

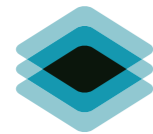
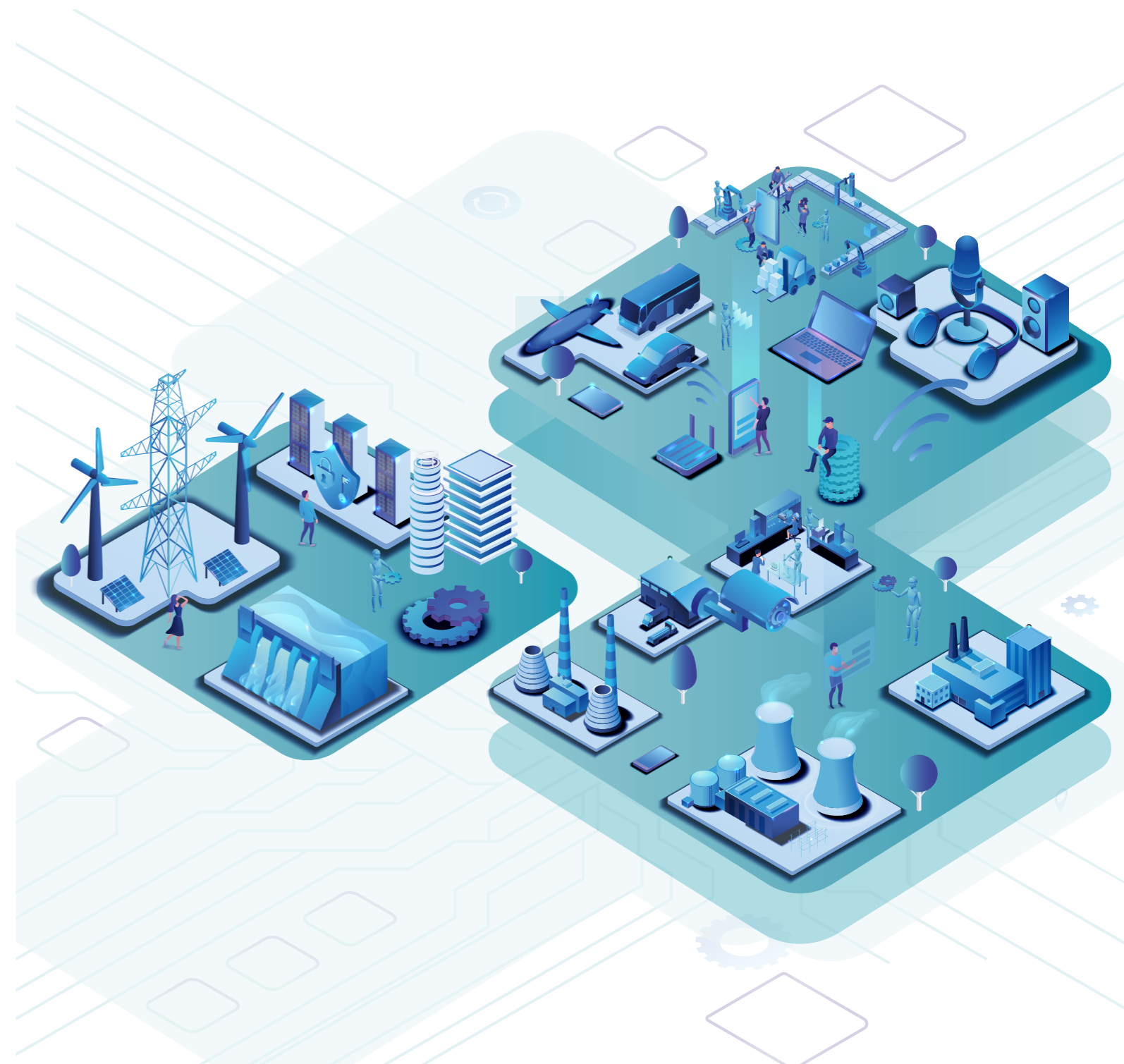


MULTEK
a **dsbj** company

2023 MULTEK GROUP | ESG

Environmental, Social and Governance Report

2023 MULTEK GROUP Environmental, Social and Governance Report



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ABOUT THE REPORT

Introduction

This report is the second "Environmental, Social, and Governance Report" (referred to as "ESG Report" or "this Report") released by Multek Group. It aims to regularly and systematically disclose the Company's concepts, methods, practices, and performance in environmental, social, and governance (ESG) aspects to shareholders and investors, local governments and regulatory agencies, employees, customers, partners, media and the public, and local community. The report aims to enhance the understanding and awareness of the Company among various stakeholders and accept social supervision.

Reference Standards

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021 and the Sustainability Accounting Standard sector guidelines for Electronic Manufacturing Services & Original Design Manufacturing. It also aligns with the United Nations Sustainable Development Goals (SDGs), with a focus on reporting the Company's efforts in promoting social, environmental, and economic sustainability.

Reporting Scope and Boundaries

The reporting period of this report is annual, and the reporting scope is Multek Group. The time range covers from January 1, 2023, to December 31, 2023 (hereinafter referred to as the "reporting period"). Considering the continuity and comparability of the disclosed information, some information may extend beyond the reporting period.

Referential Explanation

To facilitate expression, Multek Group uses the following appellations to refer to itself in the report: Multek Group, the Company, we, Multek, etc. The abbreviations of its subsidiary companies in the report are as follows:

Company Abbreviation	Company Name	Address
Multek Industries	Multek Industries Limited (North Campus)	B1,B2,B2B,B3&B12 Factories, No.2 Xintang Road, Xinqing Technology Industrial Park, Jing'an Town, Doumen District, Zhuhai City, Guangdong Province, China.
Multek Zhuhai	Multek Zhuhai Co., Ltd.	Building 1, No. 3 Haiye East Road, Sanzao Town, Jinwan District, Zhuhai City, Guangdong Province, China.
Multek China	Multek China Co., Ltd. (South Campus)	Phase I and Phase II of B5 Factory, No.2021 Zhufeng Avenue, Xinqing Technology Industrial Park, Doumen District, Zhuhai City, Guangdong Province, China.

Data Source and Reliability

All information and data in this report are sourced from the Company's financial reports and environmental, social, and governance information that have been compiled, verified, and audited by the Company. The currency and amounts mentioned in this report, unless otherwise specified, are stated in RMB.

This report was approved for release by the COO on May 14, 2024, and it is committed that the report does not contain any false or misleading information, and the Company takes responsibility for the truthfulness, accuracy, and completeness of its contents.

Report Release and Accessibility

This report is available in both Chinese and English versions for readers to refer to. You can access and download the electronic version of this report on the website of Multek Group (<https://www.multek.com>). In case of any discrepancies between the Chinese and English versions of this report, the Chinese version shall prevail. If you would like to learn more about us, you can browse our company website.

Contacts

Address: Xinqing Science and Technology Industrial Park, Jing'an Town, Doumen District, Zhuhai City, Guangdong Province, China
 Tel: 0756-5329608
 Email: Dylan.huo@multek.com

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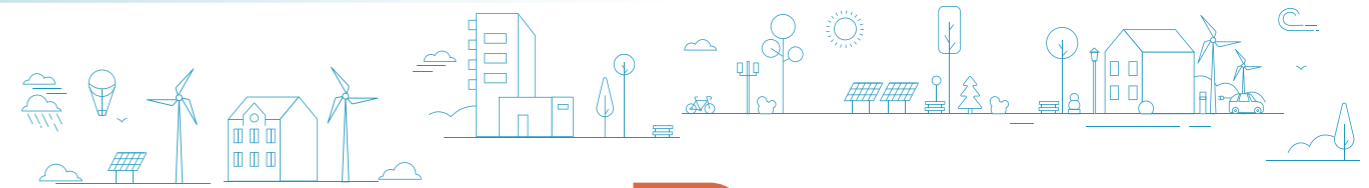
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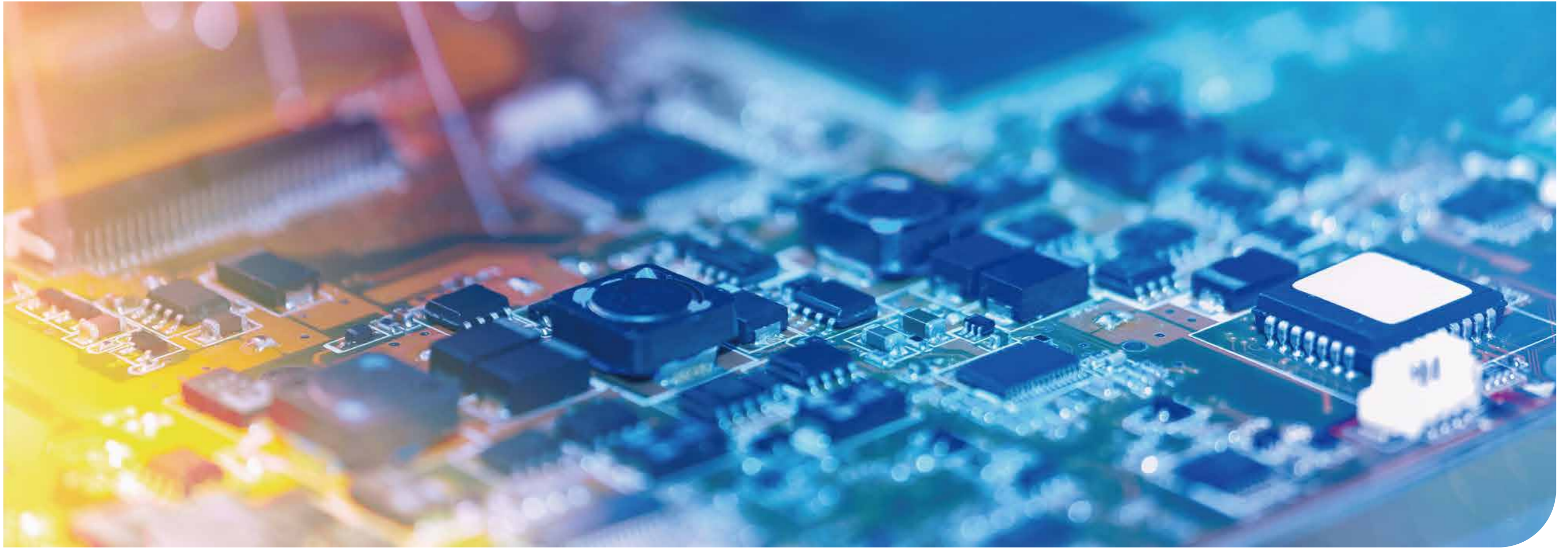
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MESSAGE FROM COO

As the seasons changed, new chapters unfolded. The year 2023 marked a tumultuous and challenging journey for Multek. Amidst the complex and daunting global political and economic currents, we faced numerous adversities such as the disorderly expansion of industry capacity, fierce market competition, and weak downstream demand. Nevertheless, with unity and determination, we weathered the storm together, achieving sound operation and steady growth in the face of such exceptional circumstances.

Without experiencing difficulties, one cannot appreciate the challenges; achievements might seem easy, yet the path to success is often arduous. In this year, we actively strategized in emerging industries, increased investment in technology research and development, laying a solid foundation for the substantial growth of high-value new businesses. Simultaneously, we continued to implement the Block Management Strengthening Project, achieving significant results in nurturing managerial talents. Furthermore, we persistently promoted the integration of information technology and industrialization, tapping into internal potentials and elevating the levels of internal quality enhancement and efficiency improvement to new heights.

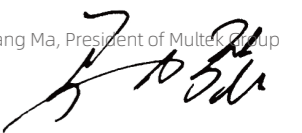
Elevating quality, empowering craftsmanship. We are committed to furthering the implementation of the “Quality Everywhere, Craftsmanship by Everyone” quality strategy, grounding it in practical actions to eradicate mere slogans. We will drive the comprehensive implementation of the factory-wide traceability system, realizing the informatization of quality management. Employing more efficient modes and strategic guidance, we aim to propel Multek’s manufacturing standards and quality management to new heights, effectively providing robust support for the development of new business ventures. With outstanding external quality, we strive to earn customer satisfaction.

Focusing on talent, prioritizing technology. Each employee is an indispensable protagonist of Multek. Building upon the successful implementation of the Block Management Strengthening Project, this year, we have established the Multek Engineer Technical Committee and the Department of Digital Strategic Transformation, centering on the theme of “nurturing technical and engineering expertise”. We emphasize the construction of a high-skilled engineering talent pool, steadfastly pursuing a path of “technological leadership” to propel Multek steadily along the track of high-quality development. Looking ahead, we aim to further refine talent development, adhering to principles of selection and specialization, ensuring that individuals are appropriately placed and empowered to excel in their respective roles.

Energy conservation, emission reduction, and green development have always been core principles upheld by Multek. We actively promote clean production activities and integrate environmental thinking into various aspects of corporate development. Through measures such as energy conservation, photovoltaic power generation, technological upgrades for energy efficiency, and quality improvement, we aim to reduce the generation and emission of pollutants at the source. To better achieve our carbon reduction goals, we proactively establish clear emission reduction plans, conduct annual carbon assessments, and formulate more precise emission reduction measures. Additionally, we invest in establishing an intelligent energy monitoring system to efficiently utilize and monitor energy through smart means, further reducing greenhouse gas emissions.

With our mission burning brightly and our original intentions as firm as ever. Today, amidst the technological revolution and industrial transformation led by artificial intelligence, we witness the reshaping of the global innovation landscape. Guided by the mission to “create a more interconnected world”, we intensify our technological innovation efforts, leveraging steadfast ESG considerations to support green, high-quality, and sustainable development. Holding onto the original aspiration of achieving long-lasting prosperity, we move forward hand in hand, jointly crafting a splendid chapter of interconnectiveness and mutual prosperity.

—Liqiang Ma, President of Multek Group

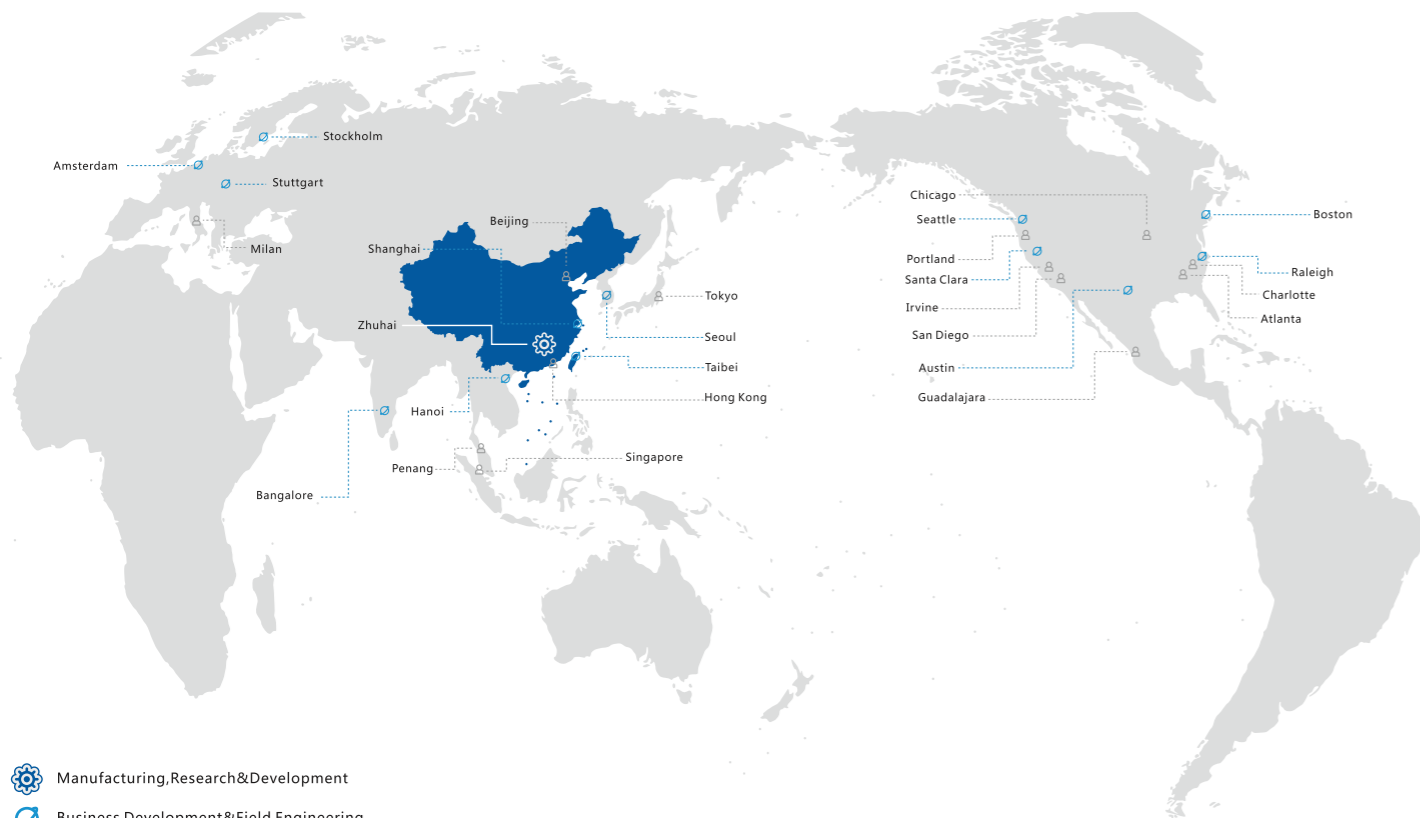


LEARNING MORE ABOUT MULTEK

About Multek

Multek is a wholly-owned subsidiary of Suzhou Dongshan Precision Manufacturing Co., Ltd. (DSBJ) (Shenzhen Stock Exchange code: 002384). We are a leading value-added manufacturer in the field of printed circuit board (PCB) technology. We provide a wide range of PCB engineering and manufacturing expertise, including high-density interconnect, rigid, flexible, and rigid-flex PCBs, as well as assembly solutions. Our services cater to customers in the mobile, automotive, IoT, medical, wearable devices, telecommunications, computing, industrial, and consumer electronics markets. We help our customers accelerate their time to market by offering early engineering support, adopting advanced technologies for new product introductions, and facilitating mass production.

