

# **Suzhou Dongshan Precision Manufacturing Co., Ltd.**

## **2023 Environmental, Social and Governance (ESG) Report**



**April 2024**

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**Note:**

This document is a translated version of the Chinese ESG Report 2023 ("2023 年 ESG 报告"). In case of any discrepancies, the ESG Report 2023 published in the Chinese version shall prevail. The full Chinese ESG Report 2023 is available at [www.cninfo.com.cn](http://www.cninfo.com.cn).

## Reporting Instructions

The 2023 Environmental, Social and Governance Report of Suzhou Dongshan Precision Manufacturing Co., Ltd. (the “Report”) aims to disclose the Company’s philosophy, management practices, and key performance in sustainable development to stakeholders, responding to stakeholders’ expectations and concerns adequately.

### Report Boundary

The Report mainly discloses information and key performance of Suzhou Dongshan Precision Manufacturing Co., Ltd. and its branches and subsidiaries in the fulfillment of economic, social, and environmental responsibilities in 2023.

### Reference

For ease of presentation and readability, Dongshan Precision and its branches and subsidiaries are referred to by the abbreviations listed in the table below throughout this Report.

Company Name	Abbreviation
Suzhou Dongshan Precision Manufacturing Co., Ltd.	Dongshan Precision, the Company, we, us or our
Multi-Fineline Electronix, Inc.	MFLEX
Multek Group (Hong Kong) Limited	Multek
MFLEX Suzhou Co., Ltd.	MFLEX Suzhou
MFLEX Yancheng Co., Ltd.	MFLEX Yancheng
Multek Industries Limited	Multek Industries
Multek Electronics Limited	Multek Electronics
Multek Zhuhai Limited	Multek Zhuhai
Multek China Ltd.	Multek China
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Yancheng Dongshan
Mutto Optronics Technology Co., Ltd.	Mutto Optronics
Suzhou RF Top Electronic Communication Co., Ltd.	RF Top Electronic
DSBJ Pte.Ltd.	DSG
Suzhou JDI Electronics Inc.	JDI Electronics
Suzhou Chengjia Precision Manufacturing Co., Ltd.	Suzhou Chengjia
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Dongguan Dongshan
Suzhou Dongyue New Energy Technology Co., Ltd.	Suzhou Dongyue
Yancheng Dongshan Communication Technology Co., Ltd.	Yancheng Communication
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	Yancheng Dongchuang
Suzhou Yongchuang Metal Science and Technology Co., Ltd.	Yongchuang Tech

## Reporting Period

The period is from January 1, 2023, to December 31, 2023, and extends appropriately to previous and subsequent years.

## Basis for Preparation

GRI Sustainability Reporting Standards (GRI Standards) from Global Sustainability Standards Board; Guidelines No.17 on Self-Regulation of Listed Companies – Sustainability Report (Trial) from Shenzhen Stock Exchange (SZSE); Guidance on Social Responsibility Reporting (GB/T36001-2015) from the National Standard of the People’s Republic of China; and Sustainable Development Goals of the United Nations (SDGs).

## Principles for Preparation

This Report is subject to the following four principles, namely, “Materiality”, “Impartially”, “Quantification”, and “Consistency”.

- **Materiality.** The Company conducts materiality assessment to identify and assess ESG topics that are material to our business and internal and external stakeholders, ensuring that the Report focuses on relevant disclosure. For a more detailed overview of the materiality assessment process and results, please refer to the ESG Topics Management section of the Report.
- **Impartiality.** The content of this Report reflects objective facts, providing unbiased disclosure of both positive and negative information related to the Company, and impartially stating the Company’s efforts across various aspects of ESG. During the reporting period, we have identified no significant negative events that should have been disclosed but were not to do so, and that had a major impact.
- **Quantification.** In this Report, the Company discloses ESG quantitative performance indicators and establishes quantitative performance targets where applicable. The measurement standards, methods, assumptions, and/or calculation tools for key performance indicators in this Report, as well as the sources of conversion factors used, have been explained in the respective sections, where applicable.
- **Consistency.** This Report maintains consistency in the statistical and disclosure methods of

the same indicators across different reporting periods. Any changes in statistical and disclosure methods will be fully explained in the report notes, facilitating meaningful analysis and evaluation by relevant parties.

### **Source of Information**

All information data used in this Report are derived from the Company's official documents, statistical reports, financial reports, and sustainable development practice information of different units summarized and reviewed by the Company's responsible management department. In case of any discrepancies between the relevant financial data and the Company's annual report, the annual report shall prevail. Unless otherwise specified, the currency amounts mentioned in this Report are denominated in Renminbi (RMB).

### **Reliability Assurance**

The Company undertakes that the content of this Report contains no false records, misleading statements, or major omissions, and the Company is responsible for the truthfulness and accuracy of the content.

### **Access to the Report**

Welcome to visit the Company's official website at [www.dsbj.com](http://www.dsbj.com) to access the electronic version of the Report.

## Message from the CEO

2023 was an extraordinary year for Dongshan Precision. We upheld our passion with proactive attitudes, navigating through a timeline filled with memories of challenges and unwavering in our quest for excellence. Continuously bolstering our capacity for sustainable development management, we are committed to creating value for our customers and society.

With the corporate spirit of “Breakthrough, Diversity, Simplicity and Journey”, we stay true to the founding principles of the manufacturing industry. Dongshan Precision has transitioned from localization to internationalization and, ultimately, to globalization, meeting the demands of the times and forging a distinctive path of development.

The mega-trend of accelerated industrial change, coupled with the restructuring of the global landscape, is once again reshaping the value landscape for enterprises, particularly manufacturing ones. Today’s enterprises are no longer mere combinations of “one factory + one factory” as in the past; they have evolved into “industrial clusters” integrating various elements such as the innovation chain, industry chain, capital chain, and talent chain. Society’s criteria for evaluating enterprise value are also evolving, transitioning from singular financial indicators like revenue and profit to encompass the sustainable development capabilities of enterprises. In navigating the clash between societal values and short-term financial objectives, enterprises must strive for a win-win situation and establish a sustainable path for business development.

We believe that the essence of ESG extends beyond the mere act of producing a report. It involves seamlessly integrating sustainable development principles into corporate strategies, intricately woven into the very fabric of business operations. To achieve this, we must align our development strategies with our management ethos and daily operations, identifying pivotal areas for the systematical reshaping of our entire framework. This commitment not only upholds and creates long-term corporate values but also serves as the cornerstone for achieving the sustainable development of the Company and the entire industry chain. Dongshan Precision actively analyzes key industry topics and their relationship with existing businesses, while also planning for future spaces available for sustainable development. We convert ESG practices into a long-term, strategic

development philosophy and continuously pursue our phased goals through ongoing tracking and investment in ESG-related indicators.

We are committed to upholding compliant operations while continuously enhancing corporate governance. Guided by principles of green development, we have seamlessly integrated carbon reduction strategies into our corporate strategy and operations. Advocating continuous innovation, we actively engage in long-term practices. With strong support from all stakeholders and the relentless efforts of our employees, we have successfully implemented and accelerated our new energy strategy. This strategy not only propels our future development but also spearheads our transition to clean energy processes. Moving forward, we remain dedicated to contributing to the green transformation of the energy sector, which entails innovating cutting-edge technology products, promoting green manufacturing, and striving to reduce resource consumption.

As we dedicate ourselves to corporate innovation and business development, we leverage our capabilities and strengths to fulfill our societal responsibilities. We prioritize the welfare of special employee groups and extend full support to public welfare causes such as livelihoods, education, and environmental conservation. We are also honored to receive recognition and accolades from industry institutions, media platforms, and the general public, continuously enriching the foundation of our corporate development.

Despite encountering numerous challenges, our original aspiration remains unwavering. We are committed to continually moving forward with the times and aligning ourselves with the global landscape.



# 1. About Dongshan Precision

Headquartered in Suzhou, Jiangsu Province, Suzhou Dongshan Precision Manufacturing Co., Ltd (stock code: 002384.SZ) is committed to developing into a core component supplier for intelligent interconnection and global connectivity. With the mission of “building a better connected world for tomorrow”, and the vision of “building a 100-billion advanced and intelligent manufacturing platform”, the Company has gradually formed three major segments, namely, electronic circuit, photoelectric display, and precision manufacturing, by expanding and optimizing its main businesses through internal development and external acquisition. According to Prismark’s revenue estimate for global PCB companies, the Company ranked among the top three in the world in 2023. Additionally, in the same year, the Company was ranked 413th among the top 500 private enterprises in China and 267th among the top 500 private manufacturing enterprises in China, boasting over 70 wholly-owned and holding companies.

In recent years, leveraging its technological advantages in the consumer electronics and communication equipment industries, the Company has actively explored new tracks in the new energy vehicle industry. We have established a dual-wheel drive strategy with consumer electronics and new energy as the two core tracks, seizing the new market opportunity brought by new energy while continuously improving the quality and efficiency of the consumer electronics business. The Company strongly believes that clean technology is crucial for developing a sustainable future. By adopting new energy as its primary strategic focus, the Company is embarking on a new journey towards green and high-quality development.

<p><b>Electronic circuit</b></p>	<p>The Company is dedicated to providing comprehensive electronic circuit (PCB) products and services for industry-leading customers. We offer our customers one-stop solutions involving design, R&amp;D, and manufacturing of electronic circuit (PCB) products according to customized requirements for different downstream end products. Our products are widely used in mobile phones, computers, AR/VR, wearable devices, energy storage, servers, communication equipment, new energy vehicles and energy storage, industrial control equipment, etc.</p>
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<b>Photoelectric display</b>	The Company is a well-known manufacturer of touch display modules and LED display components in the industry. Among our products, the touch panel products are mainly used in the medium and large-size display field, including products such as laptops, tablets, smart home systems, and on-board displays; the LCM products are mainly used in the small and medium-size display field, including products like smartphones and tablets; and the LED products are widely used in indoor and outdoor small-pitch high-definition display screens. The Company is actively expanding the application of photoelectric display products in the vehicle domain.
<b>Precision manufacturing</b>	The Company mainly provides precision metal structural parts and components for customers from new energy vehicles, energy storage, and communication equipment fields. The main products include functional structural parts for new energy vehicles, such as heat sinks, domain control/electronic control housings, body in white, battery structural parts, etc., and structural parts and components for mobile communication base stations, such as antennas, filters, etc.

	2021	2022	2023
Operating revenue (RMB 100 million)	317.93	315.80	336.51
Total assets (RMB 100 million)	379.51	405.31	443.71
Net assets (RMB 100 million)	145.77	163.59	181.90
Net profit attributable to the parent company (RMB 100 million)	18.62	23.68	19.65

## 2. Sustainable Development Governance

### 2.1. Framework of Sustainable Development Governance

By integrating sustainable development management with corporate development strategies, Dongshan Precision continuously improves the environmental, social, and corporate governance systems. The Company has clarified management concepts and principles, authority scope, work tasks, decision-making processes, and parliamentary procedures, incorporating sustainable development management into the Company's governance framework, thereby establishing a sustainable development management system covering the Board of Directors, management, functional departments, and business segments. The Company has focused on strategically deploying ESG management work to continuously enhance the Company's risk control and value

creation capabilities in sustainable development.

The Company's Board of Directors is the highest authority and decision-making body responsible for managing economic, environmental, and social topics. The professional skills and capabilities of the Board of Directors in supervising ESG-related impacts, risks, and opportunities are detailed in the "Strengthened Corporate Governance/Diversified Structure of the Board of Directors" chapter of this Report. The Board of Directors authorizes the operating management to establish an ESG management organizational structure at three levels, including the Sustainable Development Administration Committee, the Sustainable Development Administration Office, and the ESG Working Group. The Sustainable Development Administration Committee, as the executive body for ESG management, is responsible for assessing and managing ESG opportunities and risks, determining the materiality of ESG issues and incorporating them into business considerations, establishing ESG strategies, goal plans, and regular reviews, supervising and guiding the implementation of ESG topics by the Company, etc. The Sustainable Development Administration Office, as the coordinating body for ESG management, is mainly responsible for daily communication and conference organization between the Sustainable Development Administration Committee and the ESG Working Group, the coordination and promotion of ESG topic management and implementation, as well as ESG-related information disclosure, etc. The ESG Working Group, the specific executive body for ESG work, is composed of relevant personnel from various departments, branches, and subsidiaries, mainly responsible for promoting the implementation and execution of ESG topics. The performance of relevant departments is linked to ESG performance indicators, and reward and penalty measures will be implemented according to the results of annual assessments.

### Framework of Sustainable Development Management

Governance/Supervision	<ul style="list-style-type: none"> <li>Participate in the deliberation and decision-making of major ESG issues of the Company</li> </ul>	Board of Directors
Management	<ul style="list-style-type: none"> <li>Identify, assess, and manage ESG risk opportunity</li> <li>Determine the materiality of ESG issues and incorporate them into business considerations</li> </ul>	Sustainable Development Administration Committee

	<ul style="list-style-type: none"> <li>Deliberate and approve the Company's ESG-related strategies, policies, and systems, objectives, plans, and programs, etc.</li> <li>Evaluate overall ESG performance and provide recommendations</li> </ul>	
	<ul style="list-style-type: none"> <li>Coordinate the management and implementation of ESG issues</li> <li>Coordinate ESG-related information disclosure</li> </ul>	Sustainable Development Administration Office
Executive	<ul style="list-style-type: none"> <li>Conduct centralized management of various topics and promote their implementation</li> <li>Monitor the implementation of ESG topics and report information</li> </ul>	ESG Working Group (Composed of relevant personnel from various departments and branches and subsidiaries)

## 2.2. Communication with Stakeholders

Attaching importance to the expectations and demands of various stakeholders, Dongshan Precision has established a smooth communication mechanism for all stakeholders, under which we conduct regular communication with stakeholders and respond to them with an open attitude, thereby establishing long-term cooperative relationships with all parties based on mutual trust.

Key stakeholders	Expectations and demands	Communication methods
Government and regulatory agencies	<ul style="list-style-type: none"> <li>Compliance and risk management</li> <li>Business ethics and anti-corruption</li> <li>Service to national major strategies</li> <li>Support for local development</li> </ul>	<ul style="list-style-type: none"> <li>Special meetings or reports</li> <li>Policy consultation feedback</li> <li>Official visit</li> <li>Compliance regulatory inspections</li> <li>Information disclosure</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Sustainable and stable returns</li> <li>Open and transparent information</li> <li>Investor relations management</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Financial reports and interim announcements</li> <li>Investor surveys, hotlines, online Q&amp;A, etc.</li> <li>Performance presentation meetings and other communication activities</li> </ul>
Employee	<ul style="list-style-type: none"> <li>Protection of employees' rights and interests (including occupational health and safety)</li> </ul>	<ul style="list-style-type: none"> <li>Trade unions and workers' congress</li> <li>Employee training, activities,</li> </ul>

Key stakeholders	Expectations and demands	Communication methods
	<ul style="list-style-type: none"> <li>Employee training and development</li> <li>Employee equality and diversity</li> </ul>	and communication <ul style="list-style-type: none"> <li>Internal information exchange platform</li> <li>Employee complaint channel</li> </ul>
Customer	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Product and service innovation</li> <li>Business continuity</li> <li>Information and data security</li> </ul>	<ul style="list-style-type: none"> <li>Customer relationship management</li> <li>Customer review</li> <li>Customer satisfaction survey</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>Sustainable supply chain</li> <li>Responsible mining</li> <li>Industry collaboration and development</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain audit</li> <li>Open cooperation</li> <li>Communication</li> <li>Industry exchange conference</li> </ul>
Community and public	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Environmental impact management</li> <li>Public welfare and charity</li> <li>Community communication and development</li> </ul>	<ul style="list-style-type: none"> <li>Media interaction</li> <li>Information disclosure</li> <li>Charitable projects</li> <li>Volunteer activities</li> </ul>

## 2.3. ESG Topic Management

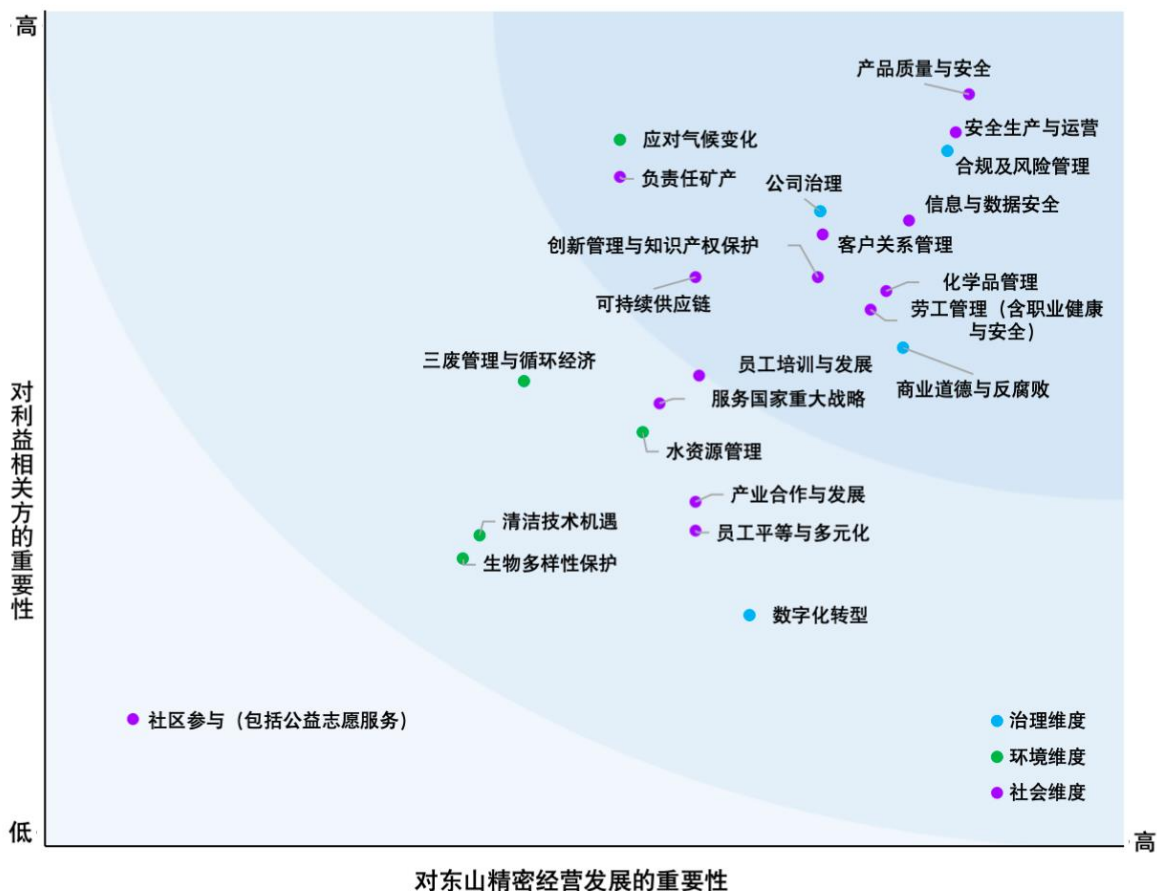
Effective identification and management of important material topics are crucial to enterprises' effective management for sustainable development. In rigorous adherence to the analysis process of material topics, Dongshan Precision meticulously identifies paramount ESG topics under the principle of "double materiality" with a focus on "the materiality to the Company's development and operations" and "the materiality to stakeholders". This identification is grounded in the analysis of internal and external trends, with reference to sustainable development guidelines from stock exchanges, insights from capital markets, evaluations from both domestic and international mainstream ESG rating systems, esteemed international frameworks for information disclosure, and sustainable development topics concerned by peer companies. With these efforts, we screen out and determine key ESG topics to be highlighted in the Report, so as to continually enhance our ESG management practices to better meet the expectations and demands of our stakeholders.

### Analysis Process of Material Topics

<b>Identification of</b>	The Company compiles a list of ESG topics based on its business operations and analysis of internal and external development trends. Main
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<b>ESG topics</b>	reference materials for identifying ESG topics include key issues concerned by internal and external stakeholders, ESG reporting framework standards, such as guidelines for sustainable development from the Shenzhen Stock Exchange, International Sustainability Standards Board (ISSB), Global Reporting Initiative (GRI) standards, etc., domestic and international mainstream ESG rating systems, as well as sustainable development topics concerned by peer companies.
<b>Research among stakeholders</b>	The Company conducts research on topics among internal and external key stakeholders, where the Company invites stakeholders to fill out the research questionnaire and analyzes the effective questionnaires to understand the attention and influence of different stakeholders on the Company's ESG topics. The analysis results are an important reference for the Company's materiality assessment and prioritization.
<b>Materiality assessment and prioritization</b>	The Company assesses materiality under the principles of "double materiality" (financial materiality and influence materiality), building a material topics matrix with dual focuses on the "materiality to the operation and development of Dongshan Precision" and the "materiality to stakeholders" to determine the prioritization of ESG topics.
<b>Topic determination and disclosure</b>	The Company's Sustainable Development Administration Committee determines the substantive topics of high importance by reviewing the screening and analysis results with reference to suggestions from internal management and external experts. For key ESG topics, the relevant management, practices, and performance will be highlighted in the Report.

