



2023

Environmental, Social and Governance (ESG) Report Highlights

Anji Microelectronics Technology (Shanghai) Co., Ltd



2023 ESG Highlights

Corporate Governance

- Conducted **6** sessions of legal compliance trainings and **4** sessions of intellectual property-related trainings
- Conducted **268.5** hours of anti-corruption trainings
- Completed** annual revision of *ANJI-M-IC-01-A/3 Internal Control Manual*
- Completed** revision of *Independent Director Working System*
- Became **member expert of Shanghai Integrated Circuit Industry Association Intellectual Property Expert Committee**
- Awarded the **AEO Certification** by the Shanghai Customs, China

Innovative Products

- As of Dec 31st, 2023, the company has been granted **271** authorized patents, and held **337** valid patent applications
- Implemented validation and mass production of **3** highly concentrated chemical mechanical polishing slurries, as well as achieve **4** aqueous-based functional wet chemicals commercialization
- Won the “**Industry Chain Breakthrough Award**” of China Semiconductor Investment Alliance
- Won the title of “**The First Group of Shanghai Innovative Enterprise Headquarters**”

Environment Protection

- As of Dec 31st, 2023, **5,580,105 RMB¹** was invested in environment equipment and facilities, as well as green operation
- Zero** safety accidents in 2023
- Constructed and completed grid-connection of self-built photovoltaic facilities in Jinqiao Base, generating **135,107 KWh** of electricity and reduced CO₂ emissions by **7.7** tons.

1. Including the overall investment of EHS department and other departments in environment equipment and facilities, as well as green operation

People-oriented

- As of Dec 31st, 2023, **4,396,290 RMB²** was invested in equipment maintenance and production safety
- Completed the relocation to new site, and the overall office space has reached **8,244.68** sqm². The working environment for employees has significantly improved
- Completed over **30** safety inspections throughout the reporting year, including more than **10** emergency drills
- Employees received on average **73** hours of training annually. Achieved **100%** training coverage among all employees
- Annual employee turnover rate reduced to **10.85%**, **3.85% lower** compared to 2022
- Average score for employee satisfaction in the company's departmental survey exceeded **90%**

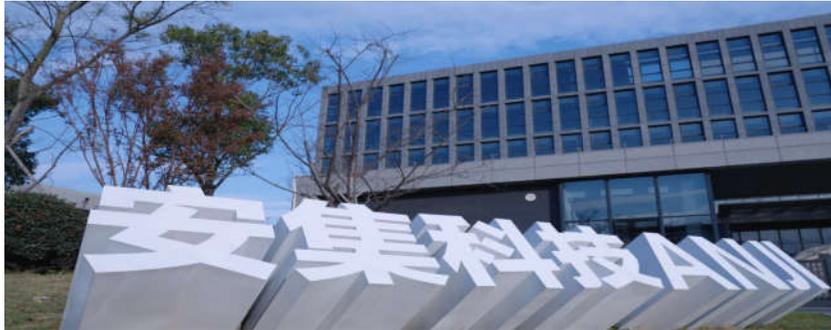
2. Including the overall investment of EHS department and other departments in equipment maintenance and production safety

Social Undertakings

- Conducted supplier evaluations for **81** suppliers, achieving **100%** qualification rate. Approximately **82.7%** of the suppliers scored above 80 points.
- The completion rate of supplier ESG and guideline manual training program reached **100%**
- Actively organized and/or participated in public welfare projects, such as rural revitalization, supporting public education, tree planting, ESG family day, etc.



About Us



Anji Microelectronics Technology (Shanghai) Co., Ltd. (stock code: 688019.SH) is a high-tech semiconductor materials company with an emphasis on independent innovation and intellectual property. We are dedicated to R&D and industrialization of high-growth and high-function materials with high technological barriers, with a strategy of "Rooted in China, serving the world". We enhance our one-stop solution for Chemical mechanical polishing slurry (CMP) fluids and solidifies a comprehensive product portfolio. We expand the platform for functional electronic wet chemicals to cover the high-end and high-technology sector. We strengthen the strategic supply of high-end electro-chemical plating solutions and additives, and build the foundation for rapid market expansion. By achieving greater autonomy and control over key raw materials, we drive technological advancements and fill domestic gaps, propelling the rapid development of the semiconductor materials industry chain.