Multek – Global Footprint



- Manufacturing, Research & Development
- Business Development & Field Engineering
- Business Development

Company Culture

Mission Creating a more interconnected world

Vision To be a global leading provider of interconnected solutions

Value

FAST 高效

Meeting Our Customer's Time-To-Market Needs
满足客户、分秒必争

Fast Meeting Our Customer's Time-To-Market Needs

CREATIVE 创新

Unique Solutions For Our Customers
专属方案、别具匠心

Creative Unique Solutions For Our Customers

COLLABORATIVE 协作

Collaboration Creates Infinite Possibilities
齐心协力、共创未来

Collaborative Collaboration Creates Infinite Possibilities

RELIABLE 可靠

We Deliver Best In Class Quality And Outstanding Customer Service
优良品质、专业服务

Reliable We Deliver In Class Quality And Outstanding Customer Service

COMPETITIVE 竞争

One Step Ahead
快人一步、保持领先

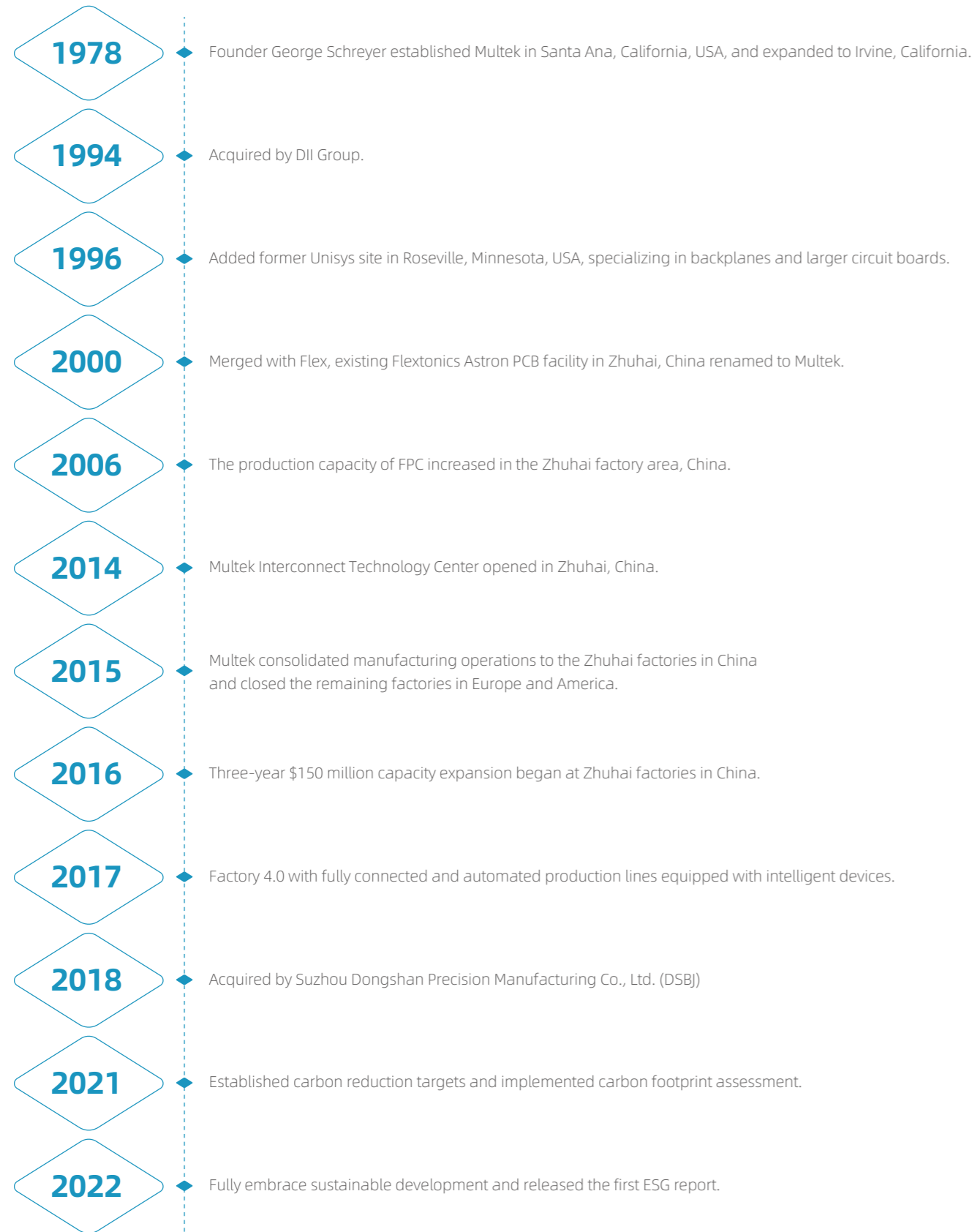
Competitive One Step Ahead

HONEST 诚信

Uncompromising Integrity From Ourselves And Each Other
信守承诺、同舟共济

Honest Uncompromising Integrity From Ourselves And Each Other

Development History



Positions in Social Organizations

Time	Company	Association/Organization	Role
2021-2024	Multek Group	Guangdong Province Printed Circuit Association	Board member
2023-2024	Multek China	Zhuhai Environmental Protection and Cleaner Production Industry Association	Board member
2020-2024	Multek Industries	The First Board of Directors of Zhuhai Precursor Chemicals Management Industry Association	Board member
2019-2024	Multek Industries	The Second Board of Directors of Association of Environmental Protection and Ecology in Zhuhai City	Board member
2016-2024	Multek Industries	Zhuhai Printed Circuit Association	Vice President Organization

Our 2023



Awards and Honors

Time/Company	Award and Honor	Awarding Unit
<p>2023</p> <p>Multek Industries Limited</p>	<p>荣誉证书 珠海先导超研实业有限公司 荣获 2023 年度杰出贡献奖 特发此证，以资鼓励。 珠海先导超研实业有限公司 2023年11月</p> <p>Annual Outstanding Contribution Award in 2023</p>	<p>Zhuhai Precursor Chemicals Management Industry Association</p>
<p>2023</p> <p>Multek Intelligent Manufacturing Technology Platform and System Construction Team</p>	<p>dsbj 2023年度杰出团队 两化建设卓越团队奖 授予：智能制造技术平台与体系建设团队 团队成员：许勇、彭文文、李长江、黄平德、方东生、张俊、蔡玉杰、田群、于福东、杨秀芳 特颁此证，以资鼓励，再接再厉 卓建斌 2024年11月 集团执行总裁 授予日期</p> <p>Excellence Team Award for Integration of Informatization and Industrialization in 2023</p>	<p>Suzhou Dongshan Precision Manufacturing Co., Ltd.</p>
<p>2022</p> <p>Multek Industries Limited</p>	<p>珠海先导超研实业有限公司 二〇二二年度 绿色制造与环保优秀企业 广东省环境保护产业协会 广东省印刷行业协会</p> <p>Excellent Enterprise in Green Manufacturing and Environmental Protection in 2022</p>	<p>Shenzhen Environmental Protection Industrial Association Shenzhen Printed Circuit Association Guangdong Province Printed Circuit Association</p>
<p>2022</p> <p>Multek Zhuhai Co., Ltd.</p>	<p>珠海瑞沛电路技术有限公司 二〇二二年度 绿色制造与环保优秀企业 广东省环境保护产业协会 广东省印刷行业协会</p> <p>Excellent Enterprise in Green Manufacturing and Environmental Protection in 2022</p>	<p>Shenzhen Environmental Protection Industrial Association Shenzhen Printed Circuit Association Guangdong Province Printed Circuit Association</p>
<p>2022</p> <p>Multek China Co., Ltd.</p>	<p>德丽科技(珠海)有限公司 二〇二二年度 绿色制造与环保优秀企业 广东省环境保护产业协会 广东省印刷行业协会</p> <p>Excellent Enterprise in Green Manufacturing and Environmental Protection in 2022</p>	<p>Shenzhen Environmental Protection Industrial Association Shenzhen Printed Circuit Association Guangdong Province Printed Circuit Association</p>

OUR SUSTAINABILITY MANAGEMENT

As a leader in the circuit board industry, Multek takes "Creating a more interconnected world" as its mission. Based on the corporate values of "Fast, Reliable, Creative, Collaborative, Competitive, and Honest", we integrate ESG concepts into our corporate development strategy, continuously improve our ESG management system, actively explore new paths of sustainable development, and endeavor to become an irreplaceable technology-based high-end supplier in the circuit board industry.

ESG Management

Based on our sustainable development strategy, Multek has set up the Sustainable Development Management Committee to coordinate the work of corporate sustainable development, and set up response teams in each department with contact persons to implement the concept of social responsibility.

Functions of the Sustainable Development Management Committee

- Make decisions regarding strategic planning involving mission, vision, goals, and areas of focus
- Establish a performance evaluation mechanism for the implementation of sustainable development strategies
- Coordinate the sustainable development resource allocation across departments and standardizing reporting
- Drive departments to engage in autonomous practices around the results of strategic planning and standardize reporting
- Respond to the expectations of various stakeholders, such as employees, consumers, and communities
- Generate substantial positive social impact

ESG Management and Operation Mechanism

We have gradually optimized the ESG management and operation mechanism, and based on the original governance structure, we have clarified the distribution of ESG responsibilities among the management, executive and third-party levels, forming a top-down ESG working mechanism.



Regulatory routines and procedures are divided into decision-making meetings, daily meetings, and stakeholder communications. The frequency of meetings is adjusted based on the progress and effectiveness of major sustainable development issues and key performance indicators.

Decision-making meetings	The meetings of the Sustainable Development Committee, the Board of Directors, or senior executives are typically scheduled at the end of the previous year or the beginning of the current year. For meetings that involve the need to reach a final decision, the voting ratio is determined based on factors such as attendance rate and conflicts of interest, with the requirement that the in-favor votes exceed two-thirds of the total votes for the final decision to be announced.
Daily meetings	The Sustainable Development Committee and functional departments of the Group regularly hold ESG-themed meetings to continuously enhance their technical expertise, knowledge, and deepen their understanding of sustainable development.
Stakeholder communications	To establish communication channels for upward communication of stakeholder views, such as setting up feedback from suppliers and establishing a customer complaint mechanism.

ESG Safeguard Mechanism

Upgrade the sustainable development business credo:

Communicating core corporate culture and values throughout the Company.

Establish a position and role in domestic and international markets and industries:

Developing and committing to medium and long-term sustainable development strategies and targets.

Establish a safeguard mechanism for the implementation of sustainable development strategies:

Encourage innovation and participation in sustainable development at the corporate policy level.

Break down departmental silos and promoting collaborative operations at the organizational level.

Develop standards and approaches for assessing the impact of sustainable development.

Implement monitored sustainable development project plans and execution.

Continuously take corrective actions during the sustainable development project process.

Establish a mechanism for reviewing and approving sustainable projects.

Establish a mechanism for the sustainable participation of stakeholders.

Stakeholder Communication

Multek coordinates the relevant departments to evaluate and manage the selected issues, selects the Company's ESG material topics and key performance indicators, establishes efficient and comprehensive communication channels and methods, listens to the opinions and suggestions of stakeholders such as government and regulatory agencies, shareholders and investors, customers, employees, suppliers, communities and the public. We will identify the feedback and expectations of each stakeholder on the Company, respond to the needs of each party in a targeted manner, and comprehensively improve the Company's sustainable development performance.

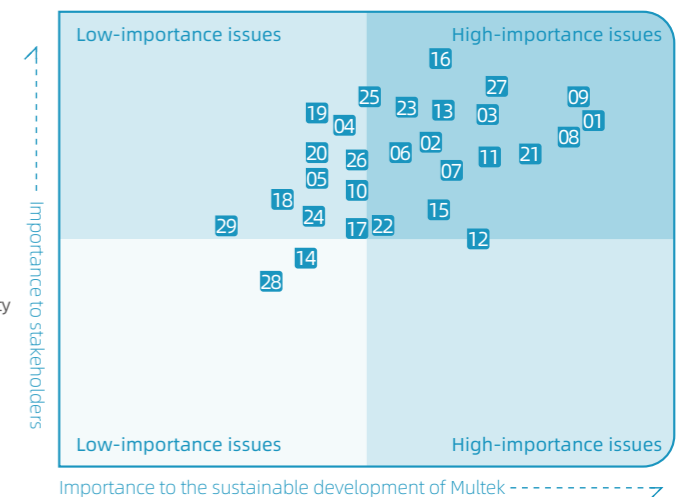
Stakeholders	Topics of interest	Response methods	Key initiatives for 2023
Investors	<ul style="list-style-type: none"> ◆ Transparency in information disclosure ◆ Compliance management ◆ Risk management 	Standardizing the company management system	Establishment of a three-line defense system for risk management
Government and regulatory agencies	<ul style="list-style-type: none"> ◆ Transparency in information disclosure ◆ Compliance management ◆ Adherence to business ethics ◆ Responding to national policies 	Compliance with laws and regulations Actively fulfilling social responsibilities	Joining the association of corporate internal control and the anti-fraud alliance Conducting anti-corruption audits
Consumers	<ul style="list-style-type: none"> ◆ Product quality and safety ◆ Customer rights and services ◆ Innovative product technology 	Improving product quality and safety Provide high-quality services Strengthening research and innovation	Optimization of the quality management system Creating a high-quality culture Strengthening management and control of hazardous substance
Suppliers and distributors	<ul style="list-style-type: none"> ◆ Standardizing supplier management ◆ Conflict minerals management 	Signing relevant agreements with suppliers Supplier assessment, auditing, training and communication Providing support to partners	Transparent procurement Conducting due diligence on conflict minerals Developing a supply chain business continuity plan
Employees	<ul style="list-style-type: none"> ◆ Occupational health and safety ◆ Protecting employee rights and interests ◆ Enriching compensation and benefits ◆ Employee training and development 	Enhancing occupational health and safety measures Providing competitive compensation and benefits Organizing diverse employee activities	Enhancing the human resources, compensation and benefits, and environmental health and safety management system Implementing a performance-based compensation system Valuing employee development Organizing employee care activities
Community	<ul style="list-style-type: none"> ◆ Improving community environment ◆ Helping the vulnerable groups ◆ Promoting industry progress 	Carrying out public welfare and philanthropic activities Promoting cooperation between industry, academia and research	Persist in participating in donations for education Caring for the disabled and other public welfare causes Signing industry-academia-research collaboration agreements with universities and other institutions
Environment	<ul style="list-style-type: none"> ◆ Responding to climate change ◆ Improving resource utilization ◆ Control of pollution emissions ◆ Promoting low-carbon operations 	Developing clean energy Carrying out energy-saving renovations Standardized waste management	Carrying out greenhouse gas emission identification, assessment, verification, and certification work Increasing the application of photovoltaic projects

Material Topics Management

Multek follows the materiality principle, continuously improves the process of identifying and determining the materiality of ESG issues, comprehensively discloses important ESG issues and responds to the concerns of our stakeholders, and strengthens the management and fulfillment of important ESG issues in our daily operations.