### 东山精密实质性议题矩阵



Material topics matrix of Dongshan Precision	Corporate governance
Materiality to stakeholders	Customer relationship management
Materiality to the operation and development of Dongshan Precision	Chemical management
Governance	Labor management (including occupational health and safety)
Environment	Business ethics and anti-corruption
Society	Three wastes management and circular economy
Low	Employee training and development
High	Serving national major strategies
Addressing Climate Change	Water resource management
Responsible mining	Industry collaboration and development
Innovative management and protection of intellectual property rights	Employee equality and diversity
Sustainable supply chain	Clean technology opportunities
Product quality and safety	Environmental protection in biodiversity
Safety production and operation	Digital transformation
Compliance and risk management	Community engagement (including public voluntary service)
Information and data security	

## 3. Excellent Governance for Stable and Efficient Operations

### Sustainable Development Goals (SDGs) of the United States



### 3.1. Corporate Governance

#### 3.1.1. Standardized Governance System

In strict accordance with the requirements of laws, regulations, and normative documents, such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Shenzhen Stock Exchange Guideline No.1 on Self-regulatory Supervision of Listed Companies - Standardized Operation of Companies Listed on the Main Board*, the *Code of Corporate Governance for Listed Companies*, the Company has established a complete legal governance structure and modern organizational management system. We have formed a governance system and mechanism with a clear division of powers and responsibilities among the power, decision-making, supervision, and execution bodies that can ensure coordinated operation effective checks and balances, and continuous optimization of management documents and internal processes at all levels. Through these initiatives, the Company is constantly improving the governance standardization and effectiveness to strengthen the foundation for stable development.

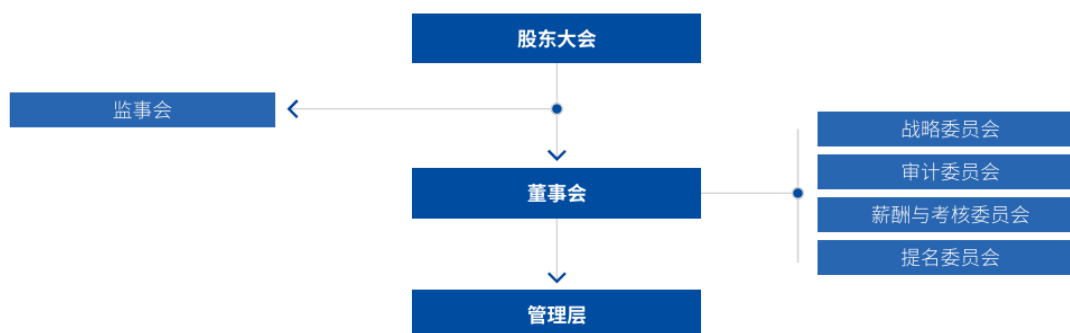
- **Governance structure**

The Company has established a corporate governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Management. The General Meeting of Shareholders exercises the voting rights on major issues such as the Company's business policies, investment plans, and the election of directors and supervisors in accordance with laws. The Company convenes and holds the general meeting of shareholders in



strict accordance with relevant laws and regulations and the requirements of the Company's *Articles of Association* and the *Parliamentary Procedures for the General Meeting of Shareholders* to ensure that all shareholders enjoy equal status and have equal right to be informed and make decisions on major issues, hence effectively safeguarding the legitimate rights and interests of all shareholders. The Board of Directors is responsible for the General Meeting of Shareholders and exercises the Company's management rights in accordance with the laws. The Board of Directors has four specialized committees, namely, the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, which perform their duties in accordance with the Company's *Articles of Association* and the authorization from the Board of Directors to provide professional opinions and reference suggestions for decisions of the Board of Directors. All of the four specialized committees have employed independent directors, and in the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee, the independent directors have constituted the majority of committee members and serve as the chairman. The Board of Supervisors, as the supervisory body, is responsible for the General Meeting of Shareholders and strictly fulfills its duties in accordance with the Company's *Articles of Association*, the *Parliamentary Procedures for the General Meeting of Shareholders*, and other systems. The Board of Supervisors is responsible for supervising the Company's financial position and fundraising management and the performance of the Company's directors and senior executives, as well as expressing opinions on major issues, so as to guarantee the Company's standardized operation. The Board of Supervisors consists of 3 supervisors, including 2 employee representative supervisors. For detailed information on the corporate governance structure, governance mechanism, equity structure, controlling shareholders, and de facto controllers, please refer to the 2023 annual report of Suzhou Dongshan Precision Manufacturing Co., Ltd.

## 公司治理架构



Board of Supervisors	General Meeting of Shareholders	Strategy Committee
	Board of Directors	Audit Committee
	Management	Remuneration and Appraisal Committee
		Nomination Committee

### ● Diversified structure of the Board of Directors

Dongshan Precision acknowledges and firmly believes that the increasingly diversified structure of the Board of Directors is a crucial factor in maintaining the Company's competitive advantage and sustainable development. The Company values diversity among members of the Board of Directors and has implemented a diversity policy aimed at the members, committed to building a diversified structure of the Board of Directors. When recommending candidates to join the Board of Directors, the Nomination Committee will fully consider the diversity factors to maintain an appropriate and balanced structure of the Board of Directors in terms of capabilities, skills, experience, gender, age, and cultural and educational backgrounds, thereby ensuring that the Board of Directors can make decisions in a scientific and effective manner.

The Company currently has 9 members of the Board of Directors, including 1 female director. As the current directors possess professional capabilities and practice experience in fields such as operating management, financial accounting, law, and international operations, one independent director in the Audit Committee is an accounting professional and some board members have extensive experience in risk prevention and control, the directors can effectively assist the Company in identifying, preventing, mitigating, and managing risks. Each member of the Board of Directors has performed their duties to the best of their abilities, actively promoting the efficient and standardized operation of the Company.

### 3.1.2. Enhanced Risk Control

In strict accordance with the requirements of the *Company Law of the People's Republic of China*, the *Basic Norms of Enterprise Internal Control*, and supporting guidelines, Dongshan Precision continuously promotes the construction, evaluation, and supervision of the internal control system and has established systematic internal control and necessary internal supervision mechanisms spanning from the corporate governance structure to various business process levels. We have strengthened the self-assessment of the design and implementation effectiveness of the internal control system, ensuring the orderly conduct of various special audits and key project audits. Moreover, we also identify and investigate internal control defects and risks to continuously improve the effectiveness of the Company's internal control mechanisms. In addition, we have enhanced employees' awareness of internal control risks and strengthened internal control management capabilities through internal control training, continuously improving the Company's standardized operation capabilities.

By establishing a sound risk prevention mechanism, the Company has formed a stable risk management structure and work system that meets the Company's business scale and operational management demands. Through continuous optimization of the risk management assessment process, we could timely identify and assess risk sources existing in the Company's operations, and improve and supervise risks closely related to the Company's operations such as investment risks, business risks, operational risks, and risks relative to sustainable development, thereby achieving a closed-loop management to control the overall risks at an acceptable level. By promptly incorporating major ESG risks and opportunities into the risk review and business planning process for taking full consideration of them in the Company's operational plan, the Company has controlled or mitigated risks in a better way and sought growth and transformation opportunities accordingly. At the same time, the Company actively cultivates a risk management culture through training, promotion, and other approaches, enhancing employees' awareness and understanding of risk management and forming a risk prevention framework with full participation, so as to lay a solid foundation for the Company's risk management.

**Case: "Compliance Emphasis Week" Campaign Conducted by JDI Electronics**

From December 11 to 17, 2023, the subsidiary JDI Electronics conducted the “Compliance Emphasis Week” campaign, where it organized all employees to study the *Business Ethics Norm* and specialized compliance knowledge including safety environment and information security, and promoted employees to conduct self-inspections according to the Self-Check Confirmation Form to ensure that employees fully understood and consciously complied with ethical standards. In addition, JDI Electronics also carried out the “Legal Compliance KYT (Kiken-Yochi Training)” campaign to review the legal compliance risks of each department and propose preventive measures. These activities effectively promoted the implementation of business ethical norms, enhanced the awareness of legal compliance among all employees, and ensured that each department indeed conducted business activities in accordance with laws and regulations in their daily operations.

### 3.1.3. Protection of Investors’ Rights and Interests

In strict accordance with regulatory documents such as the *Securities Law of the People’s Republic of China*, *Measures for the Administration of Information Disclosure by Listed Companies*, as well as the *Articles of Association* and *Information Disclosure Management System*, the Company, under the principle of “truth, accuracy, completeness, and timeliness” in information disclosure, has diligently fulfilled its information disclosure obligations and continuously presents information of the Company’s operations to investors from multiple levels, perspectives, and angles based on investors’ demands, in order to enhance the quality and effectiveness of information disclosure. In 2023, the Company disclosed information on the operation of the Board of Directors, Board of Supervisors, and General Meeting of Shareholders, regular reports, significant events, etc. in a timely manner. During the reporting period, the Company’s disclosed information has contained no false records, misleading statements, significant omissions, or other improper disclosures. At the same time, the Company has also kept a close eye on the public opinion environment and market trading conditions to effectively protect the legitimate rights and interests of investors.

Attaching great importance to investor relations management, the Company continuously improves internal systems such as the *Regulations for Investor Relations Management* and expands communication channels with investors. Through activities such as performance presentation

meetings, conference calls, organized visits, and research, the Company has maintained timely and effective communication with investors on corporate governance, operating conditions, sustainable development, etc., which further deepens investors' understanding of the Company's production and operation and enhance the interaction and mutual trust between the Company and investors. The Company sincerely listens to the opinions and suggestions of shareholders and potential investors and provides timely replies and explanations to them, so as to build a good interactive ecosystem with investors and render high-quality services to investors. We equally treat all shareholders and continuously standardize the procedures for convening, holding, deliberating, and voting on the general meeting of shareholders, to ensure that investors, especially small and medium-sized shareholders, can enjoy the right to be informed and participate in major matters of the Company. We have adopted modern information technology with full consideration of time, place, and convening approach of the general meeting of shareholders to increase the proportion of shareholders to participate in the general meeting of shareholders, so as to facilitate more shareholders, especially small and medium-sized shareholders, to participate. For major matters that may affect the rights and interests of small and medium-sized investors, the Company has counted and disclosed the votes from small and medium-sized investors separately. Through channels such as the platform of "EasyIR", the Company has communicated with investors, fully listening to the opinions and demands of small and medium-sized shareholders and timely responding to issues of concern to small-and-medium-sized shareholders.

While focusing on our development, the Company adheres to an investor-oriented approach. Since listing, the Company has been strictly formulating a cash dividend policy that combines continuity and stability in accordance with the *Articles of Association* to create a "long-term, stable, and sustainable" shareholder value return mechanism, thereby continuously sharing the Company's development achievements with investors. During the reporting period, the Company, based on actual operating conditions and development plans, has formulated an annual profit distribution plan on the premise of ensuring normal operations and long-term development. Independent directors have fulfilled their duties and responsibilities to express clear independent opinions on the preparation and decision-making process of the profit distribution plan. The relevant proposals, after being reviewed by the Board of Directors and the Board of Supervisors, are submitted to the General

Meeting of Shareholders for deliberation, thereby effectively safeguarding the legitimate rights and interests of shareholders. In 2023, the Company implemented the 2022 profit distribution plan, distributing a cash dividend of RMB 1.10 per 10 shares, totaling RMB 187,315,200 in cash dividends.

## 3.2. Business Ethics

### 3.2.1. Building a Defense Line of Business Ethics

With adherence to integrity operation and business ethics, Dongshan Precision strictly complies with laws and regulations such as the *Company Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China* and industry codes. The Company has been continuously establishing and improving the system of business ethics and anti-corruption management and formulates guidelines such as the *Anti-Corruption Administration Rules*, to prohibit any form of fraud, commercial bribery, and other similar behaviors. The Company has strengthened the defense line of business ethics through internal audit and reporting mechanisms and reinforced training and cultural construction on business ethics and anti-corruption. During the reporting period, the Company was involved in no major litigation cases related to corruption, bribery, or unfair competition.

<p><b>Institutional development</b></p>	<p>The Company implements a business ethics management system focused on the <i>Policy for Management of Business Ethics and Integrity Efforts</i>. The Board of Directors is the responsible and decision-making body for business ethics and anti-corruption management while the Board of Supervisors, the Audit Committee under the Board of Directors, and the audit department are the supervisory bodies responsible for overseeing and regulating the implementation and duty performance of the business ethics management system. The Company has continuously improved the Company's business ethics and anti-corruption system to safeguard the high-quality development of the Company. At the same time, the Company also vigorously promotes the</p>
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	<p>construction of a clean and transparent supply chain, requiring the Company's directors, all employees (including part-time employees), and all supply chains and partners to comply with regulations of anti-fraud, anti-money laundering, anti-corruption, fair competition, anti-monopoly, and anti-conflict of interest.</p> <ul style="list-style-type: none"> <li>• For employees: The Company has established regulations such as the <i>Gift Acceptance and Entertainment Management Norms</i> and the <i>Reporting System for Conflict of Interest</i> to regulate employees' behaviors, requiring all employees to sign the <i>Anti-Fraud and Anti-Bribery Commitment Letter</i> and submit the <i>Reporting Form of the Policy for Preventing Conflict of Interest</i> for the proactive report of conflicts of interest, so as to ensure that every employee complies with anti-corruption and integrity requirements.</li> <li>• For suppliers: The Company has established centralized procurement management methods and processes and has clearly defined the requirements of supplier integrity and business ethics in the <i>Supplier Notification Letter</i>, requiring all suppliers to sign the <i>Integrity Cooperation Agreement, the Anti-Fraud and Anti-Commercial Bribery Commitment Letter (or Anti-Commercial Bribery Agreement)</i>, to ensure that suppliers continuously improve their business ethics management systems.</li> </ul>
<p><b>Audit supervision</b></p>	<p>The Company is responsible for coordinating, supervising, and guiding different divisions to establish an overall control program and mechanism at the group level, while each business segment is responsible for implementing specific anti-fraud practices. Audit results are reported directly to the Audit Committee under the Board of Directors in order to maintain independence.</p> <ul style="list-style-type: none"> <li>• For employees: The Company establishes an audit and inspection department independent from the business operation system, which exercises investigation rights independently and is responsible for receiving fraud reports, conducting investigations, and reporting and providing handling suggestions. The Company also develops a targeted audit program annually and conducts internal audits relative to business ethics that should cover all of the Company's operating locations and businesses every three years. Moreover, the Company develops a continual improvement plan based on audit findings to enhance the business ethics and anti-corruption framework.</li> </ul>

	<ul style="list-style-type: none"> <li>For suppliers: The Company conducts audits on the suppliers' performance of the code of conduct and management of business ethics, as well as due diligence investigations, project audits, and compliance checks to partners based on cooperation projects when necessary, to ensure continuous supervision of supply chain compliance risks. Serious suppliers with serious violations will be blacklisted and punished according to the Company's relevant regulations.</li> </ul>
<p><b>Cultural construction</b></p>	<p>The Company actively fosters a culture of integrity, ensuring that its requirements in business ethics are communicated to employees, suppliers, and other internal and external stakeholders. It also calls for the practical fulfillment of integrity commitments across all levels of the organization.</p> <ul style="list-style-type: none"> <li>For employees: The Company internally conducts effective business ethics promotion through employee handbooks, rules, and regulations, newsletters, etc., and regularly provides anti-fraud training and integrity and ethics education to the management and all employees, so as to ensure that all employees maintain integrity and honesty, and diligence in work and actively prevent corrupt behavior.</li> <li>For suppliers: The Company requires suppliers to maintain good professional ethics and practices.</li> </ul>

***Key Performance***

The Company achieves 100% coverage of anti-corruption training for directors and employees at the company level, with an average training duration of 3 hours per person.

**3.2.2. Ensuring Smooth Channels for Reporting**

The Company tolerances no behavior that violates business ethics, and has formulated the *Misconduct Reporting Mechanism and Handling Measures* to continuously improve the reporting and handling mechanism. Employees of the Company at all levels and all parties of the society with direct or indirect economic relationships with the Company can report actual or suspected violations of business ethics by the Company and its employees through various reporting channels such as reporting hotlines, emails, and letters. The Company's internal audit department is responsible for



handling complaints and reports related to employees' misconduct, and dedicated personnel are designated to receive, process, and provide feedback on complaints and reports, as well as investigate disciplinary cases. If it is confirmed that there are facts of corruption, the Company will take actions against the individuals involved based on the severity of the facts, including but not limited to position transfer, demotion, downgrade, salary reduction, termination of employment contracts, and referral for legal action.

In accordance with relevant provisions on protecting whistleblowers, the Company strictly maintains the confidentiality of the whistleblowers' personal information and the reporting materials they provide throughout the process of acceptance, registration, and investigation. At the same time, the Company rigorously safeguards the personal safety of whistleblowers and harshly punishes any retaliatory actions. Individuals found to violate confidentiality rules or engage in retaliatory actions against whistleblowers will be held accountable in accordance with the relevant provisions of the Company, with severe penalties imposed on those involved in retaliatory actions. Individuals committing criminal acts will be referred to judicial authorities for prosecution. Whistleblowers who provide credible reports and can recover significant losses for the Company will be rewarded based on the amount saved.

***Key Performance***

The effective handling rate of reporting has reached 100%.

**Reporting channel**

Dongshan Precision reporting email: jubao@dsbj.com

MFLEX reporting email: jubao@mflex.com

Multek reporting email: fxgl@Multek.com



The anonymous reporting hotline was set up by Multek.

### 3.3. Digital Intelligence Transformation

The essence of digitalization is innovation, with integration at its core. The Company has proactively embraced technological changes, aligning various business segments to enhance the development of a comprehensive technical framework and implementation strategy for intelligent manufacturing. We have established a data-centric, multi-platform, and multi-system interactive integration system that fosters deep synergy between digital technology and the manufacturing sector. This initiative not only advances the integration of artificial intelligence with new industrial processes but also injects fresh momentum into the Company’s development.

#### *Honor*

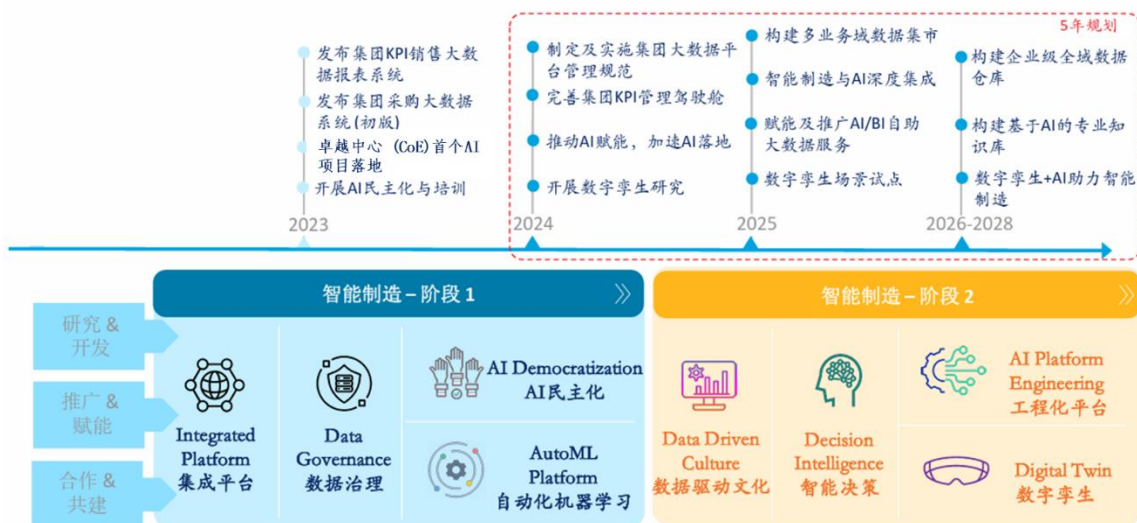
The Company’s subsidiary MFLEX Yancheng was awarded the titles of “National Intelligent Manufacturing Demonstration Factory” and “Jiangsu Province 5G Factory”.

The Company’s subsidiary Yancheng Dongshan was awarded the title of “Demonstration Enterprise for Implementing Management System for Integration of Informatization and Industrialization in Jiangsu Province in 2023”.

The Company’s subsidiary JDI Electronics was awarded the title of “Intelligent Manufacturing Demonstration Workshop in Jiangsu Province”.