By the end of this reporting period, we now covered the three key processes of polishing, cleaning and deposition in the integrated circuit manufacturing. As we further expand the range and applications of our products, multiple technology nodes in chip manufacturing processes have been covered, and our product coverage in advanced packaging have increased, resulted in a growing customer base.

Core Values

Respect

Care

People-oriented

Innovation

Result-driven

Pursuit of Excellence

Vision and Mission

Vision

To be a world class semiconductor materials partner

Mission

Offer customers technology enablement and manufacturing competitive edge through innovation and cost efficiency

Awards & Recognition

Awarded
The First Group of Shanghai Innovative Enterprise Headquarter by Shanghai Development and Reform Commission

Awarded
Science & Technology Innovation Achievement of Jinqiao Development Zone

Awarded
Top 10 Growing Enterprises & Top 10 Intellectual Property Enterprises by Integrated Circuit Materials Industry Technology Innovative Alliance

Awarded
2023 China Integrated Circuit Innovation Alliance 6th IC Innovation – Technical Innovation Award

Awarded
2023 Shanghai Top 100 Hardcore Technology Enterprises in Shanghai Industry Technology Innovation Convention

Awarded
2023 Industry Chain Breakthrough Award by China Semiconductor Investment Alliance

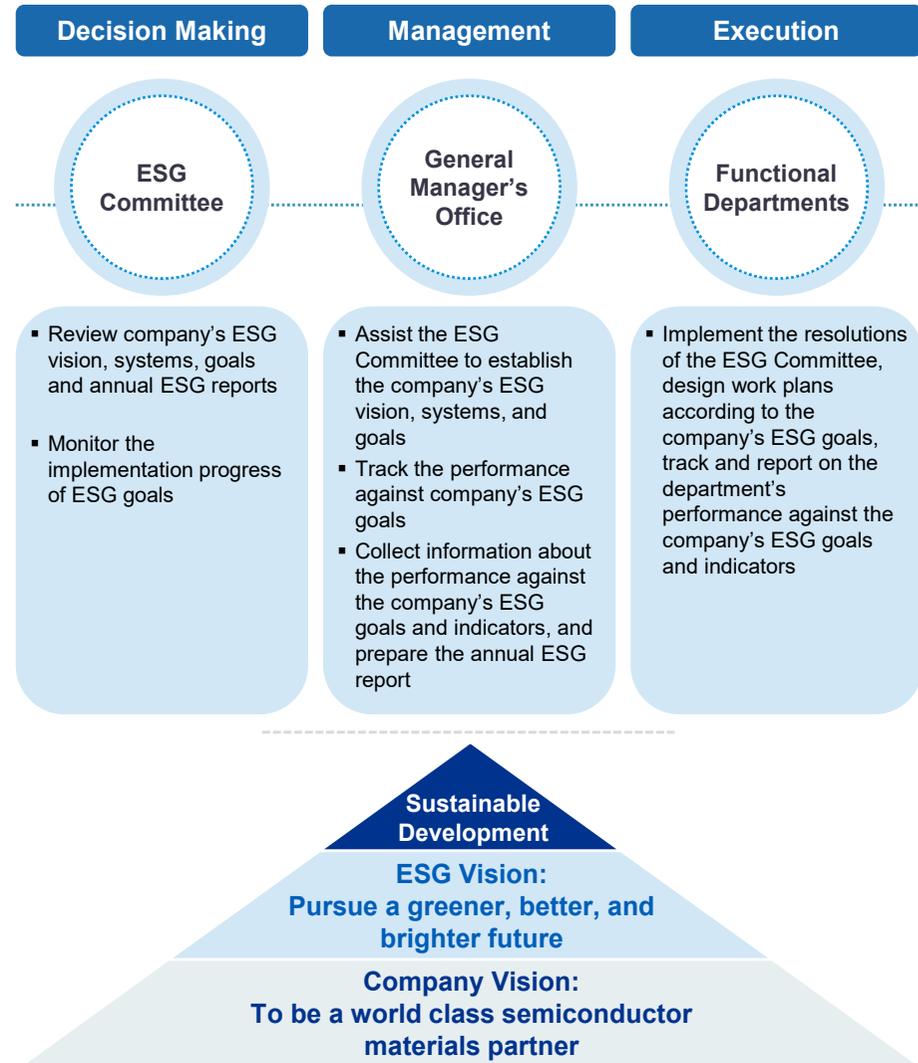


Sustainable Development

Human development faces various daunting challenges, including climate change, biodiversity loss, air pollution, energy crisis and resource scarcity. While ensuring the robust development of our own business, we consistently aligns our core development strategy with the United Nations Sustainable Development Goals (SDGs). We actively focus on customers who share these goals, collaborating to achieve the objectives and needs expected by stakeholders. We consistently strive to be at the forefront of exploring and capturing ESG-related risks and opportunities, facing challenges with an innovative and proactive mindset. We contribute the experience and insights gained from our journey to the sustainable development of the industry.

| | | | | | | | | |
|-------------------------------|------------------------------|---|---|---|---|---------------------------------------|---|-------------------------------|
| Corporate Governance | 5 GENDER EQUALITY | 10 REDUCED INEQUALITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | | | | | |
