading chip design company with broad coverage across diverse end devices, offering a wide range of chip solutions and serving globally recognized brand customers. With strong product penetration across both core and emerging scenarios—including smartphones, laptops and tablets, wearable devices, AI-powered smart glasses, smart speakers, and AR/VR devices—the Company has not only strengthened its leading position in traditional markets such as smartphones, but also, through forward-looking product strategy, is enabling the next generation of AI-driven intelligent hardware ecosystems, establishing a solid and sustainable growth foundation.



### Automotive electronics

Automotive electronics represents a key strategic focus for the Company. Starting from onboard charging, and through continued investment in recent years, the Company has progressively expanded into full-vehicle application scenarios, including intelligent cockpits, autonomous driving, and body control systems. It has built a comprehensive in-vehicle chip ecosystem covering perception, transmission, decision-making, and execution.



### Industrial applications

The Company continues to deepen its presence in the industrial sector, launching multiple targeted products around core scenarios such as industrial power supplies, energy storage, photovoltaics, and communications. At the same time, Southchip Semiconductor has been expanding into sensing and control chips, further broadening the boundaries of industrial applications. Through its proprietary process platforms, the Company has overcome technical challenges such as environmental interference control and algorithm reliability, extending its business into higher-precision industrial scenarios including industrial robotics and smart sensing terminals — building an integrated industrial footprint combining "power management + sensing and control".

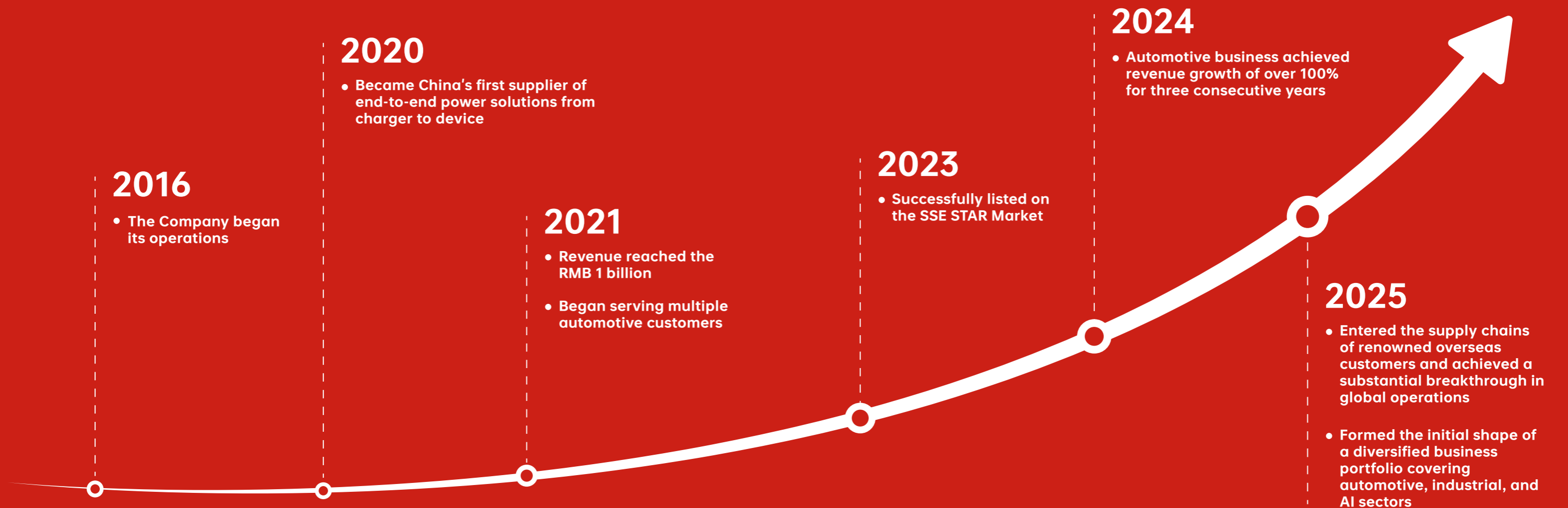


### Southchip Semiconductor's Overseas Presence

Southchip Semiconductor attaches great importance to the new opportunities presented by "going global", continues to advance its globalization strategy, and is building a diversified footprint to develop into a globally oriented chip enterprise. As of the end of 2025, the Company had established entities and teams in South Korea, Singapore, Europe and other locations, and has made significant progress in expanding its overseas customer base in Korea.

# CORPORATE DEVELOPMENT HISTORY

## Southchip Semiconductor's Development Milestones



# Corporate Culture

## Southchip Semiconductor's Corporate Culture



**Southchip Semiconductor Mission**

Leveraging chip technology to optimize energy transformation efficiency



**Southchip Semiconductor Vision**

To be a world-class chip company that is sustainable, healthy, and resilient across cycles



**Southchip Semiconductor Values**

Customer-centric and result-oriented

# Highlights and Honors

## Key Honors

<p>★★★</p> <p>Top 100 Shanghai Growth Enterprises (Ranked No. 18)</p>	<p>★★★</p> <p>Top 100 Shanghai Private Manufacturing Enterprises (Ranked No. 56)</p>	<p>★★★</p> <p>Top 100 Shanghai Emerging Industry Enterprises (Ranked No. 77)</p>
<p>★★★</p> <p>Top 100 Shanghai Manufacturing Enterprises (Ranked No. 88)</p>	<p>★★★</p> <p>2025 Most Outstanding China Chips in Industrial Power and Power Semiconductors</p>	<p>★★★</p> <p>China Association of Automobile Manufacturers 2025 Automotive Chip Innovation Achievement</p>
<p>★★★</p> <p>Shanghai Securities News 2025 "SSE Eagle — Golden Quality" Award</p>	<p>★★★</p> <p>2025 Listed Company Reputation List Listed Companies with Outstanding Competitiveness in High-End Manufacturing</p>	

<p><b>百强证书</b></p> <p>上海南芯半导体科技股份有限公司</p> <p>2025上海百强成长企业100强 (第18名)</p>	<p><b>百强证书</b></p> <p>上海南芯半导体科技股份有限公司</p> <p>2025上海民营制造业企业100强 (第56名)</p>	<p><b>百强证书</b></p> <p>上海南芯半导体科技股份有限公司</p> <p>2025上海新兴产业企业100强 (第77名)</p>
<p><b>百强证书</b></p> <p>上海南芯半导体科技股份有限公司</p> <p>2025上海制造业企业100强 (第88名)</p>	<p><b>最能打的中国芯</b></p> <p>2025年度工业电源及功率半导体类</p> <p>上海南芯半导体科技股份有限公司</p> <p>同步双向buck-boost charger: SC8808</p>	<p><b>荣誉证书</b></p> <p>上海南芯半导体科技股份有限公司:</p> <p>贵公司的SC81460Q0FSR (电源类) 芯片产品, 获推2025中国汽车芯片创新成果。</p> <p>特颁此证。</p>



## Qualifications and Certifications



"Little Giant" Enterprise in Specialized, Refined, Distinctive, and Innovative (SRDI) Fields



Shanghai Science and Technology Little Giant Enterprise



Shanghai Enterprise Technology Center



High-Tech Enterprise

- ISO 14001:2015 Environmental Management System Certification
- ISO 9001:2015 Quality Management System Certification
- ISO 26262: 2018 ASIL-D Functional Safety Management System Certification
- ISO 17025:2017 Laboratory Accreditation Certificate



## 2025 Key Performance Data

### Environmental Performance

Comprehensive energy consumption per unit of revenue

**0.13** tce / RMB million

Greenhouse gas emissions per revenue unit

**0.54** tCO<sub>2</sub>e / RMB million

Water consumption per unit revenue

**1.02** m<sup>3</sup> / RMB million

### Social Performance

R&D expenses ratio

**19.85%**

Percentage of R&D Personnel

**68.13%**

Number of patents held

**199**

Employee coverage rate for information security training

**100%**

Training coverage rate of employees

**100%**

Charitable donation amount

**RMB 0.11 million**

### Governance Performance

Proportion of independent directors

**33%**

Number of internal control training sessions conducted

**22**

Signing rate of personal integrity commitment letters

**100%**



# ESG Management

ESG Management Structure

ESG Management Mechanism

ESG Materiality Assessment

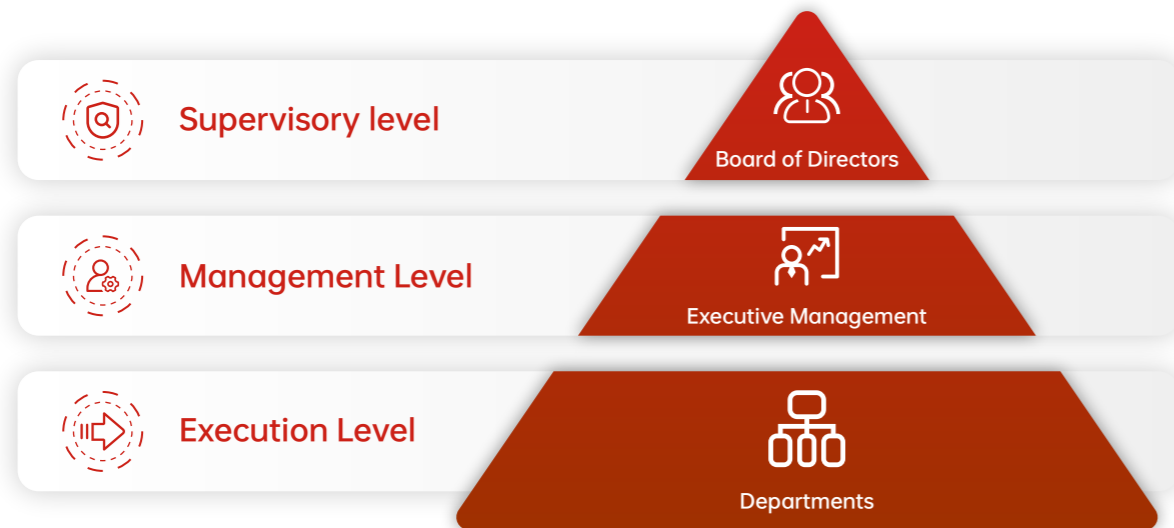


# ESG Management

## ESG Management Structure

Southchip Semiconductor places great emphasis on the development of its ESG Management Structure. In accordance with external requirements such as the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial)* and the *Guidelines No. 13 of Shanghai Stock Exchange STAR Market for Self-Regulation of Listed Companies – Sustainability Report Preparation*, the Company has established a top-down ESG Governance Structure and continues to enhance its ESG Management Mechanism, driving forward its practical work across ESG domains including environmental protection, employee rights and interests, and corporate governance.

Southchip Semiconductor's ESG Management Structure for 2025



## ESG Management Mechanism

The Company has established a robust ESG management system. By collecting performance data on each ESG topic, monitoring negative news and risk-related public sentiment associated with each topic, and implementing a closed-loop management process of "information collection - analysis and assessment - decision-making and response", the Company achieves long-term, sustained ESG management.

In addition, the Company has established a comprehensive ESG data management system that standardizes the collection, organization, and analysis of indicators and related data under each ESG topic. This system enables the effective monitoring of abnormal fluctuations in indicators and the precise identification of problem areas, providing robust data support for the long-term management of ESG topics. By continuously tracking progress against key indicators, it also ensures the realization of the Company's annual ESG targets.

## Southchip Semiconductor's ESG Management System

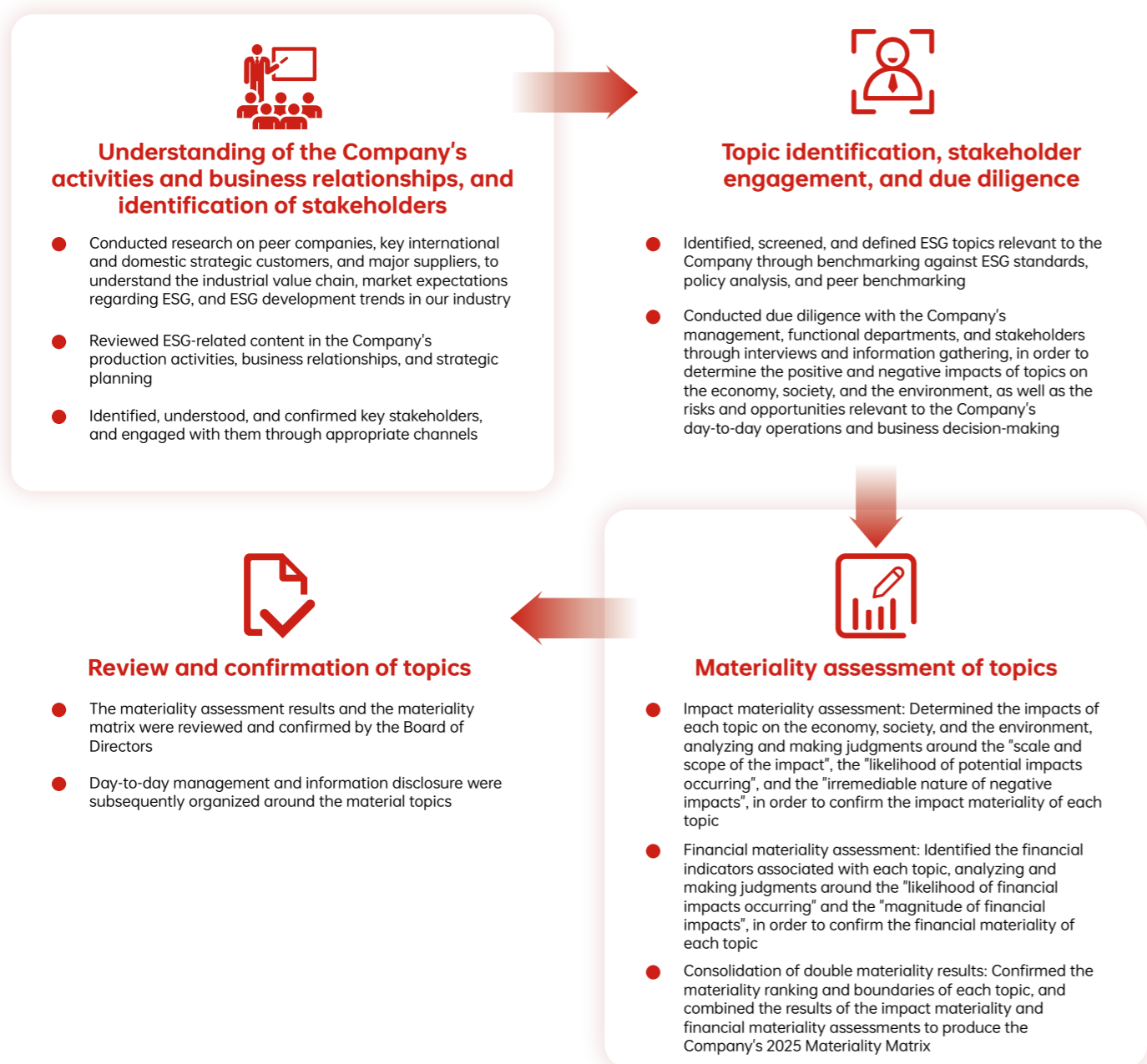


## ESG Materiality Assessment

### Double Materiality Analysis Process

In 2025, Southchip Semiconductor established a topic identification and materiality analysis process in strict accordance with the requirements on Materiality Analysis set out in the *SSE Guidelines*, while also drawing upon the principles, methodologies, and processes for materiality analysis embodied in sustainability disclosure standards such as the GRI Sustainability Reporting Standards and the ISSB Standards. The Company analyzed each ESG topic from the dual perspectives of impact materiality and financial materiality, in order to identify the topics that are material to the Company and to assess the actual and potential impacts, risks, and opportunities these topics present to its operations.

Southchip Semiconductor's 2025 Double Materiality Assessment Process



## Stakeholder Engagement and Due Diligence

Effective stakeholder engagement forms an essential basis for the Company's ESG management. Taking into account the characteristics of its industry and the nature of its operations, Southchip Semiconductor has identified six groups of key stakeholders: government and regulatory authorities, shareholders and investors, customers, suppliers and business partners, employees, and society and the public. The Company maintains regular communication with each stakeholder group to fully understand their concerns and views on relevant topics, and responds to their needs through diversified channels so as to create sustainable value for all stakeholders.