## Intelligent Manufacturing Strategic Planning of Dongshan Precision

### Empowering Innovation and Development with Digital Engines



Five-year plan	
Releasing the Group's KPI sales big data report system	Formulating and implementing the Group's Big Data Platform Management Norms
Releasing the Group's procurement big data system (first edition)	Improving the Group's KPI management dashboard
Completing the first AI project of the Center of Excellence (CoE)	Promoting AI empowerment and accelerating AI implementation
Conducting AI democratization and training	Conducting research on digital twin
2023	2024
Building data marts for multiple business domains	Building an enterprise-level comprehensive data warehouse
Deeply integrating intelligent manufacturing with AI	Building AI-based professional knowledge database
Empowering and promoting AI/BI self-service big data services	Empowering intelligent manufacturing through digital twin and AI
Piloting digital twin scenarios	2026-2028
2025	

Research & Development	
Promotion & Empowerment	
Cooperation & Co-construction	
Intelligent Manufacturing - Phase 1	Intelligent Manufacturing - Phase 2
Integrated Platform	Data-Driven Culture
Data Governance	Decision Intelligence
AI Democratization	AI Platform Engineering
AutoML Platform	Digital Twin

- Digital intelligence empowering industrial upgrading

By advancing industrial digitalization with the “Intelligent Matrix”, the Company creates a robust manufacturing system that integrates automation, digital, and intelligence technologies to assist in enhancing product quality, optimizing process flows, and reducing production costs. The Company has accelerated its digital transformation across various business segments, successfully implementing an array of digital management platforms. These include the ERP Enterprise Resource Planning System, PLM Product Lifecycle Management System, MES Manufacturing Execution System, WMS+WCS Warehouse Management and Control System, EAM Equipment Asset Management System, QMS Quality Management System, and SRM Procurement Supply Chain System. By continuously integrating advanced detection technologies and intelligent equipment, we have established an intelligent manufacturing system that centers around an intelligent business platform and is underpinned by a robust data middle platform, in order to ensure seamless integration of human, material, financial, procedural, informational, and technological flows. This integration significantly enhances operational efficiency and fosters industrial upgrading.

<b>ERP Enterprise Resource Planning System</b>	It establishes a unified, standardized, and rigorous ERP system centered on financial management and accounting with an integration bus covering various business processes including sales, procurement, warehousing, and production to achieve the integration of core business data.
<b>PLM Product Lifecycle Management System</b>	With enhanced comprehensive management of the product lifecycle, this system supports product innovation and continuous improvement through process automation and visualization, thereby promoting cross-team collaboration and achieving high quality, efficiency, and value of products.
<b>MES Manufacturing Execution System</b>	Through real-time collection and analysis of production data, this system helps timely discover and solve quality issues to provide support for scientific decision-making, so as to dynamically adjust daily production plans according to actual production conditions.
<b>WMS+WCS Automated Warehousing System</b>	This system integrates warehouse management with intelligent warehousing equipment clusters to achieve informatization, intelligent, paperless, quick-response, and efficient traceable management of

	warehouse logistics, thereby improving warehouse operation efficiency and inventory accuracy.
<b>EAM Equipment Management System</b>	The established EAM equipment management system has integrated with a series of functions, including strong equipment management, outsourcing management, spot check management, patrol inspection management, equipment maintenance, asset management, and lubrication management.
<b>QMS Quality Management System</b>	This system covers functions such as incoming material control, quality traceability, inspection patrol, process control, etc., which spans the entire lifecycle management of products to connect the quality data chain of various business management processes, thereby achieving refined quality control and improvement.
<b>SRM Procurement Supply Chain System</b>	This system realizes the full-process and integrated management involving supplier development access, assessment, quotation comparison, bidding, purchase orders, delivery, and performance evaluation.

#### **Case: MFLEX Yancheng Building a National-level Intelligent Manufacturing Pilot Demonstration**

The flexible printed circuit boards smart manufacturing demonstration factory of MFLEX Yancheng, which depends on intelligent industrialization, has implemented multiple intelligent scenarios in 12 processes by fully adopting lean manufacturing mode after the achievement of automation and informatization, significantly bolstering collaborative capabilities in smart manufacturing, digitalized degree of the entire manufacturing process, and efficiency of remote control functionalities. Through these endeavors, the factory swiftly and effectively meets customer demands with top-tier quality and performance, thereby serving as a demonstration for integrating informatization and industrialization within the domestic discrete flexible printed circuit board manufacturing sector.

#### ● **Data governance**

The Company remains committed to advancing its data governance special project, which involves establishing and refining a scientifically efficient management system. By prioritizing data

governance from its inception and placing data security as a foundational principle, we have maximized and enhanced the value of the Company's data assets. This approach has propelled the Company's digitalization and intelligence development to unprecedented levels.

#### Data Governance Planning

Platform establishment and data collection	Platform expansion and processing capabilities	Data security and privacy protection	Enhanced data analysis and application
<ul style="list-style-type: none"> <li>• Demand analysis and planning</li> <li>• System design and development</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion of data sources, enhancement of processing capabilities, and improvement of data quality</li> <li>• Addition of cockpit and dashboard</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced measures on privacy protection, data backup and recovery, information security monitoring and auditing, training, and awareness enhancement</li> </ul>	<ul style="list-style-type: none"> <li>• Data analysis and application expansion</li> <li>• Data model and algorithm optimization</li> <li>• Data product, service platformization, and artificial intelligence</li> </ul>

### 3.4. Information Security and Privacy Protection

The Company strictly abides by 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 laws and regulations. Moreover, we have also developed a series of information security norms and procedures, including the *Confidentiality and Information Security Management System*, *Information Security Risk Management Procedures*, and *Information Asset Security Management Procedures*, which are aligned with internationally recognized standards such as the ISO 27001 Information Security Management System and the ISO 27701 Personal Privacy Information Management System. Through these initiatives, the Company has established a comprehensive information and data security system, effectively safeguarding the Company's information and data security and ensuring strict protection of customer information. In 2023, the Company's headquarters and division jointly built an information security management platform to coordinate

the planning of “Information Security Management + Technology + Emergency Response” to enhance the overall information security level of the Company.

- **Data management and control.** The Company has classified its information data by different categories and levels and adopted targeted protection measures in accordance with information data hierarchical classification management norms as provided by policies. Moreover, the Company has also taken prevention measures with different security control granularity according to the level of confidentiality, such as file encryption, transmission channel control (direct blocking, pop-up alerts, auditing, and release), limited user groups, and outbound approval.
- **Prevention from accidental data deletion or modification and data loss.** The Company has instituted a policy and mechanism for server backup in accordance with the ISO 27001 standard, establishing clear requirements for backup content, methods, frequency, and more. We conduct regular sampling checks to verify backup practices are made in line with these requirements and carry out data restoration drills focusing on data reliability to guarantee swift data recovery in the event of loss or damage. To prevent data loss, we implement data loss prevention measures and control related operations through email and file sensitivity labels. In addition, we also centralize our database management through bastion hosts, implementing approval management for high-risk operations such as deletion and employing default measures to prevent accidental data deletion.
- **Technical protection.** The Company is committed to building a more secure and reliable network protection system. By deploying situational awareness devices to monitor unconventional traffic in the network in real-time, the Company blocks and alerts abnormal large traffic at the firewall end to prevent malicious attacks and virus spread. We block direct access to servers from terminals and require operations to be conducted through bastion hosts by default and to be recorded in videos for post-event audits, so as to discover and address potential security risks in a timely manner. By deploying independent security information and event management systems, the Company centrally collects log data from various security devices, applications, and network devices, which are correlated and analyzed to detect potential security events, thereby enhancing system security and reducing potential threats.

- **Information security audit.** The Company conducts comprehensive internal information security audits and engages certification bodies to carry out annual external audits in accordance with the ISO27001 standard to identify existing risks and propose mitigation and resolution measures. Thanks to these measures, we have passed strict information security audits of customers.

*Key Performance*

The official website of the Company and that of Yancheng Dongshan have passed the national II-level protection certification (registered in public security organs).

MFLEX Division, Multek Division, Precision Manufacturing Division, Singapore Overseas Headquarters (DSG), and MFLEX USA Company (MFI) have all been certified with ISO27001.

The Company and its subsidiaries and branches have experienced 0 incidents of information leakage.

- **Emergency management.** Through the establishment of a complete information security incident response and emergency disposal mechanism and an off-site disaster recovery system, the Company ensures that information security is safeguarded in a timely and effective manner. In 2023, the Company conducted a series of information security emergency drills, including regular phishing simulation drills of information security based on emergency plans, emergency response to ransomware attacks, and data leakage incidents, as well as data recovery testing drills, in order to enhance the ability to respond to and dispose of emergency events.
- **Information security training and promotion.** The Company regularly conducts training for all employees (e.g. monthly training for overseas employees) to enhance their information security awareness and improve their information security skills, and tests employees' information security awareness through various technical means. Employees in various business segments can also take information security courses on online learning platforms. The Company encourages employees to learn by themselves and obtain information security-



related certifications.

#### ***Key Performance***

The information security training has covered 100% of employees.

- Supplier information security management.** In accordance with the *Supplier Relationship Management Procedure* formulated by the Company, it is necessary to assess the information security risks brought by supplier services before cooperating with suppliers to prevent the loss of Company information assets. The Company has also formulated the *Supplier Information Security Verification Plan* and the *Supplier Information Security Verification Form* and conducts on-site assessments on key suppliers to determine if their information security management meets requirements. Suppliers should execute the *Supplier Service Confidentiality Agreement* and strictly comply with information security requirements. In 2023, DSG updated the *Supplier Policy* by adding requirements for information security and privacy information management in the supplier selection process, according to which its existing suppliers were re-evaluated based on the new requirements for personal information management.

#### **Case: DSG passed the ISO 27701 Personal Privacy Information Management System Certification**

In order to better respond to and comply with domestic and overseas personal information protection laws and regulations, the Company's subsidiary DSG promoted and implemented the privacy information management system (PIMS) in 2023. The implementation of PIMS has enhanced the organization's ability to manage data security and privacy risks as it can effectively help the organization manage personal identity information, thereby minimizing the leakage risk of personal privacy information. At the beginning of 2024, DSG successfully passed the audit certification and was certified by the ISO 27701 Personal Privacy Information Management System.

- Customer information protection.** The Company has established a sound information and data security system, limiting access to customer data and tracking and recording employees' access to customer data according to the contract and concluded confidentiality requirements

with an emergency response plan available, so as to ensure that customer information is not leaked.

## 4. Collaboration for Mutual Benefit to Build a Sustainable Supply Chain

### Sustainable Development Goals of the United Nations(SDGs)



### 4.1. Establishment of a High-quality Supply Chain

The Company strictly complies with relevant national laws and regulations such as the *Law of the People's Republic of China on Bid Invitation and Bidding* and the *Regulation on the Implementation of the Law of the People's Republic of China on Bid Invitation and Bidding*. It has formulated norms and guidelines related to bid invitation, procurement, and supplier management, such as the *Supply Chain Management System*, *Supplier Management Process and Norms*, *Supplier Admission and Approval Process Management Norms*, and *Procurement Management Process and Norms* to continuously improve the entire lifecycle management of suppliers and standardize supplier admission, evaluation, and exit management processes, thereby actively building a sustainable supply chain.

The Company is committed to improving the transparency of the entire supply chain cycle, covering production processes, procurement bid invitation, logistics management, supplier relationships, etc., to create a fair, just, and open procurement atmosphere for the supply chain. The Supply Chain Management Center is responsible for formulating supplier management guidance policies and coordinating the admission standards and certification norms for suppliers in various business segments, while various supply chain management departments of each business segment need to approve new suppliers according to standardized norms, thereby improving the pool of qualified suppliers and continuously optimizing supplier resources.

- **Supplier lifecycle management**

The Company has established a supplier lifecycle management system and mechanism to standardize the process mechanism for supplier admission, assessment, evaluation, and exit, thereby building a high-quality, safe, and stable supplier team.

### Supplier Lifecycle Management

<b>Supplier admission</b>	The Company has formed an inspection team composed of multiple departments (including procurement departments, quality departments, R&D engineering departments, etc.) to inspect suppliers' information and qualifications according to the established supplier admission thresholds. Qualified suppliers are included in the <i>Qualified Supplier List</i> after receiving the inspection.
<b>Assessment and evaluation</b>	The Company develops an annual supplier audit plan and conducts regular monitoring and comprehensive evaluation in terms of supplier performance, product quality, EHS management, business ethics, and anti-corruption through qualification review, document audit, on-site audit, annual assessment, etc. In addition, the Company provides timely feedback to suppliers based on audit results, assisting suppliers in continuous improvement to ensure the safety and compliance of overall business operations.
<b>Hierarchical classification management</b>	The Company conducts hierarchical classification management on suppliers. We classify suppliers into three categories (A, B, C) horizontally and each of these categories is further classified into three levels (excellent, good, qualified) based on the impact of suppliers on the Company's final products and establish management requirements and standards for each category and level. We adjust the categories and levels dynamically per year based on evaluation results, procurement scale, material characteristics, and other factors.
<b>Supplier exit</b>	When a supplier has significant issues related to quality, delivery, price, service, etc., or improper behaviors involving business ethics, significant environmental incidents, etc., the Company will eliminate the supplier from the supplier pool properly and claim against the supplier for relevant responsibilities and losses based on the actual situation.

## 4.2. Supply Chain Risk Management and Control

The Company has incorporated supply chain sustainability into its supply chain management system and promoted each business segment to formulate the requirements for suppliers' social code of conduct in accordance with the *Electronic Industry Code of Conduct (EICC)*, the *Social Accountability Standard (SA8000)*, and a series of standards issued by the International Labor Organization (ILO). When selecting suppliers, the Company's business segments deeply understand the performance of suppliers in sustainable development with great attention paid to ESG assessment factors, ensuring that suppliers' performance in governance, social, and environmental aspects meets the requirements. At the supplier admission stage, the Company requires suppliers to sign the *Supplier Commitment Letter for Social Responsibility* to make commitments for occupational health and safety, environmental protection, business ethics, etc. In addition, the Company identifies, assesses, and controls potential risks, inclusive of ESG risks, in the supply chain according to internal checklists such as the *Supplier Environmental and Social Responsibility Audit Form and the Supplier Green Product Management System Evaluation Form*, to actively build a competitive, resilient, and sustainable supply chain. For detailed content on supply chain business ethics and anti-corruption management, please refer to the "Excellent Governance for Stable and Efficient Operation/Business Ethics" section.

### 4.2.1. Quality Risk Control

The Company has established internal management systems such as the *Supply Chain Management Policy* and the *Supplier Management Control Procedures* to set up requirements for the quality qualifications of suppliers. According to the requirements, suppliers should have boasted professional qualifications of the services or products they provide and established a sound quality management system complying with current laws and regulations, including the ISO 9001 quality system certification and the IATF 16949 quality system certification (for suppliers that produce automotive parts). Suppliers must continuously meet these requirements and are required to sign the *Supplier Quality Assurance Agreement*.

The Company communicates in a timely manner with suppliers to ensure that suppliers fully understand the quality requirements for the materials they supply. Furthermore, the Company

manages suppliers through supplier audits, incoming material inspections, performance evaluations, and continuous improvement to ensure product safety and quality. Supplier quality audits are conducted in accordance with the *Supplier Audit Management Procedures*, encompassing audits on quality management systems, product design and development, material and supplier management, manufacturing process management, change management, non-conformity control, improvement and after-sales service, hazardous substance management, etc. The Company formulates an annual supplier audit plan and strictly implements it, with dynamic audits conducted in case of quality issues or other abnormalities. The procurement, quality, and other departments of the Company's business segments conduct regular reviews and analyses focusing on supplier quality audits and evaluations. For any non-conformity items identified during the process, the Company will require the suppliers involved to rectify the items within a specified period in the form of written improvement reports, provide quality training, and conduct technical cooperation and exchanges as necessary to jointly improve the quality.

Based on the results of supplier quality assessments and the issues identified during the audit process, each business segment is required to collaborate with relevant departments to conduct regular quality management capability improvement training tailored to suppliers to meet the specific product requirements of each segment. Additionally, each business segment needs to provide targeted guidance and assistance to suppliers, including support for technological transformation, upgrading, and optimization efforts. Through these collaborative initiatives, we seek to assist suppliers in enhancing their quality standards and collectively promote product upgrades across our supply chain.

#### **4.2.2. Human Rights Risk Management**

Dongshan Precision drives various business segments to develop supplier codes of conduct according to the requirements of the International Labor Organization (ILO) and the Code of Conduct for Responsible Business Alliances (RBA). The content of the code of conduct should include human rights and non-discrimination, anti-child labor and anti-forced labor, working and rest hours, occupational health and safety requirements, etc. Suppliers are required to sign a commitment letter (social responsibility) to ensure that products or services from them are produced or provided in a manner that complies with human rights requirements and ethical standards.

<b>Human rights and anti-discrimination</b>	All employees enjoy the rights and interests of free and equal consultation and collective bargaining; Any form of coercion is prohibited; Any form of prejudice and discrimination is prohibited
<b>Prohibition of forced labor</b>	It is prohibited to employ forced laborers; It is prohibited to require employees to pay deposits or provide identity documents as collateral.
<b>Employment conditions</b>	Child labor is prohibited; Wages must comply with national laws or industry standards and employees should be paid equally for equal work; Forced labor is prohibited.
<b>Occupational health and safety</b>	It is required to provide a healthy and safe working environment and protective measures; It is required to provide appropriate health and safety information and training

By formulating the *Supplier Commitment Letter for Social Responsibility*, Multek has clarified the environmental and social responsibilities that suppliers should undertake in terms of labor, health, and safety in accordance with the *Code of Conduct for Responsible Business Alliances* and the requirements of relevant national laws and regulations. Moreover, it effectively embeds the sustainable development concept into every aspect and process of supplier management, driving the entire supply chain to fulfill the sustainable development responsibilities together.

#### 4.2.3. Enhancing Supply Chain Resilience

Establishing a resilient supply chain and ensuring business continuity are important guarantees for the Company's stable operations. To ensure a stable supply of strategic resources, the Company has formulated a *Business Continuity Plan for the Supply Chain Management Department* and continuously optimized the supply chain structure to ensure that suppliers have diversified backgrounds and come from multiple channels. The Company has also conducted enhanced

preventive control measures against factors such as supply chain disruptions, price increases, and unexpected events, effectively preventing potential risks in the supply chain and strengthening supply chain resilience. In 2023, the Company's raw material supply remained stable, and production was not affected by raw material shortages.

- **Establishment of multiple channels for raw material supply.** To prevent delivery delays or insufficient supply caused by factors such as climate, distance, and policies, the Company procures materials through multiple channels, deeply explores resource markets, and analyzes development trends to continuously optimize supplier resources. Through these initiatives, the Company has reduced exclusive and intermediary purchases, thereby mitigating the risk of single sourcing while lowering procurement costs and maintaining raw material supply stability.
- **Promotion of localization procurement.** The Company encourages localization sourcing. It identifies material supply risks overall based on historical delivery and inventory reserve situations, actively exploring and selecting products that meet production requirements for domestic substitution and local procurement from technical, commercial, production capacity, and accessibility perspectives and cooperating with reliable trading partners. Through these endeavors, the Company has shortened transportation cycles and supply times, enhanced control and transparency, and improved the supply chain's risk resistance and rapid response capabilities, thereby promoting economic development of the place where the Company is located.
- **Cultivation of good cooperative relationships.** The Company maintains timely communication with suppliers through multiple ways such as email, phone, remote meetings, face-to-face discussions, etc. To avoid price increases and ensure post-sales service quality, the Company conducts strategic discussions with suppliers and signs strategic cooperation agreements with core suppliers to ensure optimal reserves and a stable supply of materials. It establishes a benign and effective supplier competition and protection mechanism to create a good atmosphere for supply chain cooperation and persist in joint development and growth with a wide range of qualified suppliers to build a harmonious supply chain ecosystem.



- **Enhancing emergency management.** The Company has developed differentiated plans, procedures, and key actions based on the severity level of production activities, the likelihood of supply shortages, etc., and implemented focused tracking of high-risk and medium-risk materials to eliminate the risk of material shortages. The Supply Chain Management Center coordinates and plans the necessary resources for various business segments, subsidiaries, and branches through the *Supply Chain Resource Coordination Contact Letter* to enhance emergency management. To ensure normal operations, the Company constantly monitors potential supply chain disruption risks and strengthens supply chain risk assessment and control to ensure that daily supplies are not affected.

#### **4.2.4. Driving the Green Transformation of the Supply Chain**

As driven by the Company, each business segment actively implements green procurement and signs the *Green Product Guarantee Statement* with suppliers. They require suppliers to use limited resources prudently and responsibly, guarantee all production processes of the products comply with the requirements of environmental laws and regulations, and minimize the impact of the business activities on the environment, so as to jointly promote the green development of the supply chain.