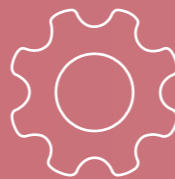


01 Compliance operation	15 Product research and development and innovation
02 Corporate governance	16 Product quality and safety
03 Anti-corruption	17 Customer rights and services
04 ESG management	18 Responsible marketing
05 Cyber security and privacy	19 Supply chain management
	20 Responsible procurement
	21 Conflict minerals management
	22 Intellectual property protection
06 Energy management	
07 Green transformation	
08 Water resource management	23 Compliant employment and diversity
09 Responding to climate change	24 Employee development and training
10 Exhaust emission	25 Democratic management
11 Waste management	26 Employee compensation and benefits
12 Wastewater management	27 Occupational health and safety
13 Chemical safety	
14 Ecological protection	
	28 Rural revitalization
	29 Community public welfare



*Note: Bolded topics are topics of high importance



01



STRENGTHENING COMPLIANCE GOVERNANCE, AND COMMITMENT TO SUSTAINABLE DEVELOPMENT

Good corporate governance helps enhance the core competitiveness of a company and promotes its sustainable development. Multek has established and improved management systems and mechanisms for compliance governance, risk management, and anti-corruption, continuously enhancing our governance level and operational capabilities to ensure that the Company's operations align with long-term interests.

Key issues

-  Compliance operation
-  Anti-corruption

Main action strategies

Strengthen financial and tax compliance management; supervision and management of labor and employment, environmental protection and safety, etc

Multek Industries and Multek China were awarded AEO certificates

Carry out comprehensive internal information security audits in accordance with the requirements of ISO 27001 standards, identify existing risks and propose avoidance and resolution measures

Conduct regular integrity and anti-corruption training and establish strict reporting and complaint channels

Improving Corporate Governance 15

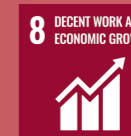
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Adherence to Business Ethics 18

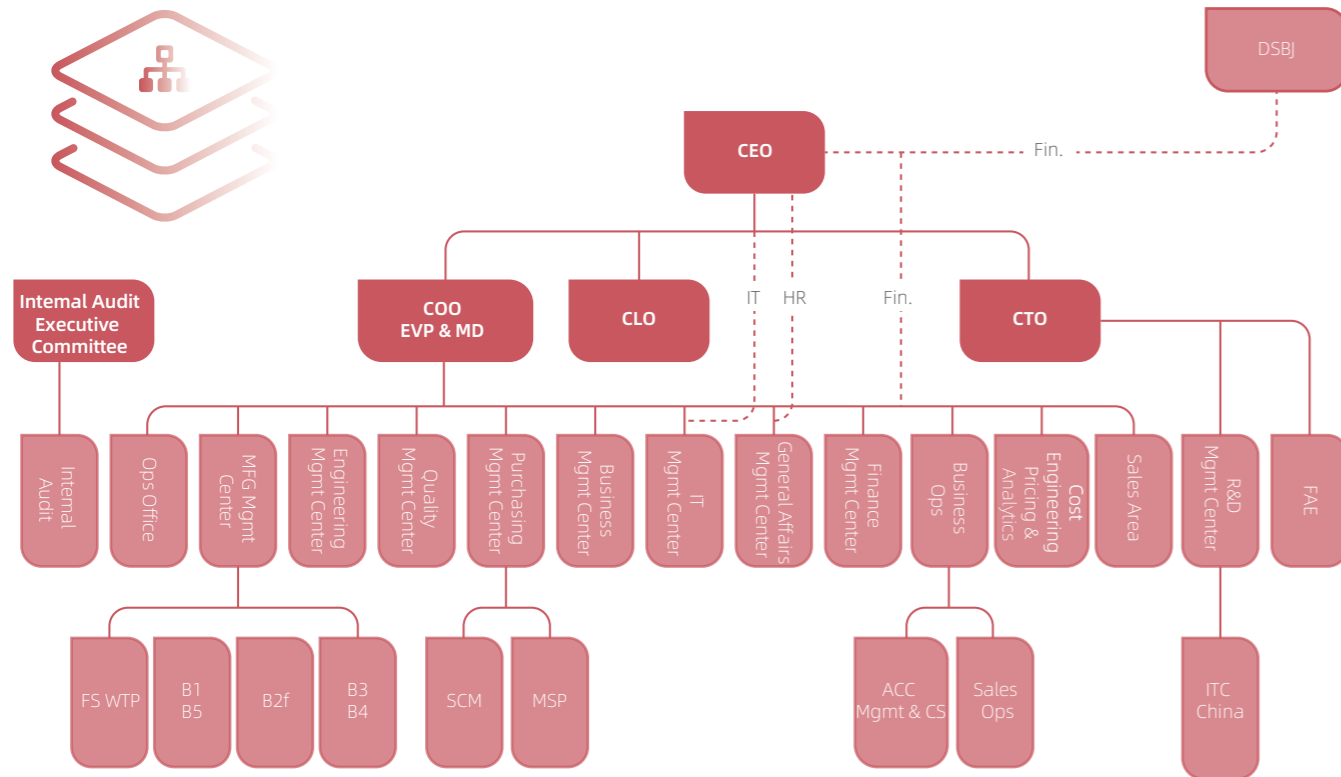
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United Nations Sustainable Development Goals



IMPROVING CORPORATE GOVERNANCE

Multek, as a wholly-owned subsidiary of Suzhou Dongshan Precision Manufacturing Co., Ltd, strictly follows the requirements of laws and regulations such as the Company Law, the Securities Law, and the Guidelines for the Governance of Listed Companies, as well as the requirements of the supervisory authorities and the regulations of the headquarters, to set up a governance structure that covers a number of functional departments from the top to down, and to form the governance system and mechanism that has clear powers and responsibilities, coordinated operation, and effective checks and balances among the power authority, the decision-making authority, the supervisory authority, and the executive authority. We have continuously improved the standardization of corporate governance and built the foundation for the sound development of the enterprise.



ENSURING COMPLIANCE OPERATION

In order to ensure the high-quality development of the Company, Multek continuously strengthens the compliance governance, actively implements the risk control construction, promotes the systematization and standardization of the management with the sound compliance management system and requirements, continuously improves the Company's compliance governance and anti-risk ability, and creates a clean and positive atmosphere.

Compliance Management

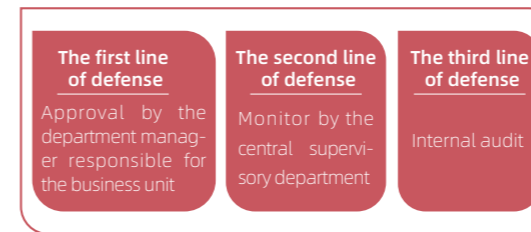
Compliance management is an important measure to ensure that enterprises comply with laws, regulations and industry norms in their business operations. Multek attaches great importance to business compliance and social responsibility management, and guarantees legal and compliant business operations by establishing a comprehensive internal control system, formulating clear compliance policies and Multek Code of Business Conduct, strengthening employee training and education, and conducting regular risk assessment and monitoring.

Risk Management

Multek has established a comprehensive three-line defense system for risk management, including risk identification, assessment, control and monitoring, as well as formulating corresponding response strategies and plans. We conduct regular risk assessments to fully understand and identify potential risks and take appropriate control measures to minimize the likelihood and impact of risk occurrence. At the same time, we establish risk monitoring and early warning mechanisms to track and monitor risk dynamics in a timely manner so as to adjust and optimize our risk management strategies.

In 2023, the Company continued to carry out AEO audits and passed the AEO certification; continued to carry out information security audits, strengthened the management of network and data security, confidentiality management, intellectual property protection and personal information security, and passed the ISO 27001 certification audit; strengthened the management of financial and tax compliance; and the supervision and management of labor and employment, environmental protection and safety.

Three-line defense system for risk management



AEO Advanced Certification Enterprise certificate¹



Network Information Security

Multek complies with the Network Security Law, the Data Security Law, the Personal Information Protection Law and other relevant laws and regulations, and in accordance with the ISO 27001 information security management system, formulates the Information Security Incident Management Strategy, the Information Security Risk Evaluation Management Procedure, the Information Security Conformity Procedure, etc., to clearly define the responsibilities and processes of information security incident handling, effectively handle information security incidents, and minimize the losses brought to the Company by such incidents. We summarize the resolution process and lessons learned from information security incidents in a timely manner in order to reduce the occurrence of such incidents.

In terms of information security internal audit, the Company carried out a comprehensive internal information security audit according to the requirements of ISO 27001 standard, identified existing risks and proposed avoidance and resolution measures, and passed the strict information security audit of the client. In 2023, the Company's internal audit was carried out from June 25th to 27th, covering Multek Industries, Multek Zhuhai and Multek China. The overall audit result of the Company complied with the standard requirements of the information security management system, and collated a total of 7 findings, including 4 general non-conformities, 1 observation item and 2 recommendations. As of now, the Company has completed all the necessary corrective actions.



¹AEO, the Authorized Economic Operator, is the highest customs credit rating.

Information security objectives

- Ensure the availability of training
- Ensure the effectiveness of password management
- Ensure the effectiveness of access card management
- Ensure the availability of network resources
- Ensure the effectiveness of antivirus measures
- Ensure the effectiveness of backups
- Ensure the non-disclosure of sensitive information

(The Company has achieved all the set goals)

Information security policy

- Everyone participates in risk prevention and control
- Manage in accordance with regulations and continuously improve
- Build information management system to lead the information security

Measures for network information security and privacy protection

Construction of network security system	Develop a clear information security system, including regulations for network usage, password management, access control and data backup, etc.
Strengthening network device security	Protect the security of network devices involves updating and maintaining the firewall, security patches, and passwords of network devices, restricting physical access to network devices, and conducting regular security audits and vulnerability scans.
Establish access control mechanisms	Implementing access control on network resources and sensitive data to ensure that only authorized employees can access and manipulate relevant information. This can be achieved through methods such as identity verification, permission management, and multi-factor authentication.
Enhance data protection and encryption	Protect the security of sensitive data, including encrypting, backing up and recovering data, restricting the transmission and storage of data, and establishing mechanisms for monitoring and preventing data leakage.
Enhance employee safety awareness	Strengthen employees' network security training and education, raise employees' awareness of network security risks and prevention, educate employees to comply with network security policies and regulations, and reduce human-induced security loopholes.
Establish security monitoring and emergency response mechanisms	Establish security monitoring system to detect and respond to network security incidents in a timely manner, set up an emergency response mechanism, conduct incident handling and investigation, and take timely measures to repair vulnerabilities and restore the normal operation of the system.



ISO/IEC 27001:2022 Information Security Management System certificate
Multek Industries

Case Information security month

In April 2023, the Company launched the Information Security Month to train our employees on fishing emails, data leakage prevention, common information security issues and specifications, and ransom ware, so as to enable everyone to understand the common information security risks and the corresponding preventive measures, strengthen the employees' understanding of the Company's information security requirements, and raise their awareness of personal information security.

In 2023

Conducted 29 information security emergency drills

0 incidents of information security breaches

ADHERENCE TO BUSINESS ETHICS

Multek strictly adheres to the laws and regulations that have a significant impact on the Company, such as the Anti-Monopoly Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Company Law of the People's Republic of China, and the Anti-Money Laundering Law of the People's Republic of China. The Company has a zero-tolerance attitude towards corruption and unethical business practices, and has established a sound mechanism for anti-corruption and reporting. We advocate for honest business practices and uphold business ethics.

Anti-Corruption and Integrity

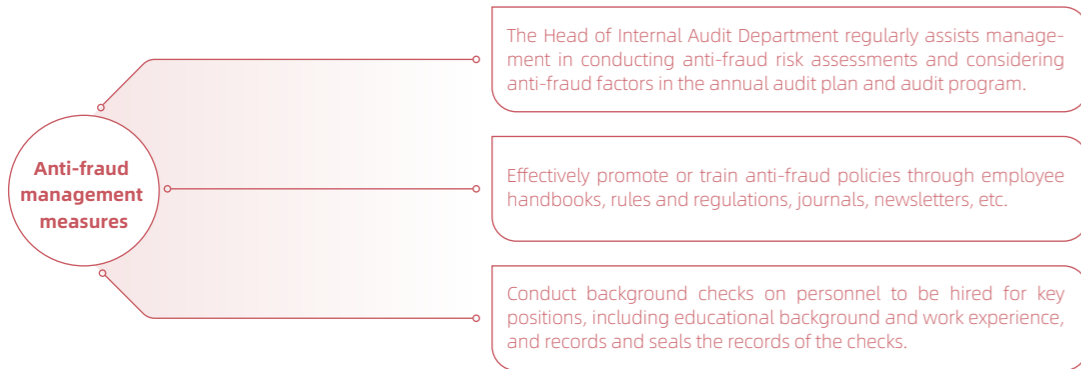
Multek has joined the Internal Control Association and the Corporate Anti-Fraud Alliance. The Company is committed to conducting business in a lawful manner and has developed management systems such as the Multek Code of Conduct, the Business Ethics and Integrity Construction Management Regulations, and the Anti-Fraud Management Guidelines for all employees. These systems ensure that all employees maintain a clean and upright work style, fulfill their duties, and protect both the Company's and individuals' interests. The Company strictly prohibits the use of Company or personal accounts for money laundering activities on behalf of other companies, illegal individuals, or criminal organizations, thereby safeguarding the healthy development of the Company.

The Company requires all employees to adhere to the principles of honesty and trustworthiness in their business activities. When expanding business and engaging in commercial activities, employees must strictly follow the Company's relevant procedures and regulations for external business activities. Without authorization from the Company, employees are not allowed to make any commitments to partners on their own. If there is a conflict of interest or a situation that may affect personal judgment in external business activities with partners, the Company requires employees to proactively avoid such situations to prevent corruption and dishonesty incidents.

The Company has established an internal audit system and allocated independent internal auditors to conduct business audits, anti-corruption, and ethical development work. In 2023, the Internal Audit Committee carried out ethical culture promotion, evaluation and guidance of audit and anti-corruption policies, and supervised the progress and results of audit and whistleblower investigation work in accordance with its responsibilities.

Anti-fraud management structure

Internal audit management committee	<ul style="list-style-type: none"> ◆ Advocate a corporate culture of honesty and integrity and create an anti-fraud corporate culture environment. ◆ Examine the results of fraud risk assessments and provide guidance on the establishment of overall control procedures and mechanisms to mitigate fraud incidents.
Internal audit department	<ul style="list-style-type: none"> ◆ Responsible for organizing and executing company-wide anti-fraud work, including assisting in the establishment and improvement of anti-fraud mechanisms, as well as paying attention to and checking for possible fraud during the audit process. ◆ Assist management departments with risk assessments for annual anti-fraud work. ◆ Assist in conducting anti-fraud awareness campaigns for the Company. ◆ Receive fraud reports, investigation and report.
Management of the departments	<ul style="list-style-type: none"> ◆ Undertake departmental anti-fraud work.
Human resources department, legal department	<ul style="list-style-type: none"> ◆ The Human Resources Department establishes a sound management mechanism for business ethics and integrity building, and assists the Internal Audit Department in conducting related fraud investigations. ◆ The Legal Department assists the Internal Audit Department in conducting fraud investigations, including improving the chain of evidence, preparing litigation materials, and participating in interviews.



Case Conducting training on the culture of integrity

From December 12 to 13, 2023, in order to build a good culture of integrity in the Company and to establish a clean and upright culture, the Human Resources Department and the Internal Audit Department organized 3 integrity trainings with the participation of nearly 200 people, which clarified the values and ethical standards of integrity, and strengthened the staff's understanding of and attention to the behavior of integrity.