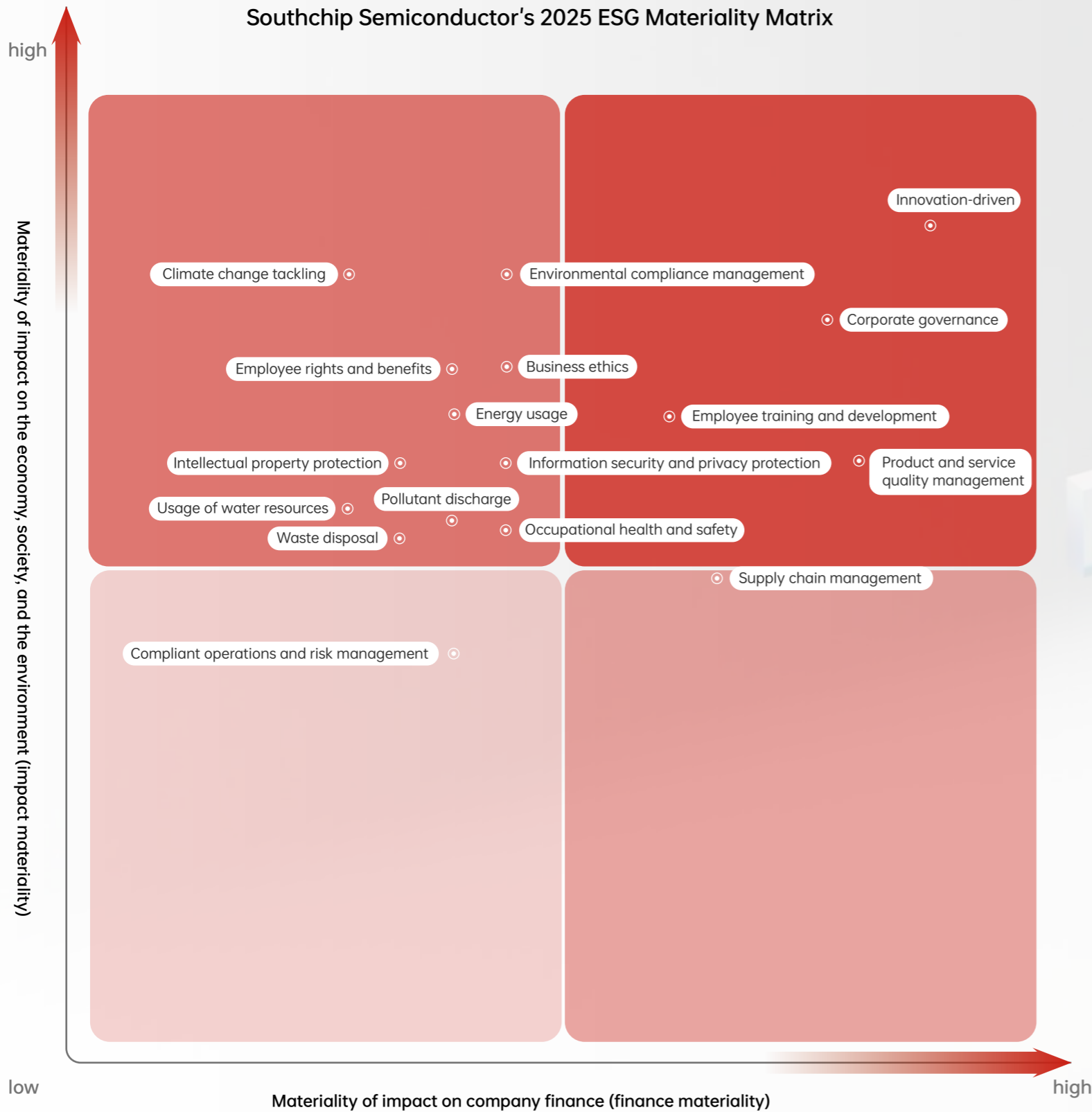
Southchip Semiconductor's Stakeholder Concerns and Engagement Channels

Key Stakeholders	Topics of Concern	Engagement and Response Channels
Government and regulatory authorities	Environmental compliance management Climate change tackling Pollutant discharge Waste disposal Innovation-driven Product and service quality management Compliant operations and risk management	Government-enterprise meetings Information reporting and disclosure Company official website Supervision and inspection Processing and renewal of qualifications and approvals
Shareholders and investors	Product and service quality management Innovation-driven Intellectual property protection Corporate governance Business ethics	Shareholders' meeting Results briefings Periodic reports Announcements on significant matters Investor reception and hotline Roadshows and reverse roadshows
Customers	Environmental compliance management Climate change tackling Pollutant discharge Waste disposal Product and service quality management Information security and privacy protection Employee rights and benefits Business ethics	Customer research Customer inquiries and complaints Customer satisfaction surveys Company official website Reporting and supervision hotline
Suppliers and partners	Innovation-driven Information security and privacy protection Supply chain management Business ethics	Periodic supplier assessment and review Company official website Distributor training and communication Reporting hotline and mailbox
Employees	Employee rights and benefits Occupational health and safety Employee training and development Business ethics	Employee satisfaction surveys Employee communication and training Company official website
Communities and the public	Environmental compliance management Climate change tackling	Environmental information disclosure Company official website

The Company attaches great importance to the identification and management of risks and opportunities associated with each topic, and is progressively refining its routine due diligence mechanisms. These mechanisms focus on core areas including environmental compliance, product quality management, R&D and innovation, and business ethics. Assessments are conducted through interviews, research, and communication with stakeholders, with particular emphasis on identifying and responding to negative impacts and risks related to sustainable development.

## Conclusions of the Materiality Analysis

Based on the topics identified, Southchip Semiconductor assessed each topic for impact materiality and financial materiality, and through expert discussion confirmed the final materiality ranking of all topics. In 2025, of the 17 topics identified and screened by the Company, 4 topics were found to be both financially material and impact-material, 1 topic was financially material only, 11 topics were impact-material only, and 1 topic was neither financially material nor impact-material. In this Report, the Company provides focused responses on how these impacts are managed, risks mitigated, and opportunities captured, and presents the materiality of each topic in matrix form.



- Topics having both financial materiality and impact materiality
- Topics having financial materiality but not impact materiality
- Topics having impact materiality but not financial materiality
- Neither financial materiality nor impact materiality

Notes: Of the 21 topics set out in the SSE Guidelines, "stakeholder engagement" and "due diligence" constitute necessary processes for the Company's identification and analysis of ESG topics and are addressed in the "Materiality Analysis" chapter, rather than being included as ESG topics within the Materiality Matrix; all other topics are addressed in the Report and the Disclosure Index. In addition, the Company has independently identified 3 further topics: "Corporate governance", "Compliant operations and risk management", and "Intellectual property protection".

# 01

## Green Operations for a Low-Carbon Future

Environmental Compliance Management

Climate Change Tackling

Energy and Resources Usage

Pollutant Discharge and Waste Disposal



# Green Operations for a Low-Carbon Future

## Environmental Compliance Management

Upholding the operating philosophy of "Environmental Protection, Health, and Pollution Prevention", the Company strictly complies with laws and regulations including the *Environmental Protection Law of the People's Republic of China*, the *Water Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*. The Company has established a three-tier environmental management system, with the Environmental Management Manual serving as the overarching framework document, supported by supplementary policies and procedures such as the *Environmental Operational Control Procedure* and the *Environmental Substance Management Procedure*, ensuring that environmental management is carried out in a systematic and standardized manner. In 2025, the Company did not experience any significant environmental incidents, and no major administrative penalties were imposed, nor was any criminal liability pursued, by ecological, environmental, or other relevant authorities in connection with environmental incidents.

The Company has established a governance structure based on "Decision-making and oversight by the General Manager - Execution and advancement by the Management Representative - Division of responsibilities and collaboration among functional departments", safeguarding the steady implementation of all environmental management activities and driving continuous improvement in environmental performance. The Company has been advancing the development and certification of its environmental management system, and in 2025 successfully obtained ISO 14001:2015 Environmental Management System Certification. This achievement marks the establishment of an internationally recognized, systematic environmental management framework, and the Company will continue to deepen its implementation and drive its continuous improvement going forward.

The Company attaches great importance to the prevention and management of environmental risks, and has formulated the *Environmental Factor Identification and Evaluation Control Procedure* and the *Risk and Opportunity Response Management Procedure*. These procedures standardize the identification, evaluation, updating, and management of environmental factors, while enabling the Company to take effective response measures to mitigate environmental risks and capture opportunities.



Southchip Semiconductor's ISO 14001:2015 Environmental Management Systems Certificate

### Southchip Semiconductor's Environmental Risk and Opportunity Management Process

#### Identification

- Select and identify environmental factors related to the Company's activities, processes, products, or services
- Identify environmental impacts associated with each environmental factor

#### Assessment

- Evaluate environmental factors and significant environmental factors using a yes/no assessment method

#### Update and management

- Control significant environmental factors through procedures, guidelines, and other measures
- Update environmental factors in a timely manner in response to changes in laws and regulations or organizational expansion

## Climate Change Tackling

The sources of greenhouse gas (GHG) emissions at Southchip Semiconductor include electricity and gasoline, and the principal types of GHGs are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), and nitrous oxide (N<sub>2</sub>O). Climate change mitigation and adaptation are the central focus of the Company's low-carbon practice. In line with the climate disclosure framework comprising "Governance", "Strategy", "Impact, Risk and Opportunity Management", and "Metrics and Targets", the Company systematically presents its climate change management system below.

### Governance

The Company has standardized the monitoring and management of GHG emissions and established a top-down ESG Management Structure. The Board of Directors oversees ESG matters, including the topic of "Climate change tackling". The Executive Management is responsible for guiding the climate change action plan, formulating and confirming the implementation of climate performance targets, and driving the rollout of climate response measures across all functional departments.

### Strategy

The Company recognizes that a failure to manage GHG emissions may exacerbate environmental harm and contribute to global warming. Accordingly, with reference to the climate risk and opportunity categories set out in the *ISSB's IFRS S2 Climate-related Disclosures* ("IFRS S2") and taking into account the characteristics of its business, the Company has conducted an analysis and assessment of climate-related risks and opportunities, and has adopted measures to respond effectively.

### Southchip Semiconductor's Climate-Related Risk Identification and Response Measures

Type	Specific Description	Financial Impact	Scope of Impact	Response Measures	
Physical risks	Acute physical risks	The Company may be directly or indirectly affected by natural disasters such as typhoons and rainstorms, which could disrupt operations	Impairment of fixed assets Increased operating costs	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Closely monitor weather forecasts and early-warning information through local meteorological websites as part of day-to-day operations, to stay abreast of the dynamics and scope of natural disasters and carry out real-time monitoring and early warning</li> <li>Maintain pre-positioned stocks of raw materials and emergency supplies to ensure the stability and security of operations, minimize the impact of natural disasters on day-to-day business, and safeguard employee safety</li> <li>Formulate procedural documents such as the <i>Typhoon and Rainstorm Emergency Response Plan</i>, establish a preparedness working group, conduct periodic disaster-response drills, and activate the emergency response plan immediately upon the occurrence of any disaster</li> </ul>
	Chronic physical risks	The Company may face chronic climate-related hazards such as rising temperatures and sea-level rise, which could affect its day-to-day production and operations	Decreased operating revenue		
Transition risks	Policy and legal risks	Increasingly stringent carbon emission controls both domestically and internationally have raised the bar for GHG emissions management. Following the entry into force of the EU Carbon Border Adjustment Mechanism (CBAM), the Company's operating costs may rise further	Increased operating costs	Medium term Long term	<ul style="list-style-type: none"> <li>Stay informed of and comply with relevant regulatory requirements, and standardize business operations accordingly</li> <li>Conduct company-wide GHG emissions inventories on a regular basis, so as to respond promptly to regulatory requirements</li> </ul>
	Market risks	The introduction of low-carbon and product carbon footprint management policies will reshape market supply and demand, with customers increasingly favoring low-energy and green products	Decreased operating revenue	Medium term Long term	<ul style="list-style-type: none"> <li>Closely monitor climate-related laws, regulations, and policies and comply with applicable standards; actively pursue the R&amp;D of sustainable products</li> </ul>
	Technology risks	Driven by China's "30-60" Dual Carbon Goals, demand for the introduction of energy-saving equipment is expected to rise further, leading to increased financial costs	Increased operating costs	Medium term Long term	<ul style="list-style-type: none"> <li>Assess the feasibility and necessity of introducing energy-saving equipment or procuring green electricity, and actively explore low-carbon and energy-efficient operational solutions</li> </ul>
	Reputational risks	As public concern grows around the low-carbon economy and climate-related topics, failure to respond appropriately to climate change may pose certain reputational risks to the Company	Decreased operating revenue	Medium term Long term	<ul style="list-style-type: none"> <li>Enrich information disclosure channels and content, and disclose GHG emissions data and progress on emission reduction in a timely manner through the publication of ESG reports and other means</li> </ul>

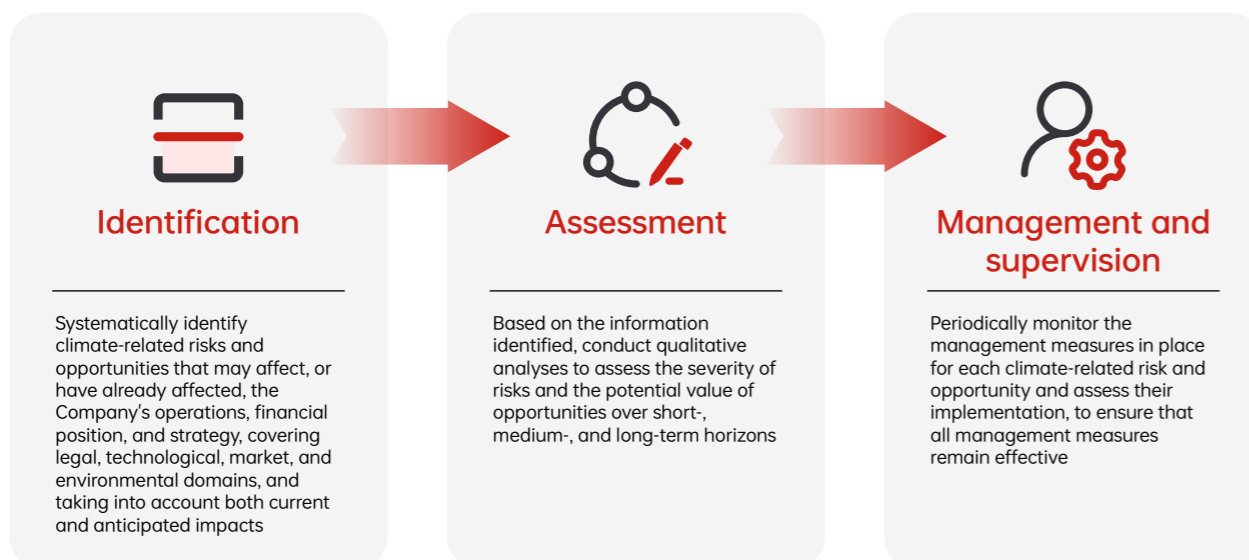
**Southchip Semiconductor's Climate-Related Opportunity Identification and Response Measures**

Type	Specific Description	Financial Impact	Scope of Impact	Response Measures
Resource efficiency opportunity	Improving the efficiency of energy, water, and raw material use in operations reduces operating costs	Reduced operating costs	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Actively adopt green office and green operations measures, and strengthen employee communication on resource and energy conservation</li> <li>Proactively undertake energy-saving retrofits to reduce energy-related expenditure</li> </ul>
Energy source opportunity	Increasing the proportion of green energy used across the value chain, thereby mitigating the impact of traditional energy price volatility	Reduced operating costs	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Incorporate eco-friendly concepts during the renovation of office buildings, reducing resource consumption in both construction and operation</li> </ul>
Product and service opportunity	In the context of the low-carbon economic transition, growing customer demand for environmentally friendly products and services may create new market opportunities for the Company	Increased operating revenue	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Gain insight into market demand and focus research and technology reserves on low-energy, compact products</li> </ul>
Market opportunity	In a low-carbon economy, strong performance on climate-related issues is increasingly favored by the market. By focusing on product quality and process innovation, the Company can reduce risk while generating stable revenue   Increased operating revenue   Short-, medium-, and long-term	Increased operating revenue	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Strengthen industry-academia-research collaboration, and actively introduce new materials and technologies to enable the development of more environmentally friendly products</li> </ul>
Adaptability	Actively participating in climate-related industry collaboration and exchanges helps build adaptive capacity in response to climate change	Reduced operating costs	Short term Medium term Long term	<ul style="list-style-type: none"> <li>Join industry associations and participate in industry forums and exhibitions to share resources and best practices with peers, promoting technological innovation and business upgrading, and better adapting to a rapidly changing market environment</li> </ul>

**Impact, Risk, and Opportunity Management**

The Company has established a closed-loop management process covering identification, assessment, and supervision to respond systematically to climate-related risks and opportunities. This approach will effectively enhance the Company's resilience in the face of climate-related risks and enable it to seize new development opportunities in the low-carbon transition.

**Southchip Semiconductor's Climate-related Risk and Opportunity Management Process**



**Metrics and Targets**

Aligned with the pace of China's low-carbon transition, the Company tracks progress in climate change mitigation and adaptation through a set of indicators, and further reduces GHG emissions through initiatives such as optimizing energy use.

**Southchip Semiconductor's 2025 Climate Change Tackling Metrics and Targets**




## Energy and Resources Usage


### Energy Usage

The primary types of energy used by Southchip Semiconductor are electricity and gasoline. The Company strictly complies with the *Energy Conservation Law of the People's Republic of China* and other applicable laws, regulations, and requirements, and has formulated internal procedures such as the *Energy and Resource Usage Policy* to standardize the management of energy use and to drive reductions in energy consumption.


#### Southchip Semiconductor's 2025 Energy Management Measures




Air conditioners are switched off promptly when unoccupied spaces are unused



All non-essential electrical equipment and screens are turned off after working hours



LED lamps are installed in place of conventional lighting to reduce electricity losses



Employees are encouraged to commute by public transport or shared bicycles

### Resources Usage

All water used in Southchip Semiconductor's operations is sourced from municipal supplies, and the Company does not face any difficulty or pressure in securing its water sources. The Company strictly complies with laws and regulations including the *Water Law of the People's Republic of China* and the *Regulations on Water Conservation*, and has formulated internal procedures such as the *Energy and Resource Usage Policy* and the *Regulations on the Preparation and Management of Laboratory Water Use*, continuously improving its resource management system.