The Company's subsidiary Yancheng Dongshan requires suppliers to fill out the *Stakeholder Environmental Management Performance Evaluation Questionnaire*, through which it assesses suppliers' certification and construction of environmental management system, progress of environmental topics such as three-wastes emissions and waste management, environmental compliance, environmental emergency management, etc. In these assessments, suppliers with a score equal to or more than 60 points are considered qualified while those with a score less than 60 points are considered unqualified. The unqualified suppliers are required to make rectifications. If they fail to respond or improve, Yancheng Dongshan will terminate business dealings with them.

### **4.3. Responsible Mining Procurement**

The Company has formulated the *Conflict Minerals Procurement Policy* in accordance with

the *Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* of the Organisation for Economic Cooperation and Development (OECD) and other applicable standards, to establish a sound responsible mining due diligence management system. We have developed clear and transparent management procedures for the use of mineral resources in the production and operation process to identify and manage potential risks, committing to using no minerals from conflict-affected and high-risk areas, to tracing the sources of gold (Au), tantalum (Ta), tin (Sn), tungsten (W), etc. in all products, and to insisting on ethical procurement.

- **Promotion and implementation of conflict minerals procurement policy**

As driven by the Company, each business segments communicate the conflict minerals policy to direct suppliers through multiple channels. The Company has required suppliers to sign the *Commitment Letter for Not Using Conflict Minerals and* incorporated mineral resource management regulations into contracts and agreements signed with suppliers. Moreover, the Company also conducts responsible mining supply chain due diligence and requires all relevant suppliers to strictly adhere to the commitment of not using mineral resources from conflict-affected areas. In addition, the Company's various business segments encourage suppliers to establish policies for conflict minerals and require them to pass on this principle to their upstream suppliers.

***Key Performance***

The Company's *Conflict Minerals Procurement Policy and Commitment Letter for Not Using Conflict Minerals* have been communicated to 100% of our suppliers.

The responsible mining special training has covered 100% of relevant suppliers.

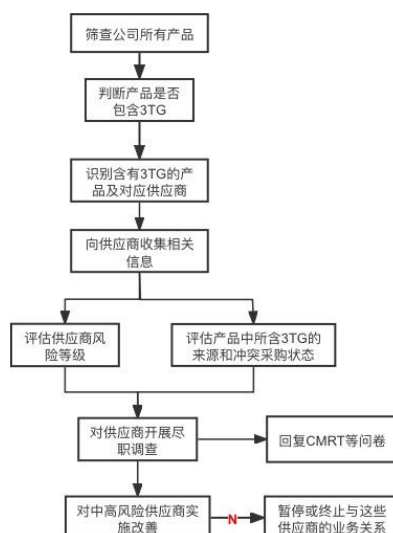
- **Responsible supply chain management**

The Company's various business segments have formulated the conflict minerals investigation management procedure to conduct responsible mining due diligence on suppliers. Suppliers are required to truthfully fill in and respond to the Conflict Minerals Reporting Template (CMRT) regarding the usage and sources of relevant minerals in the delivered products, and provide supporting materials to ensure the compliance and traceability of the procurement sources. The Company has established a supplier risk assessment and management process. It draws a supply

chain map based on the KYC information collected from suppliers and identifies conflict-affected and high-risk areas (CAHRA) risk based on information related to suppliers and supply chains retrieved from public sources, formulating due diligence plans and carrying out supply chain due diligence investigations. Through these initiatives, the Company has promoted improvement measures and strengthened risk control. If a supplier is at risk of conflict minerals, the supplier must immediately notify the Company in writing and the Company will terminate the development or replace the supplier involved in the conflict minerals.

**Key Performance**

During the reporting period, the Company completed responsible Mining due diligence on all suppliers, with 100% of the supply chain enterprises not using illegal conflict minerals.



Screen all products of the Company	Assess the sources of 3TG in the product and the conflict purchase status
Determine if the products contain 3TG	Conduct due diligence on suppliers
Identify products containing 3TG and their corresponding suppliers	Respond to CMRT and other questionnaires
Collect relevant information from suppliers	Take improvement on high- and medium-risk suppliers
Evaluate suppliers' risk levels	Suspend or terminate business relationships with these suppliers

The Company's Responsible Mining Due Diligence Management Process

## 5. Continuous Improvement of Product Quality and Competitiveness by Insisting on Quality

### United Nations Sustainable Development Goals (SDGs)



### 5.1. Driven by Innovation

#### 5.1.1. R&D and Innovation

Technological innovation is the core competitiveness of the Company. As insisting on long-termism, the Company drives development with innovation. We enhance independent innovation capabilities and increase R&D investment to improve production process levels and process capabilities and accelerate the cultivation and development of new productive forces, thereby enhancing the core competitiveness of the industry.

- **Strengthened innovation and R&D management.**

Upholding the “market-oriented from start to finish” R&D strategy, the Company has established a dedicated R&D center to conduct innovative research covering various aspects, including material development, structural design, electronic design and product application research, and continuously improves innovation management systems and capabilities to effectively ensure R&D efficiency and quality and solidify the foundation for high-quality development.

- **Improved mechanisms.** By developing and implementing the *R&D Cycle Management Procedures* and establishing a sound R&D project lifecycle management system, the Company continuously standardizes and optimizes key R&D stages such as quotation, design, sample, trial production, mass production to strengthen R&D quality control, thereby developing the products in a more reasonable process and accelerating the development process of innovative

products.

- **Forward-looking layout.** With continuously increased investment in science and technology innovation, the Company is exploring the cutting-edge manufacturing technology of the core devices in the field of intelligent interconnection and interoperability through ongoing investment in the R&D of new materials, new technologies, new processes, etc., in order to lay a solid foundation for serving the future innovative business.
- **Enhanced incentives.** Insisting on people-oriented innovation, the Company had combined innovative management with incentive mechanisms. We have provided R&D personnel with daily assessment incentives and technology-specific incentives and implemented equity incentive plans covering core management personnel and technical talents, so as to encourage employees to participate in technological innovation and to stimulate the vitality of the talent and the organization.

#### *Key Performance*

The amount of R&D investment in 2023 totaled RMB 1.161 billion, accounting for 3.45% of revenue.

#### ● **Optimization of innovative talent team**

Building an innovative talent team is the cornerstone of technological innovation. Taking advantage of leading talents' leading role, the Company has established a global R&D team composed of technical experts with outstanding professional skills, rich industry experience, and strong innovation capabilities and created an open, inclusive, and pragmatic research and innovation environment, continuously enhancing core technology R&D and independent innovation capabilities to inject innovative energy into the Company's development.

With more efforts continuously paid to the employment of high-end technology talents, the Company has selected R&D talents who align with the Company's values and possess excellent qualities, solid professional backgrounds, and high potential, to build professional R&D teams covering three major business segments, namely, electronic circuit, photoelectric display, and precision manufacturing. In addition to regular technical training organized by the Company, we

invite suppliers, famous experts, and scholars to come to the Company for technical exchanges and lectures through internal training, seminars, and other forms and encourage employees to strengthen academic exchanges to help them grasp innovative technologies and industry trends. We also employ external industry experts to be our R&D consultants to help improve the professional level of the technical staff, thereby achieving independent research and development of innovative core technologies. Furthermore, the Company actively conducts various forms of technical innovation activities such as skills competitions, technical training, etc. to encourage employees to innovate in their positions and fosters an innovative culture that encourages experimentation and embraces failure throughout the Company to employees maintain the best state of continuous innovation and development.

- **Establishment of a technology innovation platform**

The Company has established a high-level and open technology innovation platform along with a comprehensive innovation system. Through proactive integration of research and technical resources from domestic and overseas research institutions and universities, we engage in technological innovation research and have successfully achieved key technology breakthroughs, promoting research into key technologies and facilitating their transformation into practical applications, so as to provide continuous driving force for the Company's innovative development.

Leveraging its extensive corporate technical expertise, the Company has undertaken scientific research on key and challenging process technologies within the industry. This effort has yielded numerous advanced results, patents, and standards, all bearing independent intellectual property rights. Through proactive promotion and application, the Company has successfully transformed these scientific and technological achievements into enhanced productivity. This ongoing endeavor leads to a continuous improvement in production efficiency and quality levels, thereby generating significant value for the advancement of the industry as a whole.

***Key Performance***

Multek, Mutto Optronics, and RF Top Electronic have been selected as specialized and sophisticated enterprises that produce new and unique products with the title of "little giant".

In the first Suzhou High-tech Zone Staff Innovation and Efficiency Competition in 2023, two employees of the Company won the first and the second prize respectively, and the subsidiary JDI Electronics received the Innovation Quality Award in the event.

- **Technology ethics**

The Company complies with ethical norms in technology and advocates for cultivating social responsibility values. Drawing upon independent innovation and emphasizing the significance of intellectual property rights, the Company prioritizes key technologies while upholding excellent quality standards. We are committed to refraining from developing or utilizing scientific and technological products that pose harm to the natural environment, human health, public safety, or ethical standards. Through the development of innovative and practical new products, technologies, and processes, we spare our efforts to contribute positively to social progress.

### **5.1.2. Protection of Intellectual Property Rights**

The Company attaches great importance to the protection of intellectual property rights. We strictly abide by the relevant laws and regulations such as the *Intellectual Property Law of the People's Republic of China* and the *Patent Law of the People's Republic of China* and have formulated management systems such as the *Intellectual Property Management Procedure* and the *Confidentiality Agreement* to comprehensively strengthen the protection and management of intellectual property rights and protect the related structural design, preparation methods, and process of core technologies. While safeguarding our intellectual property rights, we fully respect the intellectual property rights of others. We commit to avoiding infringement of others' intellectual property rights and conscientiously fulfilling confidentiality obligations, especially in technical and business cooperation with partners. Without written permission, we disseminate no experimental samples, professional data, or technical indicators to any third parties. Through these initiatives, we have maintained fair competition in order to ensure the healthy development of the market.

- **Prevention and control of intellectual property infringement risks.** To address the risk of intellectual property infringement, the Company has established a mechanism for identifying and warning intellectual property infringement risks and conducted comprehensive assessments of potential infringement risks related to the Company's innovative technologies.

If it is detected that the potential risks are significant, the Company will mitigate potential patent infringement risks in R&D projects by adjusting other process technologies or characterization methods.

- **Enhancing intellectual property training.** The Company places significant emphasis on enhancing employees' awareness of intellectual property protection. We conduct regular intellectual property training sessions to educate employees about the importance of intellectual property and to provide them with the necessary knowledge on how to effectively utilize and protect it. We strengthen the management and promotion of the Company's patent applications, encouraging employees to protect the Company's new technologies, processes, inventions, etc., through patent applications and other means.

## 5.2. Quality Priority

### 5.2.1. Strict Quality Control

As excellent product quality is the cornerstone of industrial development, the Company continuously strives to deliver products of the utmost quality and reliability. Upholding the quality policy of "meeting and exceeding customer needs", the Company continuously cultivates a quality culture and implements comprehensive quality assurance and quality prevention. The Company is committed to enhancing the effectiveness of quality management and the level of quality competitiveness on the basis of full compliance with regulatory supervision or certification standards.

- **Reinforced quality management**

The Company has established a robust quality management system through quality management practices in accordance with international standards such as ISO 9001, IATF 16949, AS 9100, ISO 13485, VDA 6.3, and ISO 9004. and ensures the continuous enhancement of our quality management system through a combination of various means such as internal audits, external audits, and management reviews. Through a series of quality management systems such as the *Research and Development Cycle Management Procedure*, the *Incoming Material Inspection Procedure*, the *Final Quality Inspection Procedure*, the *Non-conforming Product Control Procedure*,



the *Corrective and Preventive Action Procedure*, the *Customer Quality Complaint Handling Procedure*, etc., we have established a full life cycle quality control system covering project quality management, process quality management, supplier quality management, and other management dimensions to ensure the high reliability and high consistency of products throughout their life cycle.

**Key Performance**

The Company’s main production and operation bases have all obtained ISO 9001 quality management system certification and IATF 16949 quality management system certification.

**Full Life Cycle Quality Management**

<p><b>Research and development quality management</b></p>	<p>The Company standardizes the research and development management process and carries out new product development design in accordance with <i>the Research and Development Cycle Management Procedure</i> in order to prioritize controlling important nodes throughout the new product development process to enhance the quality of our research and development efforts.</p>	<p><b>Digital quality management</b></p> <p>Through the establishment of an intelligent information fusion production system centered on data with deep interaction across multiple platforms and systems, the Company leverages systems such as Lesson Learn, E-Audit, QMS, SRM, and MES to strengthen statistical analysis of quality information data throughout the entire process, thereby promoting the construction of smart factories and systematically improving product quality.</p>
<p><b>Project quality management</b></p>	<p>With a more accurate understanding of customer requirements, the Company develops project control plans and clarifies project control standards to ensure project management quality strictly through scientific methods.</p>	
<p><b>Manufacturing process quality control</b></p>	<p>The Company comprehensively identifies the key processes and elements of the manufacturing process management from the perspectives of “people, machines, materials, methods, environment, and measurement” to strengthen the process quality control through quality control processes, thereby ensuring the reliability and consistency of product quality.</p>	
<p><b>Supplier quality management</b></p>	<p>The Company requires suppliers to pass quality management system certifications such as ISO 9001, and IATF 16949, and conducts new supplier certification, new material certification, incoming material inspection, and supplier performance</p>	

	management according to system documents such as the <i>Incoming Material Inspection Procedure</i> . For detailed information, please refer to the chapter “Excellent Governance for Stable and Efficient Operations/Sustainable Supply Chain” in this report.	
<b>Customer demand response</b>	The Company has established an efficient customer response mechanism according to the <i>Control Procedures for Processes Related to Customers</i> to ensure that customer needs can be agilely responded to and clearly reflected and implemented in all aspects of the business chain while guaranteeing the high quality of products, thereby delivering high-quality products that satisfy customers.	

- **Quality risk management**

Quality risk management is an important element and activity in product quality management. The Company has established a set of scientific and comprehensive quality risk management systems, which includes assessing, controlling, communicating, and reviewing quality risks throughout the product lifecycle to ensure product quality.

- **Product inspection and non-conforming product management**

In order to better prevent potential product safety and quality issues, the Company has established a product and process reliability testing process and evaluation standards to achieve full-process product reliability risk management for technical elements, product development, and mass production processes. We continuously improve quality standards and inspection procedures and conduct strict inspections on products in strict accordance with the requirements of the *Incoming Material Inspection Operation Management Measures*, the *Process Inspection Operation Management Measures*, and the *Product Inspection Control Procedures* throughout the entire quality management process including incoming material inspection, intermediate product inspection, packaging material inspection, and product inspection. Through real-time trend analysis and monitoring of product inspection, we ensure that strict quality control is carried out at every stage from the entry of raw materials to the exit of products, so as to prevent potential product safety

and quality problems. For new or potential quality problems, we prioritize preventive testing solutions such as error prevention and equipment automation to ensure that key quality elements are properly controlled.

The Company has set up multiple laboratories equipped with advanced research and development equipment and testing instruments to conduct adhesion tests, solvent resistance tests, hardness tests, impact resistance tests, salt spray tests, etc., to provide long-term services for new product development, mass production product quality control, and after-sales service. For special tests, the Company will arrange for samples to be sent to third-party testing institutions. Products must pass through product safety and reliability tests before mass production and those failure to pass through the tests shall receive continuous improvement until they are qualified. Any problems found in the reliability testing process should be fed back to the production department for continuous review and improvement to ensure product quality and stability.

<b>Key checkpoints for material and product inspection</b>	
<b>Incoming material inspection</b>	The Company conducts quality inspections on materials during the material incoming stage to ensure that the production materials and packaging materials meet requirements.
<b>Manufacturing process patrol and sampling inspections</b>	The Company conducts patrol inspection on the manufacturing process while monitoring the working process to ensure that intermediate products meet the requirements during the production process.
<b>Finished product inspection</b>	The Company conducts strict inspections of finished products to ensure that only products meeting the qualified standard requirements can be delivered and the finished products have met the shipping requirements.

The Company has established the *Non-conforming Product Control Procedure and the Product Recall Procedure* to standardize the management procedures for non-conforming products and clarify the responsible departments for each process to strictly control quality. If any defective

product causes an accident, the Company will immediately take damage control measures to identify the cause of the defect and eliminate the problem, and carry out review work in a timely manner to make continuous improvements from both technical and management aspects to prevent the recurrence of quality incidents.

<b>Non-conforming product closed-loop management</b>	
识别 标识 隔离 评审 处理 改进 结束	• 检验并识别出可疑品或不合格品
	• 对识别的可疑品或不合格品进行标识（不合格品标签）
	• 将不合格品放置在指定隔离区域，做好区分离离
	• 品质部门组织评审和判定，确认处置方式
	• 相关部门依据判定结果对不合格品进行返工、返修、报废等处理
	• 分析不合格品数据以进行改善和持续监控
	• 管理流程结束
Identification	Inspect and identify suspicious or unqualified products
Label	Label the identified suspicious or unqualified products (unqualified product tags)
Isolation	Place unqualified products in designated isolation areas, and ensure proper segregation
Review	The quality department organizes reviews and judgments to confirm the disposal method
Disposal	The relevant departments shall rework, repair, and scrap the unqualified products or dispose of them in other ways based on the determination results
Improvement	Analyze the data of unqualified products for improvement and continuous monitoring
Completion	End of management process

### ● Quality culture for all employees

As quality culture is crucial for the Company's quality management and business development, the Company carries out various quality improvement activities and treats quality management as a compulsory course for employees. The Company formulates an annual quality training plan for all employees, strictly implementing various quality training activities as planned to enhance the awareness and capabilities of all employees in quality management through performance evaluations, knowledge sharing, recognition, and other methods. At the same time, through various quality management promotion campaigns such as quality months, Quality Control Circles (QCC),

etc., the Company encourages employees to actively participate in quality management, cultivating a cultural atmosphere of “everyone cares about high quality, everyone creates high quality, and everyone enjoys high quality”.

### ***Key Performance***

Quality training covers 100% of all quality-related employees.

### **Case: Multek Implements Quality Culture of “Prioritizing Quality Everywhere and Believing Every Individual can be a Craftsman”**

In order to implement the quality culture policy of “Prioritizing quality everywhere and believing every individual can be a craftsman”, Multek launched the “Quality Empowerment Creation Camp” project in 2023. By developing and training quality courses, cultivating an internal team of quality trainers, and creating a culture of quality learning, Multek cultivated quality talents, enhanced the professional level of quality personnel, and helped improve the Company’s quality management level.

In June 2023, Multek initiated QCC quality management campaigns. The QCC teams selected topics that align with the Company’s strategic goals and quality indicators around aims of increasing product yield, enhancing customer satisfaction, reducing waste and damage, etc. Subsequently, these teams carried out various quality improvement activities through a variety of quality management tools and methods, and effectively implemented the principle of “everyone participating in continuous quality improvement” by virtue of the “bottom-up” organizational structure. Each cycle of activities concluded with a thorough summary, which helped in consolidating the lessons learned and passing on the knowledge gained, thereby fostering the next iteration of the Plan-Do-Check-Act (PDCA) cycle. This process ensures continuous improvement with “clear objectives, identified starting points, and verified outcomes”. QCC quality management activities, which are characterized by “small, practical, dynamic, and innovative”, have fully embodied the spirit of “Prioritizing quality everywhere and believing every individual can be a craftsman”, mobilizing a broader force to promote quality improvement, create quality results, and advance the Company’s quality culture construction work from theoretical to

practical.



“Quality Empowerment Creation Camp”

Project



QCC Quality Management Campaigns

## 5.2.2. Chemical Safety

### 5.2.2.1. Product Chemical Safety

The Company is dedicated to minimizing environmental impacts associated with our operations. To address this, we have established a chemical safety working group responsible for advancing chemical safety management issues such as chemical risk identification, hazard prevention, emergency response strategies, and the development of phase-out plans for hazardous chemicals. We have systematically cataloged and formulated a comprehensive list of chemicals required for and resulting from our production processes. Additionally, we have implemented whole-process management for the use of chemical substances throughout the entire process from procurement to the final stages of usage, so as to strictly manage hazardous chemical substances present in raw materials, products, and throughout the manufacturing processes. At the same time, the Company has also set chemical safety-related targets and regulated the completion of these targets as an important part of management’s performance evaluation, to ensure the reduction of chemical substances that affect human health and the environment in the Company’s production operations to a minimum.