Training on the culture of integrity

In **2023**

0 incidents of corruption

100% coverage of anti-corruption training for directors

100% coverage of anti-corruption training for employees

Anti-monopoly and Fair Competition

Multek strives to surpass competitors in a fair and just manner. We strictly prohibit the theft of proprietary information, obtaining trade secrets without the owner's consent, or inducing employees of other companies to disclose such information, whether they are currently employed or have left the Company. Moreover, we require our personnel to respect the rights of customers, suppliers, competitors, and employees, treating them fairly and justly. No personnel of the Company shall gain unfair advantage through manipulation, concealment, abuse of privileged information, false statements of material facts, or any other deliberate unfair trading practices.

In addition, the Company personnel are prohibited from involving competitors in discussions, plans, or consultations regarding prices, allocation of funds, territories, customers, or sales. Without prior authorization from the CEO and Compliance Officer of the Company, the Company personnel should avoid discussing any other agreements that restrict free and open competition or involve tying arrangements or reciprocal transactions with competitors.

Appeals and Reporting

Multek encourages employees to report any instances of corruption within the Company. The Internal Audit Department of the Company can become aware of fraudulent activities through reports received, fraud incidents reported by various levels of management, media coverage, unexpected events, audits, and other channels. The received fraud incidents are preliminarily assessed to determine whether they fall under the anti-fraud scope, and internal recommendations are made regarding whether to initiate an investigation. Within 2 working days, the incidents are reported to the Internal Management Committee for approval. Upon approval, investigations are conducted on the individuals involved through observations, interviews, surprise stocktaking, and other means. If the incidents do not fall under the anti-fraud scope, they are transferred to the relevant internal departments of the Company within 2 working days for further handling. If the reported incidents involve senior management personnel of the Company, a special investigation team is formed consisting of members from the Internal Audit Department and relevant department managers to conduct a joint investigation.

The Company promotes anonymous reporting in complaints and reports. Regarding the information of whistleblowers, especially those involving personal privacy, we strictly adhere to legal requirements for confidentiality. In 2023, the Company achieved a 100% effective handling rate for reported cases.

**Feel
Something
Suspicious
Speak up.**

**发现有什么
事情不妥当?
请大胆举报**

INTEGRITY 正直诚实

Contact the Ethics Hotline to report your concern anonymously at 0756-5329338/15907560017 or email to fxgl@multek.com

请拨打0756-5329338/15907560017或发邮件至fxgl@multek.com联系“道德热线”，匿名举报您的疑虑。

工会热线：0756-5321111 员工沟通热线：0756-5322222
Union Hotline: 0756-5321111 Employee Communication Hotline: 0756-5322222

REPORTING METHODS

Reporting hotline 📞

◆ 0756-5329338

◆ 15907560017

Reporting email ✉️

◆ fxgl@multek.com

02



PRACTICING GREEN DEVELOPMENT, AND SAFEGUARDING FOR THE BEAUTIFUL EARTH

Green development has become a common goal around the world. Multek actively practices the concept of green development and promotes the development of green industry by improving the environmental management system, controlling pollution emission, energy-saving technological transformation, and developing clean energy, so as to contribute to the future of the earth.

Key issues

- Water resource management
- Responding to Climate change
- Waste management
- Chemical safety

Main action strategies

Carry out identification, assessment, verification and certification of greenhouse gas emissions, and prepare and publish the Greenhouse Gas Verification Report

Expand the application of photovoltaic projects

Implement technological transformation of equipment for energy saving

Improving Environmental Management 23

- 1/Environmental Management System 23
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Improving Resource Utilization 24

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Controlling Pollution Emissions 27

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Commitment to the Ecological and Biodiversity Conservation 38



ESG

United Nations Sustainable Development Goals



IMPROVING ENVIRONMENTAL MANAGEMENT

Multek continuously improves its environmental management system by conducting risk assessments of unexpected environmental incidents, identifying potential environmental risks and hazards, and enhancing measures for preventing and controlling such incidents. These efforts aim to strengthen the Company's ability to respond to environmental risks, reduce environmental impacts, and enhance its capacity for sustainable environmental development.

Environmental Management System

Multek has set the environmental objectives of "protecting the environment, preventing pollution, conserving energy and natural resources, implementing green and low-carbon manufacturing, and pursuing zero waste and landfill for solid waste." The Company has developed the Environmental Health and Safety Objectives, Indicators, and Management Program Procedure and actively promotes the construction of the environmental management system in accordance with the environmental management system standards. The Company fully implements the main responsibility of environmental management. Since 2018, the Company has purchased "Environmental Pollution Liability Insurance" for seven consecutive years. It has maintained a good record of zero accidents and zero claims. In 2023, the Company invested a total of RMB55.5883 million in environmental protection. We have not received any administrative penalties or judicial judgments related to ecological environment.



ISO 14001:2015 Environmental Management System certificate
Multek Industries, Multek Zhuhai, Multek China

Environmental Risk Management

Multek complies with relevant national laws and regulations to conduct environmental risk assessments and environmental emergency resource investigations, and prepares written reports. The Company also develops the Emergency Response Plan for Unexpected Environmental Incidents and regularly conducts training and drills according to the plan's requirements to enhance environmental risk prevention and control, and to promptly control and prevent environmental emergencies.

Environmental risk identification

We require each campus and department to independently identify the environmental factors and hazards within their respective areas. They are required to complete the Environmental Factor Identification and Evaluation Form and the Hazard Source Identification and Evaluation Form and submit the identification results to the EHS personnel for review and confirmation. The EHS Department will gather the identification results from each department and evaluate the environmental factors and hazards based on evaluation criteria. This evaluation process will identify significant environmental factors and hazard sources, and determine the preventive and control measures for each hazard source.

Environment monitoring

We have developed the Periodical Waste Water & Exhaust and Factory bound Noise Monitor and Measurement Procedure and the Self-monitoring Plan to clearly define the monitoring locations, frequency, and performance standards for wastewater, exhaust gas, and noise. We have also engaged qualified third-party testing agencies to monitor the discharge outlets of wastewater and exhaust gas to ensure compliance with emission standards for various pollutants. In 2023, no instances of exceeding the standards were found through monitoring.

Environmental emergency management

We have formulated the Emergency Response Plan for Sudden Environmental Incidents and it has been reviewed by experts and filed with the Zhuhai Ecological Environment Bureau. This plan aims to standardize emergency management work, improve the response speed and coordination level in dealing with sudden environmental incidents, prevent the spread and escalation of environmental pollution accidents, avoid the occurrence of secondary disasters, and minimize environmental impact. At the same time, we have allocated emergency materials for handling sudden environmental incidents in accordance with requirements. Every year, we regularly conduct emergency drills related to chemical leaks, hazardous waste accidents, and other incidents. We have also signed the Emergency Rescue Mutual Aid Agreement for Environmental Health and Safety Accidents with neighboring companies to ensure that our company can effectively handle various types of sudden environmental emergencies and minimize casualties and property losses.

Case Conducting emergency drills for hazardous waste leakage incidents

On August 25, 2023, Multek China conducted an emergency drill for hazardous waste leakage next to the B5A WTP tin-containing waste liquid collection barrel. Through this emergency exercise, the process for emergency response and disposal of hazardous waste leakage incidents was standardized, and the Company's personnel's ability to respond to sudden accidents was enhanced.



The scene of the emergency drill for hazardous waste leakage incidents

IMPROVING RESOURCE UTILIZATION

Multek strictly complies with laws and regulations such as the Energy Law of the People's Republic of China and the Water Law of the People's Republic of China, attaches great importance to resource utilization, continuously optimizes production management methods, improves resource utilization efficiency, and strives for less resource consumption, greater economic and social benefits, thereby contributing to the construction of a resource-saving and environmentally friendly society.

Energy Management

Multek has a deep understanding that energy management is an important component of sustainable development. Through a series of measures such as daily inspections and energy-saving equipment upgrades, it contributes to achieving energy-saving and carbon reduction goals.

Multek Smart Energy Online Monitoring system

Establishing a Smart Energy Online Monitoring system

utilizing information technology and big data analysis to achieve real-time monitoring and analysis of energy consumption. Through digital means, it enables precise energy management and control, continuously optimizing energy usage strategies, and promoting further improvement in the Company's energy efficiency.

Real-time monitoring of energy consumption

Through the power and compressed gas monitoring platform, real-time collection and analysis of energy consumption and compressed gas usage of major equipment are conducted. The granularity is refined to an hourly basis, allowing timely detection of abnormal consumption patterns.

Visualization and analysis of energy usage

In-depth analysis of energy consumption data is conducted to identify energy-saving improvement opportunities and develop more effective energy-saving strategies. This includes examining the energy consumption trends and variations at different workstations and time periods, allowing for the identification of areas for energy efficiency improvements.



Compressed air system control platform

Smart Energy Online Monitoring system

Energy-saving fan improvement project for water treatment in the North Campus

The industrial wastewater treatment station in the North Campus uses four traditional SSR three-lobe Roots blowers for aeration in the reaction tank. However, these Roots blowers have issues such as high energy consumption, high noise generation during operation, high maintenance and repair costs, and large footprint. In 2023, the North Campus invested RMB380,000 to purchase a single Neuros air suspension blower to replace the four traditional SSR three-lobe Roots blowers. This replacement resulted in annual electricity saving of 358,795 kW·h, which is equivalent to a reduction of 204.621 tons of greenhouse gas emissions per year.



Before improvement



After improvement

The replacement project of energy-saving fan for the wet process horizontal line

The wet process horizontal line drying system currently uses regular high-pressure fans with low frequency and speed, which cannot meet the required airflow even after adjustment. Multiple fans have to be used, resulting in friction heat generation due to small clearances between the fan impeller and the casing. This leads to high noise at the air outlet, high power consumption, and low fan efficiency. To address these issues, the Company has invested over RMB3 million to replace 181 regular high-pressure fans with 84 high-frequency axial flow fans. Additionally, fan frequency converters have been added for control. This replacement has resulted in annual electricity saving of 1,916,594 kW·h, which is equivalent to a reduction of 1,092.671 tons of greenhouse gas emissions.



Before improvement



After improvement

Replacement of official vehicles: Electric vehicles replace gasoline vehicles

We purchased two electric vehicles to replace gasoline vehicles, which will result in a total reduction of 4,500 kilograms of gasoline consumption per year, equivalent to a reduction of 14.01 tons of greenhouse gas emissions.



Electric official vehicles

In 2023

Consumption of gasoline 23.43 tons

Consumption of diesel 14.48 tons

Consumption of natural gas 156,100 m³

Consumption of purchased electricity 273,315,700 kilowatt-hours

Total energy consumption 33,853.74 tce

Water Resource Management

The Company's water resources mainly come from municipal water supply, and its production and operation sites are located in areas with low water resource risk levels. The Company has established a water-saving team and annually formulates water-saving plans and implementation schemes to minimize water consumption and promote the sustainable use of water resources. During the reporting period, the Company did not experience any significant violations related to water resources.

Water conservation measures

Water-saving in the manufacturing process	Adjust the flow rate parameters of all water pipelines from above the medium level to below the medium level.		Adjust the water flow meters
	Check the status of the Company's horizontal flow meters, install water meters on the lines without meters, improve the three-level energy consumption measurement system, and ensure that each production line is equipped with flow meters to monitor water usage.		Install new water meters
	Supervise and follow up on monthly water usage, identify weak areas, and strengthen daily water conservation management; regularly maintain and manage water equipment to prevent leaks and wastage.		Equipment tracking and maintenance
Water-saving through technological upgrades	Actively promote water recycling technology in production and operation, and adopt multi-stage counter-current water washing processes for horizontal line water washing processes to reduce water consumption from the source.		Multi-stage counter-current water washing retrofit for water washing
	Intensify water conservation publicity, carry out water conservation awareness campaigns, and promote a water-saving culture.		Water conservation poster

Case Reusing RO concentrate water quenches the production's thirst

The Company continuously explores new methods and approaches for water management that are suitable for its actual situation. By implementing multiple water reuse measures, water utilization efficiency is improved. The RO concentrate water is prioritized for use in toilet flushing, and a water reuse system is installed within the factory. The collected and treated RO concentrate water is then returned to the purified water system as a water source for the water production process.

RO concentrated water reuse system



In 2023

Water consumption 3,421,781 tons

Water reuse 124,909 tons

CONTROLLING POLLUTION EMISSIONS

Multek strictly implements pollution control measures during the production process, complying with laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution. They have established management systems such as the Environmental Protection Requirements & Response for Legal Compliance Procedure, the Waste Management Procedure, the Management Procedure for the Use of Waste Water and Waste Gas, and the Operation and Maintenance Regulations for Exhaust Gas Purification Towers to promote standardized pollution control management practices. We rigorously control the impact of emissions on the environment.

Exhaust Gas Management

The types of exhaust gas emissions mainly include volatile organic compounds, hydrogen chloride, sulfuric acid mist, nitrogen oxides, particulate matter, etc., generated during the production process. The Company strictly complies with relevant laws, regulations, and specifications such as the Law of the People's Republic of China on the Prevention and Control of Air Pollution and the Volatile Organic Compounds in the Printing Industry. All exhaust gas emission outlets are designed and installed according to national standards, and the exhaust gas is discharged into the atmosphere through the exhaust pipe after treatment. The Company's internal management personnel and third-party organizations monitor the exhaust gas emissions to ensure compliance. We continuously optimize environmental protection treatment processes, upgrade efficient end-of-pipe treatment devices, and further reduce exhaust gas emissions while meeting compliance requirements.

Case Efficient processes facilitate the prevention and control of air pollution

Multek's exhaust gas mainly comes from processes such as solder mask, silk screen printing, etching, and acid washing. The Company actively implements measures to prevent and control air pollution by introducing advanced treatment technologies. Targeted exhaust gas treatment technologies are used for different types of exhaust gases, effectively treating the exhaust gas:

For organic exhaust gases, the "zeolite molecular sieve adsorption-desorption + combustion" treatment process is adopted, achieving a removal efficiency of over 90% and significantly reducing pollution to the atmosphere.

For acid and alkaline exhaust gases, the "acid-base neutralization" treatment process is used. By adding neutralizing agents, the harmful components in the acid and alkaline exhaust gases are transformed into neutral substances, achieving purification and harmlessness of the exhaust gas emissions.

For particulate matter, the "baghouse dust removal" treatment process is adopted. The exhaust gas is filtered through a baghouse dust collector, effectively capturing and removing particulate matter.



Exhaust gas end treatment device

In 2023

Exhaust gas emission compliance rate **100%**

Total exhaust gas emission **1,667,511.03** ten thousand m³

Emission of volatile organic compounds (VOCs) **1.89** tons

Emission of nitrogen oxides (NOx) **3.04** tons

Emission of particulate matter (PM) **1.23** tons

In other exhaust gases, the emission of hydrochloric acid mist is **46.33** tons, and the emission of sulfuric acid mist is **5.68** tons

Waste Water Management

The waste water of Multek mainly comes from processes such as etching, acid washing, and electroplating. The wastewater is divided into domestic sewage and industrial wastewater. The Company strictly complies with laws, regulations, and standards such as the Water Pollution Prevention and Control Law of the People's Republic of China and the Discharge Standards for Electroplating Wastewater. We have formulated targeted systems and guidelines such as the Wastewater Station Operation Guide to regulate wastewater discharge control, treatment processes, monitoring, and emergency management. Domestic sewage is treated in septic tanks and discharged into the municipal sewage network. Industrial wastewater is treated through processes such as coagulation, sedimentation, biochemical treatment, and MBR membrane filtration before being discharged into the effluent pool. The discharge of wastewater is monitored by internal management staff and third-party personnel. The Company continuously optimizes the wastewater treatment process to improve the effectiveness of pollutant treatment. Online monitoring systems for pollutants are installed at the discharge outlets, which are connected to the national, provincial, and municipal environmental protection departments to jointly monitor the discharge of wastewater, including flow rate, pH value, chemical oxygen demand, ammonia nitrogen, and total copper, and other wastewater discharge parameters.

Wastewater management measures

Establish an industrial wastewater treatment plant: Adopting advanced "physical-chemical + biochemical + MBR membrane filtration" processes to effectively remove COD, ammonia nitrogen, total copper, total nickel, and other pollutants.

Establish an industrial wastewater detection and early warning platform: Setting internal control indicators that are more stringent than the standards.

Install online monitoring systems for COD, ammonia nitrogen, total copper, total nickel, and other parameters at the discharge outlets, and connecting them to the environmental protection platform.