| Innovative Product | 4 QUALITY EDUCATION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 17 PARTNERSHIPS FOR THE GOALS | | | | |
| Environment Protection | 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | | |
| People-oriented | 3 GOOD HEALTH AND WELL-BEING | 4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | | |
| Social Undertakings | 1 NO POVERTY | 2 ZERO HUNGER | 4 QUALITY EDUCATION | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS |

ESG Governance Structure





Innovative Products

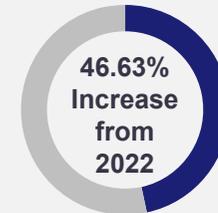
- Chemical Mechanical Polishing (CMP) Slurry
- Functional Electronic Wet Chemicals
- Electro-chemical Plating Solution and Additives
- Core Material Supply

“3 + 1” technology platform & application

- Validation and mass production of 3 highly concentrated CMP Slurries
- Achieve 4 aqueous-based functional wet chemicals commercialization

2023 innovative product achievement

R&D Investments



Talent Pool

Ratio of R&D technician to total employee

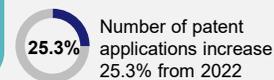


Ratio of R&D technician with master/doctoral degree



■ R&D technician ■ Non R&D staff ■ Master/Doctoral ■ Non Master/Doctoral

Patents



1. Out of 28 trademarks, 20 are domestic, 8 are international

With a steadfast focus on present, a visionary outlook for the future, and commitment to our ESG vision of “Pursue a greener, better, and brighter future”, we will persist in pioneering product innovation and infuse green and sustainable principles throughout our R&D process, and to become a leading practice of green operation among in the industry



Environment Protection

Waste Management

Waste Management:

- Established a sound waste management system which focuses on waste reduction, reuse and recycling (3R) principles. We address waste generation from the source, aiming to minimize it and improve the efficiency of waste treatment

Air Emission Management:

- Employed various methods of air emission control, including a combination of gas collection, treatment and refined management to reduce emissions

Wastewater Management:

- Focused on reducing and recycling wastewater by implementing strict wastewater management measures and optimizing treatment processes

Natural Resources

Energy Management:

- Equipped Building 6 of Jinqiao base with energy management system, reducing CO₂ emission by **30.8** tons
- R&D center has improved the operation of the cleanroom's fan filter unit, reducing CO₂ emissions by **42.8** tons
- Ningbo base saved **426,000** RMB in electricity costs through various energy-saving and emission reduction practices