- **Commitment and declaration**

The Company complies with the requirements of the *EU Directive on the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS)* (including extended

directives), the *EU Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)*, the *Norwegian Prohibition on Hazardous Substances in Consumer Products (PoHS)*, the *International Electrotechnical Commission’s Standard on Material Declaration for Products of and for the Electrotechnical Industry (IEC 62474)*, the *Canadian Prohibition of Certain Toxic Substances Regulations (SOR/2012-285)*, etc. We insist on producing excellent products in line with green environmental protection norms and promise that the content of hazardous substances in raw materials, parts, assemblies, and finished products in the Company has met the requirements of RoHS, REACH, and other HSF laws and regulations as well as customer specifications. We also carry out investigations and third-party testing for hazardous substance compliance according to the relevant standards, so as to ensure that the products produced and manufactured by us are all in compliance with the requirements. In 2023, Multek conducted third-party hazardous substance testing on a total of 19 types of products with different surface treatments from 5 factories, achieving a 100% pass rate.

#### **Restricted Substance Commitment**

100% of our products are in compliance with the latest regulations on restricted substances in products and customer specifications

- The Company carries out investigations and third-party testing for hazardous substance compliance on products to ensure that the content of harmful substances in the products is below the limits specified by laws, regulations, and customer specifications. The hazardous substances include but are not limited to:
  - EU RoHS Directive 2011/65/EU (RoHS 2.0) and its amended directive (EU) 2015/1863: lead and its compounds (Pb), cadmium and its compounds (Cd), mercury and its compounds (Hg), hexavalent chromium and its compounds (Cr~6+), polybrominated biphenyls (PBB), polybrominated diphenyl ethers (PBDE), bis(2-ethylhexyl) phthalate (DEHP), butyl benzyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP)
  - EU (EU) Directive 2019/1021 (EU Persistent Organic Pollutants Directive): hexabromocyclododecane (HBCDD)
  - Halogen-free material management requirements: fluorine (F), chlorine (Cl), bromine (Br), iodine (I)
  - REACH substances of very high concern

● **Improvement of hazardous substance control list**

In accordance with laws and regulations, industry standards, and international conventions on hazardous chemical substances such as RoHS and REACH, the Company, combined with hazardous substance control specifications and management documents received from clients, has formulated a detailed and dynamically updated *Hazardous Substance Control List* to specify the restricted chemical substances in use and production. At the same time, the Company has established elimination, replacement, or reduction plans for prohibited and restricted chemicals in the *Hazardous Substance Control List*, strictly prohibiting the re-importation of phased-out substances into any production and non-production stage.



Hazardous Substance Control List

RoHS 2.0 Revised	REACH Regulations	New National Standard for VOC	Hazardous Substances
POPs Regulations	Annex XIV	PAH Regulations	Control list
TSCA Act	Annex XVII	Customer Requirements	
California Proposition 65	SVHC		

#### ● Chemical substance control management throughout the product lifecycle

For chemicals involved in product design and manufacturing processes, the Company has established a series of toxic and hazardous substance and chemical management system specifications and management processes, including the *Chemical Management Procedure* and the *Hazardous Substance Risk Management Procedure*, to prevent and control potential risks of hazardous substances in products and strengthen the management of chemical safety. When there are significant adjustments in relevant laws and regulations or company policies, the Company will update and adjust the hazardous substance management regulations in a timely manner and send them to all suppliers synchronously. The suppliers are required to fill in the *Hazardous Substance Evaluation & Declaration Report* again and the Company will manage and audit the suppliers



according to the latest standards. The Company maintains a continual assessment of the hazards associated with chemicals used across various stages of the product manufacturing process. We integrate environmental and health standards throughout all phases, from product development design to production, to establish a management mechanism together with implemented action measures to prevent the use of hazardous substances. This initiative enables us to build a comprehensive hazardous substance management system to achieve comprehensive oversight and control.

The Company regularly conducts chemical safety training. Employees are required to attend corresponding training on environmental hazardous substance control to systematically learn RoHS basic knowledge and customer requirements, internal procedures for environmental hazardous substance control, chemical safety, and other knowledge. In addition, the Company actively maintains close communication with suppliers and partners, providing hazardous substance management training for suppliers to ensure that they understand and comply with applicable standards and requirements.

***Key Performance***

Dongshan Precision and its subsidiaries Yongchuang Tech, Suzhou Chengjia, Mutto Optronics, MFLEX Suzhou, MFLEX Yancheng, Multek Industries, Multek China, Multek Zhuhai have all passed the IECQ QC 080000 Hazardous Substance Process Management System Certification.

Product Lifecycle Management	
<b>R&amp;D and design</b>	The Company has established a complete process specification for chemical product design, development, and use. We review new products according to the R&D cycle management procedure combined with design drawings, inspection standards, clients' HSF requirements, and HSF laws and regulations. We assess our designs according to the <i>RoHS design control procedure</i> and specify that it is prohibited to use the Company's level I hazardous substances in the design of all material control drawings. Materials selected during the assessment phase must pass RoHS certification and provide third-party test reports such as MSDS/SGS simultaneously.

<p><b>Green procurement</b></p>	<p>The Company continues to carry out green procurement and requires products provided or processed to comply with the <i>Environmental Hazardous Substance Control Standard</i> and the requirements of relevant laws, regulations, and government directives. Suppliers are required to provide declaration reports annually (e.g. Multek suppliers are required to provide the <i>Hazardous Substance Review &amp; Declaration Report</i> annually), third-party hazardous substance test reports (including RoHS test reports/REACH reports), and updates. Only chemicals that have passed compliance audits can be allowed for use.</p>
<p><b>Manufacturing process management</b></p>	<p>In order to ensure that chemicals are purchased, handled, stored, dispensed, used, discarded, and disposed of in an emergency in a safe manner, avoiding hazards to human health as well as preventing pollution accidents, each business segment has formulated the <i>Chemical Management Procedures, Guidelines for Safe Work in Chemical Storage</i> and other systems and norms to improve the on-site management of hazardous chemicals throughout the entire process.</p>
<p><b>Delivery management</b></p>	<p>In strict accordance with product design management specifications and related shipping management procedures, the Company has confirmed that the components and materials constituting the products are in line with the <i>Hazardous Substance Control List</i> under shipping inspection items or customer-specific requirements. We entrust third-party testing institutions to conduct inspections on hazardous substances under customer requirements to ensure that the hazardous substances contained are below the limits required by laws, regulations, and customer specifications. Qualified products should be labeled with environmental compliance labels or attached with the necessary test reports and conformity declarations, etc. according to relevant requirements.</p>

#### 5.2.2.2. Chemical Management

The Company formulates the *Dangerous Chemical Safety Management System* and the *Management Measures for Easy-to-Make Drugs and Explosives* in accordance with relevant national laws and regulations, industry standards, and requirements of relevant parties on dangerous chemicals. We supervise and manage the entire process covering procurement, loading and unloading, use, production, storage, transportation, and packaging of dangerous chemicals, organize regular training for relevant personnel on dangerous chemicals, and conduct annual chemical leakage emergency response drills to enhance the ability to respond to chemical leaks. Through these initiatives, we maximize the elimination, reduction, or control of the impact of hazardous

chemicals on the health and safety of persons.

<b>Entire Process Management of Chemicals</b>	
<b>Procurement</b>	All procurement needs must be reported uniformly according to work requirements, and purchases must be made strictly in accordance with the procurement procedures after approval (highly toxic substances are required to be approved by the project department and the municipal public security bureau).
<b>Acceptance and warehousing</b>	When accepting highly toxic substances for warehousing, personnel from the procurement department and EHS department must be present to supervise the entire process of warehousing.
<b>Handling and storage</b>	Dedicated vehicles are used to transport chemicals to prevent leaks and splashes, thereby ensuring safety during transportation. Chemicals are pasted with safety labels after the safe handling and storage to ensure correct classification. Hazardous chemicals are properly stored under different categories and inspected by designated personnel every day for management.
<b>Material allocation and requisition</b>	The Company requires units with demands to fill out the chemical requisition form and apply hazardous chemicals as needed. Hazardous chemicals allocated to the production site are stored in explosion-proof cabinets with special locks equipped. In addition, the Company keeps detailed records of chemical inventory changes and installs a networked alarm system and infrared detection system on-site. All these measures can contribute to ensuring the safety of the requisition process.
<b>Emergency protection</b>	Appropriate protective equipment should be provided in accordance with the MSDS requirements when handling chemicals and effective firefighting equipment should be available in the chemical temporary storage area for emergency use.
<b>Usage</b>	The Company guarantees the safe use and management of easily producible chemicals. Personnel handling chemicals should wear proper personal protective equipment to ensure compliance with operating procedures. When supplying materials, we use double-layered tubes to prevent leakage and transparent tubes for timely inspection and maintenance in case of problems. We install monitoring systems and other equipment on the production site to detect toxic and flammable gases.
<b>Discard</b>	We properly handle various types of chemical waste in accordance with the <i>Waste Management Procedure</i> and entrust qualified purchasers to recycle and dispose of hazardous waste.



Multek conducts emergency drills for chemical spillage



RF Top Electronic conducts exercises for chemical spillage

### 5.3. Professional Services

#### 5.3.1. Customer Relationship Management

Guided by a customer-centric approach, the Company strives to provide customers with comprehensive, one-stop, and technologically advanced solutions to meet their customized needs. We establish norms and a clear, orderly, timely, and efficient customer service management system, actively promoting the standardization of customer service processes to continuously improve customer satisfaction, so as to build good long-term relationships with customers.

- **Optimization of customer service**

The Company remains dedicated to enhancing its customer service system by deeply understanding customer expectations and needs. We provide personalized solutions tailored to customers and are committed to responding to customers with reliable services promptly throughout the entire customer service process covering pre-sale, in-sale, and after-sale stages. We also conduct regular customer satisfaction surveys and continuously optimize our service content and processes to better align with evolving customer needs and expectations.

<p><b>Improving service system</b></p>	<ul style="list-style-type: none"> <li>• By establishing service management systems such as the <i>Control Procedures for Processes Related to Customers</i> and the <i>Customer Satisfaction Management Procedures</i>, we clarify customer service standards such as service processes, service content, response time, and handling reports for after-sales services.</li> <li>• We have enhanced the service awareness and skills training of the</li> </ul>
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	customer service team to provide customers with accurate and comprehensive product information and technical support, thus improving overall service levels.
<b>Ensuring Smooth Channels for Communication</b>	<ul style="list-style-type: none"> <li>We communicate with customers through multiple channels such as emails, phone calls, video conferences, and offline visits to fully understand and meet the diversified needs of customers.</li> </ul>
<b>Timely response to demands</b>	<ul style="list-style-type: none"> <li>After receiving customers' service requests, we respond efficiently and arrange personnel to provide service support in a timely manner. We regularly visit customers to listen to their opinions and feedback on the Company and its products and promptly address any issues raised by customers, thus establishing a good trust relationship with customers.</li> </ul>
<b>Digital customer service</b>	<ul style="list-style-type: none"> <li>We adopt digital technologies such as automation and artificial intelligence to expedite the order processing speed and the confirmation of customer order-related information, enhancing the efficiency and accuracy of customer service.</li> </ul>

#### ● Customer complaint management

The Company values customers' opinions and feedback and has established the *Customer Complaint Handling Process* to continuously optimize the customer complaint handling mechanism and process. We have designated personnel responsible for handling customer complaints and responding to and resolving customer feedback in a timely manner according to the actual situation of the product or service. For customers' feedback, we have carried out an analysis and made active rectification to ensure that our solution can meet the requirements of the customers.

#### *Key Performance*

The Company's customer complaint response rate and customer complaint resolution rate are both 100%.

#### Complaint Handling Process

<b>Receipt and recording</b>	Customers can file complaints or provide feedback through the 24-hour toll-free service hotline. The Company will promptly handle customer complaints with a focus on understanding the issues thoroughly, and maintain detailed records of
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	customer complaints and solutions.
<b>Investigation of issues</b>	The Company will investigate the defective products and related issues based on customer feedback.
<b>Interim resolution</b>	The Company will draft interim solutions to determine how to handle relevant matters, ensuring that the cooperation is not affected.
<b>Follow-up and enhancement</b>	The Company will analyze the reasons and provide timely feedback to customers, clarifying corrective and preventive measures for such events with prompt correction and prevention of related problems.

- **Customer satisfaction survey**

The Company regularly conducts customer satisfaction surveys, which include procurement, quality, engineering, technical support, customer service, etc. According to the results of the surveys, the Company makes return visits to customers to identify problems and deficiencies in a timely manner, so as to formulate corresponding improvement measures to enhance customer satisfaction.

### 5.3.2. Responsible Marketing

Upholding a responsible marketing promotion philosophy, the Company provides accurate and comprehensive information on market development, customer sales, product label management, and other links in strict compliance with laws and regulations such as the *Consumer Rights Protection Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Advertising Law of the People's Republic of China* and relevant rules, to promote products in an ethical, scientific, and objective manner. The Company integrates compliance awareness into business expansion and contract management to effectively protect the legitimate rights and interests of customers.

- **Marketing compliance management**

The Company continues to improve the responsible marketing compliance management system and clarifies marketing compliance responsibilities and processes to ensure accurate disclosure of product information. In the marketing promotion process, with strict adherence to anti-unfair competition and anti-monopoly requirements, exaggerated or false information and misleading statements are strictly prohibited. All promotional information should be accurate,

clarified, and transparent, and any violations in marketing activities should be promptly addressed. In accordance with the *Code of Business Ethics* and other documents, it is clearly provided that, when employees expand business and engage in commercial activities, they should comply with relevant national laws and regulations and the Company's code of ethics and conduct external business activities in accordance with the Company's procedures and disciplines.

- **Responsible marketing training**

The Company develops annual responsible marketing training programs to regularly provide sales personnel with special training on responsible marketing, customer communication, and anti-corruption training to ensure that employees know, understand, and comply with the relevant principles and regulations, thereby achieving ethical, scientific, and precise communication.

***Key Performance***

The responsible marketing training has covered 100% of marketing personnel, with the duration of responsible marketing training totaling 228 hours.

## 6. Building a Clean and Low-carbon Production System for Environmental Friendliness

### United Nations Sustainable Development Goals (SDGs)



### 6.1. Environmental Impact Management

Under the principle of prioritizing environmental protection, the Company integrates the concept of green development into its operations to minimize the impact on the environment while enhancing the Company's competitiveness, so as to achieve a win-win situation between economic benefits and environmental protection.

- Environmental management system

The Company strictly complies with environmental protection laws and regulations such as the *Environmental Protection Law*, the *Air Pollution Prevention and Control Law*, the *Energy Conservation Law*, the *Water Pollution Prevention and Control Law*, and the *Solid Waste Pollution Prevention and Control Law*, and continuously improves the environmental management system in accordance with the requirements of standards such as ISO 14001 Environmental Management System and ISO 50001 Energy Management System. The Company has established an EHS department, which is responsible for coordinating, promoting, and supervising various business segments to plan and implement EHS programs and objectives. The EHS management system covers 100% of all relevant business segments of the Company. Each business segment formulates environmental management objectives based on specific needs and requirements. These objectives are then cascaded down to relevant departments, the completion of which is linked to the performance evaluation of relevant management personnel.



Organizational structure	Institutional system	Management objectives
The Company has established an EHS department to coordinate and manage overall affairs while each business segment has established an EHS management committee/EHS management department.	Each business segment has established a “1+N” system: 1: Environmental Management/EHS Manual; N: Environmental/EHS-related management procedure documents.	Each business segment sets environmental management objectives based on its development stage, such as “zero environmental accidents,” pollutant emissions meeting standards, carbon reduction targets, etc., and links the achievement of these objectives to the performance evaluation of relevant management personnel.

### *Key Performance*

Total environmental investment for the year amounted to RMB 228,684,200.

There are 0 environmental accidents throughout the year.

The Company’s main production and operation entities have all passed the ISO 14001 environmental management system certification.

Mutto Optronics and MFLEX Electronics have passed the clean production audit certification.

### *Honor*

Dongshan Precision was awarded the title of Green Factory (Provincial Level)

MFLEX Suzhou was recognized as a leading green development enterprise and a green factory in Jiangsu Province (Provincial Level)

- Environmental risk prevention and control

The Company actively promotes environmental impact assessments and hidden danger inspections in key plants, clarifying environmental factors that can be controlled and influenced in activities, products, and services, and supervising, following, and managing their environmental impacts from a lifecycle perspective. We promote various production and operation entities to enhance environmental emergency management, formulate special plans for emergency environmental incidents, and conduct special emergency drills, in order to improve their emergency response capabilities for environmental incidents to minimize environmental impacts.



Multek Hazardous Waste Liquid Leakage Emergency Drill

- Environmental audit

The Company's key plants regularly carry out internal reviews of the environmental management system and cooperate with external regulatory agencies and related parties to conduct environmental audits to ensure the effectiveness and compliance of the environmental management system through internal and external inspections.

**Case: Conducting Comprehensive Environmental Audits**

- During the reporting period, Yancheng Dongshan and MFLEX Yancheng conducted environmental audits from various aspects such as funding, compliance, and clean production, and formulated corrective measures based on the audit findings to ensure that the Company's environmental protection work is advanced in a comprehensive, orderly, and standardized manner.
- Environmental fund audit: We conduct audits on environmental special funds to ensure that these funds are indeed used for special pollution prevention and treatment projects, such as prevention and treatment of pollution sources, promotion of new technologies and processes, monitoring, and accident warning.
- Environmental compliance audit: First, we investigate the implementation of environmental impact assessment requirements for new, modified, and expanded projects, and conduct audits on the implementation of environmental protection three simultaneities for enterprise construction projects, with a 100% implementation rate for environmental impact assessments. Second, for the payment of pollutant discharge fees, we check whether our

entities have paid fees based on actual discharge situations and whether there are any arrears. Third, we inspect the main pollutant emission indicators and control measures to understand pollutant emission concentrations and compare them with the standards.

- Clean production audit: A clean production audit team led by the General Manager of the division has been established to promote the clean production audit work. In November 2023, Yancheng Dongshan and MFLEX Yancheng passed the clean production audit.

- Environmental protection training

The Company regularly conducts special environmental protection training activities to timely learn and master the environmental management requirements of the operating sites, helping to enhance employees' awareness and capabilities in environmental protection.

***Key Performance***

In 2023, the environmental protection training covered 100% of the main operating bases.



“Dual Carbon” Training of MFLEX Suzhou



Multek’s Energy-saving Promotion Activities

## 6.2. Expansion of Green Energy

Due to increasingly serious problems in global climate change, energy crisis, and environmental pollution, topics such as green, energy conservation, and environmental protection have been highly valued. Upholding the concept of green development, the Company integrates

clean technology innovation into its strategy, increasing investment in industries such as core components of new energy vehicles to continuously explore to create a green technology innovation engine, so as to contribute to the green transformation of the industry.

### 6.2.1. Layout of Green Industries

Dongshan Precision, on the basis of years of deep-rooted advantages in the field of consumer electronics, has prioritized new energy as one of the key directions for future development. The Company focuses on the field of new energy vehicle components to conduct continuous innovation and R&D and enable the new energy vehicle component business to become a new growth point for the high-quality development of the Company.

### 6.2.2. Innovative Green Technology

While expanding into the green industry, the Company is also committed to providing more environmentally friendly high-quality products. By increasing the R&D and promotion of clean technologies, the Company actively applies new materials, new equipment, new processes, and new technologies to provide more environmentally friendly solutions for the industry.

#### **Case: Mutto Optronics Manufactures Green Products Through Multidimensional Innovations**

With adhering to the concept of green environmental protection in product development, Mutto Optronics has established certain guiding documents such as the *R&D Cycle Management Procedure* and the *Design Control Procedure*, requiring products to comply with HSF requirements, HSF laws and regulations and ROHS requirements and not to use hazardous substance. By producing no hazardous products and actively and effectively treating wastewater and exhaust gas generated during the production process, Mutto Optronics guarantees that the entire production process, raw materials, product structure, and performance meet the requirements of green products.

## 6.3. Addressing Climate Change

### 6.3.1. Enhancing Climate Resilience

The Company has incorporated addressing climate change into its management strategy in accordance with policies, regulations, international initiatives, and trend requirements, continuously enhancing its ability to manage climate risks and opportunities and its climate resilience.