Wastewater treatment plant



Industrial wastewater online monitoring device



Interface of the industrial wastewater detection and early warning platform



In 2023

Wastewater discharge compliance rate of **100%**

Total wastewater discharge amount **2,967,019** tons

Chemical Oxygen Demand (COD) discharge **45.08** tons

Ammonia nitrogen discharge **9.57** tons

Waste Management

The waste generated by Multek mainly consists of general solid waste, including domestic waste, waste plastics, waste paper, waste textile materials, etc. Hazardous waste mainly includes sludge, waste circuit boards and trimmings, 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 Solid Waste Pollution Prevention and Control Law and the Measures for the Administration of the Transfer of Hazardous Waste. We have also established the Waste Management Procedure and the Hazardous Waste Management Plans, clarifying the classification criteria for general solid waste and hazardous waste. Strict waste disposal processes and safety operating standards have been established. Regular assessments of waste operations are conducted by EHS and CMR personnel to ensure the harmless treatment of waste and minimize the impact of waste on the environment and human health.

Waste sources and management methods

General solid waste



General solid waste is primarily prioritized for recycling and reuse. It should be transferred to designated storage areas within the specified timeframes. Regarding general industrial solid waste, it should be collected and treated through comprehensive utilization by entities with disposal capabilities. As for municipal solid waste, it should be uniformly collected and regularly transported by the sanitation department.

Hazardous waste



Establish a hazardous waste storage facility, implement waterproof and leak-proof measures. Hazardous waste should be strictly classified, temporarily stored, and managed by dedicated personnel in accordance with the Pollution Control Standard for Hazardous Waste Storage (GB18597-2023). The entry, exit, and transfer applications are reported in the "Guangdong Province Solid Waste Environmental Management Information Platform System."

Hazardous waste is handed over to qualified third-party disposal companies. Before signing a contract, on-site audits are conducted on hazardous waste disposal vendors to ensure that the hazardous waste generated by the Company is disposed of in compliance with regulations.

The Company adheres to the principles of "solid waste reduction, resource utilization, and harmless treatment" and promotes the process of solid waste reduction. Through process optimization and resource recycling, the Company maximizes the reduction of waste generation. At the same time, the Company advocates for the reasonable disposal of waste circuit boards. We convey the concept of "economic efficiency and green environmental protection" to our customers, and advocate that customers hand them over to qualified units for green treatment to minimize the adverse impact on the environment.

Hazardous waste reduction and disposal facilities

Low-temperature sludge drying facility

Using low-temperature drying method, the sludge generation was reduced by **4,036.6** tons in 2023.



Low-temperature sludge drying and reduction equipment

Online dry film residue reduction equipment

This equipment utilizes screw extrusion drying method directly at the production line to reduce waste. In 2023, it reduced **595.5** tons of waste.



Online dry film residue reduction equipment



Hazardous waste storage facility

The amount of solid waste emissions in 2023

Solid waste		Unit	Emission and recycling percentages in 2023
Compliance disposal rate of		%	100
Non-hazardous waste	Generation quantity	Tons	4,873.09
	Recycling quantity	Tons	4,814.90
	Recycling percentage	%	98.8
Hazardous waste	Generation quantity	Tons	12,501.03
	Recycling quantity	Tons	11,951.26
	Disposal quantity	Tons	549.77
	Recycling percentage	%	95.6

Chemical Management

To standardize the procurement, storage, use, and disposal of explosive hazardous chemicals, Multek has formulated the MSDS and Chemical Safety Label Management Procedure, the Safety Operation Instruction of Chemical Storage and the Management System for Explosive Hazardous Chemicals. These measures effectively control the risks associated with these activities and ensure compliance with relevant regulations.

The hazardous chemicals primarily used in the Company's factory include hydrochloric acid, sulfuric acid, nitric acid, hydrogen peroxide, sodium hydroxide, ammonia solution, ethanol, and sodium permanganate (solution). The Company has separate storage facilities for acidic chemicals, alkaline chemicals, and flammable chemicals to store hazardous chemicals. For the disposal of hazardous chemicals, the Company strictly follows the hazardous waste disposal process.

General measures for handling hazardous chemicals

	Classification and labeling	The hazardous chemicals are classified according to their hazard levels, and corresponding labels are marked on the containers, including the hazard levels, graphic symbols, and text, to remind of the hazards.
	Licensing and filing	To conduct licensing and filing management of units that produce, operate, use and store hazardous chemicals to ensure compliance with relevant safety requirements.
	Safe storage and use	Hazardous chemicals should be stored in special storage places, and appropriate safety measures should be taken, such as fire prevention, explosion prevention, corrosion prevention, etc. In the process of use, it must be operated in strict accordance with the safety operation procedures and equipped with the necessary personal protective equipment.
	Transport management	The transportation of hazardous chemicals is strictly managed, including the selection and inspection of transportation vehicles, the packaging and labelling of transportation containers, and the planning of transportation routes,, to ensure the safety of transportation.
	Emergency plans and handling	Relevant units should develop emergency plans for accidents involving hazardous chemicals, including measures such as accident reporting, personnel evacuation, accident suppression, environmental protection, as well as accident investigation and post-accident handling.

In the management process of chemicals, we strictly adhere to the principles of managing their entire lifecycle, from design, procurement, use, storage to disposal. At each step, we fully consider their potential environmental and health impacts. We adhere to closed-loop management and are committed to minimizing the risks of negative impacts on human health and the environment caused by chemical substances.

Chemical product life cycle management

Design

- ◆ In the product design process, we uphold the principles of environmental friendliness and sustainability. We actively seek and adopt harmless or lower-risk chemical substitutes.
- ◆ Through life cycle assessment and environmental risk assessment, we assess and reduce the use and emissions of chemicals in product design.



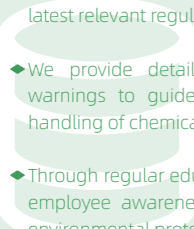
Procurement

- ◆ When establishing partnerships with suppliers, we explicitly request them to provide relevant information about chemicals, including but not limited to substance composition, detailed safety data, and potential environmental impacts.
- ◆ We prioritize selecting suppliers who strictly adhere to environmental and health standards and establish a comprehensive chemical management supply chain compliance system to ensure that the use and management of chemicals throughout the supply chain comply with environmental-friendly and health-safety requirements.



Use and storage

- ◆ We actively apply clean production technologies and processes to reduce the use and emissions of chemicals during the production process.
- ◆ We establish a chemical management system to ensure that the storage, use, and handling of chemicals comply with the latest relevant regulations and standards.
- ◆ We provide detailed instructions for use and safety warnings to guide employees in the proper use and handling of chemicals in our products.
- ◆ Through regular education and promotion, we aim to raise employee awareness of the safe use of chemicals and environmental protection.



Disposal

- ◆ We establish a chemical waste management system to classify, store, handle, and dispose of hazardous waste in compliance with environmental and regulatory requirements.



Case Dangerous Chemicals training event

From August to September 2023, Multek organized two rounds of Dangerous Chemicals training, with a total of 113 colleagues participating in the training. They obtained the Safety Training Certificate through assessment, further enhancing their awareness of safety production and their ability to handle hazardous chemicals.



PROMOTING LOW-CARBON OPERATIONS

Strengthening climate action has become a common challenge for different countries, industries, and companies worldwide. Multek actively responds to the national call, adheres to the path of green and low-carbon development, and continues to deepen greenhouse gas emissions reduction actions, working together to safeguard a green future for all of humanity.

Identifying Climate Risks and Opportunities

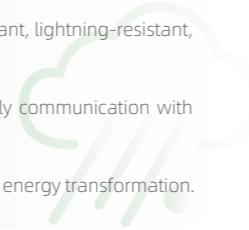
Based on publicly available materials and industry analysis, Multek conducts climate risk reviews using a qualitative assessment method. Climate change risks mainly include physical risks and transition risks. Physical risks are caused by extreme weather events or temperature rises, while transition risks are risks arising from market, regulatory, and policy changes resulting from climate change.

Identified climate risks

Risk types	Climate risk factors	Risk classification	Risk examples description	Time dimension	Degree of impact
Physical risks	Heatwave	Acute operational risk	As the Company is located in a subtropical climate zone, during heatwaves, employees may be unable to work due to extreme heat, leading to heat exhaustion, heatstroke, or other health issues. This could increase the consumption of water and energy, resulting in higher operational costs. Production machinery may also face overheating issues, leading to a shortened lifespan.	Long-term	High
	Typhoon	Acute operational risk	Due to the Company's geographical location in a region prone to tropical cyclone activity, there is a high risk of supply chain disruptions, which could result in the inability to operate normally.	Long-term	High
	Thunderstorms, flooding, heavy rain	Acute operational risk	The Company and its manufacturing factories are located in Guangdong, which is prone to heavy rain and related disasters such as flooding. The presence of such weather conditions may lead to secondary hazards. The factory facilities are highly flammable and explosive, and the increased occurrence of thunderstorms poses a risk of explosions, fires, and potential damage to equipment or disruption of personnel and material transportation, resulting in increased operational costs and decreased revenue.	Long-term	High
Transition risks	Energy policy risk	Chronic operational risk	Due to local government power rationing policies, the production department may experience direct shutdowns or production reductions, and power rationing can also impact the upstream supply chain, resulting in increased production costs.	Long-term	Low
	Water resource pressure	Chronic operational risk	The Company is undergoing water-saving technology upgrades and renovations, which may incur certain costs for energy-saving transformations. In the short term, this may lead to an increase in costs.	Medium to long term	Low
	New policies for low-carbon economic transformation	Policy risk	China has committed to the 3060 dual-carbon targets, and the government has introduced new policies to support low-carbon transformation. High-emission economic activities will face pressure, thereby increasing the research and development costs of low-carbon operations.	Long-term	High
	Market demand changes	Market risk	Different levels of climate issue management requirements from downstream domestic and international major customers will lead to an increase in carbon management costs. For example, conducting carbon inventories and disclosing sustainable development reports will incur certain operating costs.	Long-term	Low

To adapt to climate change and address climate change risks, Multek has taken appropriate measures:

- ◆ When dealing with extreme weather and climate events, a scientific assessment of on-site safety is conducted to ensure the personal safety of on-site personnel. Necessary safety protective equipment is carried, and pollution collection and cleaning are carried out to minimize the impact on the environment.
- ◆ Comprehensive inspections are conducted on the rainwater and sewage diversion discharge systems, flood discharge and drainage facilities, drainage ditches, canals, outlets, etc., in the factory area. Timely dredging is carried out to ensure unobstructed flow.
- ◆ Strictly implement the system of department leaders taking shifts on duty. During typhoons and heavy rainstorms, department leaders must be on duty for 24 hours, strengthen patrols and inspections of key areas, promptly assess safety production risks, and coordinate the handling of various abnormalities and exceptional situations.
- ◆ Carry out targeted emergency drills and training for natural disaster accidents in a timely manner, equip with appropriate and effective emergency supplies and equipment, and implement emergency rescue forces.
- ◆ In construction projects, prioritize the use of climate-resilient infrastructure, such as earthquake-resistant, wind-resistant, lightning-resistant, flood-resistant, and fire-resistant designs and constructions.
- ◆ Dynamically identify climate-related policies and regulations both domestically and internationally, maintain timely communication with clients, and meet their requirements for climate change-related management work.
- ◆ Continuously iterate the system, constantly improve energy efficiency, reduce total energy consumption, and promote energy transformation.



In addition to identifying the potential impacts of climate change, we also analyze the green and low-carbon development opportunities that align with our own operations and product characteristics. We strive to create a clean, green, and efficient production and operation model to achieve genuine sustainable development. The climate change opportunities we have identified are as follows:

Emerging market opportunities	Climate change has driven the development of emerging markets such as renewable energy, smart grids, and electric vehicles, leading to an increased demand for related products. As a manufacturer of electronic products, Multek can explore opportunities in these relevant fields by providing related components, equipment, or solutions.
Support from energy-saving and emission reduction policies	The government has increased its support for energy-saving and emission reduction policies. Multek can reduce energy and resource consumption as well as carbon emissions by adopting energy-saving technologies (such as using solar power) and improving energy utilization efficiency. This can lead to a reduction in operating costs, especially carbon costs.

Greenhouse Gas Emissions

Global climate change poses a dual challenge to human society and livelihoods. The 1.5°C Business Ambition is a global initiative aimed at addressing and reducing the severe impacts of climate change. Multek has always been committed to environmental responsibility and cultivating more sustainable business practices, making it a top priority to align the Company's operations with the 1.5°C Business Ambition of the United Nations Global Compact.

1. Greenhouse Gas Management

Multek regularly conducts greenhouse gas emissions identification, assessment, verification, and certification. We commission third parties to conduct greenhouse gas inventories in accordance with the ISO 14064-1 standard and obtain the Greenhouse Gas Verification Report certificate. Our greenhouse gas emissions primarily come from direct sources (including gasoline, diesel, natural gas, and refrigerants) and indirect sources (including purchased electricity). The main greenhouse gases involved are carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.

Greenhouse gas emissions data for Multek in 2023²

Scope	Source	tCO ₂ e	Proportion
Total greenhouse gas emissions (Scope 1)	◆ Daily consumption of gasoline as a power source for a portion of the Company's own official vehicles in the factory area.	3,993.70	2.51%
	◆ Daily consumption of diesel as a power source for a portion of the Company's own official vehicles in the factory area, forklifts in the workshop, and generators.		
	◆ The boilers in the factory area use natural gas as the energy source for winter heating.		
	◆ The septic tanks in the factory area generate CH ₄ .		
	◆ The chiller uses refrigerants R134a and R123. The compressed air dryer uses refrigerant R404a. The air conditioning system uses refrigerants R407c, R410a, R22, and R32.		
	◆ The atomic absorption spectrometer used for testing uses acetylene.		
	◆ The material fire performance combustion machine and septic tanks in the factory area generate methane.		
	◆ The workshop electroplating horizontal line process uses potassium permanganate and sodium permanganate.		
	◆ The workshop's plasma machine uses carbon tetrafluoride.		
	◆ The working process of the laser drilling machine generates carbon dioxide.		
◆ The automatic fire suppression system in the electrical room uses heptafluoropropane.			
Total greenhouse gas emissions (Scope 2)	◆ The purchased electricity is consumed for office lighting, machine production, and other purposes in the Company.	155,224.41	97.49%
Total greenhouse gas emissions		159,218.10	100%

² The greenhouse gas emissions data for the year 2023 is calculated using the national grid coefficient of 0.5703.

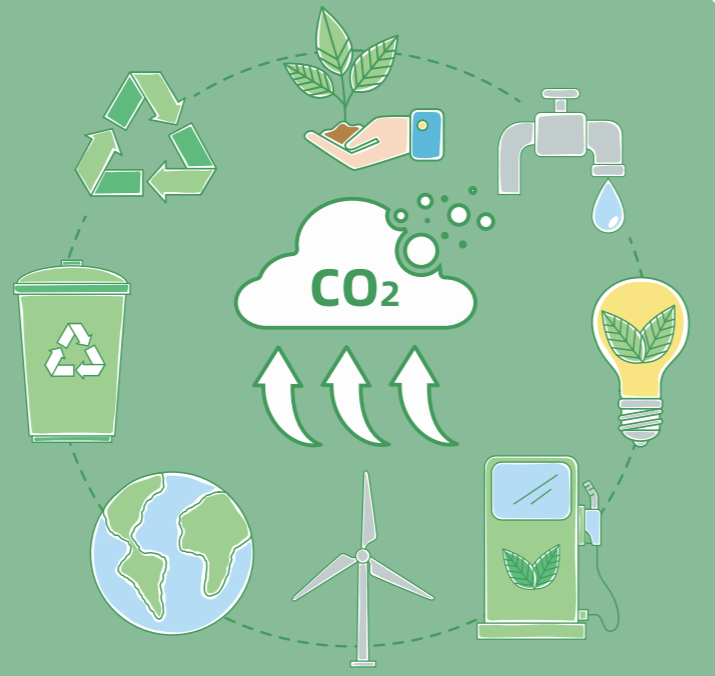
2. Carbon Reduction Targets

In order to actively respond to the goals of carbon peaking and carbon neutrality, and meet customer demands for carbon reduction actions, the Company has proactively set carbon reduction targets, established a carbon reduction management committee, and aims to reduce carbon emissions by half by 2030, using 2018 as the baseline year, in order to continuously promote carbon neutrality.