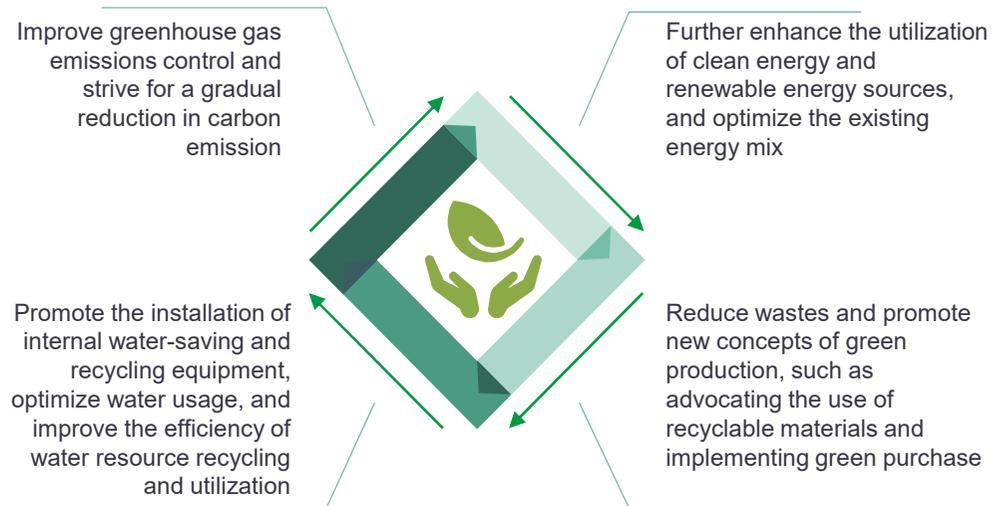
Water Resources Management:

- Jinqiao and Ningbo base have saved a total of **25,600** tons of water, resulting in cost saving of **127,800** RMB

Green Operation

| Indicators | Sub-Indicators | Unit | 2023 |
|------------------------------------|--|----------------------------------|------------|
| Scope 1 | From coal combustion during operation | tCO ₂ e ¹ | 0 |
| | From natural gas combustion during operation | tCO ₂ e | 0 |
| | From owned vehicles fuel usage | tCO ₂ e | 3.227 |
| Scope 2 | Carbon emissions from purchased electricity | tCO ₂ e | 10,305.595 |
| CO ₂ emission intensity | Product CO ₂ emission intensity | tCO ₂ e/ tons product | 0.439 |

1. tCO₂e stands for ton of CO₂ equivalent





Safe Production

Adhere to our strategy of "Respect, Compassionate and Value people", we are committed to creating a **safe, healthy and more humane working environment** for all our employees

As of Dec 31st, 2023, a total of **4,396,290** RMB was invested in maintaining equipment and production safety by EHS and other departments



Over the course of the year, **more than 30** safety inspections were carried, along with **more than 10** emergency drills



The relocation of R&D center to Shanghai Jinqiao base, was a crucial step for us in pursuing sustainable development through innovation. The overall office area have increased to **8,244.68** sqm², and the dining area increased to **336** sqm²

Human Resource Development



- Labor contract signing rate: **100%**
- Social insurance contribution for employees under labor contracts: **100%**



- New Employees in Mainland China (as of 2023): **58**
- Total Employees in Mainland China: **452**
- Total Employees in Mainland and Taiwan Region : **460**



- Total Female Employees: **116**
- Total Female Employees Ratio: **25.217%**

Grow with the Company

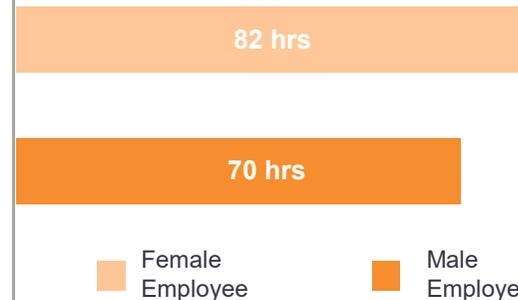


Annual employee turnover rate has been reduced to **10.85%**
3.85% lowered than that of 2022

- Total training hour reached **33,494** hours
- Covering all **460** employees, achieving **100%** coverage rate
- Average annual training hours per employee reached **73** hours



Average annual training hours per employee by gender





Social Undertakings

Sustainable Supply Chain

Centered around the core concept of "win-win" cooperation, we collaborate with our supply chain partners to build a sustainable ecosystem. We consistently demonstrate the responsibilities that we as a technology companies should uphold. We actively engage in alliance and collaboration with peer companies and university activities, fully embodying our social mission



- We conducted supplier evaluation for 81 suppliers through 5 dimensions, including quality management, order delivery management, technical cooperation and service, ESH management and cost management
- The result showed a **100%** qualification rate, with **67** suppliers (**82.7%** of total suppliers) scoring above 80 points

- As per annual plan, we conducted ESG and supplier guidance manual trainings for qualified suppliers of raw materials. As of Dec 31st, 2023, we have successfully completed all the planned training for the year, achieving a **100%** completion rate
- Moving forward, we will continue to promote the relevant training among our suppliers



Social Responsibility

We actively organize and/or participate in various social welfare activities, dedicating ourselves to creating positive and constructive values for society. We not only advocate for innovation and education, but also extend our helping hand to socially vulnerable groups, promoting values of sustainable development and fairness, and fulfilling social responsibility

- We actively organized and/or participated in public welfare projects, such as rural revitalization, supporting public education, tree planting, ESG family day, etc.