<p><b>Governance</b></p> <p>The Company has integrated sustainable development requirements into its governance structure. The Sustainable Development Administration Committee is responsible for supervising climate change-related action strategies, policy guidelines, goal setting, annual plans, performance index, etc. The EHS department is responsible for developing climate change response strategy objectives and implementation plans, and promoting related work implementation through a closed-loop management model.</p>			
<p><b>Strategy</b></p> <p>Following the background trends of climate change, the Company advances the analysis of climate-related impacts, risks, and opportunities, and gradually promotes short-term, medium-term, and long-term management strategies and plans to enhance climate resilience.</p>			
<p><b>Risk management</b></p> <p>The Company identifies various risks and opportunities and assesses their potential impacts on the Company's operations and finances. We incorporate significant risks and opportunities into the Company's risk management, continuously strengthening risk response strategies to ensure alignment with policy trends, market developments, customer needs, etc.</p>			
<p><b>Indicators and targets</b></p> <p>The Company continuously conducts an inventory and review of greenhouse gas emissions and formulates a carbon reduction pathway to clarify targets and implementation programs.</p>			
Types of risks		Risks, opportunities, and potential impacts	Addressing measures
Physical risks	Extreme weather	With climate change, the increase in extreme weather such as extreme heat, extreme cold, heavy rainfall and flooding, typhoons, etc., may have an impact on the	Strictly control EHS risks and supply chain risks, develop emergency plans, and strengthen emergency drills.  Consider regional climate risks when

		Company's business continuity.	selecting and planning projects;  Improve production efficiency through energy-saving technological upgrades and energy structure optimization.
	Temperature rise	The rise in average temperatures poses significant challenges for the Company, including increased operating costs for infrastructure and potential health risks for employees.	
Transition risk	Policy and regulatory risks	As national policies and requirements become increasingly stringent, adapting to policy changes may lead to increased costs and tighter operational constraints.	Take the initiative to communicate with local policy authorities to study, follow up, and publicize policy changes in a timely manner, and strengthen compliance management with consideration of policy adaptability in a forward-looking manner;  Pay attention to the carbon market development trends and make preparations.
	Market and technological risks	As customers' requirements for carbon emission reduction in the value chain are becoming increasingly stringent, entering into green industries and adopting green technologies will enhance the Company's product competitiveness, but the cost of low-carbon transformation investment will also increase.	Strengthen R&D of low-carbon technologies, development of low-carbon products, and industrial layout, and accelerate green and intelligent transformation to seize clean technology opportunities;  Plan the carbon reduction path and comprehensively assess the return on investment and feasibility before implementing low-carbon transformation projects, adopting the optimal solutions based on practicality.

### 6.3.2. Energy Management

In active response to the national "dual carbon" initiative, the Company promotes energy management according to the requirements of the ISO 50001 energy management system. We actively formulate carbon neutrality goals and path planning and gradually promote each subsidiary

to establish a sound energy management structure, formulate energy-saving target plans, and conduct energy-saving inspections, so as to continuously improve the Company's energy management level.

#### *Key Performance*

Dongshan Precision passed the ISO 50001 energy management system certification

MFLEX Suzhou passed the ISO 50001 energy management system certification and the ISO 14064 carbon certification audit.

Multek Industries, Multek China, and Multek Zhuhai all passed the ISO 14064 carbon certification audit.

#### **6.3.2.1. Energy Management Goals**

The Company vigorously promotes the management of energy consumption and energy efficiency and continuously improves the system requirements relevant to energy management by aligning with the construction requirements of the ISO50001 energy management system. We actively plan the greenhouse gas inventory work based on ISO14064 and other standards, clearly defining carbon reduction targets and paths, and establishing and improving energy saving and emission reduction index system, monitoring system, and appraisal system to achieve greater control and manageability of energy. By the end of 2023, MFLEX Suzhou has completed the carbon inventory work.

Carbon peaking and carbon neutrality goals for MFLEX Suzhou:

Achieving carbon peaking by 2024, reducing carbon emissions by 50% by 2025, and achieving operational-level carbon neutrality by 2030.

#### **6.3.2.2. Energy Conservation and Carbon Reduction Management**

The Company conserves energy and reduces emissions from three perspectives, namely, energy structure optimization, technological energy conservation, and management energy conservation, to continuously improve the management level of energy consumption and efficiency.


We establish an energy-saving team and conduct energy-saving inspections, continuously tracking energy-saving effects to ensure the effective implementation of energy management measures.



01 On-site audit
02 Report submission
03 Improvement plan submission
04 Improvement tracking
05 Improvement confirmation
06 Continuous improvement



The energy-saving team conducts on-site audits every day

<p><b>Energy structure optimization</b></p>	<p>The Company increases the consumption proportion of clean energy and renewable energy and gradually raises the proportion of green electricity through measures such as expanding photovoltaic power generation and purchasing green electricity. Photovoltaic power generation equipment is installed in all effective places of the plants.</p> 
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	<p>Photovoltaic Equipment on the Plant Rooftop</p>
<p><b>Technological energy conservation</b></p>	<p>The Company replaces old, high-energy-consuming, and inefficient equipment and adopts more efficient production technologies and processes to improve energy efficiency and achieve operational emission reduction.</p>
<p><b>Management energy conservation</b></p>	<p>The Company promotes key operating entities to gradually establish a smart energy online monitoring system. We achieve real-time monitoring and analysis of energy consumption by virtue of information technology and big data analysis and control energy use through digital means. We also continuously optimize energy use strategies to further improve the Company’s energy efficiency.</p> <ul style="list-style-type: none"> <li>• Real-time energy consumption monitoring: Through the power monitoring platform, the Company collects and analyzes the energy consumption of major equipment in real-time with granularity refined to every hour, to promptly identify abnormal consumption patterns.</li> <li>• Visual analysis of energy consumption: The Company conducts an in-depth analysis of energy consumption data to reveal trends and changes in energy consumption at different workstations and periods, in order to identify energy-saving improvement opportunities and develop more effective energy-saving strategies.</li> </ul> <div data-bbox="491 1167 1310 1384" style="text-align: center;"> </div> <p style="text-align: center;">MFLEX Suzhou Intelligent Monitoring System</p>
<p><b>Case: MFLEX Suzhou: Refined Management of Shuttle Buses Creates a New Energy-saving Mode</b></p>	

For the convenience of employees commuting and to reduce private car fuel emissions, MFLEX Suzhou has been providing free shuttle services for employees for many years. In the past three years, the Company has implemented a series of energy-saving measures, such as continuous optimization and combination of routes to reduce the number of



vehicles, replacement of fuel vehicles with electric vehicles, etc. to further reduce carbon dioxide emissions. Through three years of efforts, the Company has successfully implemented refined management practices for shuttle buses, yielding a significant result of an annual fuel saving of 178,560 liters in the future.

## 6.4. Water Resources Management

The Company primarily sources its water from municipal supplies. The main production and operation sites with large water consumption are located in areas with lower water resource risk levels. The Company promotes the establishment of water-saving teams/water-saving specialists in key plants and formulates annual water-saving plans and implementation schemes to minimize water consumption and promote the sustainable use of water resources. During the reporting period, the Company experienced no major violations related to water resources.

- Water conservation. We formulate a water consumption quota plan and monitor and follow up on the monthly water consumption situation to find out the weak links and strengthen the daily water conservation management. We regularly maintain and manage the water consumption equipment through water-saving facilities and appliances to eliminate the phenomenon of water leakage, drip, and spill. We also carry out water conservation publicity activities with enhanced water conservation publicity efforts to advocate the water conservation trend.
- Water recycling. The Company actively promotes water recycling technology in production operations. We renovate and upgrade recycling water treatment facilities for collecting treating, and reusing production wastewater to improve water resource utilization efficiency and reduce

the impact of wastewater discharge on surrounding water bodies. We retrofit or construct rainwater reuse irrigation systems on production and operation sites, purifying and treating collected rainwater for greening, cleaning, and other non-potable uses, so as to reduce the reliance on municipal water supply.

- **Water risk reduction.** During the selection process for new project investments, we, with full consideration of water resource risks, constantly monitor the risk of water shortages and assess water use strategies to ensure that the water supply can guarantee necessary production operations.

#### **Case: Reusing Reclaimed Water Effectively Quenches Our Production Needs**

The Company continuously explores new water management methods and ideas that suit its actual situation and improves water utilization rate through multiple water reuse measures. RO concentrate water is efficiently utilized, with a preference for toilet flushing. Furthermore, a water reuse system has been installed within the plant to collect and treat RO concentrate water, ensuring its safe return to the pure water system for use in water production processes and ultimate return to various production sections for reuse. This innovative approach enables the Company to achieve a 100% reuse rate for RO concentrate water.

## **6.5. Emissions and Waste Management**

The Company complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, as well as local emission standards. We have established the *Environment, Health and Safety (EHS) Management Manual* and EHS-related management procedures, etc., and a comprehensive “three wastes” emission monitoring and control system involving various business segments. We minimize the impact of emissions on the environment under the principle of “reduction, recycling, and re-utilization” on the basis of ensuring compliance with emissions standards.

## Key Performance

Indicators	Goal	Progress in 2023
Compliance rate of “three wastes ” emissions	100%	100%
Environmental pollution incidents	0	0
Hazardous waste compliance disposal rate	100%	100%

### 6.5.1. Wastewater Discharge Management

The Company’s wastewater mainly originates from domestic sewage and industrial workshop effluents. The Company strictly complies with the laws, regulations, and standards such as the *Law of the People’s Republic of China on the Prevention and Control of Water Pollution*, the *Industrial Wastewater Discharge Standards*, the *Integrated Wastewater Discharge Standards*, etc. We have established targeted system guidelines such as the *Water Pollution Control Management Benchmark* to regulate wastewater discharge control, treatment processes, monitoring, emergency management, etc. Domestic sewage is discharged into the municipal sewage network, while production wastewater undergoes processes such as coagulation, precipitation, biochemical treatment, MBR membrane filtration, etc., before being discharged into the effluent pools after meeting the required standards. Wastewater discharge at major operating bases is monitored by internal management personnel and third-party personnel. The Company continuously optimizes the wastewater treatment processes to enhance the effectiveness of pollutant treatment. We install online pollutant monitoring systems at discharge outlets to connect with national, provincial, and municipal environmental protection departments for joint monitoring of wastewater discharge parameters including flow rate, pH value, chemical oxygen demand, ammonia nitrogen, etc.

### 6.5.2. Exhaust Emission Management

Types of exhaust emissions mainly include volatile organic compounds, hydrogen chloride, sulfuric acid mist, hydrogen cyanide, nitrogen oxides, particulate matter, etc., generated during the production process. The Company strictly complies with relevant laws, regulations, and standards such as the *Law of the People’s Republic of China on the Prevention and Control of Air Pollution* and the *Emission Control Standard for Volatile Organic Compounds of Industrial Enterprises*. All exhaust emission outlets are designed and installed in accordance with national standards. The

exhaust gases are emitted into the atmosphere through high exhaust pipes after being treated by high-efficiency air filters. Exhaust emissions at major operating bases are monitored by internal management personnel and third-party agencies to ensure emission compliance. We continuously optimize environmental treatment processes and upgrade high-efficiency end treatment devices to further reduce exhaust emissions on the basis of emission compliance.

**Case: Efficient Processes Facilitate Prevention and Control of Air Pollution**

Multek’s exhaust gases are mainly sourced from processes such as solder mask, silk screen printing, etching, and acid washing. The Company actively implements measures for prevention and control of air pollution. We introduce advanced treatment technologies to adopt targeted exhaust gas treatment technologies for different types of exhaust gases for effective treatment. For organic exhaust gases, we adopt the “zeolite molecular sieve adsorption desorption + combustion” treatment process with an exhaust gas removal rate of over 90%, significantly reducing pollution to the atmosphere. For acidic and alkaline exhaust gases, we adopt the “acid-base neutralization” treatment process, which treats the exhaust gases by adding neutralizing agents to convert hazardous components in acidic and alkaline exhaust gases into neutral substances, achieving purification and harmlessness of exhaust gas emissions. For particulate matter, we adopt the “bag filter” treatment process, which filters the exhaust gases through a bag filter to effectively capture and remove particulate matter.



	
Exhaust Gas Absorption Device in Multek's Electronics Workshop	Absorption Towers Outside of Workshops of Multek Industries and Multek China

### 6.5.3. Waste Emission Management

The waste generated by the Company is divided into two categories: solid waste and hazardous waste. Non-hazardous waste mainly includes household garbage, waste plastics, waste paper, waste textiles, etc., while hazardous waste mainly includes sludge, waste printed circuit boards and scraps, dry film residue, and contaminated waste (filter cores, empty barrels, ink cans, etc.). The Company strictly complies with relevant laws and regulations such as the *Law on the Prevention and Control of Environmental Pollution by Solid Wastes* and the *Measures for the Administration of the Transfer of Hazardous Waste*. In accordance with guidelines such as the *Waste Management Benchmark* and the *Hazardous Waste Management Plan*, we have established strict waste treatment processes and safety operating procedures and regularly organize EHS personnel to assess the operation of waste to ensure its harmlessness, minimizing the impact of waste on the environment and human health.

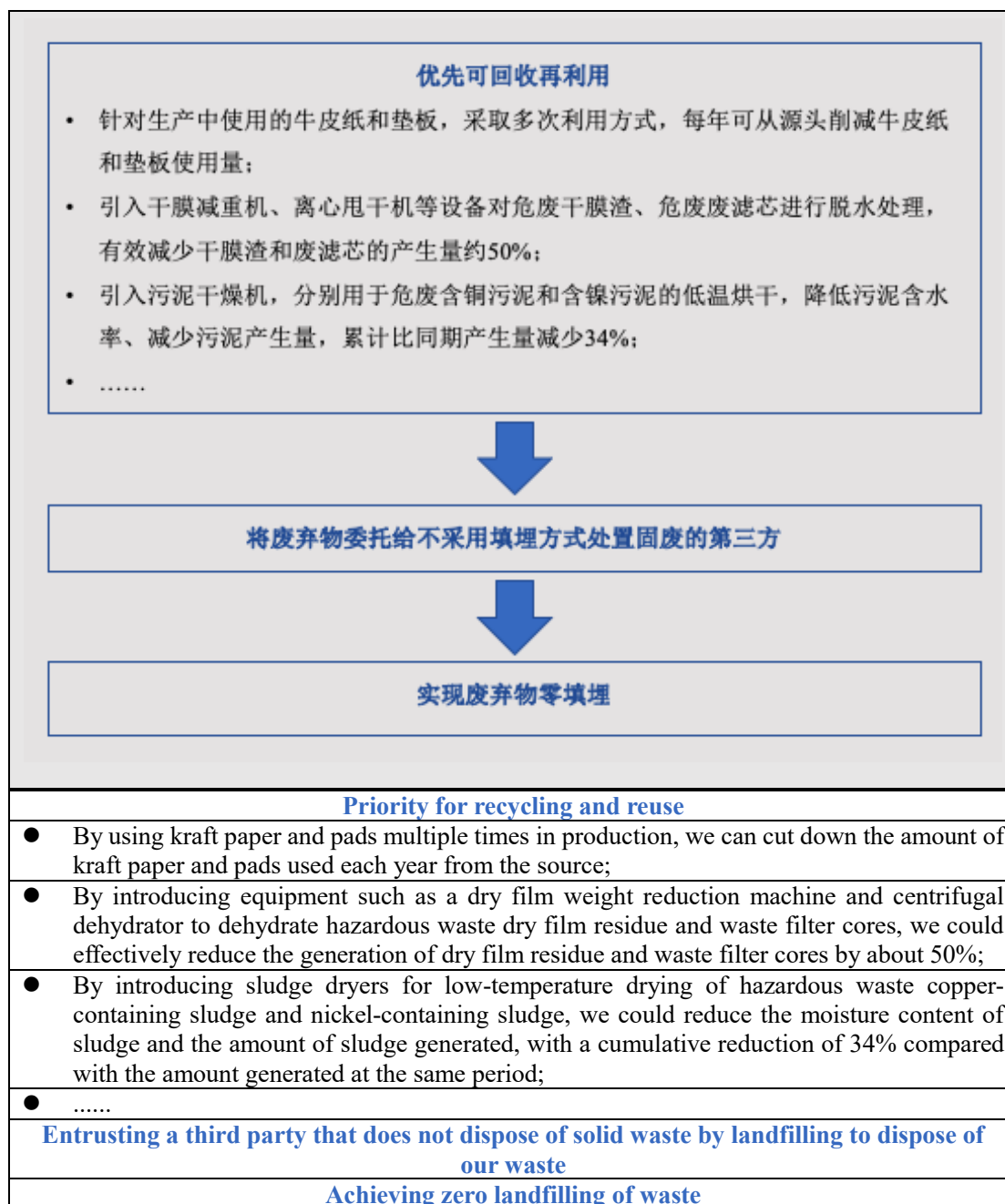
<b>Hazardous waste</b>	The Company has established hazardous waste warehouses equipped with waterproof and leak-proof measures, where hazardous wastes are strictly classified, stored temporarily, and managed by designated personnel according to the <i>Standard for Pollution Control on Hazardous Waste Storage</i> (GB18597-2023). We also submit warehousing applications to the governments' electronic systems of hazardous waste management and regularly entrust agencies with professional treatment qualifications to remove and dispose of hazardous wastes.
<b>Non-hazardous waste</b>	Non-hazardous wastes in the plants are prioritized for recycling. They are transferred to designated storage points within the specified time. General production solid waste is collected and processed by qualified agencies

	for comprehensive utilization while household solid waste and garbage are collected uniformly and then removed by the sanitation department on a regular basis under entrustment. Waste oils are stored in dedicated containers and regularly recycled by qualified agencies under entrustment.
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Adhering to the principle of “reduction, reutilization, and harmlessness of solid waste”, the Company promotes the process of solid waste reduction and minimizes the generation of waste through the optimization of production processes and resource recycling.

**Case: MFLEX Suzhou Plant Obtained the Platinum-level Certification of the UL2799 Zero Waste to Landfill Program**

In order to achieve zero waste to landfill, MFLEX Suzhou continuously improves waste management. It identifies the types of waste generated in each production process to explore the possibilities of reuse and reduction and the paths that can be used to dispose of waste in a better way, standardizes on-site waste collection, classification, transportation, and weighing, and entrusts third parties that do not landfill solid waste for waste treatment, so as to improve the waste conversion rate.



## 6.6. Biodiversity Conservation

In strict accordance with national and local laws and regulations on biodiversity conservation, the Company carries out a series of practical initiatives that emphasizing the concept of biodiversity conservation throughout all phases of projects, including planning, design, construction, and operation to protect the ecological stability and biodiversity of the operation site. During the project planning and design phase, the Company conducts comprehensive investigations and assessments



of the surrounding ecological environment under environmental protection requirements, fully understanding the characteristics and distribution of local biodiversity to avoid selecting sites that may have adverse effects on the environment, with an environmental impact assessment report awarded for the project in accordance with regulations. During the project construction phase, the Company minimizes the impacts on local vegetation, soil, and water by establishing construction protection measures and restricting construction areas. During the project operation phase, the Company conducts continuous environmental monitoring and regularly collects and analyzes environmental indicators such as air quality, water quality, and soil quality to identify and solve potential problems in a timely manner and actively engages in ecological restoration and protection.

## 7. Working Together for a Better Future Based on People-Oriented Philosophy

### United Nations Sustainable Development Goals (SDGs)



### 7.1. Talent Development

#### 7.1.1. Diversified and Inclusive Workplace

Upholding a “people-oriented” philosophy, the Company strives to create a diversified, inclusive, healthy, and vibrant workplace environment to attract more talented people to grow with the Company and release their enthusiasm and ability, jointly creating a good workplace ecology.

##### 7.1.1.1. Talent Attraction

The Company attaches great importance to talent recruitment, actively recruiting more outstanding talents on the basis of compliance and fair employment to provide solid talent support for long-term development.

- **Adherence to compliant employment**

In accordance with international human rights norms such as the *International Bill of Human Rights*, the *International Labor Conventions*, the *International Labor Organization Declaration on Fundamental Principles and Rights at Work*, and the *UN Guiding Principles on Business and Human Rights*, as well as local laws and regulations where the Company operates, the Company has established a complete recruitment process and system to regulate the entire talent introduction process. In the recruitment and hiring process, we insist on respecting the basic rights and interests of each applicant and implementing the principles of open recruitment, equal competition, and selection of the best candidates based on moral integrity and professional competence. All applicants

who meet the requirements for the corresponding positions are eligible for interviews, without discrimination on gender, education, age, race, family status, religion, or cultural background. The Company prohibits child labor and forced labor, ensuring compliance and fairness in talent recruitment. We strictly inspect the recruitment and hiring processes and encourage employees and applicants to report any violations of company policies or regulations through public channels. All reported violations will be seriously investigated and dealt with, and corrective measures will be taken if necessary. During the reporting period, the Company experienced no major labor disputes or incidents of child labor or forced labor, achieving a 100% employment contract signing rate.

- **Inclusion of diversified talent**

The Company remains dedicated to enhancing its talent development and management strategy. We conduct regular assessments of organizational needs and talent capabilities in alignment with the Company's strategic planning and business development direction, in order to plan a forward-looking talent layout and anticipate the recruitment demands proactively. Furthermore, we actively diversify our talent recruitment channels to ensure accurate matching of recruitment resources. Through these initiatives, we have built a high-quality talent pool for the Company's development in an all-round and multi-dimensional way.