Carbon reduction plan (Scope 1 and Scope 2)

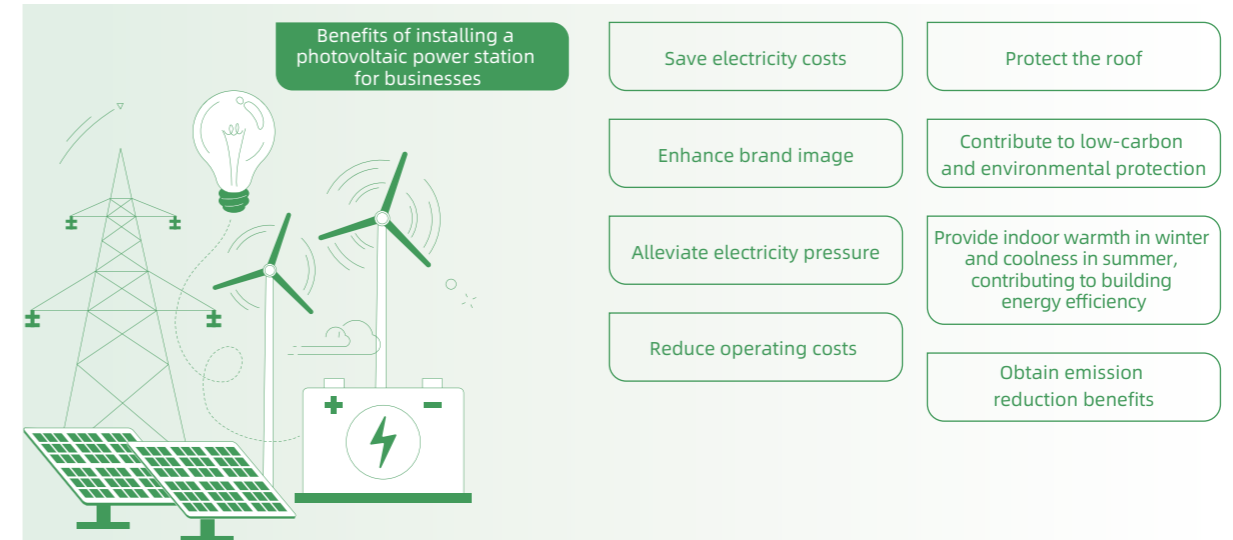
	2018 (baseline year, t/CO2e)	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030 (Target year)
	197,144.05	187,286.85	177,429.64	167,572.44	157,715.24	147,858.04	138,000.83	128,143.63	118,286.43	108,429.23	98,572.02
Annual carbon emission reduction amount		9,857.20	9,857.20	9,857.20	9,857.20	9,857.20	9,857.20	9,857.20	9,857.20	9,857.20	9,857.20
Annual percentage reduction in carbon emissions		5.00%	5.26%	5.56%	5.88%	6.25%	6.67%	7.14%	7.69%	8.33%	9.09%
Cumulative carbon emission reduction		9,857.20	19,714.41	29,571.61	39,428.81	49,286.01	59,143.22	69,000.42	78,857.62	88,714.82	98,572.03
Cumulative percentage reduction in carbon emissions		5.0%	10.0%	15.0%	20.0%	25.0%	30.0%	35.0%	40.0%	45.0%	50.0%

	2018	2021	2022	2023
Annual carbon emissions reduction amount	197,144.05	193,468.80	171,787.11	159,218.10
Annual percentage reduction in carbon emissions		1.86%	11.21%	7.32%
Cumulative carbon emissions reduction		3,675.25	25,356.94	37,925.95
Cumulative percentage reduction in carbon emissions		1.86%	12.86%	19.24%



Promoting Green Transformation

Photovoltaic projects are one of the most promising clean energy projects. They can provide stable and affordable clean energy for society and industrial production, which is of great significance in protecting the environment and reducing greenhouse gas emissions. Multek has been committed to the application of photovoltaic projects, aiming to achieve self-sufficient clean energy supply and reduce environmental impact through the construction and operation of photovoltaic projects.



Multek distributed photovoltaic power generation project

Multek attaches great importance to the use of clean energy and renewable energy and actively takes measures to gradually increase the proportion of green electricity, such as expanding photovoltaic power generation. The existing rooftop photovoltaic installed capacity in the factory is 1.2048 MWp. In 2024, there are plans to add 5,967 m² of photovoltaic panels with an installed capacity of 612.495 Kwp, which is equivalent to an annual increase in photovoltaic power generation of 649,000 kWh.



Installed photovoltaic (PV) systems
2024 planned installation of photovoltaic (PV) systems

Photovoltaic layout diagram

In 2023

Photovoltaic installed capacity
1.2048 MWp

Cumulative power generation (2016-2023)
9.5169 million kWh

Enhancing Environmental Advocacy

As environmental issues become increasingly prominent, as a responsible enterprise, Multek has formulated the Environmental Health and Safety Education and Training System. We regularly organize employees to participate in basic environmental awareness training and actively encourage them to participate in environmental volunteer service activities. These activities include regular garbage sorting campaigns and promoting green commuting, aiming to continuously enhance employees' environmental awareness, create a favorable environmental atmosphere, and promote the Company's green development. In 2023, our environmental training coverage rate reached 100%.

Case Organize volunteer environmental protection activities in Huangyang Mountain

On March 18, 2023, Multek organized a themed event "Huangyang Mountain Volunteer Environmental Protection Action". The highlight of this event was the collaboration with the Company's photography association, allowing volunteers to learn photography while going up the mountain and participate in environmental protection activities on their way down. When descending the mountain, volunteers picked up non-biodegradable items such as cigarette butts, beverage bottles, and plastic bags that they encountered, and collected them in garbage bags to be taken down the mountain, further promoting environmental awareness.



Huangyang Mountain volunteer environmental protection action

Case Organize the "Learn from Lei Feng, Volunteer Action" environmental protection welfare activity

On April 2, 2023, the Volunteer Association organized the "Learn from Lei Feng, Volunteer Action" environmental protection welfare activity. The volunteers gathered and registered on time before the start of the activity, and received instructions on their assigned tasks and important reminders. They then received cleaning tools and began to clean up the garbage along the roads in the scenic area, such as foam, paper scraps, cigarette butts, fruit peels, and plastic bottles.



Environmental protection welfare activity

Case Conduct training on the recycling and reuse of waste/residual materials in the PCB industry

On November 23, 2023, one "Zhuhai Craftsman" from the Company conducted a training session on the Recycling and Reuse of Waste/Residual Materials in the PCB Industry. The training primarily focused on the common applications of precious metals such as palladium, platinum, and rhodium in daily life, as well as their significant roles in fields like jewelry, automotive, and electronics. The training also provided information on common methods for metal recycling, giving participants a more comprehensive understanding of these metals.



Training course poster



COMMITMENT TO THE ECOLOGICAL AND BIODIVERSITY CONSERVATION

Multek strictly adheres to national and local biodiversity conservation laws and regulations, integrating biodiversity conservation throughout the project planning, design, construction, and operation phases. Through a series of practical measures, the Company aims to protect the ecological stability and biodiversity of the operating area. During the project planning and design phase, a comprehensive survey and assessment of the surrounding ecological environment are conducted based on biodiversity conservation requirements. This helps to fully understand the characteristics and distribution of local biodiversity, avoid selecting locations that would have adverse impacts on biodiversity, and obtain the required Environmental Impact Assessment report in compliance with regulations. During the project construction phase, measures are implemented to protect the environment, limit the construction scope, and minimize the impact on local vegetation, soil, and water bodies. In the project operation phase, continuous environmental monitoring is carried out, with regular collection and analysis of environmental indicators such as air quality, water quality, and soil quality. This allows for the timely identification and resolution of potential issues. Efforts are also made to actively engage in ecological restoration and protection work.

Measures for soil pollution prevention

Investigation and rectification of soil pollution hazards

Conduct a soil pollution risk investigation every three years, entrusting a third party to conduct hazard investigation in production areas, raw materials, chemicals, hazardous waste storage areas, storage areas, and transportation areas. Based on the investigation results, develop detailed rectification plans and carry out rectification actions to thoroughly eliminate hazards.

Preventing soil pollution from new, renovated, and expanded projects

For new, renovated, and expanded projects, evaluate the impact on soil environment, conduct a thorough investigation of soil environmental background, and determine monitoring indicators based on project materials, products, and potential pollutant emissions.

Preventing soil pollution from relevant activities

Entrust a third party to develop the Soil and Underground Self-Monitoring Plan and conduct annual soil and groundwater monitoring in accordance with the monitoring plan and the requirements of the Technical Guidelines for Self-Monitoring of Soil and Groundwater in Industrial Enterprises. Regular inspections are conducted in key regulated areas such as wastewater stations, hazardous waste warehouses, etc., to identify and rectify leakage hazards in a timely manner.

03



WORKING TOGETHER, AND UNLEASHING THE VITALITY OF VALUE

Multek listens attentively to customer needs, continuously updates ourselves, and provides excellent products and services. At the same time, we work hand in hand with suppliers to promote the upgrade and optimization of the supply chain, building a more efficient and reliable supply chain system to meet and exceed customer expectations.

Key issues

- Product quality and safety
- Supply chain management
- Conflict minerals management

Main action strategies

Establish a project team to optimize the quality management system architecture.

Enhance quality management through digital technology.

All three subsidiaries of Multek have obtained IECQ QC080000 hazardous substance management certification.

Customer satisfaction rate is 95%, an increase of 3% compared to 2022.

Audit a total of 6 suppliers involved in 3TG (Tin, Tungsten, Tantalum, and Gold) minerals, ensuring that 100% of 3TG mineral raw materials are sourced from conflict-free smelters.

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United Nations Sustainable Development Goals (SDGs)



STRENGTHENING QUALITY MANAGEMENT

Multek adheres to the quality goal of "zero defects". We strictly control the quality throughout the entire process, continuously improve the quality management system and regulations, promote the culture of quality, and strictly manage hazardous substances to ensure product safety and reliability. At the same time, we actively promote innovation and research and development, injecting continuous momentum into the comprehensive improvement of product quality, thereby gaining wide recognition in the market and the trust of customers.

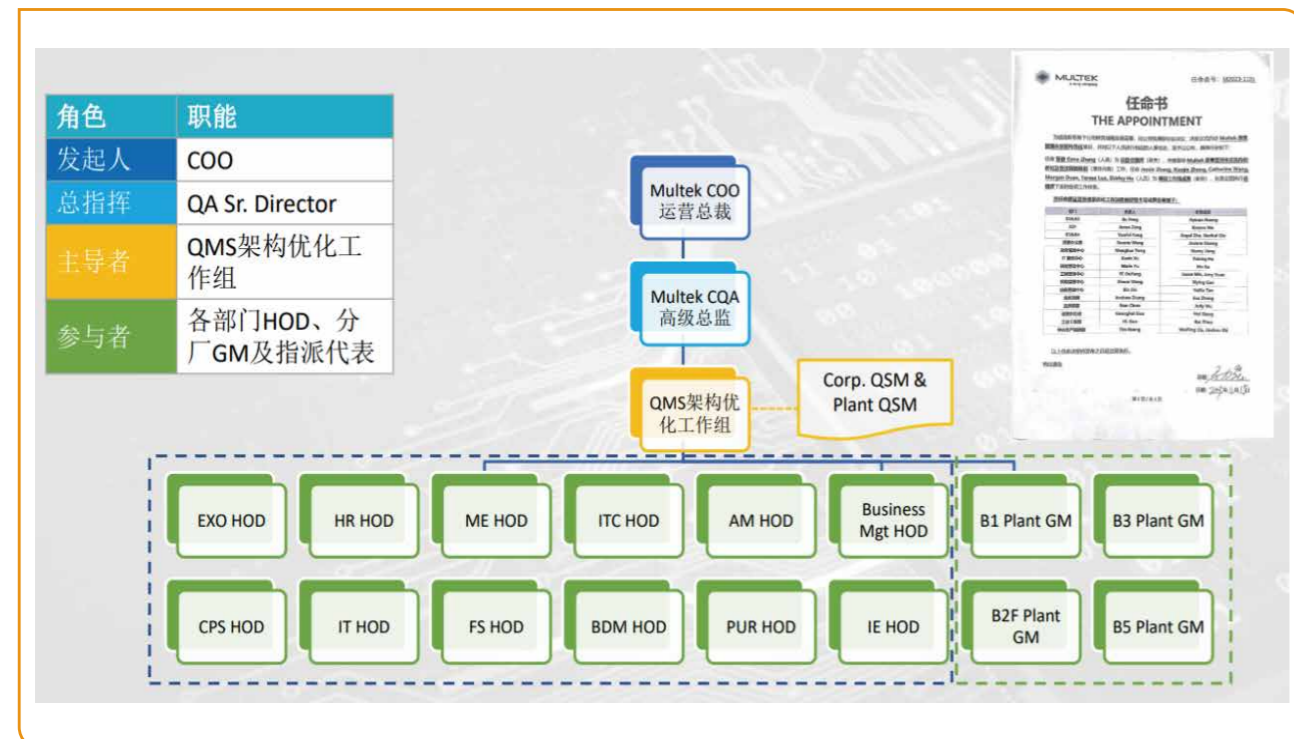
Creating High-Quality Products

To comprehensively ensure product quality, Multek has established a series of product production and quality assurance procedures and systems, such as the Incoming Quality Control Procedure, the Control of Non-Conforming Product Procedure, and the Final Quality Audit Procedure. At every stage from material procurement to the final production of finished products, we ensure that each process strictly adheres to quality standards, aiming to provide high-quality products for consumers.

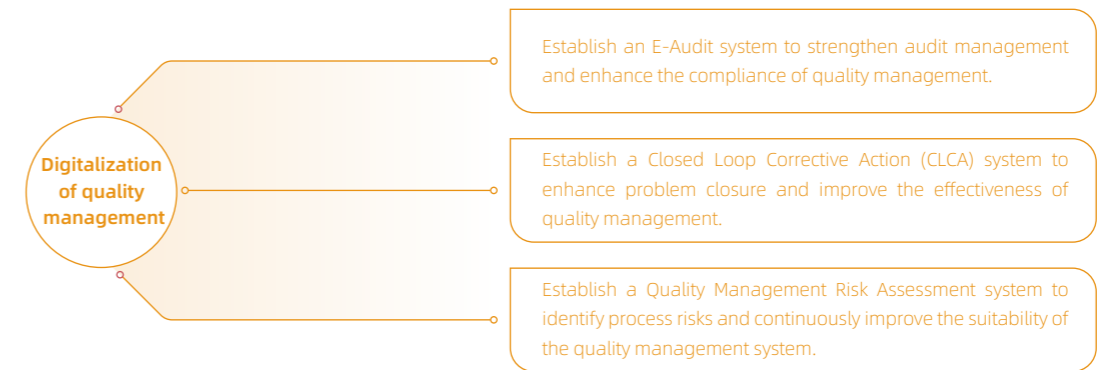
Quality management philosophy With the requirement of "getting things right the first time" and the goal of "zero defects," we take on the primary responsibility for product and service quality, and comprehensively promote high-quality development.

In response to the national requirements for quality reform and improvement, we actively respond to and keep up with the latest developments in international standards, combining industry norms, customer requirements, and company quality objectives. Based on the principles of compliance, effectiveness, and suitability in quality management, we have comprehensively reviewed the Company's existing management structure and built an efficient and flexible quality management system architecture that is more suitable for the Company's new development needs. To achieve this, we have established a four-tier optimization project with the COO as the initiator, the QA Senior Director as the overall commander, and the QMS as the leader, with the participation of various departments and plants. We focus on executing quality process optimization to continuously improve product quality, in order to meet compliance requirements and the diverse needs of the market.

The project team for quality management system optimization



At the same time, we actively strengthen the application of digital technology in the field of quality management. By introducing advanced information technology methods, we continuously improve our quality competitiveness and enhance the compliance, effectiveness, and suitability of our quality management.



To establish a solid foundation for product quality from the source, we have released six fundamental principles of on-site quality management and fully implemented and assessed them. We explicitly require these principles to serve as long-term guiding principles for the management of our production sites. We adopt a combination of publicizing, enforcing, and inspecting methods to ensure the continuous implementation of these principles. The assessment of these principles involved the participation of 3,505 individuals, with a participation rate of 99.2%. Among them, 3,362 individuals passed the assessment, with a pass rate of 95.9%.