#### Southchip Semiconductor's 2025 Resources Usage Management Measures

#### Standardized water management

- Regularly inspect water equipment to eliminate leaks, drips, and wastage
- Conduct periodic water-saving awareness activities to enhance employees' water conservation consciousness

#### Reduction of resource consumption

- Comprehensively promote paperless offices, implement double-sided printing, and deploy electronic reimbursement and the Feishu collaboration platform

## Pollutant Discharge and Waste Disposal

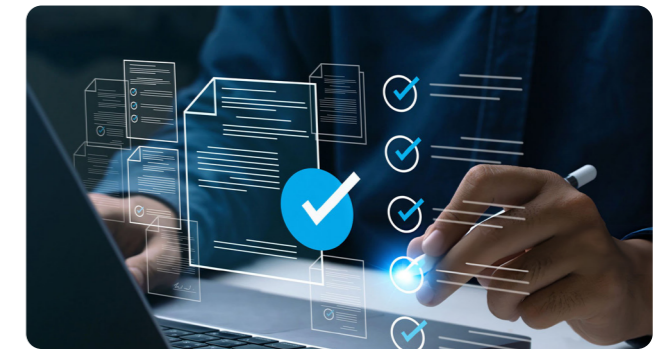
### Pollutant Discharge

Pollutant discharge at Southchip Semiconductor consists primarily of laboratory dust and domestic wastewater. The Company places great importance on pollutant management and strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Water Pollution* and other applicable laws, regulations, and requirements. It has formulated internal procedures such as the *Wastewater, Waste Gas, and Noise Management Regulations*, ensuring lawful and compliant pollutant discharge. In 2025, the Company was not subject to any major administrative penalties or criminal liability in relation to pollutant discharge.

#### Southchip Semiconductor's 2025 Pollutant Management Measures



Wastewater with high oil content must not be discharged directly into wastewater pipelines without prior treatment



Qualified third-party testing agencies are engaged to issue waste gas emissions reports, ensuring that all emissions meet applicable standards

### Waste Disposal

Southchip Semiconductor's general waste consists primarily of waste paper, waste cables, and domestic refuse, while its hazardous waste consists primarily of waste circuit boards and discarded chips. The Company places great importance on waste management and strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other applicable laws, regulations, and requirements. It has formulated internal procedures such as the *Solid Waste Management Regulations* to continuously standardize the collection, recycling, and disposal of waste. In 2025, the Company was not subject to any major administrative penalties or criminal liability in connection with waste management.

#### Southchip Semiconductor's 2025 Waste Management Measures

#### Harmless waste

- Wet and dry waste are separated in accordance with waste classification principles and handled uniformly by the property management company
- Waste items of recyclable value, such as used computers, are collected uniformly by qualified third-party companies

#### Hazardous waste

- After consolidation and registration, hazardous waste is handled uniformly by qualified and licensed third-party professional companies
- Chemical and waste management training is conducted, with accompanying assessments to verify effectiveness

# 02

## Innovation-driven Development and Quality Leadership

Innovation-driven Development

Intellectual Property Protection

Product and Service Quality Management

Information Security and Privacy Protection

Supply Chain Management



# Innovation-driven Development and Quality Leadership

## Innovation-driven Development

Amid the surging tide of technological advancement, innovation is the key pillar and driving force of the Company's continued progress. As a chip design company operating under the Fabless business model (focusing on chip R&D, design, and sales, while outsourcing wafer manufacturing and packaging and testing to external suppliers), Southchip Semiconductor regards product design and R&D as the core of its business, and innovation-driven development as the central force behind its sustainable growth. Through in-depth innovation and long-term R&D, the Company has built a distinctive system of proprietary patented technologies, providing solutions and innovative products that genuinely meet customer needs and deliver real value creation.

### Governance

The Company strictly complies with the *Law of the People's Republic of China on Progress of Science and Technology* and other applicable laws, regulations, and requirements. It has formulated internal policies such as the *R&D Quality Management Standards* and the *R&D Design Work Standards*, and has developed procedures tailored to specific product categories, including the *Automotive Electronics New Product Development Procedure* and the *Consumer Electronics New Product Development Procedure*, effectively enhancing the standardization and management efficiency of R&D activities.

The Company has established a comprehensive and efficient R&D and innovation governance framework. Multiple Business Divisions and R&D departments have been established to address different R&D domains and focus areas, each led by subject-matter experts responsible for formulating and implementing R&D and innovation strategies. These R&D units focus on cutting-edge technology research and product development, closely track evolving customer needs and technology trends, and continuously optimize research directions through periodic evaluation. In doing so, they deliver competitive and pioneering technical solutions to customers, providing solid support for the Company's sustained innovation and development.

### Strategy

Innovation is not only a core value at Southchip Semiconductor but also one of its core competitive strengths. The Company recognizes that sustained investment in R&D contributes to technological advancement in the analog and embedded chip industry and, by extension, to the coordinated development of the semiconductor value chain. Through high-intensity R&D expenses, together with measures such as establishing dedicated task forces and refining innovation mechanisms, the Company is well positioned to seize new opportunities arising from industry transformation.

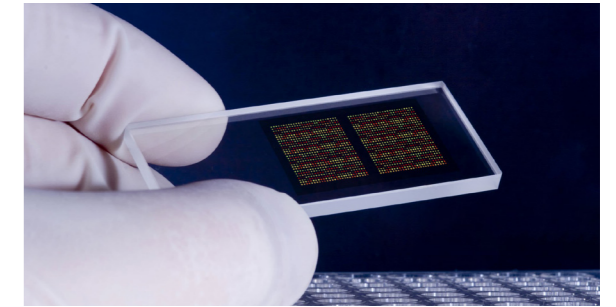
Southchip Semiconductor's Innovation-Driven Risk and Opportunity Analysis

Principal Risk / Opportunity	Specific Description	Scope of Impact	Financial Impact
Product development risk	Where R&D progress is either too rapid or too slow, products may fail to meet customer needs, or may prove commercially unviable due to cost or other factors, resulting in customer rejection	Short term Medium term Long term	Increased R&D costs
Market share opportunity	New products that meet customer requirements in performance, safety, and design can further strengthen market share, industry standing, and customer relationships	Short term Medium term Long term	Increased operating revenue

## Impact, Risk, and Opportunity Management

### R&D and Innovation Management

The Company attaches great importance to the development and management of its R&D and innovation systems, and is committed to establishing standardized product development processes and quality control mechanisms. These ensure that all product series benefit from effective management oversight and quality assurance across the full lifecycle, from product definition and design through verification and mass production.



Southchip Semiconductor's R&D Management Process

### 01

#### Definition stage

- Collect customer requirements and develop initial product plans; continue to analyze product requirements and competitiveness, and monitor product development trends on an ongoing basis
- Convene project review meetings addressing customer requirements, project objectives, product specifications, cost budgets, and project risks

### 02

#### Design stage

- Product design: Complete the design of all sub-modules and the top-level module, transforming abstract circuit designs into physical layouts and ultimately into photomasks for wafer fabrication
- Process design: Design and produce the product process, including process design, package design, test design, and reliability design



### 03

#### Validation stage

- Conduct product verification in preparation for mass production, including small-scale sampling, large-scale sampling, and small-batch production

### 04

#### Mass production stage


- Carry out large-scale production, ensuring that new products meet market demand, customer requirements, and applicable standards

To capture future industry trends and position itself in forward-looking technologies, the Company systematically monitors developments across its product domains and has established dedicated R&D task forces. These task forces target key technical challenges and pain points in the business, driving breakthroughs in new products, processes, and technologies and laying a solid foundation for the Company's long-term development.




### R&D Personnel Management

A high-caliber R&D team is central to ensuring the innovativeness and technological leadership of the Company's products. Southchip Semiconductor actively builds a technical R&D team with strong professional backgrounds and industry experience, and conducts regular specialist training for R&D personnel in order to continuously cultivate industry technology experts and build a globally competitive R&D talent pool. The Company actively encourages innovation and has issued the *Patent Incentive Management Regulations*, encouraging employees to engage in R&D and innovation activities, fostering a culture of company-wide participation in innovation, and further strengthening the R&D team.

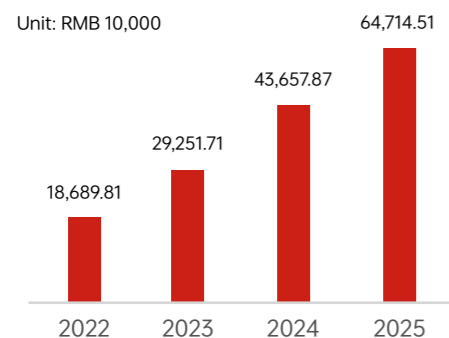
 Southchip Semiconductor's R&D Investment

**64,714.51** RMB 10,000

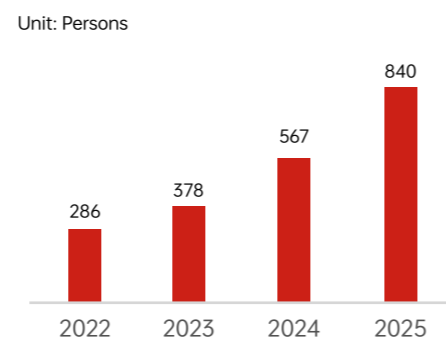
 Southchip Semiconductor's R&D Personnel

**840** employees

Southchip Semiconductor's R&D Investment, 2022-2025



Southchip Semiconductor's R&D Personnel, 2022-2025



### Clean Technology Opportunities

As sustainable development becomes an increasingly shared societal consensus, market demand for green products continues to grow. Southchip Semiconductor embeds environmental considerations at the heart of product innovation, seizing the commercial opportunities presented by clean technologies and actively positioning itself in related fields. Each year, the Company continues to invest R&D resources in high-performance, highly reliable, and environmentally friendly clean-technology products, and to deepen collaboration with partners on green product development, delivering energy-efficient and environmentally friendly products and solutions to the market.

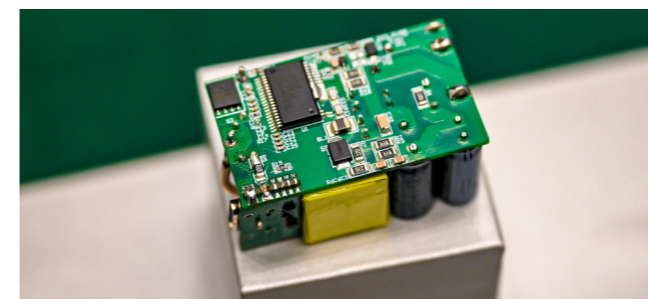


### Case



#### Building a Battery Management System (BMS) to Enable Full Battery Lifecycle Management

As consumer electronics product cycles accelerate and the application scenarios for new energy continue to expand, the battery, as the core carrier of energy, has become the focal point of technological breakthroughs in terms of safety, energy efficiency, and application compatibility. However, attendant issues such as energy utilization have also highlighted that competition in battery technology has long since moved beyond a simple "capacity race". As one of Southchip Semiconductor's strategic priorities, the development logic of the Battery Management System (BMS) extends well beyond the chip itself, encompassing a collaborative ecosystem of "chip - cell - terminal - application scenario". The Company's latest product, the SC5617E, delivers a power consumption as low as 2.4  $\mu$ A in normal operating mode and as low as 0.46  $\mu$ A in standby mode - a low-power performance that is industry-leading - while also offering two core strengths: high precision and intelligent control. Going forward, the Company's BMS products will further explore deep integration with terminal systems, delivering energy-efficiency upgrades in response to the imperative of green and low-carbon development. From extending battery life to optimizing charging efficiency and enabling battery health monitoring in the recycling stage, the BMS will support decarbonization throughout the full battery lifecycle.



### Case



#### Multi-port Fast Charging Solutions that Effectively Simplify Product Architecture

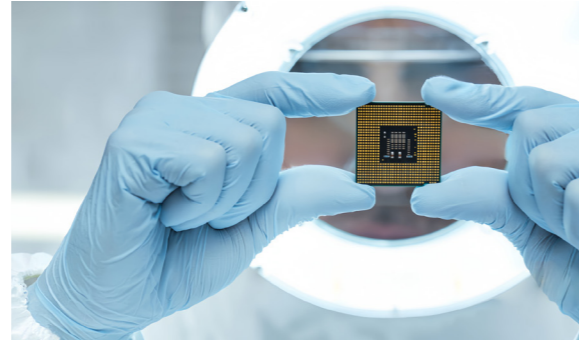
In March 2025, Southchip Semiconductor presented a range of new products and solutions at the 2025 (Spring) Asia Charging Exhibition, launching the flagship All-in-one SIMO Multi-port Fast Charging Solution. Carrying forward the hallmark features of high integration and high efficiency, this solution reduces overall volume by more than 30% compared with traditional two-stage multi-port designs. Through the integration of proprietary innovations such as primary- and secondary-side soft-switching and lossless current sampling, it further improves energy efficiency by more than 0.5%, with standby power consumption as low as below 50 mW.



All-in-one SIMO Multi-port Fast Charging Solution

## Industry Collaboration and Exchange

The Company continues to strengthen the effectiveness of collaborative R&D, operating a model primarily based on in-house R&D and supplemented by external collaboration, thereby contributing to industry-wide innovation. In 2025, Southchip Semiconductor actively engaged in research collaboration and talent exchange with third-party companies, research institutions, and universities, introducing new technologies and materials to foster the integration of internal and external R&D capabilities.



### Southchip Semiconductor's Industry Association Memberships in 2025

Association/Organization	Role
Shanghai Integrated Circuit Industry Association	Member Organization
Shanghai Transportation Electronics Industry Association	Member Organization
Pudong New Area Young Entrepreneurs' Association	President Unit
Electric Vehicle Industry Technology Innovation Strategic Alliance	Observer Member
Terminal Fast Charging Industry Association	Senior Member Organization



## Metrics and Targets

In 2025, with a focus on innovation-driven development, the Company established a qualitative target of "continuously advancing product and technology upgrades, and optimizing across dimensions including performance, energy efficiency, and reliability", together with a quantitative target on "design defect resolution rate". These targets are used to verify the effectiveness of the various R&D management measures and to inject strong momentum into the Company's development.

### Southchip Semiconductor's 2025 Innovation-driven Development Metrics and Targets

Metric	Unit	Annual Target	Progress
Design defect resolution rate	%	100	100

## Intellectual Property Protection

As intellectual property (IP) plays an increasingly prominent role in economic development and international trade, gaining greater attention from more countries and enterprises, Southchip Semiconductor strictly complies with the *Intellectual Property Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and other applicable laws, regulations, and requirements. The Company has formulated internal policies and procedures such as the *Intellectual Property Management Standards* and the *Patent Incentive Management Regulations*, to effectively control its own IP management processes while avoiding any infringement of the IP rights of others. In 2025, the Company did not experience any violations of laws or regulations related to IP, nor any incident involving the leakage of trade secrets.

The Company regards IP as a key pillar of its core competitiveness. In 2025, the Company established an Intellectual Property Management Committee to break down communication barriers between departments and ensure that the application, management, and maintenance of patents, trademarks, copyrights, and integrated circuit layout designs comply with the latest domestic and international laws and regulations, continuously optimizing the Company's IP management system.



Southchip Semiconductor's Intellectual Property Management System

**Intellectual property protection**

- Fully understand the importance of IP, identify risks of IP loss arising from improper conduct, and safeguard the Company's lawful rights and interests in its IP
- Ensure the lawful acquisition and use of IP; conduct due diligence on IP acquired through technical collaboration, investment, or mergers and acquisitions, verifying its source and lawful status



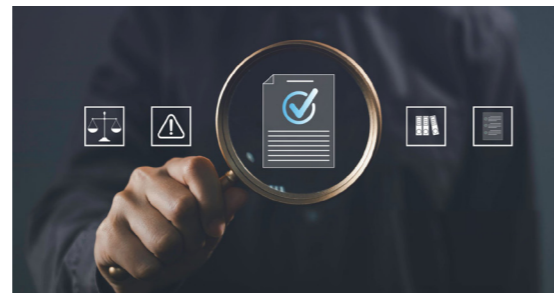
**IP risk screening**

- In the R&D and technical improvement of new technologies, processes, and products, fully leverage the Company's patent database, commercial search platforms, and patent literature to conduct risk screening, develop sound research directions and technology roadmaps, and avoid IP disputes
- Conduct novelty searches before the import or export of new technologies or products involving IP, to rule out IP-related risks'



**IP confidentiality and commitments**

- Employees must strictly observe confidentiality in both public and private settings, including at domestic and international academic exchanges, seminars, and product launches, and must not disclose Company confidential information or IP
- Establish visitor access controls and escort arrangements; visitors must tour the premises in an organized manner and under the accompaniment of designated personnel, in order to prevent the risk of leaks



In 2025, to proactively respond to the dynamic evolution of global patent regulations, the Company further strengthened its patent portfolio and trademark protection framework, driving the transformation of IP management from reactive defense to proactive screening. Patent early-warning risk assessments have been embedded into key R&D milestones; by identifying infringement risks and technological barriers, the Company is able to adjust its technology roadmap in a timely manner and optimize its patent portfolio, effectively safeguarding its R&D expenses. For IP filings relating to overseas-bound projects, the Company has introduced an innovative "Technology + Market + Legal" three-party panel review mechanism, enabling precise IP positioning in overseas markets. In addition, the Company will continue to raise employee awareness of IP protection through periodic thematic training, and has officially launched the Intellectual Property Service Desk, providing R&D personnel with timely and systematic professional support and further reinforcing the IP protection perimeter.

To harness employee motivation and creativity, the Company has issued the *Patent Incentive Management Regulations*, standardizing the incentive criteria for patent applications and grants – both domestic and international. This policy encourages employees to pursue technological innovation, enhances the Company's capacity for independent innovation, strengthens IP protection, and helps prevent the loss of inventions and innovations.

Case

**Launch of the "Intellectual Property Service Desk" to Enhance Accessibility of IP Information for Employees**

In August 2025, the Company launched the Intellectual Property Service Desk – an online support platform developed for its R&D function and various Business Divisions – providing teams with efficient and convenient end-to-end IP services. Through this platform, employees can consult at any time on a wide range of IP matters, including patents, trademarks, integrated circuit layout designs, and trade secrets, and obtain professional support covering application procedures, risk alerts, and competitor monitoring. The Service Desk helps build a solid IP moat throughout the Company's product development and innovation processes.