<b>Forward-looking layout</b>	The Company builds the talent pool based on needs and requirements. We predict recruitment needs in advance and formulate recruitment plans in line with the Company's strategic planning and business development trends to reserve relevant talents to support the Company's future stable operation.
<b>Professional assessment</b>	The Company reviews job competency models to enhance talent profiles and adopts professional talent assessment tools for comprehensive evaluations and screenings of talents, so as to attract high-quality talent widely under the principle of fairness and impartiality.
<b>Diversified channel</b>	The Company actively diversifies recruitment channels, such as online recruitment, offline recruitment, campus recruitment, headhunting, internal referrals, internal job competitions, internal job transfers, etc., and collaborates with universities to cultivate professional master students to establish a core team with high academic qualifications and technical expertise. In addition, the Company also cooperates with multiple universities to jointly cultivate key talents for production positions, achieving a win-win situation for all parties.

**Case: Deep Collaboration Between Universities and Enterprises to Cultivate Professional Talents**

In order to improve the quality of talent development, Multek, Multek China, and Multek Zhuhai have conducted deep collaborations with relevant colleges and universities. The Company dispatches senior management and technical personnel as part-time teachers to tutor students and recommends relevant personnel to join the professional construction guidance committee of the colleges and universities for collaboratively promoting the development of talent training programs and curriculum planning that meet the Company's talent needs, thereby innovatively cultivating professional talents required in the electronics and information industry.

With the active promotion of internship programs, DSG collaborates with Nanyang Technological University (NTU), National University of Singapore (NUS), Nanyang Polytechnic (NYP), and Ngee Ann Polytechnic (NP) to jointly cultivate and nurture talents in the fields of IT big data, artificial intelligence and information security, human resource management, and marketing analysis, preparing for its future growth.

During the reporting period, the Company's employment situation can be described in the following:

Number of the parent company's employees in service at the end of the reporting period (person)	1,848
Number of major subsidiaries' employees in service at the end of the reporting period (person)	20,710
Total number of employees in service at the end of the reporting period (person)	22,558
Total number of employees receiving compensation in the current period (person)	22,558
<b>Professional composition</b>	
Professional composition category	Number of professionals in each category (person)
Production personnel	16,413
Sales personnel	412
Technical personnel	4,148
Finance personnel	140
Administrative personnel	495
Management personnel	950
Total	22,558
<b>Education level</b>	
Education level category	Number (people)
Doctor	3
Master	155
Bachelor	2,923
Junior college	4,375
Below junior college	15,102
Total	22,558

#### **7.1.1.2. Diversity and Inclusion**

The Company is committed to building a diverse, equal, and inclusive (DEI) workplace. We integrate DEI concepts into team building, company operations, and cultural construction, advocating respect, tolerance, and open communication. In the process of recruitment, career development, and others, we practice the principles of diversity and inclusion to improve employees' collaboration efficiency and innovation capacities, aiming to build a diversified and inclusive work environment.

Attaching importance to attracting and integrating talents with diversified backgrounds, we aim to build a diverse and energetic workforce through fair recruitment, assessment, and promotion management. We regularly organize diversified activities covering all employees to enhance multi-level employees’ understanding and awareness of diversity and inclusion. We encourage employees to actively express their opinions and accept diversified ideas and opinions to jointly create an inclusive work atmosphere, thereby enhancing multicultural integration and achieving more efficient team collaboration. The Company encourages employees to provide feedback on violations of diversity and inclusion principles through various channels and collects reasonable suggestions for continuous optimization and improvement of the Company’s related policies and measures.

**Key Performance**

Female employees account for 41.20%

Disabled employees account for 0.30%



**Case: Enhancing the Cohesion of Employees of All Ethnic Groups**

In December 2023, Yancheng Dongshan Precision Industrial Park was awarded as the third batch of “Red Pomegranate Home” in Yancheng City. The industrial park has always been open to attracting diversified talents, enhancing the two-way employment and entrepreneurship between the east and west regions. The Party and Public Service Center of the industrial park has established a welcoming “Red Pomegranate Home”, equipped with abundant facilities such as multimedia conference rooms, libraries, painting and calligraphy rooms, and dance studios. This

place is not only a haven for employees of all ethnic groups to engage in various activities such as exercise, entertainment, socializing, learning, and relaxation but also a good site for them to communicate with each other for better understanding, thereby enhancing their sense of cohesion and unity within the workplace.



#### Case: Unleashing the “She-Power”

The Company firmly believes that creating a gender-equal environment that encourages women to actively contribute positive value is not only crucial for the career development of female employees but also essential to the Company’s sustainable innovation and development. The Company provides every employee with equal workplace opportunities and effective supportive initiatives to ensure fair compensation and benefits and the elimination of gender and occupational economic inequalities. We offer female employees fair training and promotion opportunities, encouraging female employees to bravely pursue their career goals and break the career ceiling to better realize their values.

**Building a growth platform.** The Company creates a platform for female employees to support and learn from each other, enhancing connections among female employees through regular communication and experience sharing to provide them with a good environment for mutual learning and growth. Multek has established a women’s innovation studio to lead female workers in learning advanced product and process technologies, thereby contributing to the Company’s innovation and development.

**Enhancing professional influence.** The Company offers female employees with fair

training and promotion opportunities and encourages the recognition and appreciation of outstanding women. We set up female role models and enhance their professional influence inside and outside the Company to inspire all female employees to pursue excellence and grasp more participation and development opportunities in various functional and managerial fields within the Company. MFLEX regularly organizes activities to commend outstanding female workers such as the “women’s pace-setter”, and actively nominates outstanding female workers to participate in the external honors selection.

**Providing caring benefits.** The Company provides employees in pregnancy, childbirth, and lactation periods with maternity leave, breastfeeding leave, childcare leave, and other legal protections and humanized special working hour policies, as well as “Mother’s Station” and “Lactation Rooms”. The Company also provides paternity leave to male employees in accordance with laws and regulations, so as to balance family and professional responsibilities. In 2023, DSG introduced the “family and study leave” to support employees’ learning and personal development.

Through care and support, an increasing number of female employees are promoted to professional and management positions within the Company, unleashing their full potential in their careers.

#### **Case: Independent Life of Special Employees**

The CCL is a super clean workshop under JDI Electronics, which is mainly composed of employees with intellectual disabilities. There are currently 26 employees in the CCL, including 20 employees with intellectual disabilities, who are supported by 5 instructors allocated in a ratio of 1:4. As supported by the CCL integrated employment project, these special employees have grown into skilled workers with a production capacity of 20,000 sets per month, providing strong logistical support for the Company. They are also Paralympic Games athletes, skilled in handicrafts, singing, and dancing. They have participated in various cultural and sports activities and won multiple honors for the municipal and district disabled persons’ federations and the Company.



The Company provides CCL special employees with the same wages and benefits as ordinary employees, sparing no efforts to create a safe, happy, and inclusive work environment for them. The Company helps them fully realize their self-worth and own an independent life just like ordinary people.

**Creating a supportive and inclusive workplace environment.** Given the special characteristics of employees with intellectual disabilities, the Company has set up emergency shower rooms, a staff lounge, special dining area dedicated to them and ensures that all purchased machinery and equipment are specially designed and added with safety measures. New special employees are accompanied by instructors when taking the shuttle bus to help them safely navigate the vulnerable commute to and from work. The High-tech Zone Disabled Persons' Federation provided the CCL with professional rehabilitation training equipment to facilitate these employees to strengthen the rehabilitation training during break time.

**Cultivating a caring culture.** Starting from the details, the CCL strengthens communication with families of employees with intellectual disabilities. It organizes outdoor activities and year-end parties for employees, creates employee growth records for them, and regularly conducts summaries and discussions on special education. It also evaluates the outstanding employees on a daily/monthly/quarterly basis according to the *Ability Performance Evaluation* to motivate employees to continuously improve their work abilities.

**Supporting comprehensive growth.** The Company provides comprehensive guidance and education on work, life skills, and social skills for employees with intellectual disabilities through a safe environment, self-discipline in life, and a health committee. We offer them skill training such as computer skills and Japanese training to enhance their overall abilities.

**Delivering community care.** The CCL provides full support to employees with intellectual disabilities. It collaborates with local street offices and district disabled persons' federations to establish a support platform to help their children's enrollment in kindergartens and resolve their living difficulties and organizes special employees to participate in social welfare activities such as donations to disaster areas, charity sales, and visits to elderly care homes.

### **Outstanding employees**

Chen, who has grown into the pillar of her family: Chen (pseudonym) joined the CCL in October 2006. She was a highly dependent and willful girl, liking to show off herself with poor self-care abilities and childish behavior in daily life. After careful observation and multiple discussions, the department instructors focused the education on improving her self-care abilities, fostering her love for work, and getting rid of her dependence. Through phased and hands-in-hand teaching as well as daily performance opportunities and timely praise, her potential was effectively stimulated. The instructors also communicated extensively with her parents to encourage her to do more work at home and engage in physical activities. Through years of planned and targeted training, Chen has grown into a diligent, responsible, and polite employee at work. She has also taken the initiative to help her parents with household chores at home. Currently, she has become one of the main economic and life pillars of her family.

Da Xia and Xiao Xia, a couple independently purchasing a home: Da Xia (pseudonym) and Xiao Xia (pseudonym) were the first batch of employees who came to the CCL in 2006. Under the careful guidance of the mentors, they have grown into proficient professionals within the department in a few years. They became a couple and spent their savings and housing provident fund loans to purchase a home. In their daily lives, they also began to focus on improving their life quality, using holidays to travel, and gradually realizing their life dreams and achieving self-reliance and self-improvement.



#### **Case: Contributing Diversity and Inclusion of Overseas Employees**

As the Company expands its business globally and accelerates its internationalization process, employees from diverse backgrounds and cultures are joining the big family. The Company's overseas teams regularly organize diversified activities, including Spring Festival

parties, lunchtime lectures, team building activities, major holiday events, and annual parties, to encourage communication and cooperation among teams and contribute mutual understanding, integration, and complement of different cultures, so as to enhance team cohesion and trust. Cooperating and working together in a diversified and inclusive working atmosphere can encourage overseas teams to stimulate innovative thinking, leapfrog challenges, and better realize their self-worth in a friendly working environment.



## 7.1.2. Labor and Human Rights Management

### 7.1.2.1. Respecting for Human Rights

The Company strictly complies with international human rights standards such as the *International Bill of Human Rights*, the *International Labour Conventions*, the *International Labor Organization Declaration on Fundamental Principles and Rights at Work*, and the *United Nations Guiding Principles on Business and Human Rights (UNGPs)*, as well as local laws and regulations where the Company operates. The Company takes actions consistent with the *Responsible Business Alliance (RBA) Code of Conduct* in its operations, continuously improving human resources management policies on the implementation guidelines and management norms of various human rights issues. We always respect and safeguard the legitimate rights and interests of all employees and business action stakeholders, eliminating any form of infringement and violation of human rights, so as to ensure that every employee enjoys a fair, democratic, and healthy working environment.

#### Human Rights Policies for Various Business Segments

- MFLEX: *RBA (Responsible Business Alliance) Manual*

- Multek: *Business Ethics Code*
- JDI Electronics: *Business Ethical Norm*
- Mutto Optronics: *Mutto-007 RBA Management Manual*

- Human rights due diligence management

To effectively implement human rights policies and guidelines, the Company refers to requirements such as the *Responsible Business Alliance (RBA) Code of Conduct* to identify, assess, and manage human rights risks in operations, value chains, and investments and mergers and acquisitions. Risk assessments are conducted through reviews and audits, including regular RBA-based self-assessments on human rights issues at key plants, customer social responsibility checks, or RBA audit certifications, to review the completion and achievement of indicators such as the prevention of forced labor, prohibition of child labor, health and safety, and the protection of freedom of association and collective bargaining rights. Audit results will be used to identify and address potential human rights risks and issues, and continuously improve the human rights management system to create a safe and happy workplace.

The Company regularly conducts training related to labor and human rights policies, including training and education activities covering labor and human rights, and labor and human rights management enhancement training, in order to raise employees' awareness and understanding of human rights issues. In 2023, Multek conducted the RBA&COC training based on the RBA Code of Conduct.

### Human Rights Due Diligence Process

<b>Human rights risk identification and assessment</b>	<b>Prevention of human rights risks</b>	<b>Mitigation and improvement</b>	<b>Supervision and implementation</b>
Identify and assess human rights risks in the value chain according to international human rights standards, certifications, and	Develop human rights policies, codes of conduct, supplier codes of conduct, etc., and strengthen relevant training and implementation.	Regularly review and develop improvement action plans within a specified timeframe based on the assessment results, and take mitigation and improvement	Establish feedback mechanisms to follow up on the effectiveness of measures and continuously optimize the improvement;

other requirements.		measures for key issues.	establish smooth channels for complaints and appeals to detect and resolve human rights issues more effectively.
<p><b>Key Performance</b></p> <p>By the end of 2023, Multek and Mutto Optronics have passed the Responsible Business Alliance Validated Assessment Program (RBA VAP) audits with full scores in two or more audit projects. During the reporting period, the Company had 0 complaints related to employee discrimination or harassment.</p> <p>During the reporting period, the Company experienced 0 significant labor and human rights risk events.</p>			

● **Prevention of human rights risks**

Issues concerned	Management approach	Mitigation measures
Prohibition of child labor and protection of minor workers	Global plants comply with local regulations in their hiring processes and strictly prohibit child labor.	Thoroughly verify the authenticity of applicants' identities; Establish a reporting mechanism; Comply with RBA requirements for proper handling.
Forced and compulsory labor	The Company establishes relevant systems such as <i>Forced Labor Management and Control Procedures</i> to strictly prohibit forced and compulsory labor.	Employees are free to conclude and terminate labor contracts at their discretion; Recruit adequate staff according to business development, and establish a mechanism for managing and tracking working hours. Inform employees in advance of overtime work and obtain their consent and regularly analyze and audit working hours to strengthen early warning mechanisms.
Anti-discrimination and anti-	The Company establishes internal regulations such as the <i>Anti-discrimination and Anti-harassment Policy</i> to ensure	Do not include discriminatory clauses in recruitment advertisements. Do not illegally reject to hire employees

Issues concerned	Management approach	Mitigation measures
harassment	employees are protected from illegal discrimination.	based on factors such as gender, age, race, and other diverse backgrounds.  Provide reasonable special protections for vulnerable labor groups.
Freedom of association	The Company establishes internal regulations such as the <i>Freedom of Association Protection Procedure and the Peaceful Assembly Management Measures</i> to create a work environment conducive to free expression.	All employees have the right to freely join or form trade unions and participate in collective bargaining;  No interference, discrimination, or punishment against any employee, organization, or union exercising the right to freedom of association
Health and safety	The Company establishes an occupational health and safety management system and develops corresponding safety operating procedures and methods to create a safe and healthy workplace.	Regularly inspect and address safety hazards;  Promote safety culture and regularly conduct safety and health training and occupational health checks
Wages and benefits	The Company establishes internal systems such as the <i>Salary Management Measures</i> , legally stipulating salary and benefits and providing employees with reasonable remuneration.	Regularly conduct compliance reviews of wage payments.

#### 7.1.2.2. Employee Communication and Appeals

The Company respects employees' opinions and ideas and is committed to establishing an open and healthy communication mechanism to ensure that the voices of employees are heard and valued, so as to promote continuous optimization of management and facilitate the overall development of the Company.

- **Democratic management**

The Company respects employees' rights of participation, expression, and supervision. We formulate various rules and regulations such as the election of labor union representatives and

regularly convene democratic management meetings such as staff congresses and communication meetings of labor union members. Major matters involving the immediate interests of the employees are all discussed with the trade union to seek the opinions and suggestions of employee representatives and undergo review. For key issues closely related to employees, such as wages, working hours, labor conditions, welfare benefits, training and development, and the working environment, the Company negotiates with employees through collective bargaining to effectively protect the rights and interests of employees.

**Key Performance**

Union/collective bargaining agreements covering 100% of employees

- To encourage more employees to express their opinions, the Company has established a diversity communication channel to ensure that all employees can provide feedback and suggestions conveniently and promptly.

<p><b>Employee communication meetings:</b> By building a bridge for communication between superiors and subordinates, the Company provides employees with opportunities for direct dialogue between employees and the management to efficiently drive the Company’s optimization and improvement.</p>  <p>Multek Lunchtime Communication Meeting</p>	<p><b>Online platform &amp; employee hotline:</b> The Company communicates with employees through OA system functions, an online feedback platform, communication hotline, etc., to ensure that employees can freely express their opinions and ideas.</p>
<p><b>Employee service station:</b> MFLEX sets up an employee service station and allocates dedicated personnel to handle employee inquiries and feedback.</p>	<p><b>General Manager’s mailbox/Employee suggestion box:</b> The Company sets up mailboxes and suggestion boxes, with designated personnel regularly opening them to conduct special investigations and handle and</p>

	provide feedback on employee complaints.
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- **Appeal and protection mechanism**

The Company has established internal rules and regulations such as the *Employee Appeal Management Procedure*, clarifying the entire process of handling employee appeals and reports and responding promptly to issues raised by employees. Employee appeals will be handled and investigated by a dedicated team composed of the Human Resources Department, trade union representatives, etc. The Company encourages employees to file appeals in a timely manner when facing any unfair treatment or to report violations of human rights, and responds solutions to the appellant in writing within a specified time frame. Every reasonable complaint or report is received and independently investigated in a timely manner, ensuring confidentiality. The Company takes proactive measures to protect the legitimate rights and interests of whistleblowers and ensures they face no negative repercussions or retaliation for reporting concerns.

- **Employee satisfaction survey**

In order to fully understand employees' work experiences and feelings, the Company regularly surveys employees' job satisfaction, work experiences and organizational identification, and formulates improvement plans for dimensions with low satisfaction, which serve as important references for the optimization of organizational management. In 2023, the majority of employees showed favorable attitudes toward organizational culture, development prospects, personal management, and team management. Based on the survey and analysis results, the Company has formulated specific improvement measures for aspects with low satisfaction such as new employee management, salary and benefits, cultural activities, and logistics management. For example, DSG organized the most popular activities voted by employees and introduced new welfare initiatives such as the corporate membership plan for scenic spot tickets. These efforts aim to foster positive experiences for employees and their families, thus enhancing overall employee satisfaction.

### **7.1.2.3. Occupational Health and Safety**

Focusing on the health and safety of employees, the Company continuously optimizes occupational health and safety management systems and measures and is committed to establishing a healthy, safe, and comfortable working environment for employees.



In strict accordance with laws and regulations such as the *Safety Production Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Fire Protection Law of the People's Republic of China* and the *Regulations on Supervision and Management of Occupational Health in the Workplace*, as well as the requirements of the ISO 45001 management system, the Company has established an environment, health and safety (EHS) management system and formulated multiple management policies and norms such as the *Occupational Health Management System and the Safety Production Management Procedures*, which cover all employees, contractors, and specific suppliers. The Company sets health and safety objectives such as “zero major safety accidents,” “zero major fire accidents,” and “zero occupational disease accidents,” and incorporates these objectives into the performance evaluation of relevant responsible personnel to promote the comprehensive implementation of health and safety management systems.

### ***Key Performance***

Investment in health and safety amounting to RMB 247,293,700

70,979 health and safety training hours in total

100% coverage rate of occupational health examinations

0% incidence rate of occupational diseases

0 deaths from work-related injuries

All major production and operation entities of the Company have passed the ISO 45001 occupational health and safety management system certification

JDI Electronics was awarded the title of the Occupational Disease Prevention and Control Demonstration Enterprise in Suzhou City.

### ● **Risk prevention and control**

To comprehensively enhance the level of occupational health and safety risk prevention and control, the Company has implemented a dual prevention mechanism comprising risk assessment and hidden danger investigation and control. Through a series of initiatives, we identify, assess, and

mitigate potential risks to effectively reduce the probability and impact of safety incidents. We encourage key operating entities to establish norms for identifying, evaluating, and controlling risks associated with hazardous sources aligning with the requirements of ISO 45001, and conduct regular hazard identification and risk assessment activities, resulting in the compilation of a safety risk classification and control list based on assessment findings for comprehensive risk control. We conduct EHS inspections at all levels in accordance with internal regulations and systems such as the *EHS Inspection and Hidden Danger Investigation and Control System*, assessing and filing hidden dangers to actively rectify hidden dangers. Furthermore, various plants are encouraged to develop emergency plans and outline emergency management procedures and measures with regular emergency drills conducted to enhance employees' response abilities to major safety emergencies.

- **Healthy and safe workplace**

Insisting on prioritizing employees' health, the Company regularly assesses occupational disease hazard risks to formulate and implement occupational disease hazard control measures based on risk levels, and provides safety protection facilities and supplies to ensure the safety and health of employees' working environment. We provide regular health examinations and establish health records for employees, actively conducting safety and health training to enhance employees' awareness of personal health protection. We also require employees to effectively take safety precautions in their daily work, further strengthening the implementation of safety and health responsibilities.