The six fundamental principles of on-site quality management

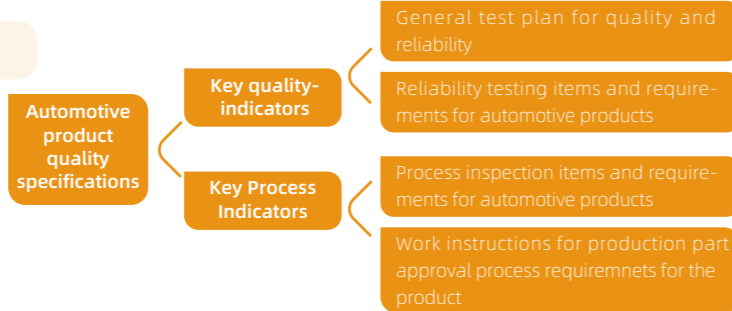
- "Four Confirmations" before production**
 - Ensure that the product matches the information on the batch number card.
 - Ensure that the product is in line with the current process.
 - Ensure that the product matches the specified production parameters.
 - Ensure that the product is compatible with the tools being used.
- "Three Steps" of abnormality handling**
 - Stop production
 - Abnormality isolation
 - Notify the relevant superiors
- "Three No Escapes" in abnormal analysis**
 - No escape for unclear causes
 - No escape for unclear responsibilities
 - No escape for ineffective measures
- "Three No Principles" of quality**
 - No acceptance of defective products
 - No production of defective products
 - No release of defective products
- "Three-step Method" for equipment maintenance**
 - Daily inspection
 - Weekly maintenance
 - Monthly maintenance
- "Three Elements" for filling out forms**
 - Clear writing
 - Complete records
 - Standardized filling

Case We enhance the management level of automobile product quality

In 2023, the Company established internal automotive product enterprise standards and officially launched standardized management for automotive product production and inspection to ensure compliance throughout the automotive project's product and production processes.

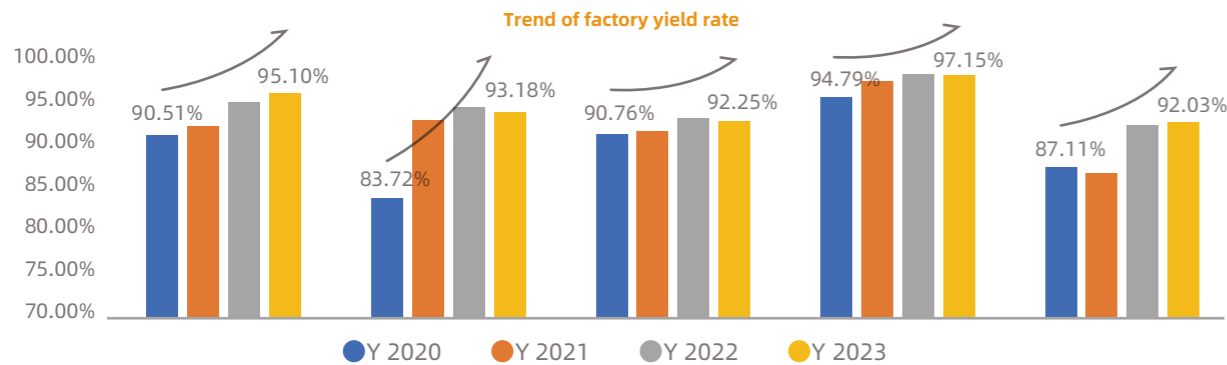
We conducted quality management compliance checks and improvements in areas such as non-conforming product handling, on-site 5S and environment, equipment maintenance, and employee training. A compliance audit team was set to develop audit plans and carry out the audits. After the audits, problems were classified and analyzed, with timely feedback and follow-up to ensure a closed-loop system and continuous improvement in quality management.

- ◆ Since the implementation, audits have been conducted on **50%** of the processes in each factory.
- ◆ A total of 103 issues were identified, with a non-compliance rate of **28.4%**.
- ◆ The response rate for addressing the identified issues was **100%**, while the resolution rate was **55%**.
- ◆ **7** exemplary cases were shared.



Case We conducted monthly quality inspection meetings

In 2023, we continued to focus on conducting monthly quality inspection meetings, truly implementing the principles of setting goals, identifying key areas, and verifying achievements. We comprehensively reviewed the quality objectives set at the beginning of each month and the progress of major improvement actions, enabling key personnel in the factories to have a comprehensive understanding of the shortcomings in quality work and carry out more targeted improvement actions. As of 2023, we have conducted a total of 181 monthly quality inspection meetings. Through the monthly inspections, we have identified and reviewed areas of concern, leading to a continuous improvement in the quality improvement atmosphere in each factory and a steady increase in product yield.



Quality Culture Construction

In 2023, Multek, guided by the spirit of "Quality Everywhere, Craftsmanship by Everyone," actively promoted the construction of a quality culture among all employees. While deeply penetrating grassroots levels and popularizing the quality culture, we are committed to cultivating the correct attitude towards quality issues among employees, guiding them to actively face and properly handle quality defects and risks, and creating a quality atmosphere where everyone participates in quality, creates quality, and enjoys quality. This comprehensive effort fully supports the high-quality development of the Company.

Quality culture construction activities in 2023

January-February	◆ Maturity assessment of quality culture construction	◆ Quality culture construction mobilization in 2023 and 2022 work summary meeting	
March-April	◆ Quality award	◆ Releasing the plan of the Quality Empowerment Creation Camp	◆ Billboards for promoting automotive product quality
May-June	◆ Quality culture promotion bulletin	◆ All-Staff "Learning and Competition" on quality culture knowledge	◆ Initiation of quality control group activities
July-August	◆ Initiation of Block manager's experience sharing session	◆ Quality control group activities - Company-wide quality activity implementation and sharing	◆ Guidelines for quality control group activities
September-October	◆ Basic principles for on-site quality management	◆ Second edition of automotive product quality promotion bulletin	◆ Capability assessment of manufacturing enterprise quality management
November-December	◆ Block manager's experience sharing session	◆ Preview for the quality control group activity achievement presentation competition	

Case Successful launch of the Quality Empowerment Creation Camp

To create a learning environment for a strong quality culture, the Company initiated the Quality Empowerment Creation Camp project in early 2023. This project is an empowerment program aimed at enhancing the quality management capabilities of automotive products. The empowerment content covers various areas, including quality systems, quality tools, quality methods, and quality awareness.

In 2023, the Quality Empowerment Creation Camp achieved the following results:

- ◆ The development and training of quality courses: A total of **18** quality courses were developed and delivered, with an overall satisfaction rate of **95%**.
- ◆ The cultivation of the quality internal trainer team: A total of **11** quality internal trainers completed the course certification, accounting for **53%** of the internal trainer pool at Multek. At the same time, **4** outstanding quality internal trainers were selected.



Outstanding quality empowerment internal trainers

- ◆ Creation of a quality culture learning atmosphere: A total of **627** people participated throughout the year, with an overall participation rate of **57%**. Among them, quality-related personnel had a participation rate of **67%**. The average participation per course was **33** people. Additionally, **8** outstanding trainees were selected.



Outstanding trainees



The successful launch of the Creation Camp has enhanced the professionalism of the quality team, strengthened the Company's quality management level, and increased customer satisfaction. In the future, we will further expand the coverage of basic quality course training, accelerate the process of professional development for quality personnel, and focus on cultivating internal quality experts to promote the continuous improvement of the quality management level within the Company.

Case "Learning and Competition" on quality culture knowledge for all employees

In May 2023, in order to further solidify the Company's quality culture construction and cultivate a respectful attitude towards quality among all employees, the Quality Management Center organized the "Learning and Competition" activity on quality culture knowledge. Through the integration of competition and training, this activity aimed to learn, popularize, and consolidate quality culture, and comprehensively create a favorable quality culture atmosphere.

A total of **1,375** people submitted **3,159** answer sheets for the activity, and the rankings for the first, second, and third prizes were determined based on the total scores and completion time. This "Learning and Competition" activity has enhanced employees' awareness and understanding of quality culture, and stimulated their enthusiasm for participating in quality improvement initiatives. We will continue to carry out similar activities to further promote the deep development of quality culture.



The poster of "Learning and Competition"

Through the establishment of a sound quality management system, the implementation of specific measures and daily inspections, and the continuous promotion of a quality culture, we have passed ISO 9001, IATF 16949 and ISO 13485 quality management certifications in multiple fields. Among them, Multek Industries successfully passed the ISO 13485 quality management system certification, which signifies that we have the strength to provide products and technical services to customers in the global medical device field, and lays a new foundation for the Company's development in the medical device field. In the future, we will continue to take the quality management system standard as the guideline, take the refined management as the basic guarantee, continuously improve the internal quality control mechanism, continuously improve the service level, provide customers with better quality products and technical support, in order to win the market's continuous recognition and trust.



Multek Industries, Multek Zhuhai, Multek China

Case QC circle group empowerment training program

In June 2023, we successfully implemented a six-month QC circle group activity based on the quality concept of "Quality Everywhere, Craftsmanship by Everyone". During the activity period, the group completed 20 reports and selected 10 outstanding projects to participate in the company-level competition. With the core objectives of improving product yield, customer satisfaction and reducing waste and damage, the QC circle group utilized QCC standardized activity procedures and quality management tools, and achieved remarkable results, which demonstrated the characteristics of "small, practical, active and new" of the QC circle group. This activity deepens the quality culture of "full participation in continuous improvement", improves the team's quality awareness and collaboration ability, and promotes the overall improvement of the Company's quality management level.



Scene of the QCC group activity



Scene of the QCC achievement presentation and award ceremony



Multek Industries

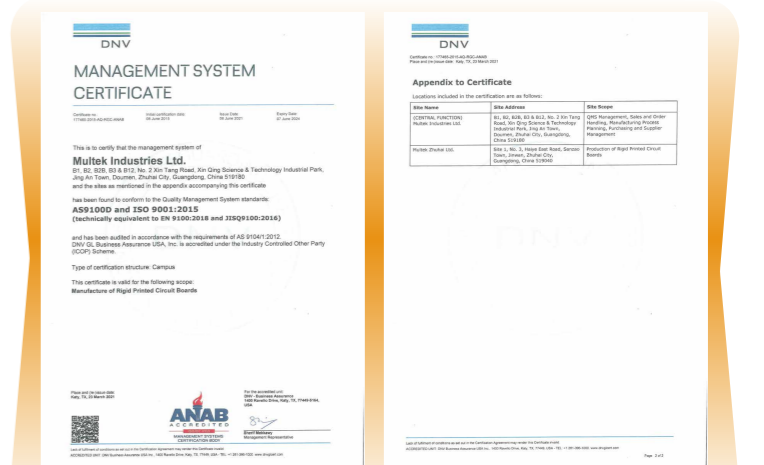
Multek Zhuhai

Multek China

Multek Industries ISO 13485 : 2016 Certificate



Multek Industries and Multek Zhuhai AS9100D and ISO 9001:2015 Certificate



In 2023

The number of employees who received internal training was **1,195**

with a participation rate of **84.15%**

Among them, **1,121** individuals successfully passed the exams

with a pass rate of **93.81%**

A total of **4** external trainings

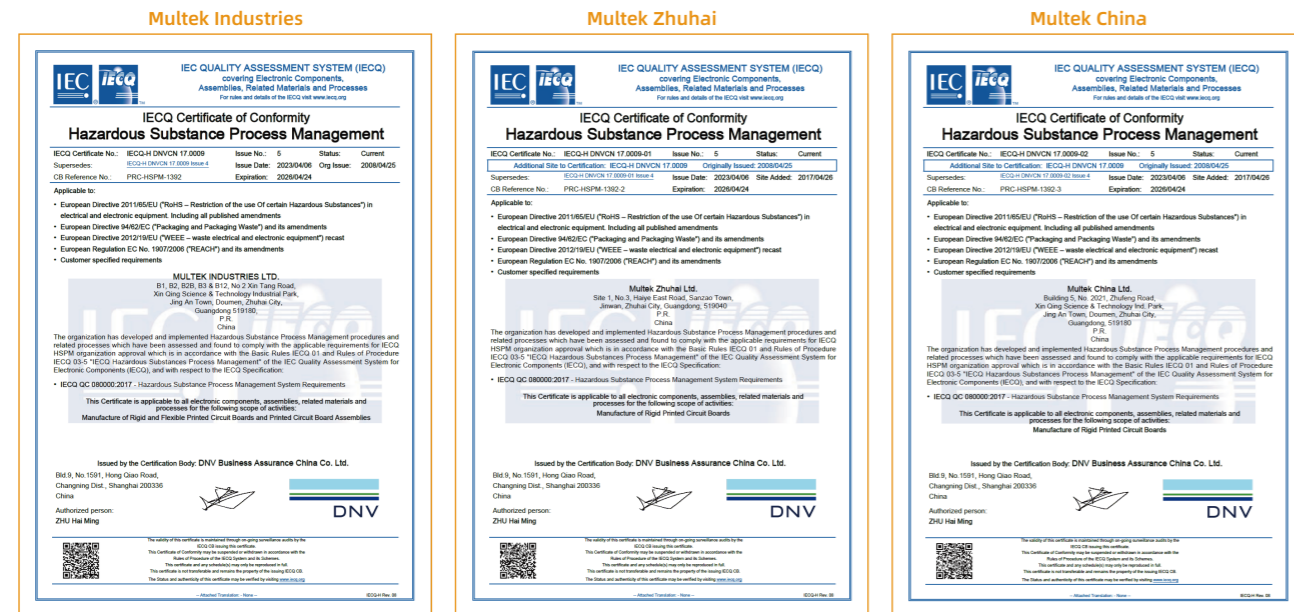
were conducted with **146** suppliers

representing more than **85%** of the major suppliers

Hazardous Substance Management

Multek strictly adheres to the international standard QC080000 and references EU directives such as RoHS, REACH, WEEE, as well as relevant Chinese regulations like the Management Measures for Pollution Control of Electronic Information Products. A series of internal and external control procedures and lists for hazardous substance management have been established, including the Hazardous Substance Management Manual, the Hazardous Substance Process Management Procedure, the Multek Hazardous Substance Control List, and the Hazardous Substances Reduction Quality Control Procedure. From product research and development to procurement, manufacturing, and product delivery, the Company implements strict control over the use of hazardous substances, integrating environmental and health standards. By establishing a comprehensive hazardous substance management system, the Company ensures the safety and environmental friendliness of its products.

Our three subsidiary companies have obtained the IECQ QC080000 hazardous substance management certificate, demonstrating our strength and commitment to quality management and environmental responsibility. This certification provides assurance to customers and partners that we offer reliable products and services.



IECQ QC080000:2017 Hazardous Substance Process Management Conformity Certificate

In addition to focusing on internal hazardous substance management, we attach great importance to controlling hazardous substances from the procurement source. We have formulated the Supplier Hazardous Substance Management Procedure and issued the Multek Supplier Hazardous Substance Control Specification to inform suppliers of the specific requirements for controlling hazardous substances in purchased materials. We require suppliers to fill out the Hazardous Substance Review & Declaration Report to ensure that the supplied materials have a reduced impact on the environment and ecology. Additionally, we conduct rigorous hazardous substance audits on suppliers through a combination of self-assessment by the suppliers and audits conducted by Multek, ensuring the safety and quality of our products.

The list of hazardous substance review (Partial)

- Whether a hazardous substance management system (such as IECQ QC080000) has been established, with well-documented processes and procedures that are fully implemented and continuously improved according to the requirements of the system.
- Whether there are dedicated hazardous substance management personnel. Whether the R&D department conducts confirmation reviews of material integrity, and whether it is managed and reviewed by the hazardous substance management personnel.
- Whether regular training sessions on hazardous substance management knowledge are organized for employees. Whether the training content for new employees includes relevant knowledge on hazardous substance management.
- Whether a comprehensive collection and analysis of legal, regulatory, and customer requirements for hazardous substance management has been conducted. Whether there is a designated organization responsible for implementing hazardous substance management requirements, and whether the requirements have been communicated to relevant departments and members.
- Whether there are clear hazardous substance management requirements in the procurement specifications, and whether all suppliers provide documentation of material compliance (including but not limited to material composition information, third-party test reports, etc.).

To jointly achieve the goal of reducing hazardous substances, we fully commit to working with our customers and supply partners to prioritize the environment throughout the product manufacturing process. We adhere to the following principles:

Hazardous substance reduction policy

- Avoid the use, production, and sale of products containing restricted or prohibited substances to comply with customer and legal requirements.
- Collaborate with customers and suppliers to create a green procurement management platform dedicated to developing green products.
- Establish and maintain a hazardous substance process management system to eliminate any potential use and pollution of hazardous substances in our product manufacturing process.
- Ensure transparency of product hazardous characteristics information throughout the supply chain.
- Continuously review and improve the effectiveness of hazardous substance reduction management activities.
- Communicate Multek's commitment to hazardous substance reduction policy to all employees and suppliers, seek their opinions, and provide assistance.