**Product and Service Quality Management**

**Governance**

Southchip Semiconductor strictly complies with the *Product Quality Law of the People's Republic of China* and other applicable laws, regulations, and requirements. The Company has formulated the *Management Manual* as its overarching framework document, supported by internal policies and procedures such as the *Nonconforming Product Control Procedure* and the *Test Quality Control Procedure*, standardizing quality management and consistently placing product quality and performance enhancement at the core of its operations. The Quality Department serves as the principal function responsible for Product Quality Management, dedicated to continually exceeding customer expectations through stable and reliable product quality. In 2025, the Company did not experience any major product safety or quality incident for which it bore responsibility.

The Company is committed to building long-term, stable relationships with customers. It has established a comprehensive customer relationship management system and has formulated internal policies and procedures such as the *Customer Complaint Handling Procedure* and the *Customer Satisfaction Management Procedure*, strengthening the standardization of customer-related business activities and continuously enhancing overall service quality. The Company adopts a sales model of "distribution-led, with direct sales as a supplement". Within this framework, dedicated sales teams have been established to serve different markets and business types, responsible for the development, management, support, and training of the distribution network. Through regular service meetings, these teams rapidly respond to market demand and work collaboratively to enhance end-customer satisfaction.

**Strategy**

The Company recognizes that a sound product quality management system is instrumental in improving product pass rates. Guided by the quality policy of "Quality First, Innovation at the Core, Continuous Improvement, Exceeding Customer Expectations", the Company continues to advance the development of its quality system and customer service management framework, so as to deliver safe, reliable, and superior-quality products to its customers.

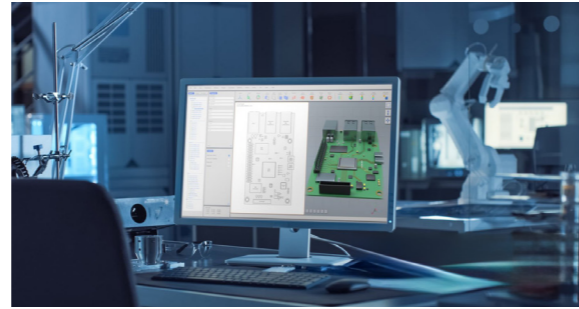
**Southchip Semiconductor's Product and Service Quality Management – Risk and Opportunity Analysis**

Principal Risk / Opportunity	Specific Description	Scope of Impact	Financial Impact
Product quality risk	Inadequate quality management could lead to product recalls or customer complaints, resulting in financial compensation or damage to brand reputation	Short term Medium term Long term	Increased operating costs
Brand competitiveness opportunity	Stable and reliable product quality serves as a competitive advantage in the marketplace and helps to enhance customer trust	Short term Medium term Long term	Increased operating revenue

## Impact, Risk, and Opportunity Management

### Product Quality Management

The Company regards quality management system certification as the foundation of its quality management. It has built an end-to-end quality control framework that fully identifies quality risks at every stage of product development, establishes multiple quality gates to rigorously manage quality risks, and maintains strict control over supplier manufacturing processes, thereby continuously enhancing the quality of the Company's products.



Southchip Semiconductor's End-to-End Quality Control Framework

#### 01 Project definition and planning

- Initial risk identification: Define risk items clearly and formulate preliminary control strategies, providing a critical basis for project approval decisions
- Feasibility commitment: Joint review by design, process, packaging, and testing functions to confirm technological, supply chain, and cost feasibility

#### 02 Product design and development

- Design risk analysis: Conduct Design Failure Mode and Effects Analysis (DFMEA) to analyze the potential system-level impacts of chip failure modes, and formulate preventive measures
- Design verification strategy: Develop a detailed verification plan, defining simulation requirements, test cases, and coverage objectives to verify all specifications
- Quality gate control: Ensure that the design is mature, that risks are controllable, and that the design is verifiable

#### 03 Process design and development

- Process risk analysis: Conduct Process Failure Mode and Effects Analysis (PFMEA) to identify potential failures in wafer fabrication, packaging, and testing, and formulate control measures
- Quality gate control: Ensure that there is capability to manufacture correctly, that the production process has been fully designed, and that conditions are in place for pilot production

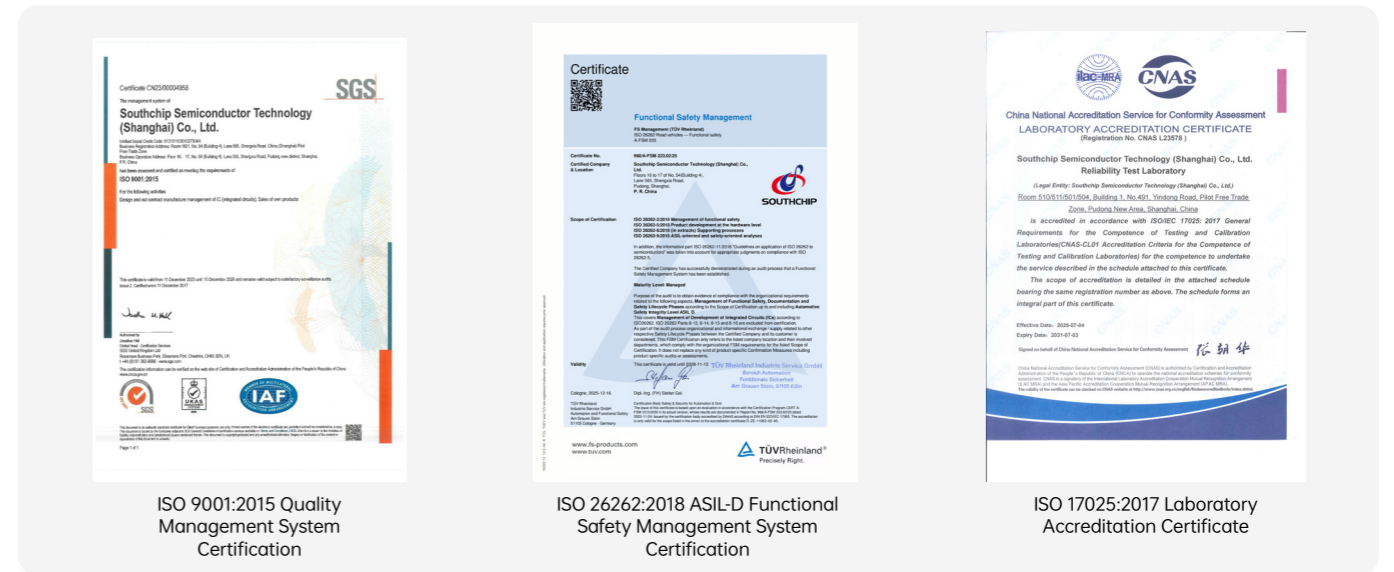
#### 04 Product and process validation

- Product verification: Conduct comprehensive electrical performance tests, system-level application tests, reliability tests, and process-device stress tests, ensuring that product performance meets design requirements
- Pilot production: Implement a safe launch mechanism to support the smooth ramp-up of products and to identify and control early-stage risks
- Quality gate control: Ensure that products and processes meet requirements, and that pilot production results demonstrate the capability for stable mass production

#### 05 Feedback, assessment and corrective actions

- Mass production quality monitoring: Monitor suppliers' critical process capabilities and production yields, leveraging the TMS system for continuous monitoring and analysis of Wafer Acceptance Test (WAT), Circuit Probing (CP), and Final Test (FT) data
- Customer issue response: Establish an 8D reporting process to rapidly respond to and resolve customer complaints, conduct root cause analysis, and drive closed-loop management
- Quality gate control: Ensure stable delivery capability and the readiness of all pre-mass-production preparations

### Southchip Semiconductor's System Certifications



The Company consistently embeds the principle of full employee participation in its quality management work, and has established a categorized knowledge-management training system. Training topics cover the quality policy and quality consciousness, quality standards, quality tools, and internal quality processes, ensuring that every employee can gain knowledge and experience from quality management training. In 2025, the Company completed 58 continuous-improvement projects, spanning areas including quality enhancement, process optimization, cost reduction and efficiency improvement, and digital and intelligent efficiency upgrades.

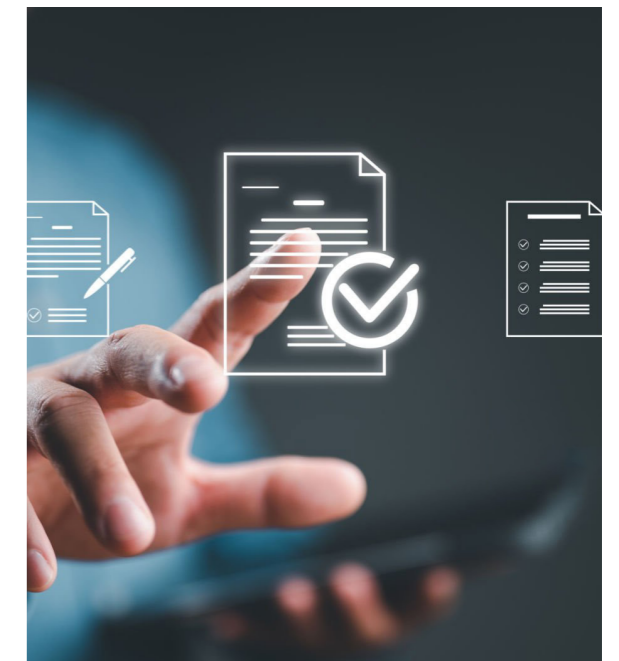
The Company has established rigorous nonconforming product control processes, with inspection points set up at multiple stages, including engineering and pilot production and mass production. Based on the results of the Material Review Board (MRB), disposition decisions for nonconforming products – such as scrapping, rework, or repair – are determined, ensuring that all products delivered to customers meet customer and applicable quality standards.

### Service Quality Management

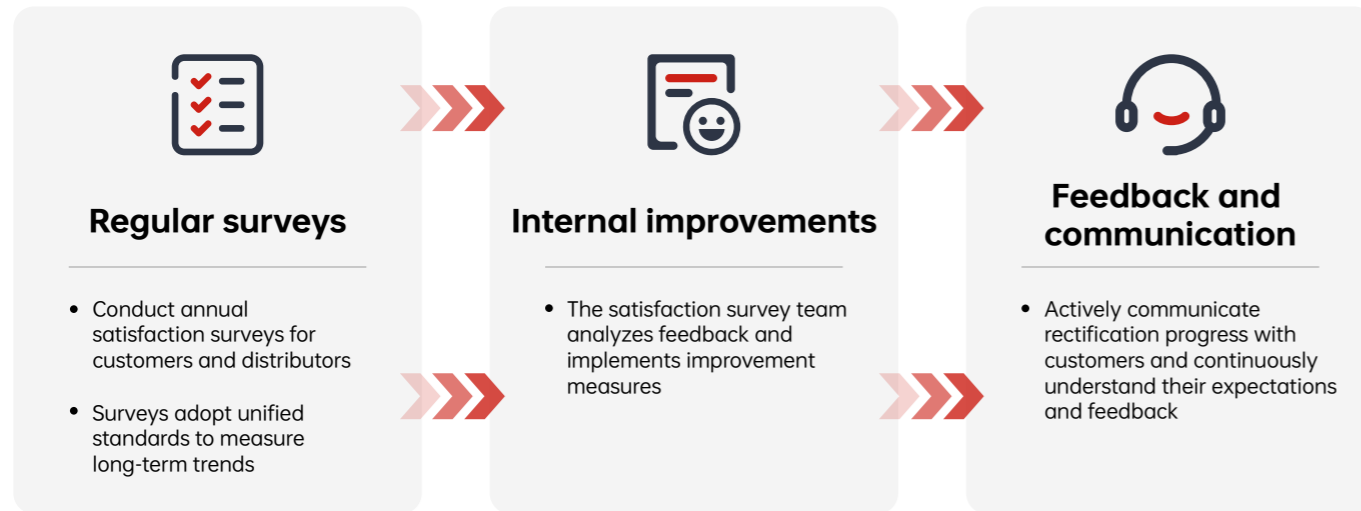
Southchip Semiconductor is committed to building long-term, stable relationships with customers. It has established a customer relationship management system and formulated internal policies and procedures such as the *Customer Complaint Handling Procedure* and the *Customer Satisfaction Management Procedure*. These clearly define the responsibilities and division of labor among departments in serving customers, and continuously optimize and enhance customer service quality.

The Company maintains open and accessible channels for customer communication; customers may submit suggestions or complaints by email, telephone, and other means. Customer complaints are classified into technical and non-technical categories. Upon receipt of any complaint or feedback, the Company handles the matter according to its urgency. All suggestions and complaints are addressed within 24 hours, with subsequent communication and reporting to the customer to bring the matter to closure.

The Company conducts customer satisfaction surveys on an annual basis to gain a comprehensive understanding of customers' core concerns, and takes improvement actions based on the findings to continuously enhance customer service management. In 2025, overall customer satisfaction stood at 91%.



**Southchip Semiconductor's Customer Satisfaction Survey**



**Case**



**Revamped Corporate Website Enhances Online Service Experience**

In April 2025, Southchip Semiconductor's revamped corporate website was officially launched. The upgrade focused on enhancing search functionality, resource accessibility, and interactivity. With a cleaner, more intuitive interface and a richer suite of features, customers can quickly search for product information and request samples directly through the website, removing barriers in chip design and enabling more efficient and agile development.

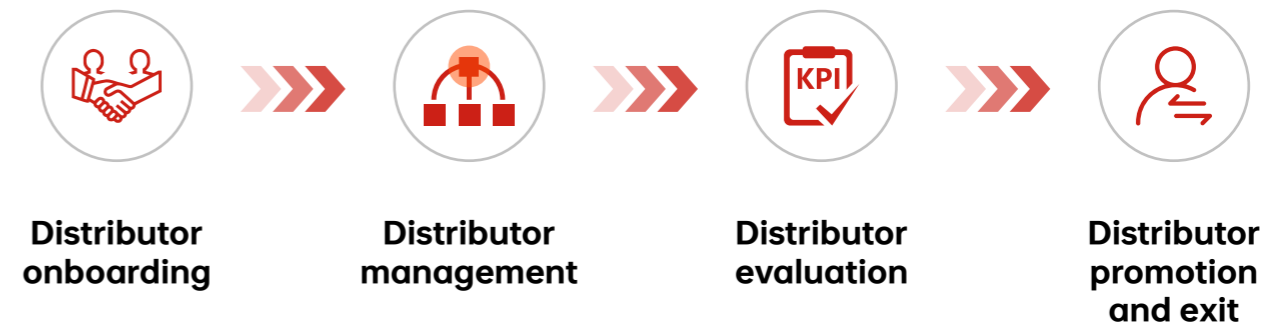


**Distributor Management**

Southchip Semiconductor has systematically established and strengthened an internal framework including the *Distributor Management Regulations* and the *Distributor Training Plan*, and continues to promote their implementation and refinement. Through a policy-based and standardized management framework, the Company further deepens strategic coordination with its distributors and effectively enhances their overall operational capability in areas such as business development, customer service, and market execution. On this basis, the Company has built an end-to-end distributor management system covering onboarding, routine management, performance assessment, promotion, and exit. This provides robust support and granular management across the full distributor partnership lifecycle, continuously elevating distributor performance and management standards and reinforcing long-term, mutually beneficial partnerships.



**Southchip Semiconductor's Distributor Management Process**



**Southchip Semiconductor's Distributor Management Measures**

**4** times  
 Number of training and awareness sessions

**4** times  
 Number of compliance reviews

**Routine management**

- Provide distributors with promotional materials, policy updates, marketing plans, and product information on an ongoing basis
- Visit distributors on a regular basis to understand their inventory, ordering patterns, and operations
- Conduct performance assessments on a semi-annual basis and grade distributors accordingly
- Develop the annual distributor training plan in advance, covering topics such as technology, market, compliance and risk, quality, and processes; evaluate the effectiveness of training upon completion
- Conduct audits of distributors on an as-needed basis, issue audit conclusions, and follow through on improvement actions

**Promotion and exit management**

- Review distributors identified as presenting risks (e.g., poor financial condition, breach of Southchip Semiconductor's policies, or legal disputes) and develop exit plans as appropriate
- Implement four major incentive mechanisms tailored to different scenarios and business conditions

**Metrics and Targets**

The Quality Department supports all functions in setting annual targets each year, using quantitative indicators to dynamically monitor production processes and enabling data-driven, informed decisions. This supports the achievement of quality and service objectives and effectively enhances product quality and customer satisfaction.

**Southchip Semiconductor's 2025 Product and Service Quality Management Metrics and Targets**

Annual Target	Progress	Annual Target	Progress	Annual Target	Progress
<b>0</b>	<b>Achieved</b>	<b>≤1</b> PPM <sup>[1]</sup>	<b>Achieved</b>	<b>≥98</b> %	<b>Achieved</b>
Number of major quality incidents		Automotive product failure rate		Product pass rate	

[1] PPM (Parts Per Million) denotes one in a million; here it is used to measure the failure rate of automotive products, i.e., the number of failures per million units produced.

## Information Security and Privacy Protection

As the convenience offered by data and information technologies to enterprises continues to grow, the importance of information security has likewise risen. Information Security and Privacy Protection not only provides comprehensive safeguards for the Company's assets but also protects the data assets of stakeholders including employees and suppliers. Southchip Semiconductor complies with the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and other applicable laws, regulations, and requirements. The Company has formulated internal policies and procedures such as the *Information Security Management Regulations* and the *Information Systems Management Control Procedure*, embedding information security compliance and privacy protection into employees' day-to-day work and guiding the safe and appropriate use of the Company's information assets.

To reinforce the importance of information security across the Company, Southchip Semiconductor has established an Information Security Committee with the mission of "Building information security systems, strengthening information security protection, and safeguarding the Company's innovation-driven business growth", overseeing information security and personal information protection on a top-down basis.