Multek Limited Space Emergency Drill

**Case: Conducting the “Safety Month” Campaigns to Forge “Safety Spirit”**

During the 22nd National Safe Production Month in June 2023, the EHS Supervision Department orchestrated certain thematic activities such as the “Safety Month” launch ceremony, mechanical safety training, and emergency skills competition. The aim was to inspire each operational location to engage in diverse forms of “Safe Production Month” campaigns with rich content. The overarching goal was to heighten safety awareness among all employees, ensuring that “everyone prioritizes safety and is capable of responding to emergencies”.



Group Launch Ceremony
Mechanical Safety Management Training
Safety Knowledge Quiz
Group Emergency Skills Competition

**7.1.3. Inspiring Talent Vitality**

Talent cultivation is crucial to the sustainable development of the business. With scientific and reasonable talent development strategies and an improved hierarchical training management system, the Company provides a broad development platform and competitive salary incentives to stimulate

employees' innovation and creativity.

Guided by the goal of “high-quality development” with focused on the “three key points, two teams, and one learning platform”, the Company promotes comprehensive training of talents to jointly drive the Company's development goals and visions.

### 7.1.3.1. Employee Training

To enhance employees' capabilities comprehensively, the Company establishes a systematic talent training system for all employees under the overall framework of “Policy/Process-Platform-Program” to fully integrate internal and external training resources. We set up a rich and systematic training curriculum according to the different training needs of employees at all levels, providing diverse and scientific training content to create a cultural atmosphere of “all employees are learning constantly”. The training system covering new employees, key employees, and manager personnel at all levels helps employees achieve continuous growth throughout their careers and continuously improve their professional competitiveness.



Program	
Cadre management	Middle and senior cadres
	Grassroots cadres
	High potential/reserve cadres
Professional talent management	Engineer training camp
	HR training camp
	Quality training camp
Platform	
Creation of a learning atmosphere	Online learning platform
	Book corner/reading club

	Internal trainers research on teaching approach
Policy/Process	
Establishment of a training system	

### Platform-Dongshan Precision Learning Platform

#### DSBJ Cloud Classroom

The Company has built an exclusive online learning platform based on the cloud classroom learning platform, which provides employees with rich course resources and efficient, convenient, and flexible learning services to create an active learning community, thereby enhancing learners' sense of participation and enthusiasm. The learning platform, which covers a wide range of contents including financial management, supply chain management, research and IT management, workplace effectiveness, professional skills, etc., has become an important platform for employees' daily work learning and self-learning.

#### *Key Performance*

By the end of 2023, there have been 29,799 trainees learning courses on the cloud classroom platform, with a total learning duration of 15,557.48 hours.

#### Internal Trainers Research on Teaching Approach

To meet the needs of organizational development and talent cultivation, the Company has established an internal trainer mechanism, which incorporates professional talents from various departments into the internal trainer team and conducts training for internal trainers' teaching ability such as lesson research workshops, to build a team of internal trainers with comprehensive qualities and strong professional abilities, thereby achieving mutual promotion and win-win results for the Company's development and individual growth. In 2023, the Company collaborated with external professional institutions to launch the internal trainer training program - DSBJ Master Plan, which effectively enhances the training capabilities and levels of internal trainers through diversified forms of training, such as micro-learning, online live broadcasting and classroom-based intensive training, so as to lay a solid foundation for the Company's talent cultivation.

- **New employee training**

The Company provides targeted training for newly hired employees, helping them initially understand the Company’s development and various policies and systems through the combination of theory and practice, to quickly integrate into the Company’s environment and master job skills. The Company also assigns instructors to guide and follow up on employees’ learning and progress at work, supporting them to continuously grow and improve.

**Case: Voyage Program - Transitioning from Campus to Career**

The Voyage Program is a trust integration and empowerment training program designed for college graduates. Based on the characteristics and needs of the student population, the program designs efficient classroom training and self-learning plans under the “70-20-10” rule according to the cultivation mode of “intensive training+ instructor teaching”, helping college graduates quickly integrate into the Company to learn essential workplace skills and map out their future growth blueprint.

● **Leadership training**

In response to the Company’s development strategy and employees’ career development needs, we have developed a comprehensive hierarchical leadership training plan that encompasses leadership theory, team management, decision-making, communication skills, conflict resolution, and other aspects. By providing opportunities for employees at different levels to develop leadership skills and support their continuous learning and growth, our training initiatives are designed to assist managers at all levels, as well as the next generation of leaders, in understanding organizational strategy, enhancing their management capabilities, and broadening their horizons. Through these efforts, we seek to cultivate leading talents capable of driving the high-quality development of the Company.

<p><b>Middle and senior managers:</b> Focusing on the knowledge and skills of middle and senior strategic management and leadership, the Company conducts training on strategic thinking, business development planning, crisis management, team building, decision-</p>	<p><b>【Highlights】 Six Rules for Cadres - Series of Courses for Cultivating Subordinates</b></p> <p>The cultivation and echelon building of talents need to rely on cultivating and developing cadres in practice to inspire potential and improve performance. In 2023, under the theme of “Cultivating Subordinates”, the Company launched the “Six Rules for Cadres - Series of Courses for Cultivating Subordinates”, which enhances the leadership of middle and senior managers through three modules, namely, “Knowing people well and teaching them according to their abilities”,</p>
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<p>making, and other aspects.</p>	<p>“Coaching subordinate to teach skills”, and “Fostering team spirit to resolve conflicts”. Based on the planning, the Company will continuously launch courses relative to the themes of “Deployment” and “Efficiency” in 2024.</p> <p><b>[Highlights] “Transformational Leadership” Training of DSG</b></p> <p>In 2023, DSG organized the “Transformational Leadership” training for key position personnel, which covered topics such as leadership and management, effective communication and workplace relationships, how to build relationships with different members, how to motivate performance, career development, coaching and mentoring, with a focus on improving leadership succession planning and guidance and coaching capabilities.</p>
<p><b>Grassroots cadres:</b> The Company designs targeted training content tailored to the actual work of grassroots leaders, covering contents of team management, crisis handling, goal setting and execution, employee motivation, etc., to help them better cope with various challenges in their daily work.</p>	<p><b>[Highlights] Operation Leader Training Camp of Multek</b></p> <p>The project aims to build a team of employees who can manage and understand operations. Multek helps operation leaders transform inherent thinking and focus more on team development, system construction, and management work, in order to comprehensively improve the completion rate of operational indicators such as quality, efficiency, and material consumption rate.</p>
<p><b>High-potential/reserve cadres:</b> Young employees are the future hope of Dongshan Precision. The Company cultivates young talents with leadership potential and innovative ability through professional leadership development courses.</p>	<p><b>[Highlights] Leadership Training Camp for Post-90s Generation</b></p> <p>To build a high-potential and high-performance young team and improve the echelon building of talents, the Company launched the “Post-90s Generation Leadership” training camp, offering eight courses in four modules, namely, “Self-Drive,” “Business Domain,” “Interpersonal Domain,” and “Team Domain,” to comprehensively enhance the leadership skills of post-90s employees.</p>

● **Professional position training**

The professional position training aims to enhance employees’ knowledge and skills in their professional fields, improving work efficiency and quality. The training covers various business areas such as research and development, production, quality, EHS, sales, and human resources to ensure that employees master the latest professional knowledge and technologies to adapt to market changes and meet the development needs of the Company.

<b>Engineer Experience Extraction Training Camp</b>	<b>Hundred-Day Talent Discovery Program of HR Team</b>
<p>In order to continuously improve the competitive ability of engineers, the Company has launched the second phase of the engineer capability enhancement project - the Experience Extraction Training Camp, aiming to provide advanced training for the participants of the first phase of the project. The project has developed a total of 76 experience extraction courses and established a team of technical expert internal trainers, laying a solid foundation for the Company’s technology accumulation and talent development.</p>	<p>To fulfill the standards and requirements of “cultivating subordinates” in the Company’s six rules for cadres, we launched the HR ability enhancement training camp - the hundred-day talent discovery program in 2023. The participants of the project are HR supervisors/managers from various business segments, who are required to choose a subordinate as a mentee to fully tap into the potential of the mentee to enhance the mentee’s work skills and efficiency.</p>

● **External joint training**

The Company actively provides external educational resources for employees, introducing high-quality and professional training resources internally while supporting employees to participate in external training and learning, so as to help employees keep up with the forefront fields with continuous improvement. In 2023, the Company collaborated with multiple external organizations to carry out high-quality training programs, ensuring employees of various backgrounds have access to the necessary knowledge and resources.

**Case: Mutto Optronics Enhances Joint Training to Empower Smart Manufacturing Innovation**

In 2023, Mutto Optronics actively conducted external joint training activities, including



courses such as the Exploring the Smart Benchmark - Bosch Smart Factory Lighthouse Road and a series of industrial robot technology training courses in the park, to help employees understand the cutting-edge technology of smart manufacturing and apply to their actual work, so as to provide strong support for technological innovation.

#### **Case: DSG Collaborates with External Organizations to Create Multi-Dimensional Training Series**

In 2023, DSG collaborated with multiple external organizations to provide a series of training programs for employees, including but not limited to ISO27001 internal auditor training, project management, English courses, innovation and research development, advanced Excel, and transformational leadership training, offering employees more high-quality training opportunities to enhance their personal and professional development.

- Collaboration with BSI for ISO 27001 internal auditor training;
- Collaboration with NTUC Learning Hub for project management training;
- Collaboration with English Express to provide English courses for expatriate staff in China;
- Collaboration with Eagle Infotech for advanced Excel group training courses;
- Collaboration with Career Development Consulting for transformational leadership training;
- Collaboration with other organizations to offer training in communication skills, time management, and other soft skills.

#### **7.1.3.2. Employee Development**

The Company continuously improves the competency model according to strategic planning and business development trends and provides employees with diverse career development opportunities and a broad stage for achievement of common development objectives between individuals and the Company.

## ● Career promotion

Under the principles of organizational needs prioritization, emphasis on both moral character and performance, orderly promotion, and promotion and demotion of employees based on their performance, the Company has established internal rules and regulations such as the *Personnel Promotion Management Measures* related to career development to continuously improve the career advancement system. We establish clear dual channels composed of management and professional career development based on employees' situation to realize the orderly and smooth flow of talents horizontally and vertically through internal competition, job rotation, etc., so as to provide employees with fair promotion and development opportunities. Through regular talent inventory projects, we continuously improve the ability and quality models of various positions and understand the talent reserve of high-potential employees and key positions, to assist talents in continuously advancing in their careers.

## ● Educational and qualification support

As encouraging employees to continuously deepen and improve their professional fields, the Company provides sufficient support and guarantees for continuing education and career advancement, motivating employees to learn continuously to become the most competitive in their positions. The scope of re-education support covers 100% of formal employees.

<b>Continuing education</b>		<ul style="list-style-type: none"> <li>The Company supports employees to obtain high education degrees to promote their professional development, with front-line supervisors/technicians focusing on upgrading to associate/bachelor degrees, and engineering technicians focusing on pursuing dual degrees to upgrade to bachelor's/master's degrees. Outstanding employees recommended by departments can be offered the opportunities to pursue master's degrees such as Master of Business Administration (MBA), Master of Engineering Management (MEM), etc.</li> </ul>
<b>Career promotion</b>	Certification incentives	<ul style="list-style-type: none"> <li>Incentives for obtaining CPA certification, etc.</li> </ul>
	Incentives for	<ul style="list-style-type: none"> <li>Incentives for enterprise functional level recognition</li> </ul>

	obtaining professional qualifications	by the Human Resources and Social Security Bureau
<p><b>Case: EEAP Employee Educational Subsidy Program</b></p> <p>To support employees' career development and enhance their professional skills and educational level, Multek has established an Employee Education Assistance Program (EEAP) to provide eligible employees with education assistance.</p>		

### 7.1.3.3. Salary Incentives

To attract, motivate, and retain outstanding talents, the Company continuously improves the employee compensation and incentive system to ensure that all employees receive compensation commensurate with their work performance.

- **Diversified incentives**

Based on the "3P+1M" (Position, Person, Performance, and Market) compensation philosophy, the Company formulates a scientifically and reasonable compensation and incentive program in accordance with the *Dongshan Precision Assessment and Incentive Distribution Code* and other related compensation and incentive regulations. The Company has established the Assessment and Incentive Management Committee, which is chaired by the CEO, to review key assessment and incentive systems to ensure that employees receive fair and competitive compensation.

The Company's employee compensation structure consists of fixed salary, performance pay, variable bonuses, and subsidies, with the variable compensation closely linked to performance evaluation results. For senior managers, variable compensation is directly linked to the Company's performance, incentivizing them to shoulder greater responsibilities in the Company's development. Common employees also have a variable component in their compensation structure, tied to factors like company performance, organizational performance, and individual performance, aiming to fully engage employees' enthusiasm for work. Through diverse incentive mechanisms, the Company has formed a comprehensive incentive distribution plan including instant incentives, short-term incentives, and long-term incentives, aligning employee interests with organizational goals to foster a mutually beneficial relationship between employees and the Company.

<b>Instant incentives</b>	<ul style="list-style-type: none"> <li>• Material instant rewards include monthly performance bonuses, individual rewards, team rewards, etc.;</li> <li>• Non-material instant incentives include honorary rewards, recognition, public praise, etc.;</li> <li>• When an organization or individual's behavior does not meet the organizational requirements or is detrimental to the Company's interests, the Company needs to take negative incentives, such as counseling, warnings, public announcements, dismissal, or even termination of employment contracts, to stop such behavior.</li> </ul>
<b>Short-term incentives</b>	<ul style="list-style-type: none"> <li>• The performance-driven salary adjustment strategy is adopted, according to which salaries of employees with outstanding performance are increased regularly each year;</li> <li>• Quarterly and annual bonuses are paid based on performance results;</li> <li>• Employees with poor performance rated as C and D will not be eligible for salary adjustments or any variable bonuses.</li> </ul>
<b>Long-term incentives</b>	<ul style="list-style-type: none"> <li>• Retention bonuses are provided for key core and high-potential employees with outstanding performance;</li> <li>• Programs such as employee stock ownership plans are implemented for core backbone employees.</li> </ul>

### ● Performance evaluation and appeals

In order to ensure the fairness, impartiality, and objectivity of performance evaluation results, the Company regularly organizes performance evaluations based on relevant rules and regulations such as the *Performance Evaluation Management Measures*, to comprehensively evaluate employees' work performance and capabilities through multidimensional assessments and multi-level reviews.

#### **Case: Mutto Optronics Standardized Performance Evaluation Management to Support Employees' Career Growth**

To effectively improve employees' work efficiency and performance, Mutto Optronics has set performance improvement implementation triggers in the performance evaluation mechanism. Employees who fall into the lowest performance category for three consecutive

months are included in the Performance Improvement Plan (PIP), in order to help them enhance their skills and improve their work performance. At the same time, the company has established smooth channels for performance appeals and feedback. If an employee is unclear about or disagrees with the performance evaluation results, the employee can appeal to the HR department in writing. Upon receiving the appeal application, the HR department is required to provide feedback on the acceptance and processing results within 5 working days, ensuring that the rights and interests of employees are fully respected and protected.

#### 7.1.4. Emphasis on Human Care

With great attention to human care for employees, the Company advocates for a balance between life and work and provides comprehensive welfare benefits for all employees. In addition to statutory basic benefits, the Company has provided employees with commercial insurance, paid leave, high-temperature subsidies, health examination, health lectures and consultations, holiday gifts, free meals, etc., to enhance employees’ sense of belonging and happiness. We pay attention to special employee groups such as pregnant women, disabled individuals, and families in difficulties, and actively offer them economic assistance, welfare benefits, and care and warmth to create a warm and loving corporate atmosphere. We hold a diversity of Employee activities to enrich employees’ leisure lives, help them relieve work pressure, and maintain a positive and upward work and life attitude.

#### Case: Employee Assistance Program (EAP) Provides Support for Employees’ Mental Health

Multek division and TP&LCM division have introduced an Employee Assistance Program (EAP) to provide counseling and support services to employees through various communication methods. Regardless of work stress, family issues, or interpersonal relationships, employees can receive timely help and support through the EAP to effectively reduce stress and improve mental health.



EAP Stress Relief Workshop

The EAP can help us identify, prevent, and avoid crisis events in a timely manner, thereby creating a positive work environment. By the end of 2023, the EAP has covered all employees at Multek division.



MFLEX: Summer Activities for Kids



Multek: Family Day



LED Division: International Women's Day



JDI Electronics: Fun Sports



Mutto Optronics: Mid-Autumn Festival Garden Party



DSG: Team Building through Cooking



Precision Manufacturing Division: Flower Arrangement Class

## 7.2. Community Construction

The Company's sustainable development cannot be separated from the stability and prosperity of the society. The Company actively practices corporate social responsibility, participating in various charity and volunteer activities to contribute to society with practical actions.

In recent years, the Company has been continuously providing warmth to students in need. By the end of 2023, through ongoing initiatives, such as continuous support activities for underprivileged primary and secondary school students in Suzhou and Yancheng city, collaboration with "Xinghua Education Assistance Foundation" to help underprivileged high school students in Qingyang city, Gansu province, and creation of "Dongshan Precision Dream Assistance Fund" for underprivileged college students, the Company has fostered a working idea of "encouraging all subsidiaries to engage in public welfare activities with focuses on Yancheng and Suzhou" and built a sound public welfare assistance system for "teenagers in Jiangsu, Guangdong, and even nationwide", helping more underprivileged students with dreams pursue their educational aspirations. During the reporting period, "Dongshan Precision Education Fund" donated RMB 2 million to the Jiangsu Hope Project Office and Jiangsu Youth Development Foundation, which was used to subsidize 400 outstanding underprivileged college freshmen, offering them a brighter outlook on their academic journey.

**Key Performance**

In 2023, the Company’s public welfare investment amounted to RMB 3.43 million.

Volunteers from Multek and Touch Division served a total of 2,915 hours throughout the year.

**Case: Illuminating the Future of 216 Underprivileged Students Through Love**

With heartfelt love igniting the light of hope, we sincerely subsidize students to ensure a bright future. The Company collaborates with the Cares for the Next Generation Working Committee in Duomen District, Zhuhai Province to jointly hold a donation for an education ceremony named “Warm the Hearts of Huangyang Students in Need”. This donation activity aims to help excellent students from poor families to complete their studies. The Company hopes that this activity could encourage more caring individuals from all walks of life to support educational causes and help more people experience the power of positivity and kindness.



Environmental Protection Public Welfare  
Activity Named “Learn from Lei Feng to

Charity Sale Event



Practice Volunteer Actions”	
	
Warm Winter Action	Green Charity Hiking

## 8. Appendix

### Appendix I: Key Performance Table

#### Corporate Governance and Economic Performance

##### Economic Performance

Indicators	Unit	2023
Total Assets	RMB 100 million	443.72
Operating revenue	RMB 100 million	336.51
Net profit attributable to shareholders of the listed company	RMB 100 million	19.65
Basic earnings per share	RMB/share	1.15

##### Business Ethics and Anti-corruption

Indicators	Unit	2023
Proportion of directors participating in anti-corruption training	%	100%
Proportion of employees participating in anti-corruption training	%	100%

#### Environmental Performance

##### Environmental Management

Indicators	Unit	2023
Environmental protection investment	RMB 0'000	22,868.42
Coverage rate of environmental protection training	%	100%
Compliance rate of “three wastes ” emissions	%	100%

##### Social Performance

##### Research and Development Innovation

Indicators	Unit	2023
R&D investment	RMB 100 million	11.61
Proportion of R&D investment over revenue	%	3.45%

### Customer Rights and Interests

Indicators	Unit	2023
Customer complaint response rate	%	100%
Customer complaint resolution rate	%	100%

### Employee Hiring

#### Equality and Diversity

Indicators	Unit	2023
Proportion of female employees	%	41.20%
Proportion of disabled employees	%	0.30%
Incidents of employee discrimination/harassment	Event	0
Significant labor and human rights risk events	Event	0

### Occupational Health and Safety<sup>1</sup>

Indicators	Unit	2023
Incidence of occupational diseases	%	0%
Number of employees who died due to work-related injuries	Person	0

Note 1: The data statistics scope includes Multek, MFLEX Suzhou, MFLEX Yancheng, Yancheng Dongshan, JDI Electronics, Mutto Optronics, and some subsidiaries of the Precision Manufacturing Division.

### Social Public Welfare

Indicators	Unit	2023
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Public welfare contributions	RMB 0'000	343
Volunteer service hours throughout the year <sup>2</sup>	Hour	2915

Note 2: The data statistics scope of volunteer service hours throughout the year includes Multek and the Touch Division.

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