Our achievements in 2023:

- **140,000** RMB of social donation
- **319** pieces of adult clothing, **35** pieces of child clothing
- **127** pieces of beddings, **22** pieces of toys and books

University-Enterprise Cooperation

- We continued to maintain active collaboration with universities including Fudan University, East China University of Science and Technology, Shanghai Second Polytechnic University and Harbin Engineering University Yantai Research Institute





Appendix & Conclusions

| Performance Indicators | | Unit | Data | Performance Indicators | | Unit | Data |
|--------------------------------------|---|--------------------|----------------------|------------------------|--|----------------------------------|------------|
| Economic | R&D Investment | 10K RMB | 23,661.27 | Environment | Hazardous wastes intensity | Tons/tons product | 0.036 |
| | Total workforce ¹ | Person | 460 | | Volatile Organic Compounds (VOCs) | Tons | 0.963 |
| Social | Female employee ratio | % | 25.217 | | Nitrogen Oxide (NOx) | Tons | 0.269 |
| | Labor contract signing rate | % | 100 | | Particles | Tons | 0.012 |
| | Employee training coverage | % | 100 | | Chemical Oxygen Demand (COD) | Tons | 3.614 |
| | Total duration of employee training | Hours/year | 33,494 | | Total Nitrogen (TN) | Tons | 1.904 |
| | Average training duration per employee | Hours/year | 73 | | Ammonia Nitrogen (NH3-N) | Tons | 0.342 |
| | Number of deaths in the past three years related to work | Person | 0 | | Total Phosphorus (TP) | Tons | 0.015 |
| | Number of lost workdays due to occupational injuries ² | Days | 14 | | Consumption of purchased electricity (excluding green electricity) | KWh | 18,070,480 |
| | Number of safety training | Times | 17 | | Consumption of green electricity | KWh | 135,107 |
| | Total safety training participants | Person-Times | 1,279 | | Consumption of gasoline | Liters | 1,437.82 |
| | Total workplace accidents | Times | 0 | | Consumption of Water ⁴ | Liters | 319,574 |
| | Annual investment in workplace safety | 10K RMB | 439.629 | | Consumption of Recycled Water ⁵ | Liters | 183,464 |
| | Social donations | RMB | 140,000 ³ | | Direct emissions (Scope 1 emission) | tCO ₂ e | 3.227 |
| | Number of valid patent applications | Pieces | 337 | | Indirect emissions (Scope 2 emission) | tCO ₂ e | 10,305.595 |
| | Number of patents | Pieces | 271 | | CO ₂ emission intensity ⁶ | tCO ₂ e/ tons product | 0.439 |
| | Number of valid trademarks held | Pieces | 28 | | Annual investment in environment protection | 10K RMB | 558.011 |
| | Environment | Domestic wastes | Tons | | 4.500 | | |
| Total amount of non-hazardous wastes | | Tons | 197.514 | | | | |
| Non-hazardous wastes intensity | | Tons/ tons product | 0.008 | | | | |
| Electronic waste | | Tons | 0.017 | | | | |
| Hazardous wastes | | Tons | 856.955 | | | | |

1. A total of 460 people, of which 452 are from Mainland China and 8 are from Taiwan Region.
2. According to the definition of the Ministry of Human Resources and Social Security
3. Including the 40,000 RMB donated to SMIC Liver Transplant Program, and the donation of 100,000 RMB made to Dongxuzhuang School in Junxian, Hebi, Henan Province
4. Including municipal water, groundwater, river water, and so on
5. Including recycled water and condensate water from steam
6. During this reporting period, both the R&D development center and production workshops underwent capacity expansion. The disclosed CO₂ emission intensity is calculated based on the overall energy consumption data, including both the R&D center and production workshops