### Southchip Semiconductor's 2025 Information Security and Privacy Protection Management Measures

#### Enhancement of security awareness

- Conduct periodic information security training to raise employees' security awareness
- Operate an information security service platform to address employee inquiries on information security
- Operate an information security communication platform – "Little Security Guardian" – providing employees with the latest updates, security tips, and case analyses
- Standardize the lock-screen backgrounds on computer displays and conference room TVs to carry information security awareness messaging



#### Network security inspection

- Engage third-party firms to conduct simulated attack-and-defense exercises, replicating external attacks on networks and servers; these exercises cover the majority of key systems, with 100% remediation of medium- and high-severity vulnerabilities
- Conduct network disaster recovery drills to ensure that backup systems can operate reliably in the event of contingencies



#### Sensitive data controls

- Review permissions for the Company's documents and designate document administrators by department, clearly specifying editing, downloading, and viewing rights to enable controlled management of document permissions
- Revoke administrator rights on computers across most functional departments, thereby mitigating risks associated with the installation of insecure or non-compliant software



To clearly define information security classification and categorization standards, clarify the scope of trade secrets, and rigorously enforce access control mechanisms, the Company has formulated the *Information Security Management Regulations*. These regulate the principles governing data definition, classification, access, and flow, and specify requirements for data backup and device use, ensuring that employees across different functions and seniority levels can reliably access information within their designated authority.

### Southchip Semiconductor's 2025 Information Security and Customer Privacy Protection – Performance Highlights

Conducted 2 training sessions on information security, with 100% employee coverage

100%

The information security service platform helped employees resolve 6,015 information security issues

6,015

The information security communication platform published 8 case analyses and security tips

8

## Supply Chain Management

Southchip Semiconductor classifies its suppliers, by nature, into production suppliers and non-production suppliers. Guided by the principles of openness and shared value, the Company expands its supply chain ecosystem, building long-term, stable partnerships with suppliers – both domestic and international – that combine advanced process capabilities with industry influence, and promoting the healthy, stable, and sustainable development of the industry chain.

### Governance

The Company strictly complies with the *Civil Code of the People's Republic of China*, the *Regulations on the Implementation of the Bidding Law of the People's Republic of China*, the *Government Procurement Law of the People's Republic of China*, and other applicable laws, regulations, and requirements. It has formulated internal policies such as the *Supplier Management Procedure* and the *Supplier Quality Management Standards*, together with procedures and standards tailored to specific supplier types, including the *Wafer Supplier Quality Management Standards* and the *Packaging and Testing Factory Quality Management Requirements*. By embedding quality requirements into the supplier management system, the Company actively implements environmental, social responsibility, and business ethics management for different types of suppliers, supporting the sustainable transformation of the supply chain.

The Company has established a Technology Management Group (TMG), which centrally manages the formulation and execution of the Company's business development strategy and procurement strategy. While enhancing procurement efficiency and optimizing supply chain management, the TMG also drives the implementation of sustainable supply chain management initiatives.

### Strategy

The Company recognizes that a safe, stable, and reliable supply chain is the cornerstone of business continuity and on-time delivery to customers. Accordingly, the Company continues to monitor regulatory developments both domestically and internationally, and – leveraging both technical and business capabilities – continuously enhances supply chain efficiency and sustainability. Through the development of a supply chain system that combines internal and external resources in a mutually reinforcing, dual-circulation framework, the Company works together with its partners to create long-term value for the Company, the supply chain, and society at large.

### Southchip Semiconductor's Supply Chain Management – Risk and Opportunity Analysis

Principal Risk / Opportunity	Specific Description	Scope of Impact	Financial Impact
Geopolitical risk	Supplier concentration is relatively high. Escalating geopolitical tensions could disrupt key supply chains, thereby affecting production continuity and the stability of product delivery	Medium term Long term	Decreased revenue Increased operating costs
Market opportunity	Deep collaboration with suppliers and process innovation help to elevate technological barriers and provide the Company with greater competitive advantages and market opportunities in a highly competitive environment	Short term Medium term Long term	Increased operating revenue

## Impact, Risk, and Opportunity Management

### Supplier Management

To achieve efficient Supplier Management, continuously optimize the supply chain structure, and safeguard supply quality and efficiency, the Company has established a robust full-lifecycle Supplier Management system, covering supplier onboarding, day-to-day management, and exit – enabling standardized management across the entire process. In addition, the Company has built a Supplier Management System that provides full traceability across the procurement process, enhancing the transparency and reliability of supply chain management.

The Company has established a comprehensive full-lifecycle Supplier Management system, covering supplier onboarding, qualified supplier management, and supplier downgrading and exit. This framework enables standardized, end-to-end management from supplier introduction through to exit, ensuring the stability, reliability, and sustainability of the supply chain.

#### Southchip Semiconductor's Full-Lifecycle Supplier Management

##### Onboarding of new suppliers

- Search for potential suppliers based on business needs, conducting a comprehensive evaluation across multiple dimensions including industry experience and major customers, quality, environment, engineering capability, and production and testing, in order to identify candidate suppliers for qualification
- Conduct quality qualification and new product qualification for suppliers that meet the threshold requirements, and enter into agreements including the *Quality Assurance Agreement*, the *Environmental Commitment Letter*, and the *Supplier CSR Agreement*
- Only suppliers that have passed quality qualification and new product qualification may apply through the registration process to become qualified suppliers

##### Qualified supplier management

- Implement multi-dimensional, dynamic management of qualified suppliers, ensuring that they continue to meet the Company's requirements in terms of quality, delivery, technology, cost, and environmental performance
- Track supplier performance in real time through day-to-day communication, quality meetings, process monitoring, yield monitoring, ORT (Ongoing Reliability Test) monitoring, and on-line inspection management
- Conduct quarterly performance evaluations and annual audits of suppliers; drive continuous improvement among suppliers based on quality performance data

##### Supplier downgrade and exit

- Apply dynamic management to suppliers based on their quarterly evaluation performance, annual audit performance, and quality performance; based on the evaluation results, take measures such as downgrading, rectification within a specified timeframe, suspension, or termination with respect to underperforming suppliers, thereby safeguarding the overall quality of the supply chain

### Supply Chain Security

Amid ongoing uncertainty in major global markets and the geopolitical environment, the risk of disruption to critical industry and supply chains has become one of the emerging risks of key concern to the Company. To mitigate potential supply obstructions or disruptions arising from the external environment, and to reinforce the confidence of partners and customers, the Company continues to strengthen collaboration with suppliers and partners and to explore diversified supply chain cooperation models. Through measures including implementing dual domestic-overseas supply chains, signing long-term agreements, and maintaining safety stock, the Company is better positioned to withstand supply chain risks and enhance supply chain resilience.



#### Southchip Semiconductor's Supply Chain Security Management Measures



##### Dual supply chain

Operate a dual domestic-overseas supply chain, which has been in place for several years



##### Raw material security

Enter into long-term agreements with key suppliers; monitor raw material conditions on a monthly basis; maintain safety stock; and ensure multiple sources of supply for the raw materials of key products



##### Technology transfer

Adopt the Customer-Owned Tooling (COT) design model, independently controlling the full tool chain and technology stack from chip design through manufacturing. This enables rapid switching to alternative suppliers in the event of capacity shortfalls at existing suppliers, safeguarding production continuity and supply chain resilience

### Responsible Supply Chain

The Company is committed to embedding sustainability into supply chain management. Building on efforts to safeguard supply chain quality and supply chain security and stability, it actively implements environmental and social responsibility management with respect to its suppliers. The Company has formulated and issued the *Business Ethics Code of Conduct*, covering business ethics-related standards, and firmly prohibits improper business conduct in the supply chain, including bribery, unfair competition, and fraud. In addition, the Company requires suppliers to sign the *Environmental Commitment Letter* and the *Supplier CSR Agreement*, driving the sustainable, low-carbon, and environmentally friendly transformation and upgrading of the supply chain.

The Company attaches great importance to protecting the rights and interests of small and medium-sized (SME) suppliers. It strictly complies with the *Law of the People's Republic of China on Promoting Small and Medium-Sized Enterprises*, the *Regulations on Ensuring the Payment of Funds Owed to Small and Medium-Sized Enterprises*, and other applicable laws, regulations, and requirements, making timely payments to SME suppliers.

The Company fully recognizes the significant adverse impacts that can arise from the extraction, trading, handling, and export of minerals in conflict-affected and high-risk areas, including impacts on labor rights, occupational health, environmental pollution, and money laundering. The Company does not accept or use "conflict minerals" originating from the Democratic Republic of the Congo or its neighboring countries and regions. The Company periodically distributes the *Conflict Minerals Survey* to its suppliers, ensuring that the sources of gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) comply with the Responsible Minerals Initiative (RMI), the OECD Due Diligence Guidance for *Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, or equivalent and recognized due diligence frameworks. Completed surveys are securely stored in the Company's internal database. As of the end of 2025, all *Conflict Minerals Surveys* distributed by the Company to its suppliers indicated that no conflict minerals were being used.

### Metrics and Targets

In 2025, the Company designated the number of supply chain security disruption incidents as a key performance indicator, set a management target for this metric, and tracked progress in a timely manner.

#### Southchip Semiconductor's 2025 Supply Chain Management Metrics and Targets

Metric	Unit	Annual Target	Progress
Number of supply chain security disruption incidents	/	0	0

# 03

## People-centered: Moving Forward Together

Employee Rights and Benefits

Occupational Health and Safety

Employee Training and Development

Community Engagement and Philanthropy



Southchip, born for efficiency!

Southchip Semiconductor Technology (Shanghai) Co., Ltd.

# People-centered: Moving Forward Together

## Employee Rights and Benefits

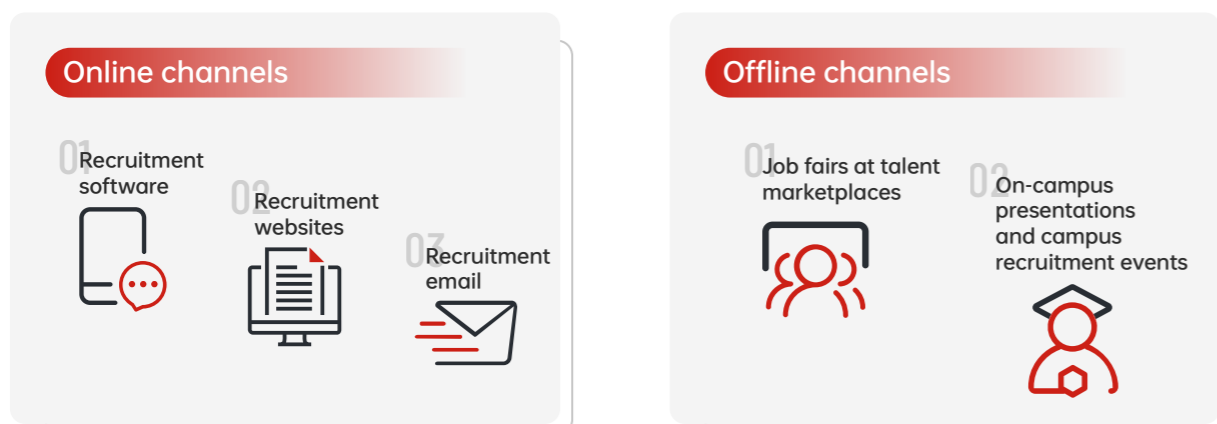
Southchip Semiconductor regards its employees as one of the Company's most valuable assets. The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on Paid Annual Leave for Employees*, the *Regulations on Work-related Injury Insurance*, and other applicable laws, regulations, and requirements. It has formulated internal policies including the *Employee Handbook* and the *Employee Incentive Management Procedure*, continuously enhancing its employee management framework across recruitment and employment, compensation and benefits, and diversity and communication, thereby safeguarding employees' fundamental rights and interests.

## Employee Recruitment and Employment

The Company strictly complies with applicable laws and regulations. It enters into formal labor contracts with all employees, clearly defining the rights and obligations of both parties and ensuring that the establishment and performance of labor relations are lawful, fair, and transparent throughout. The Company maintains a zero-tolerance policy towards child labor and forced labor, regarding this as a baseline requirement of corporate social responsibility. Through measures such as identity verification at the time of onboarding, the Company has built a preventive mechanism that covers the full spectrum from recruitment through on-the-job management, continuously elevating the standard of compliant employment management. In 2025, the Company did not experience any incidents involving child labor or forced labor, and was not subject to any administrative penalty by authorities for employment-related breaches of laws or regulations.

Guided by the recruitment principles of "fairness, openness, and selection based on merit", the Company has established scientific and systematic recruitment and onboarding procedures – supported by the *Employee Handbook*, the *Employee Recruitment and Onboarding Management Standards*, and online platform management. To actively broaden employment opportunities, the Company has built diversified recruitment channels, fully tapping internal talent potential through internal referrals and other means to energize employees, while also attracting outstanding external candidates through online platforms and other external channels. In addition, the Company continues to refine and expand both online and offline recruitment channels, aligning talent acquisition with the evolving needs of the business and ensuring a sustained pipeline of talent that injects fresh energy into the Company's long-term development.

### Southchip Semiconductor's Recruitment Channels



## Case



### Multiple On-campus Recruitment Events Build Diversified Career Bridges

In 2025, Southchip Semiconductor launched its on-campus recruitment roadshow with the theme "Southchip: Powering Every Dream", visiting 8 universities in Chengdu, Nanjing, Xi'an, Shenzhen, Guangzhou, Shanghai, and other cities. The sessions introduced a range of talent development initiatives including the one-on-one mentoring program and customized career development pathways, conveying Southchip's focus on – and expectations of – every young student and supporting students in their career exploration.



Southchip Semiconductor's Campus Recruitment Poster

### Southchip Semiconductor's 2025 Employee Recruitment and Employment – Performance Highlights



## Employee Care and Benefits

The Company continues to refine its employee benefits framework. Building on the strict fulfillment of its statutory obligations, it has expanded supplementary benefits and supports employees in establishing their own sports clubs, enriching their leisure time, promoting work-life balance, and comprehensively enhancing employees' sense of belonging and satisfaction.

### Southchip Semiconductor's Employee Benefits Schedule

#### Statutory benefits

- Social insurance
- Housing provident fund
- Statutory holidays, etc.

#### Supplementary benefits

- Festival and birthday gifts
- Employee shuttle buses
- Supplementary medical insurance
- Meal allowances, etc.

Southchip Semiconductor's Badminton Club Activities

**110** Badminton club sessions



Southchip Semiconductor's Football Club Activities

**16** Football club sessions



The Company is dedicated to cultivating an internal culture of recognition and celebrating role models who embody its values. Through a diversified set of incentive policies – including a multi-dimensional compensation system, a recognition framework, and equity-based incentives – the Company energizes its talent. On the non-financial side, the Company has launched the Southchip Coin Recognition Program, rewarding and supporting outstanding employees in their day-to-day work. On the financial side, the Company links individual performance targets with departmental performance targets and has developed performance bonus schemes tailored to different business types. In addition, the Company continues to implement equity incentive plans to motivate senior and middle managers and key personnel who play a significant role in the Company's medium- and long-term development, effectively strengthening employee engagement and creativity.

Case



**Launching the "Southchip Coin" Recognition Program to Enable Diversified Employee Rewards**

Since 2024, to recognize employees' contributions in areas such as cross-departmental collaboration, process optimization, and risk anticipation, the Company has established a diversified real-time reward mechanism and officially launched the Southchip Coin Recognition Program. The program features three coin categories – gold, silver, and bronze – which employees can redeem for a range of rewards including branded merchandise, ride-hailing vouchers, and coffee. The initiative has notably reinforced employees' sense of belonging and achievement, inspiring continued effort. In 2025, Southchip Coins were awarded to a total of 532 employees.



Southchip Semiconductor's "Southchip Coin"

Southchip Semiconductor's Equity Incentive Data

In 2025



the Company launched a restricted stock incentive plan and granted

**294.3394** restricted shares

to **371** employees

**Employee Diversity and Communication**

As Southchip Semiconductor's global strategy continues to deepen, its workforce is characterized not only by diversity in gender, nationality, ethnicity, and color, but also by diverse ways of thinking, educational backgrounds, religious beliefs, and value orientations. The Company firmly believes that a diverse workforce fosters a more creative and dynamic team, and strives to build a mutually supportive, inclusive, and collaborative workplace for all employees – one in which every employee can feel a sense of value and belonging.

Southchip Semiconductor's Employee Diversity and Communication Management Measures

Attracting diverse talent

- In the context of global operations, prioritize the recruitment and development of local talent in each market, strengthening local integration and the Company's diversity profile

Fostering an equitable and inclusive working environment

- Conduct regular anti-discrimination and anti-workplace-bullying training for employees, including reviews of the detailed requirements set out in the *Guidelines on Workplace Bullying*
- Operate the "Culture Ambassador Little C" platform, periodically publishing articles on workplace trends and anti-discrimination and anti-harassment awareness, fostering an open and transparent communication environment for employees

Listening to employee voices

- Operate the "HR Service Platform", providing employees with comprehensive, convenient human resources support
- Conduct annual employee satisfaction surveys, listening to and understanding employee views across dimensions including benefits, facilities and resources, and career development, and continuously driving improvements

Southchip Semiconductor's Workplace Bullying Complaint Process



**Complaint management**

- Any employee who experiences or becomes aware of workplace bullying is encouraged to report it to the anti-bullying email (culture@Southchip Semiconductor.com)
- Reports may also be made verbally, in writing, anonymously, or through supervisors or department heads



**Investigation**

- A complaint handling and investigation team will be established to immediately investigate reported matters. The investigation will remain confidential throughout, and the results will be ensured to be fair and impartial



**Disciplinary actions**

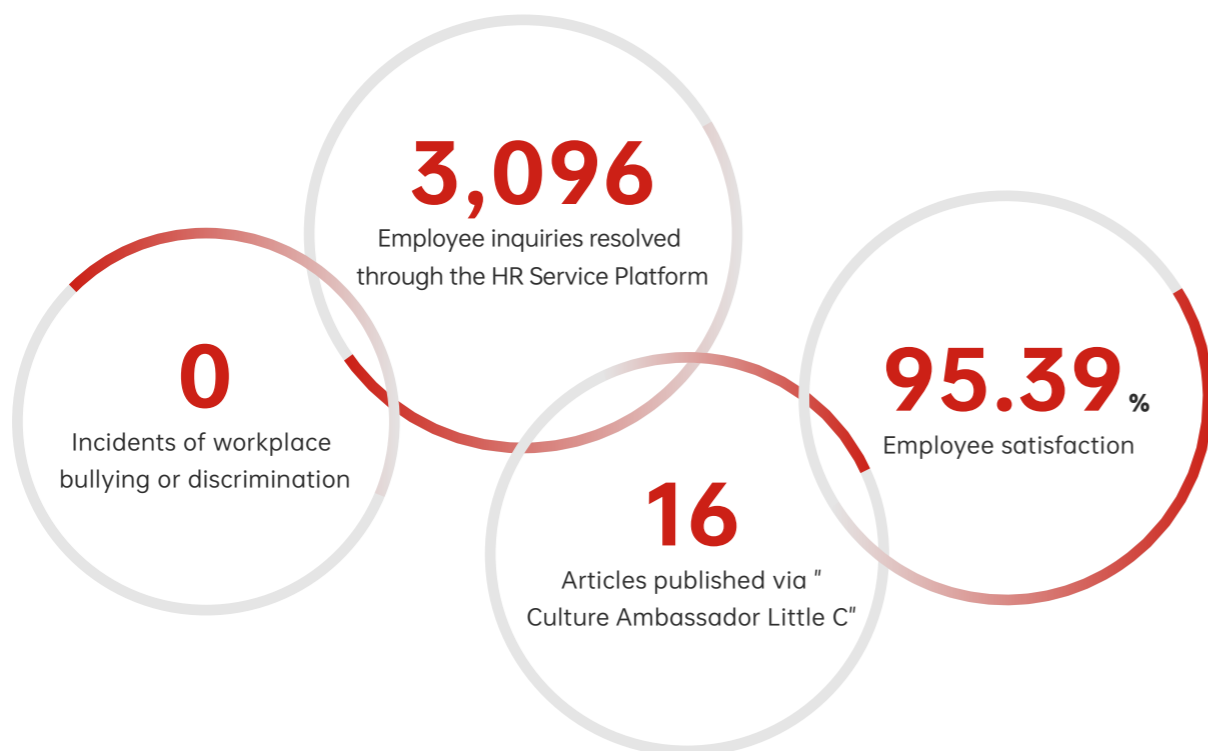
- Employees who violate regulations will be subject to disciplinary actions in accordance with the Employee Handbook, and support will be provided to affected employees

## Work with like-minded people, take on challenging endeavors

We strive to build a transparent and equitable corporate platform, where employees work alongside outstanding talents and focus on exciting, impactful work.



### Southchip Semiconductor's 2025 Employee Diversity and Communication – Performance Highlights



### Case

#### Convening the All-Hands Meeting to Strengthen Employee Communication

In August 2025, the Company convened its All-Hands Meeting (2025 Townhall). Themed "United in Purpose, Embarking on a New Chapter", the meeting shared comprehensively and in depth with every employee the Company's current business performance, and provided clear analysis and communication on key topics including product line expansion, shifts in the competitive landscape, and talent development – ensuring that every employee understood the Company's current progress and future direction.



All-Hands Meeting (2025 Townhall)

## Occupational Health and Safety

The principal occupational hazard factor relevant to Southchip Semiconductor's employees is dust generated during laboratory soldering processes. The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other applicable laws, regulations, and requirements. It has formulated internal policies and procedures such as the *Laboratory Safety Management Rules*, and through systematic management measures provides comprehensive safeguards for all workplaces, building a stable and reliable safety environment for both employees and the Company.

### Southchip Semiconductor's Occupational Health and Safety Management Measures

#### Office safety

- Conduct regular occupational health examinations for employees in roles involving potential occupational disease risks
- Provide employees in roles exposed to occupational disease risks with personal protective equipment such as masks and earplugs, ensuring their safety
- Engage qualified third-party professional agencies to conduct comprehensive assessments of the office environment in accordance with applicable national standards, identifying and controlling potential occupational health risks



#### Laboratory safety

- Formulate policies and procedures such as the *Laboratory Safety Management Rules* and the *Safe Work Practice Standards*, standardizing the use of laboratory facilities and equipment to ensure electrical and fire safety
- Regularly inspect and maintain safety protection facilities, ensuring that all laboratory equipment remains free of safety hazards
- Actively conduct safety education and training to ensure that laboratory personnel are fully versed in emergency response measures and procedures



#### Fire safety

- Conduct annual fire safety drills, supported by accompanying safety training, to enhance employees' fire safety awareness and capacity to respond to fire incidents



### Southchip Semiconductor's 2025 Occupational Health and Safety – Performance Highlights

100 %

Employee medical check-up coverage rate

1 件

Work-related injuries and fatalities<sup>1</sup>

[1] A Company employee sustained a fracture as a result of a traffic accident while commuting to work. Following the incident, the Company has organized relevant safety education and training to prevent similar incidents from recurring.

#### Case

#### Fire Drill Enhances Employee Fire Safety Awareness

In November 2025, the Company, together with the property management of the business park, conducted its annual fire drill. The drill systematically included hands-on training in the use of fire-fighting equipment, emergency evacuation route drills, and early-stage fire suppression exercises, effectively enhancing employees' fire safety awareness.



Scene from the Annual Fire Drill

## Employee Training and Development

### Governance

Southchip Semiconductor places great emphasis on talent development, regarding it as an essential element of the Company's high-quality growth. The Company has formulated internal policies and procedures such as the *Training Management Standards* and the *Performance Management Standards*, enabling the orderly management of employee training, promotion, performance appraisal, and incentives. The Human Resources Department serves as the principal function responsible for Employee Training and Development, formulating talent development pathways and incentive mechanisms, implementing the annual performance appraisal and training plans, and continuously enhancing employees' knowledge, job-specific skills, and motivation.

### Strategy

The Company is dedicated to cultivating a workplace culture of "lifelong learning". Guided by the talent philosophy of "selecting, developing, and deploying talent based on core values", the Company provides all employees with a supportive training environment and fair opportunities for career development. Recognizing that a scientifically grounded training and development management system better enables employees to succeed and lays a solid foundation for technological upgrading across the industry, the Company periodically reviews its employee training and performance management systems, identifies risks and opportunities on an annual basis, and analyzes their impact scope and financial implications to achieve close alignment between corporate development and talent growth.

Southchip Semiconductor's Employee Training and Development – Risk and Opportunity Analysis

Principal Risk / Opportunity	Specific Description	Scope of Impact	Financial Impact
Talent development risk	An underdeveloped training framework or inadequate management could slow the building of talent pipelines; employees may be unable to acquire best practices or standard processes through training, leading to low efficiency and higher error rates	Medium term Long term	Increased operating costs
Organizational management opportunity	A fair and equitable performance management system helps energize employees and enhances overall operational efficiency	Short term Medium term Long term	Decreased operating costs

Impact, Risk, and Opportunity Management

Employee Training Management

The Company continues to expand its investment in training programs, providing diversified training initiatives for employees at different positions and career stages. These programs are designed to help new hires adapt quickly, enhance employees' overall capabilities, and strengthen their professional skills, enabling employees and the Company to grow together.



Southchip Semiconductor's Employee Training Framework

New employee training



- Provides an introduction to the Company's history, organizational structure, corporate culture, rules, and regulations
- Implement a "mentorship program" that pairs experienced and knowledgeable employees with new hires. Through knowledge sharing, targeted guidance, and training, the program helps new employees acclimate to the Company and transition into their new roles as quickly as possible

General knowledge training



- Cover topics including patents, information security, trade secrets, and codes of conduct. All employees are required to complete the training via the online learning platform and pass the corresponding assessments

Technical training



- Offer technical training for new graduates, aiming to equip them with professional skills and to internalize the Company's advanced technologies through systematic training covering digital design, analog design, and system applications
- Provide specialized skills training for roles in product quality and R&D, drawing on internal and external resources to deliver targeted capability building and strengthen employees' core technical skills

Southchip Semiconductor's 2025 Employee Training – Performance Highlights

46

New training courses

51,000

person-times

Training participation

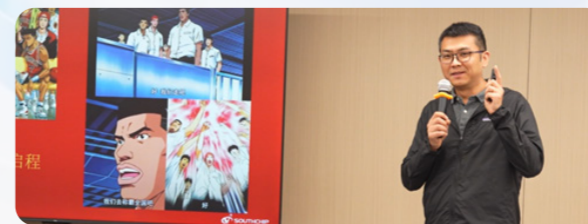
Case 

Empowering new Scer – Helping New Hires Hit the Ground Running

In 2025, 167 new Scer (new-hire graduates) from across the country completed a three-day onboarding program held in Shanghai, Shenzhen, and Chengdu. The program centered on four core modules – decoding the corporate culture and values, a panoramic overview of the Company's departments, professional capability building, and career development roadmaps – and, through a dual-track model of "classroom instruction + cultural co-creation", helped employees translate cultural values from concepts into behavioral principles, integrate rapidly into their teams, and define clear growth pathways.



A Debate Held on the Topic: "Should Job Rotation Exemptions Be Introduced"



Deconstructing the Company's Business Processes from Three Perspectives: "How the Outside Sees Southchip", "Southchip Through Our Own Eyes", and "We Are Building Southchip"



Designing cultural posters on the theme "Southchip and me in 2030"




## Performance Appraisal and Career Advancement

Building on the Company's overall business objectives and key performance indicators, Southchip Semiconductor cascades these targets down to each department and team, establishing an "objective-oriented" performance appraisal system that enables coordinated development at the individual, team, departmental, and Company levels. The Company has built a multi-dimensional performance appraisal system that evaluates the achievement of "individual performance targets" and the fulfillment of "job responsibilities and above-and-beyond contributions", and combines this with multi-source feedback from direct line managers, cross-functional managers, and project managers, thereby providing a comprehensive and objective reflection of each employee's overall annual performance. Company leaders communicate regularly with employees on the progress of their performance objectives, helping employees gain a clear understanding of their strengths and development areas in leadership and professional skills, and ultimately enabling the enhancement of individual capabilities and the achievement of annual targets.

For employees who wish to contest their performance appraisal results, the Company has established a performance appraisal appeal channel and formed a Performance Appeal Committee to conduct investigations and gather evidence. The Performance Appeal Committee undertakes multi-party investigations on an objective and impartial basis and provides final feedback on appeals within 3 working days.



### Southchip Semiconductor's Performance Appraisal Principles

 <p><b>Accountability and results-oriented principle</b></p> <p>Performance is guided by accountability outcomes, encouraging employees to make individual contributions based on their job responsibilities and roles</p>	 <p><b>Hierarchical and graded principle</b></p> <p>Control the distribution ratio of performance evaluation results by hierarchy and level</p>	 <p><b>Objectivity and fairness principle</b></p> <p>Comprehensively and thoroughly understand employees' work and provide objective and fair overall evaluations</p>
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To further energize the organization, strengthen internal mobility, and develop multi-disciplinary talent, the Company has formulated and implemented the *Implementation Rules for Employee Job Rotation and Transfer*. The rules establish three mechanisms: strategic rotation, necessary rotation, and employee-initiated transfer – supporting employees in shaping their own career paths while promoting mutual growth between the individual and the organization.

The Company has built open, transparent, and accessible career advancement pathways, offering parallel management and technical career tracks with a hierarchy of positions at each level within each track. This provides employees with clear guidance on career progression and motivates them to pursue individual development in the fields best suited to their skills.

## Metrics and Targets

To enhance training quality and strengthen performance management, the Company sets systematic training and development metrics and targets at the beginning of each year. It continuously tracks progress against key indicators and implements targeted management measures to ensure the successful achievement of annual targets.

### Southchip Semiconductor's 2025 Employee Training and Development Metrics and Targets

Annual Target	Progress	Annual Target	Progress	Annual Target	Progress
<b>≥80%</b>	<b>Achieved</b>	<b>100%</b>	<b>Achieved</b>	<b>100%</b>	<b>Achieved</b>
Rolling training plan implementation rate <sup>1</sup>		Completion rate of annual mandatory training		Coverage rate of annual performance appraisal	

[1] Rolling training plan implementation rate = Number of training courses delivered / Number of training courses scheduled in the rolling training plan × 100%

## Community Engagement and Philanthropy

Guided by a strong sense of responsibility, Southchip Semiconductor is committed to harmonizing corporate development with social responsibility. The Company encourages employees to participate in volunteer activities and public welfare initiatives, and – through donations in fields such as healthcare – continues to contribute to society, earnestly fulfilling its corporate social responsibility and driving shared social value creation. In 2025, the Company's total charitable donations amounted to approximately RMB114,800.

### Southchip Semiconductor's 2025 Donation Details

<p>Participated in the "Xingan Baby Care Program"</p> <p>contributing <b>RMB 100,000</b> in support of children with liver disease from financially disadvantaged families</p> <p>Donated <b>RMB 14,827</b> to the Jiashan Fire Station</p>	
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# 04

## Compliance Governance for Stable Development

Corporate Governance

Compliant Operations and Risk Management

Business Ethics

# Compliance Governance for Stable Development

## Corporate Governance

A sound and scientifically designed corporate governance framework is the core engine driving a company's efficient operation and high-quality development. Southchip Semiconductor strictly complies with the *Company Law of the People's Republic of China* (hereinafter the "Company Law"), the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange*, the *SSE Self-Regulatory Guidelines for Listed Companies No. 1-Standardized Operations*, and other applicable laws, regulations, and requirements, strengthening its corporate governance performance and safeguarding the healthy and stable operation of the Company.

### Governance

To ensure the Company's ability to maintain long-term, stable operations in a complex and dynamic market environment, Southchip Semiconductor has formulated a set of policies and internal procedures including the Articles of Association, the Rules of Procedure for the Board of Directors, and the Information Disclosure Management Policy. These continuously enhance the Company's governance framework, clearly delineating the functions and division of responsibilities among the Shareholders' Meeting, the Board of Directors, and the Management, and safeguarding the Company's sustained, standardized, and healthy development.

In 2025, in accordance with the requirements of the Company Law, the Guidelines for Articles of Association of Listed Companies, and other regulatory documents, the Company dissolved its Board of Supervisors, with the powers previously exercised by the Board of Supervisors transferred to the Audit Committee of the Board of Directors. The Articles of Association and other relevant policies and internal procedures were amended accordingly, effectively enhancing internal operational efficiency and transparency and better enabling the Company to respond to external challenges and market changes. The Company has established four committees under the Board of Directors – the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee – which provide professional advice and recommendations to support the Board's decision-making and safeguard the democratic and scientific nature of collective Board decisions.

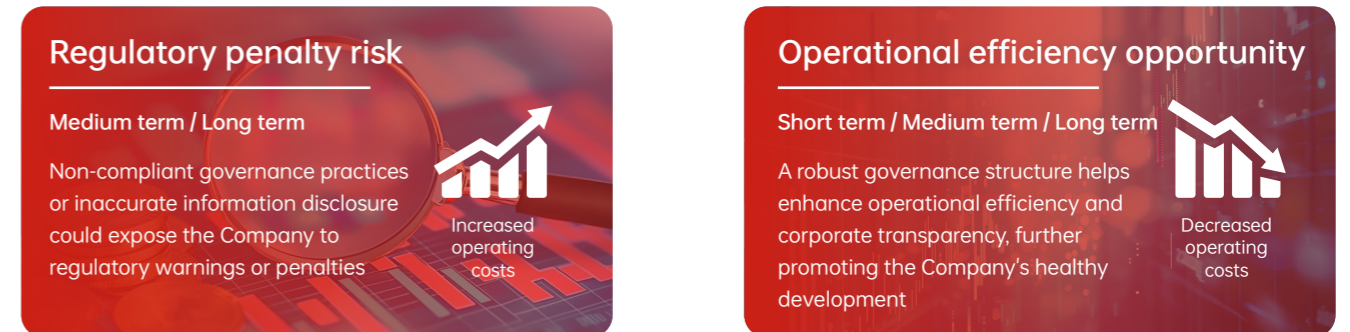
Southchip Semiconductor's Corporate Governance Structure



### Strategy

The Company recognizes that sound corporate governance is critical to long-term development and that inadequate governance could undermine investor confidence, trigger abnormal share price volatility, and ultimately harm investor interests. Accordingly, the Company is committed to optimizing its governance framework and enhancing operational discipline. By strengthening the division of responsibilities among the Board of Directors, the Management, and functional departments, the Company ensures a transparent and efficient decision-making process, enabling it to better respond to external risks and challenges and enhancing its market adaptability. In parallel, the Company closely monitors industry trends and shifts in market demand, proactively identifying relevant risks and opportunities to ensure its ability to respond rapidly to changes in the external environment.

Southchip Semiconductor's Corporate Governance – Risk and Opportunity Analysis



Upholding the principles of efficient and transparent governance, the Company continues to strengthen its overall governance capabilities. By focusing on optimizing the governance structure, safeguarding investor rights, and ensuring compliant information disclosure, the Company transforms governance risks into competitive advantages, ensuring long-term competitiveness and a strong reputation in global markets.

### Impact, Risk, and Opportunity Management

#### Governance Structure Optimization

The Nomination Committee, Audit Committee, and Remuneration and Appraisal Committee under the Board of Directors are each chaired by Independent Directors. The Articles of Association explicitly provide for the adoption of a cumulative voting system, ensuring the fairness and standardization of the election of Board of Directors' members.

In building the Board of Directors, the Company places emphasis on independence and diversity, forming a member composition that is aligned with the needs of business operations and management. Independent Directors account for one-third of the Board, all of whom possess industry-specific expertise, financial and accounting experience, and other professional qualifications, providing robust support for the Company's risk management and strategic decision-making. The Company has also built a gender-balanced Board, with 2 female directors, effectively safeguarding the diversity of Board composition.

Composition of Southchip Technology's Board of Directors in 2025 and the Convening of Related Meetings



## Information Disclosure Management

The Company has formulated the *Information Disclosure Management Policy* and proactively discloses all information that may have a material impact on the decision-making of shareholders or other stakeholders, ensuring timely and equitable disclosure, and safeguarding the authenticity, accuracy, and completeness of disclosed information. In 2025, the Company did not commit any violation of information disclosure requirements, including any false records, misleading statements, or material omissions.

### Southchip Semiconductor's Information Disclosure Channels



#### 【Case】 Information Disclosure Training Enhances Employee Compliance Awareness

In December 2025, to comprehensively standardize the Company's information disclosure activities and enhance cross-functional awareness of collaboration in information disclosure, the Company conducted dedicated information disclosure training for relevant employees. The training provided a detailed introduction to the principal types of information disclosure, common scenarios and compliance requirements, and the determination of liability for violations, laying a solid foundation for compliant Information Disclosure Management practices.

### Southchip Semiconductor's 2025 Investor Relations Management – Performance Highlights

- Held **3** results briefings
- 2024 Profit Distribution: Cash dividend per share: **RMB 0.20** (before tax); total cash dividends: **RMB 84,790,004.40** (before tax)

## Management of Related-Party Transactions

To standardize and reduce unnecessary related-party transactions, the Company has formulated the *Related-Party Transaction Management Policy*, clearly setting out key elements such as approval authorities and disclosure requirements for related-party transactions, and periodically identifying and maintaining the list of related parties in order to mitigate the risk of omissions in disclosure. In 2025, all day-to-day related-party transactions and other related-party capital flows were assessed and audited by qualified third-party firms, ensuring that no situation adversely affecting the interests of the Company or its other shareholders existed, and that such arrangements are consistent with the interests of all shareholders and the Company's long-term development strategy.



#### 【Case】 Conducted training on the “Related Party Transaction Management Policy” to enhance employees’ risk prevention capabilities

In August 2025, the Company conducted training on the “Related Party Transaction Management Policy”. By analyzing typical scenarios — such as failure to promptly identify related parties resulting in backdated procedures, and unfair pricing leading to compliance risks — the training reinforced participants’ compliance awareness that “identification must precede transactions”. This training effectively enhanced the Company's internal capacity to prevent potential risks, including the concealment of related party relationships and improper benefit transfers, further solidifying the foundation for a long-term sound corporate governance mechanism and ensuring compliant, stable operations.

### Southchip Semiconductor's 2025 Information Disclosure Management – Performance Highlights

Achieved a Grade A rating in information disclosure

assessment for the **2** consecutive year

Disclose

**4** periodic reports **82** interim announcements

## Investor Relations Management

The Company respects and fully safeguards the rights of all shareholders as the Company's owners, and protects the equal standing of minority shareholders. While ensuring the lawful and effective convening of General Meetings of Shareholders, the Company provides online voting, offering a convenient means for minority shareholders to participate in voting and enabling them to deliberate on the Company's major resolutions through both online and on-site voting.

The Company places great importance on delivering reasonable investment returns to its investors. The Board of Directors formulates a shareholder return plan once every three years, and in 2025 publicly disclosed the *Shareholder Dividend Return Plan for the Next Three Years (2025–2027)*, ensuring the continuity and stability of its shareholder dividend policy. In 2025, the Company successfully implemented the 2024 profit distribution plan. Going forward, the Company will continue to strictly adhere to the shareholder dividend return plan and profit distribution policy, further enhancing investors' sense of returns.

## Metrics and Targets

The Company has established governance- and disclosure-related targets for the Board of Directors and information disclosure, continuously refining its governance structure and decision-making mechanisms and ensuring the compliance of information disclosure. In 2025, the Company met all of its established metrics and targets.

### Southchip Semiconductor's 2025 Corporate Governance Metrics and Targets

Metric	Unit	Annual Target	Progress
Percentage of independent directors <sup>1</sup>	%	1/3	Achieved
Disclosure rate of the Company's material matters	%	100	Achieved

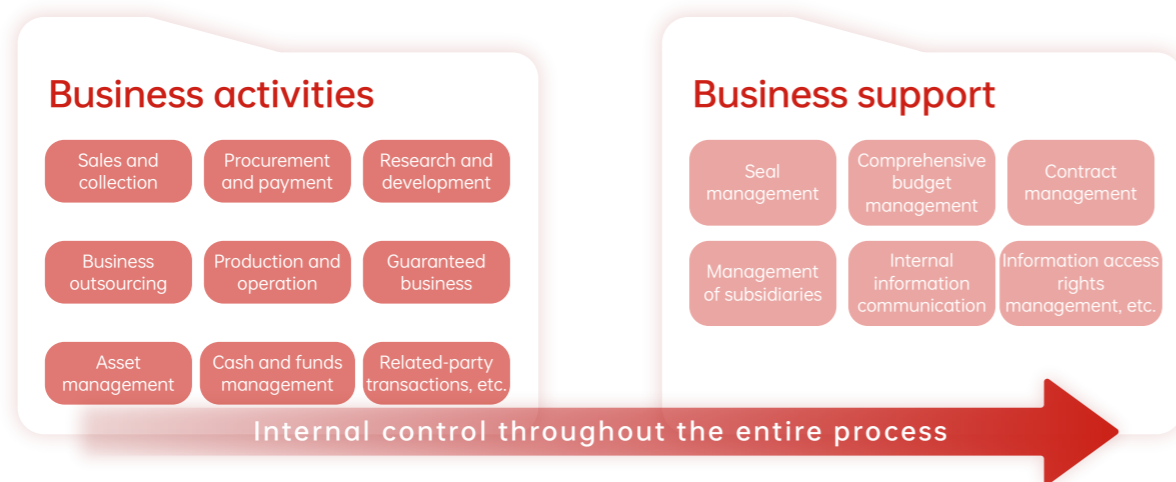
[1] Percentage of independent directors = Number of independent directors on the Board of Directors / Total number of Board of Directors' members × 100%

## Compliant Operations and Risk Management

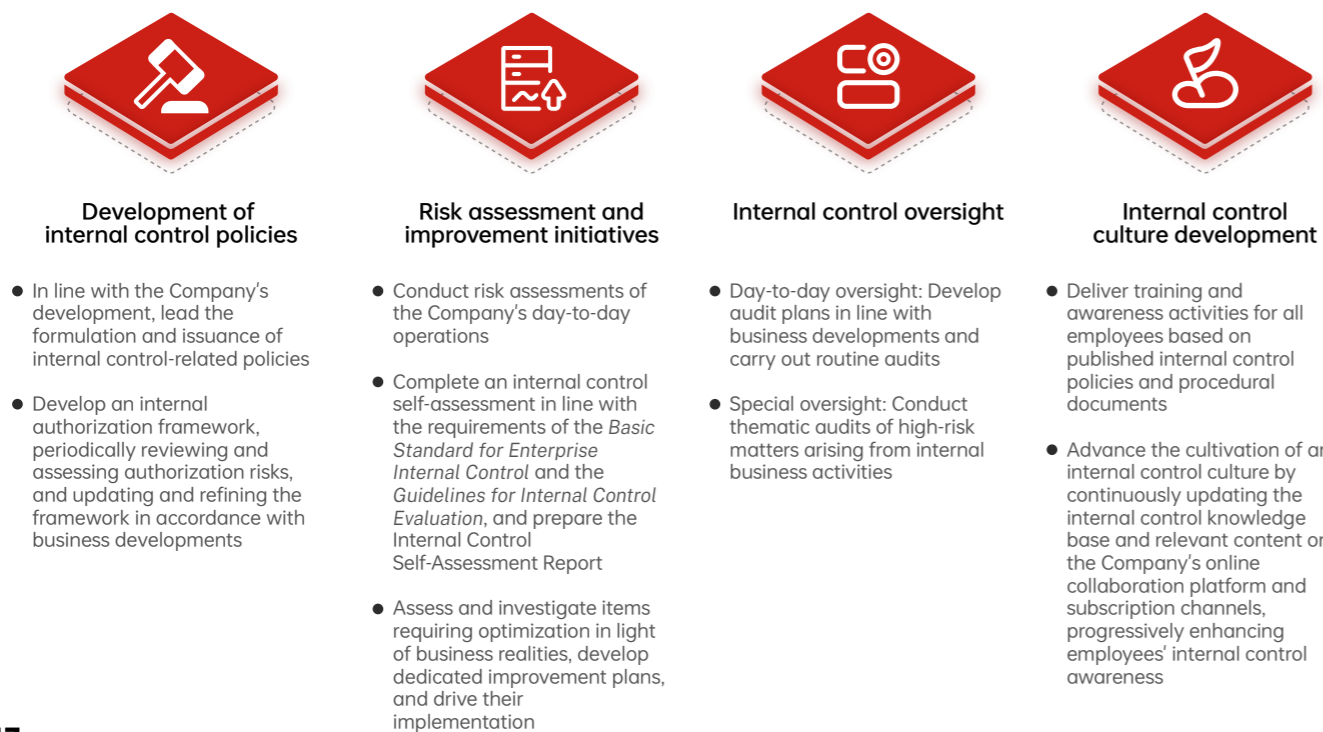
Southchip Semiconductor consistently regards risk management and compliant operations as cornerstones of the Company's development. The Company continues to deepen the development of its internal control system, comprehensively enhancing operational transparency and standardization, and strictly adheres to domestic and overseas laws, regulations, and regulatory requirements. By continually strengthening its global business compliance defenses, the Company seeks to safeguard high-quality, sustainable development through a robust governance structure.

The Company strictly upholds its internal control defense line in business operations. In accordance with the *Basic Standard for Enterprise Internal Control*, the *Guidelines for Enterprise Internal Control Assessment* and the *Internal Control Assessment System*, it has formulated a series of management documents governing daily work. It has also established a compliance monitoring mechanism led by the Internal Control Department, with in-depth collaboration across multiple departments including Finance, Legal, and Human Resources. This mechanism is designed to consolidate the internal control system, strengthen the effectiveness of compliance management, significantly elevate the standard of lawful operations, and lay a solid foundation for the Company's sustained, healthy development.

### Southchip Semiconductor's Internal Control Management System



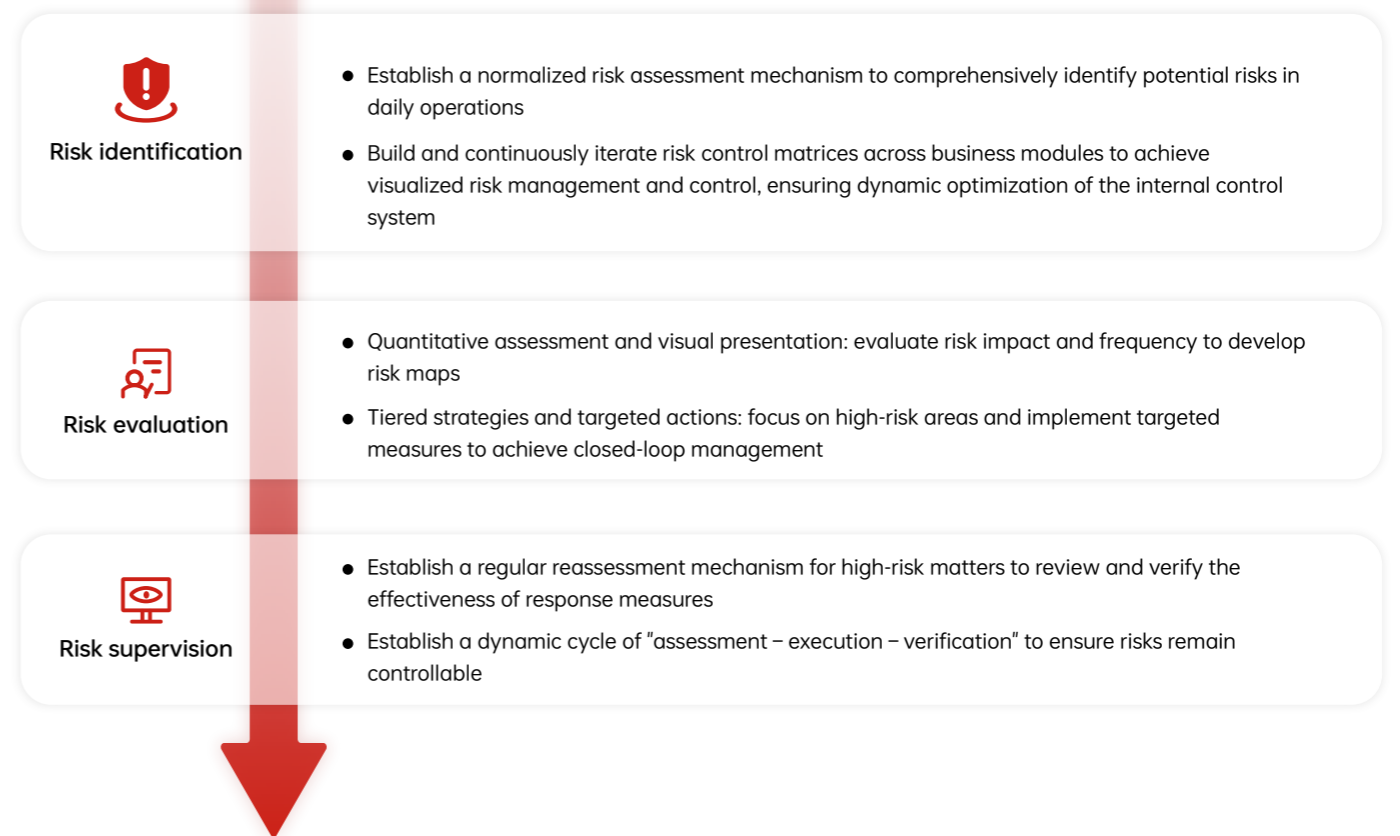
### Southchip Semiconductor's Principal Internal Control Management Measures



The Company continuously refines its risk management processes to ensure that relevant risks are appropriately controlled and mitigated. The Company's enterprise risk management process comprises three steps: risk identification, risk assessment, and risk monitoring. Through end-to-end closed-loop management and periodic reassessment mechanisms, the process provides a solid foundation for business continuity and stable development.

To safeguard business continuity and enhance risk prevention and control capabilities, the Company has formulated policies and internal procedures such as the Business Continuity Management Procedure, covering all operational functions including R&D, supply, production operations, procurement, and IT, ensuring rapid response and the restoration of critical business activities in the face of unexpected events.

### Southchip Semiconductor's Risk Management Process



### Southchip Semiconductor's 2025 Compliant Operations and Risk Management – Performance Highlights

In 2025, the Internal Control Service Desk circulated **6** internal control awareness cases to all employees; since 2024, a cumulative total of **11** cases have been circulated

Conducted **22** internal control training sessions

## Business Ethics

Southchip Semiconductor attaches great importance to anti-corruption, anti-bribery, and anti-unfair competition. The Company strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and other applicable laws, regulations, and requirements. It has formulated internal policies and procedures such as the *Employee Handbook* and the *Business Ethics Code of Conduct*, establishing a sound business ethics management framework to continuously enhance management effectiveness and prevent unethical conduct. In 2025, the Company did not experience any incidents of commercial bribery or corruption, and was not involved in any litigation or subject to any major administrative penalty arising from unfair competition.

To effectively enhance employee integrity awareness, the Company conducts business ethics training for all employees. The training covers laws and regulations relating to commercial bribery, standards of conduct governing business dealings, and procedures for the receipt of complaints and whistleblower reports. Drawing on real-world cases to analyze key management principles, the training effectively strengthens employees' business ethics awareness and reinforces the Company's internal oversight. In 2025, the Company signed Integrity Commitment Letters with all employees, under which they committed not to accept any non-compliant gifts, cash, entertainment, or benefits in any other form, to eliminate corruption in all its forms, and to conduct business with integrity.

The Company conducts annual business ethics risk assessments covering the business activities and management processes of key functions including R&D, procurement, sales, finance, and human resources. Guided by the assessment principles of "objectivity, systematism, dynamism, transparency, and full participation", the Company comprehensively reviews the likelihood and severity of risks such as corruption and money laundering, and deploys preventive measures and review plans to effectively respond to such risks, ensuring that business ethics risks remain under control.

### Southchip Semiconductor's 2025 Principal Business Ethics Risks and Response Measures

Category	Risk Description	Prevention, Control, and Review Plans
Corruption and bribery risk	<ul style="list-style-type: none"> <li>Accepting or giving high-value gifts, which may influence procurement or sales decisions</li> <li>Business hospitality exceeding standards, which may involve improper benefit transfers</li> </ul>	<ul style="list-style-type: none"> <li>Establish a gift registration system with clearly defined maximum values for gifts</li> <li>Periodically review expense reimbursement records to assess compliance with the Company's hospitality standards</li> </ul>
Conflict of interest risk	<ul style="list-style-type: none"> <li>Employees allowing personal interests to influence procurement or sales decisions</li> <li>Long-standing supplier relationships compromising procurement fairness</li> </ul>	<ul style="list-style-type: none"> <li>Periodically review employee conflict-of-interest declarations and conduct annual business ethics training for employees</li> <li>Periodically review supplier and customer cooperation records and conduct annual fairness audits</li> </ul>
Fraud risk	<ul style="list-style-type: none"> <li>As a creditor, the Company may face difficulties in recovering accounts receivable</li> <li>R&amp;D personnel falsifying technical achievements to fraudulently obtain rewards</li> </ul>	<ul style="list-style-type: none"> <li>R&amp;D personnel falsifying technical achievements to fraudulently obtain rewards</li> <li>All intellectual property outputs are subject to dual review by the business unit and an IP engineer</li> </ul>
Corruption risk	<ul style="list-style-type: none"> <li>Unclear flow of funds in cross-border transactions, giving rise to suspicion of money laundering</li> <li>Lack of transparency in the use of funds by branches and subsidiaries, creating risks of illegal transactions</li> </ul>	<ul style="list-style-type: none"> <li>Conduct periodic financial audits of branches and subsidiaries and review records of large capital flows</li> <li>Establish an oversight mechanism for cross-border capital flows, with all cross-border transactions subject to internal review</li> </ul>

The Company has established an Integrity Reporting Mailbox as the primary reporting channel, encouraging employees and all stakeholders to report actual or suspected violations of professional ethics, business ethics, or related laws and regulations. Upholding the principle of due prudence, the Company establishes dedicated investigation teams to handle and investigate all inquiries and reports received. All investigations are conducted on a lawful and compliant basis and ensure the confidentiality of information within the limits permitted by applicable laws and regulations. Retaliation against those who provide information or assist in investigations is strictly prohibited, safeguarding the lawful rights and interests of whistleblowers.



Southchip Semiconductor's Integrity Reporting Mailbox:  
[complain@southchip.com](mailto:complain@southchip.com)



**100%** Signing rate of personal integrity commitment letters

## ESG Data Table

### Environmental Data

Environmental Compliance Management Data Table

Disclosure Item	Unit	2025
Amount of major administrative penalties imposed by ecological, environmental, and other relevant authorities as a result of environmental incidents during the Reporting Period	RMB 10,000	0

Climate Change Tackling Data Table

Disclosure Item	Unit	2025
Total GHG emissions <sup>1</sup>	tCO <sub>2</sub> e	1,745.86
-Scope 1 GHG emissions <sup>2</sup>	tCO <sub>2</sub> e	11.17
-Scope 2 GHG emissions <sup>3</sup>	tCO <sub>2</sub> e	1,734.69
GHG emissions per unit of revenue <sup>4</sup>	tCO <sub>2</sub> e / RMB 1 million	0.54

[1] Total GHG emissions = Scope 1 GHG emissions + Scope 2 GHG emissions.

[2] Scope 1 GHG emissions refer to direct GHG emissions generated from gasoline combustion, including CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O. The 2025 calculation uses the 100-year average Global Warming Potential (GWP) values from IPCC AR6, and emission factors for each energy type are drawn from sources such as the *China Energy Statistical Yearbook*.

[3] Scope 2 GHG emissions refer to indirect GHG emissions generated from purchased electricity. The Company calculates GHG emissions from purchased electricity on a location-based approach, with emission factors referencing the national average CO<sub>2</sub> emission factor for electricity published by the Ministry of Ecology and Environment and the National Bureau of Statistics in the *Announcement on the Release of the 2023 CO<sub>2</sub> Emission Factors for Electricity*.

[4] GHG emissions per unit of revenue = Total GHG emissions / Operating revenue.

Energy Usage Data Table

Disclosure Item	Unit	2025
Total energy consumption	tce	407.57
-Gasoline	L	5,044.22
-Purchased electricity	MWh	3,269.29
Direct energy consumption	tce	5.49
Indirect energy consumption	tce	402.08
Comprehensive energy consumption per unit of revenue <sup>1</sup>	tce/RMB 1 million	0.13

[1] Comprehensive energy consumption per unit of revenue = Comprehensive energy consumption / Operating revenue.

Usage of Water Resources Data Table

Disclosure Item	Unit	2025
Total water consumption	m <sup>3</sup>	3,337.44
Water consumption per unit of revenue <sup>1</sup>	m <sup>3</sup> / RMB 1 million	1.02

[1] Water consumption per unit of revenue = Total water consumption / Operating revenue.

Waste Management Data Table

披露项	单位	2025
Total waste disposed (general waste)	Ton	68.94
Waste disposed per unit of revenue <sup>1</sup>	Tonnes / RMB 1 million	0.02

[1] Waste disposed per unit of revenue = Total waste disposed / Operating revenue.

### Social Data

R&D Innovation Data Table

Disclosure Item	Unit	2025
Total R&D Personnel	Persons	840
Percentage of R&D personnel <sup>1</sup>	%	68.13
R&D expenses amount	RMB 10,000	64,714.51
R&D expenses ratio <sup>2</sup>	%	19.85

[1] Proportion of R&D personnel = Number of R&D personnel / Total number of employees \* 100%

[2] R&D expenses ratio = R&D expenses / Operating revenue \* 100%.

Intellectual Property Protection Data Table

Disclosure Item	Unit	2025
Number of granted patents during the Reporting Period	/	268
Number of granted patents during the Reporting Period	/	84
Number of valid patents during the Reporting Period	/	199
Number of valid invention patents during the Reporting Period	/	183
Number of software copyrights	/	16

**Product and Service Quality Management Data Table**

Disclosure Item	Unit	2025
<b>Product Quality Management</b>		
Amount involved in major safety and quality liability incidents related to products and services during the Reporting Period	RMB 10,000	0
Number of major product- and service-related safety and quality liability incidents during the Reporting Period	/	0
<b>Service Quality Management</b>		
Overall customer satisfaction	%	91

**Data Table for Information Security and Privacy Protection**

Disclosure Item	Unit	2025
Number of data security incidents during the Reporting Period	/	0
Amount involved in data security incidents	RMB 10,000	0
Number of customer privacy breach incidents during the Reporting Period	/	0
Amount involved in customer privacy breach incidents	RMB 10,000	0

**Supply Chain Management Data Table**

Disclosure Item	Unit	2025
Total number of suppliers	Companies	110
-Mainland China	Companies	98
-Hong Kong, Macao, Taiwan, and overseas	Companies	12
Proportion of local suppliers	%	89.09

**Employee Management Data Table**

Disclosure Item	Unit	2025	
<b>Employee Management</b>			
Total Number of Employees	Persons	1,233	
By gender	Male	Persons	894
	Female	Persons	339
	Under 30	Persons	623
By age	Aged 30 to 50	Persons	604
	Over 50 years old	Persons	6
Number of minority employees	Persons	38	
Number of employee turnover	Persons	123	
Employee turnover rate <sup>1</sup>	%	9.07	

**Employee Management Data Table (Continued from previous page)**

Disclosure Item	Unit	2025	
<b>Occupational Health and Safety</b>			
Amount invested in work injury insurance	RMB 10,000	75.21	
Employee work-related injury insurance coverage rate	%	100	
Number of occupational disease cases	Persons	0	
Occupational disease incidence rate	%	0	
Number of deaths due to work-related causes	Persons	0	
<b>Employee Training Coverage Rate</b>			
Total number of employees receiving training	Persons	1,233	
By gender	Male	Persons	894
	Female	Persons	339
Number of employee training sessions	Time	79	
Coverage of employee training	%	100	

[1] Employee turnover rate = Number of employee departures / (Total number of employees + Number of employee departures) \* 100%.

**Community Engagement and Philanthropy Data Table**

Disclosure Item	Unit	2025
Amount of charitable donations	RMB 10,000	11.48

**Governance Data**
**Business Ethics Data Table**

Disclosure Item	Unit	2025
Number of employees covered by anti-bribery and anti-corruption training	Persons	1,233
Percentage of employees covered by anti-commercial bribery and anti-corruption training <sup>1</sup>	%	100
Number of directors covered by anti-bribery and anti-corruption training	Persons	9
Percentage of management personnel covered by anti-bribery and anti-corruption training <sup>1</sup>	%	100
Number of management personnel covered by anti-bribery and anti-corruption training	Persons	194
Proportion of management members covered by anti-commercial bribery and anti-corruption training <sup>1</sup>	%	100
Number of commercial bribery and corruption incidents during the Reporting Period	/	0
Number of litigation cases or major administrative penalties arising from the Company's unfair competition practices during the Reporting Period	/	0

[1] Percentage of employees in each category receiving anti-bribery and anti-corruption training = Number of employees in that category who received training / Total number of employees in that category \* 100%.

## Disclosure Index

### Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies – Sustainability Report (Trial) – Disclosure Index

Disclosure Requirement	Report Chapter, Additional Notes
<b>The 21 Topics Set Out in the SSE Guidelines</b>	
Climate change tackling	Climate Change Tackling ESG Data Table
Pollutant discharge	Pollutant Discharge and Waste Disposal ESG Data Table
Waste disposal	Pollutant Discharge and Waste Disposal ESG Data Table
Ecosystem and biodiversity protection	None of the Company's operating sites are located within key protected areas, and its production and operational activities do not have any significant negative impact on ecosystems or biodiversity. Accordingly, this topic has not been included as an ESG topic of the Company.
Environmental compliance management	Environmental Compliance Management ESG Data Table
Energy usage	Energy and Resources Usage ESG Data Table
Usage of water resources	Energy and Resources Usage ESG Data Table
Circular economy	Pollutant Discharge and Waste Disposal
Rural revitalization	During the Reporting Period, the Company had not yet undertaken initiatives related to rural revitalization, and plans to carry out such initiatives in future years.
Contributions to the society	Community Engagement and Philanthropy ESG Data Table
Innovation-driven	Innovation-driven Development ESG Data Table
Ethics of science and technology	The Company's principal business is the R&D, design, and sale of analog and embedded chips. It does not engage in fields such as gene editing or artificial intelligence ethics, nor do its operating activities involve technology ethics-related topics. Accordingly, this topic has not been included as an ESG topic of the Company.
Supply chain security	Supply Chain Management ESG Data Table
Equal treatment to small and medium-sized enterprises	In 2025, the Company and its subsidiaries did not publicly disclose any overdue outstanding payments owed to SMEs through the National Enterprise Credit Information Publicity System. As of the end of 2025, the balance of the Company's accounts payable (including notes payable) did not exceed RMB30 billion, nor did it exceed 50% of total assets.
Safety and quality of products and services	Product and Service Quality Management ESG Data Table
Data security and customer privacy protection	Information Security and Privacy Protection ESG Data Table
Employees	Employee Rights and Benefits Occupational Health and Safety Employee Training and Development ESG Data Table
Due diligence	ESG Materiality Assessment
Communications with stakeholders	ESG Materiality Assessment
Anti-commercial bribery and anti-corruption	Business Ethics ESG Data Table
Anti-unfair competition	Business Ethics ESG Data Table
<b>Voluntarily Disclosed Topics</b>	
Intellectual property protection	Intellectual Property Protection ESG Data Table
Corporate governance	Corporate Governance
Compliant operations and risk management	Compliant Operations and Risk Management

## GRI Disclosure Index

<b>Instructions for use</b>	Southchip Semiconductor has prepared this Report with reference to the Global Reporting Initiative (GRI) Standards for the period from January 1, 2025 to December 31, 2025
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI Standards	Disclosure Item	Report Chapter, Additional Notes	
<b>GRI 2: General Disclosures 2021</b>	2-1	Organizational details	About Southchip Semiconductor
	2-2	Entities included in the organization's sustainability reporting	About This Report
	2-3	Reporting period, frequency and contact point	About This Report
	2-4	Restatements of information	About This Report
	2-5	External assurance	Not conducted
	2-6	Activities, value chain and other business relationships	About Southchip Semiconductor
	2-7	Employees	Employee Rights and Benefits
	2-8	Workers who are not employees	Employee Rights and Benefits
	2-9	Governance structure and composition	ESG Management
	2-10	Nomination and selection of the highest governance body	Corporate Governance
	2-11	Chair of the highest governance body	Corporate Governance
	2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management
	2-13	Delegation of responsibility for managing impacts	ESG Management
	2-14	Role of the highest governance body in sustainability reporting	ESG Management
	2-15	Conflicts of interest	ESG Management
	2-16	Communication of critical concerns	ESG Management
	2-17	Collective knowledge of the highest governance body	Not disclosed
	2-18	Evaluation of the performance of the highest governance body	ESG Management
	2-19	Remuneration policies	Not disclosed
	2-20	Process to determine remuneration	Not disclosed
	2-21	Annual total compensation ratio	Not disclosed
	2-22	Statement on sustainable development strategy	Chairman's Message
	2-23	Policy commitments	ESG Management
	2-24	Embedding policy commitments	ESG Management
	2-25	Processes to remediate negative impacts	ESG Management
	2-26	Mechanisms for seeking advice and raising concerns	Business Ethics
	2-27	Compliance with laws and regulations	Compliant Operations and Risk Management

Continued from previous page

GRI Standards	Disclosure Item	Report Chapter, Additional Notes
GRI 2: General Disclosures 2021	2-28	Membership associations Not disclosed
	2-29	Approach to stakeholder engagement ESG Management
	2-30	Collective bargaining agreements Employee Rights and Benefits
GRI 3: Material Topics 2021	3-1	Process to determine material topics ESG Management
	3-2	List of material topics ESG Management
	3-3	Management of material topics ESG Management
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss
	101-2	Management of biodiversity impacts
	101-3	Access and benefit sharing
	101-4	Identification of biodiversity impacts
	101-5	Locations with biodiversity impacts
	101-6	Direct drivers of biodiversity loss
	101-7	Changes in biodiversity status
	101-8	Ecosystem services
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed Please refer to the <i>Southchip Semiconductor 2025 Annual Report</i>
	201-2	Financial implications and other risks and opportunities due to climate change Climate Change Tackling
	201-3	Defined benefit plan obligations and other retirement plans Employee Rights and Benefits
	201-4	Financial assistance received from government Please refer to the <i>Southchip Semiconductor 2025 Annual Report</i>
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage Not disclosed
	202-2	Proportion of senior management hired from the local community Not disclosed
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported Community Engagement and Philanthropy
	203-2	Significant indirect economic impacts Community Engagement and Philanthropy
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers Not disclosed
	205-1	Operations assessed for risks related to corruption Business Ethics
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures Business Ethics ESG Data Table
	205-3	Confirmed incidents of corruption and actions taken Business Ethics ESG Data Table
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices Business Ethics
	207-1	Approach to tax Compliant Operations and Risk Management
GRI 207: Tax 2019	207-2	Tax governance, control and risk management Compliant Operations and Risk Management
	207-3	Stakeholder engagement and management of tax-related issues Not disclosed
	207-4	Country-by-country reporting Not disclosed

Continued from previous page

GRI Standards	Disclosure Item	Report Chapter, Additional Notes
GRI 301: Materials 2016	301-1	Materials used by weight or volume Not disclosed
	301-2	Recycled input materials used Not disclosed
	301-3	Reclaimed products and their packaging materials Not disclosed
GRI 302: Energy 2016	302-1	Energy consumption within the organization Energy and Resources Usage ESG Data Table
	302-2	Energy consumption outside of the organization Energy and Resources Usage ESG Data Table
	302-3	Energy intensity Energy and Resources Usage ESG Data Table
	302-4	Reduction of energy consumption Energy and Resources Usage
	302-5	Reductions in energy requirements of products and services Energy and Resources Usage
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource Energy and Resources Usage
	303-2	Management of water discharge-related impacts Energy and Resources Usage
	303-3	Water withdrawal Energy and Resources Usage
	303-4	Water discharge Energy and Resources Usage
	303-5	Water consumption Energy and Resources Usage ESG Data Table
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions Climate Change Tackling ESG Data Table
	305-2	Energy indirect (Scope 2) GHG emissions Climate Change Tackling ESG Data Table
	305-3	Other indirect (Scope 3) GHG emissions Not disclosed
	305-4	GHG emissions intensity Climate Change Tackling ESG Data Table
	305-5	Reduction of GHG emissions Climate Change Tackling
	305-6	Emissions of ozone-depleting substances (ODS) N/A
	305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ), and other significant air emissions N/A
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts Pollutant Discharge and Waste Disposal
	306-2	Management of significant waste-related impacts Pollutant Discharge and Waste Disposal
	306-3	Waste generated Pollutant Discharge and Waste Disposal ESG Data Table
	306-4	Waste diverted from disposal Pollutant Discharge and Waste Disposal
	306-5	Waste directed to disposal Pollutant Discharge and Waste Disposal ESG Data Table
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria Not disclosed
	308-2	Negative environmental impacts in the supply chain and actions taken Not disclosed
GRI 401: Employment 2016	401-1	New employee hires and employee turnover Employee Rights and Benefits ESG Data Table
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees Employee Rights and Benefits
	401-3	Parental leave Employee Rights and Benefits
GRI 402: Labor-Management Relations 2016	402-1	Minimum notice periods regarding operational changes Employee Rights and Benefits

GRI Standards	Disclosure Item	Report Chapter, Additional Notes	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety management system	Occupational Health and Safety
	403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3	Occupational health services	Occupational Health and Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
	403-5	Worker training on occupational health and safety	Occupational Health and Safety
	403-6	Promotion of worker health	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9	Work-related injuries	Occupational Health and Safety
	403-10	Work-related injuries	Occupational Health and Safety
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Training and Development ESG Data Table
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training and Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Training and Development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Corporate Governance ESG Data Table
	405-2	Incidents of discrimination and corrective actions taken	Not disclosed
GRI 406: Anti-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Benefits
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Employee Rights and Benefits
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Benefits
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Benefits
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	N/A
GGRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community Engagement and Philanthropy
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement and Philanthropy
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Not disclosed
	414-2	Negative social impacts in the supply chain and actions taken	Not disclosed
GRI 415: Public Policy 2016	415-1	Political contributions	N/A
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Product and Service Quality Management
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product and Service Quality Management ESG Data Table
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labelling	Not disclosed
	417-2	Incidents of non-compliance concerning product and service information and labelling	Not disclosed
	417-3	Incidents of non-compliance concerning marketing communications	Not disclosed
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection ESG Data Table

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## Contact Us

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