Case We conducted hazardous substance management training

In September 2023, we conducted training activities on the requirements and regulations related to hazardous substance management, focusing on domestic and international laws and regulations, supplier hazardous substance control, and common issues in hazardous substance reporting submission.



The training scene

In 2023

Conducted hazardous substance management audits for 20 suppliers

Achieved a 100% pass rate for hazardous substance audits

Promoting Innovation and R&D

Technological innovation is the core driving force for the company's high-quality and sustainable development. Multek relies on its advanced intelligent manufacturing platform to achieve comprehensive digital R&D management. Through the effective integration and collaborative use of the MEQ Manufacturing Engineering System, MECI System, CME360 System, and PPAAP, our R&D management process is more precise and efficient, providing strong technical support for the Company's innovative development.

Protecting Intellectual Property Rights

Multek is committed to creating an environment that respects intellectual property rights and promotes fair competition. We strictly comply with relevant laws and regulations such as the Intellectual Property Law and Patent Law of the People's Republic of China. We have established the Patent Management Procedure to assist in formulating technology strategies, organizing patent strategy research, and planning intellectual property strategies. The Company also regularly organizes patent training to ensure that employees in all departments receive the necessary patent knowledge and skills training.

We respect and protect our own and others' intellectual property rights, including those of sales partners, competitors, suppliers, and customers. Without explicit and prior permission from the intellectual property rights owner, employees are strictly prohibited from copying, distributing, displaying, or using intellectual property that is not owned by or authorized by Multek in any form.

In 2023

The number of intellectual property infringement or infringement incidents was 0

ENSURING CUSTOMER RIGHTS

Multek regards customers as the cornerstone of business development. We have established a comprehensive customer service system to ensure timely response to customer needs, efficient resolution of customer feedback issues, and continuous improvement of customer satisfaction. We aim to earn the trust and support of our customers and achieve sustainable business development.

Upholding Responsible Marketing

Multek always adheres to the concept of responsible marketing and integrates compliance awareness into every aspect of business expansion and contract management. We strictly comply with laws and regulations such as the Consumer Rights and Interests Protection Law of the People's Republic of China and the Advertising Law of the People's Republic of China, as well as relevant provisions. In key areas such as market development, customer sales, and product label management, we strictly prohibit exaggeration, false information, and misleading statements to ensure that all promotional information meets the requirements of accuracy, clarity, and transparency.

We continuously improve our responsible marketing compliance management system, clarify marketing compliance responsibilities and processes, and promptly handle any violations of marketing regulations. We ensure that our company's marketing activities always operate on the track of compliance.

Providing Quality Services

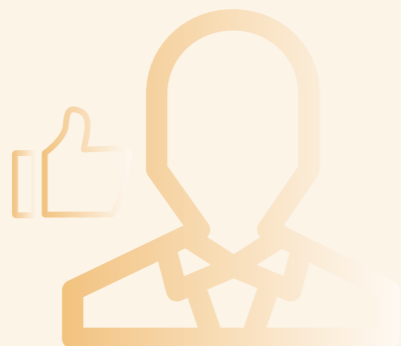
To strengthen our existing advantages and establish a good corporate image, Multek has developed systems such as the Customer Complaint Handling Procedure, the Corrective and Preventive Action Procedure, and the Customer Satisfaction Survey Procedure to safeguard customer rights and provide customer services. We have stipulated that once we receive a customer complaint regarding quality issues, the relevant departments must respond to the customer within 12 working hours and further confirm the details of the complaint. For customer complaints, we conduct in-depth analysis, follow up on improvements and preventive measures, and strive for long-term improvement to achieve complete customer satisfaction.

For non-conforming products, we have established the Product Re-Call Handling Procedure and take appropriate recall measures. If we discover critical quality issues or harmful substances in the product that exceed the standards set by the customer, we will notify the customer within 24 hours and, if necessary, implement product returns to ensure that customer interests are not compromised.

Customer satisfaction survey in 2023

We conducted the 2023 annual customer satisfaction survey, covering aspects such as technology, quality, service, delivery, and pricing. The results showed that the overall customer satisfaction in 2023 was **95%**, a **3%** increase compared to 2022. However, there was a slight decrease in the ratings for technology and quality.

In the future, we will continue to improve technology and quality, innovate research methods, expand the survey to our overseas factory in Thailand, and strive to enhance performance in all aspects.



In 2023

The customer complaint handling and resolution rate were both **100%**

Protecting Customer Privacy

Multek has established a comprehensive information and data security system, strictly adhering to contractual provisions and confidentiality requirements, and limiting access to customer data. We implement strict monitoring measures to track and record employees' access to customer data, ensuring that every operation complies with security standards.

According to relevant regulations such as the Information Security Management Manual and the Information Security Incident Management Strategy, we stipulate that in the event of a significant information security incident involving customer information leakage, besides immediately reporting to the IT director, we should also promptly notify senior management, customer relations, and the Legal Department of the Company. After jointly deciding on the handling measures, we will draft relevant announcements and inform relevant personnel, including affected customers, to ensure transparency of information and customer rights.

In 2023

No customer privacy information breaches occurred

BUILDING A RESPONSIBLE SUPPLY CHAIN

Multek has established a comprehensive supply chain management system, from supplier admission, strict auditing, to orderly elimination, effectively enhancing the resilience and operational capabilities of the supply chain. We also strengthen social responsibility audits of suppliers, firmly opposing the use of materials involving conflict minerals, and adhering to the principles of transparent procurement. We actively strive to build a just and fair supply chain environment.

Strengthening Supplier Management

Multek adheres to the DSBJ Supply Chain Management System and the Supply Chain Objective Policy and Management Standards and other supply chain management regulations. We are committed to implementing the relevant system requirements, striving to achieve the Group's supply chain objectives, and promoting mutually beneficial cooperation with suppliers to build a healthy supply chain ecosystem.

The objectives of the DSBJ's supply chain management

- Ensuring orderliness**
 - Fully guaranteeing the supply of direct and indirect materials required for the production and operation of each business unit, while maintaining a reasonable inventory level.
- Cost leadership**
 - Procuring materials at prices that have a strong competitive advantage in the market, thus saving on procurement costs.
- Harmonious supply chain ecosystem**
 - Establishing a "mutually beneficial" supply chain ecosystem with various categories of suppliers.

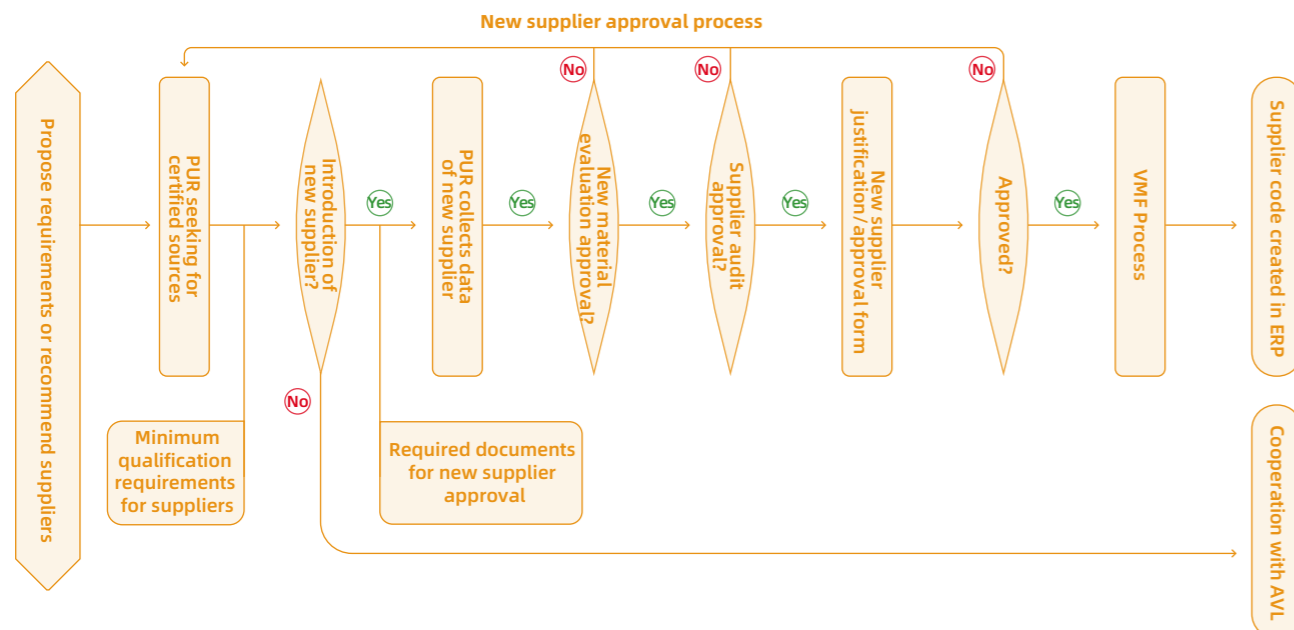
We continuously improve supplier lifecycle management through methods such as supplier admission management, auditing, incoming material inspection, performance evaluation, continuous improvement, and elimination and exit. We actively strive to build a sustainable supply chain.

- Admission management**
 - We control the supply chain risks from the source by implementing strict supplier admission policies, such as the New Supplier Approval Procedure. We execute the New Supplier Audit Procedure to assess the qualifications of new suppliers in terms of social responsibility and hazardous substance management systems.
- Annual audit**
 - We conduct regular monitoring and evaluation of qualified suppliers through a combination of dynamic assessments and periodic audits. Following the processes defined in the Supplier Audit Procedure, we assess suppliers' social responsibility performance.
- Elimination and exit**
 - For suppliers who do not pass the social responsibility audit, a second audit will be scheduled within three months. If the second audit also fails, the Supplier Disqualification Form will be issued in accordance with the Supplier Disqualification Procedure, terminating the cooperation with the supplier.

New Supplier Admission

We require new suppliers to meet the following minimum qualification thresholds in terms of business, quality, social responsibility, and environmental health and safety. They will be included as per the New Supplier Approval Procedure:

- Business**
 - The supplier should obtain the necessary administrative licenses required by local regulations, such as a business license.
 - The supplier should not have been listed as a discredited subject on the "Credit China" website within the past three years.
 - The supplier should comply with the requirements for supply chain trade security.
- Quality**
 - Key material and process suppliers should obtain ISO 9001 certification and be within the valid certification period.
 - Direct raw material suppliers' products should comply with the latest version of RoHS requirements and provide third-party testing reports from the past year.
 - Suppliers should be qualified suppliers for globally renowned circuit board companies.
- Social Responsibility**
 - Prohibition of any form of child labor.
 - Prohibition of the use of prison and forced labor, as well as the restriction of personal freedom and retention of identity documents.
 - Prohibition of violence, abuse, corporal punishment, sexual harassment, and illegal or invasive body searches.
 - Prohibition of paying wages below the local minimum wage standards.
 - Prohibition of any media crisis and major group incidents, such as abnormal deaths, labor disputes, strikes, fights, collective poisonings, and other incidents causing mass casualties.
 - Prohibition of collective infections of infectious diseases caused by improper internal management or insufficient preparation of protective materials, resulting in significant impacts on employee health and safety or normal company operations.
 - Prohibition of corruption and dishonesty, ensuring adherence to the principles of "no bribery, no gifts, no affiliation, no falsification, no cutting corners, no business fraud, and keeping promises," known as the "Six No and One Adherence" principle.
- Environmental Health and Safety**
 - Obtaining the necessary administrative permits required by local regulations, such as safety production permits and hazardous chemical operation permits.
 - Prohibition of any major fire and explosion accidents.
 - Prohibition of any working conditions that pose a serious threat to life safety or health, and prevention of fatal accidents at work sites.
 - Prohibition of environmental violations, such as the discharge of toxic and hazardous wastewater, gases, and residues.



Supplier Audit

According to the Supplier Audit Procedure, we conduct quality system and manufacturing process audits for suppliers. The Company develops an annual supplier quality system and manufacturing process audit plan based on a comprehensive risk assessment method to ensure effective implementation. When determining the audit frequency, we take into account factors such as quality risks, hazardous substance risks, business risks, and the high, medium, and low levels of comprehensive risks. We also differentiate between critical and non-critical materials to ensure a comprehensive and efficient audit process.

Quality system and manufacturing process audit items

- Quality management system
- Product design and development
- Material and supplier management
- Manufacturing process management
- Change management
- Non-conformance control
- Analysis, improvement, and after-sales
- Hazardous substance management

While implementing the quality system and manufacturing process audit plan, we also conduct audits on environmental health and safety as well as corporate social responsibility.

Environmental health and safety audit	Corporate social responsibility audit
<p>If an annual supplier has passed the RBA audit certification and is within the valid period (score > 160), they can be exempted from the annual audit for that year after submitting the RBA audit report and improvement evidence to Multek for audit confirmation.</p>	<p>If an annual supplier has passed the RBA audit (score > 160) and is within the valid period, they can be exempted from the annual audit for that year after submitting the RBA audit report and improvement evidence to Multek for verification.</p>
<p>Suppliers who have obtained the provincial/city-level environmental credit "green plaque" rating or safety production standardization certification within the past year can be exempted from the annual audit for that year after submitting the relevant certificates to Multek for verification.</p>	<p>If a supplier has engaged in activities that violate the red lines of corporate social responsibility on government websites, Multek will require them to rectify the situation and provide evidence. After the rectification, Multek will conduct consecutive audits for two years. If the supplier passes the audits, the normal audit frequency will be reinstated.</p>
<p>If a supplier has committed environmental, health, and safety violations and has been penalized on government websites or platforms such as IPE, they are required to rectify the situation and provide evidence to Multek. Multek will conduct consecutive audits for two years. If the supplier passes the audits, the normal audit frequency will be reinstated.</p>	

Regarding non-conformities identified during the audit, we will use written improvement reports to drive suppliers to carry out rectification and acceptance work. We will also establish different ranges based on the audit scores and implement corresponding measures to ensure the effectiveness of the supplier's quality management system and manufacturing processes.

The audit results and the measures taken

Percentage	Audit results	Measures taken
X≥95%	Pass	New suppliers can proceed with business cooperation. Existing suppliers will receive increased purchase volume and priority introduction of new materials.
85%≤X<95%	Pass	New suppliers can start commercial cooperation. Existing suppliers can maintain commercial cooperation and allow the introduction of new materials.
75%≤X<85%	Fail to pass	New suppliers are not allowed to be introduced. Existing suppliers are audited for the second time within 3 months and new materials are not allowed to be introduced until the second audit is passed.
X<75%	Fail to pass	New suppliers are not allowed to be introduced. The existing supplier has issued the Supplier Disqualification Form to the management for approval, in accordance with the Supplier Disqualification Procedure.

Supplier Performance Rating and Disqualification

In accordance with the Supplier Performance Rating Procedure, we conduct assessments of our suppliers to drive continuous improvement in cost, quality, delivery, technology, and service. The results of the supplier performance evaluation are categorized into the following four levels, with corresponding actions defined:

Supplier performance rating classification

Score	Status	Rating	Action taken
< 60	Poor	D	Send a high-risk warning letter for supplier performance evaluation to senior management and request system improvement.
≥60 to < 70	Improvement required	C	Require supplier to initiate internal rectification and submit improvement report within one week.
≥70 to < 90	Acceptable	B	Suppliers are encouraged to make continuous improvements in areas of weakness.
≥90	Excellent	A	The supplier has the potential to become a preferred choice and may receive additional quoting opportunities and/or purchase volume.

For suppliers found to be in violation of the following circumstances, we will initiate the qualification cancellation process and terminate the contract in accordance with the Supplier Disqualification Procedure. Suppliers whose qualifications are cancelled will be prohibited from providing any products or services to Multek for a period of 5 years.

- The provided products have been confirmed through analysis to be counterfeit.
- Multek incurred losses due to quality issues and the supplier refused compensation.
- According to the Supplier Performance Rating Procedure, the supplier's qualification should be cancelled.
- On-site audits did not pass and the corrective actions were ineffective or refused.
- Violation of the Honest and Integrity Agreement.
- Violation of the Supplier EHS (Environmental, Health & Safety) Declaration.

Case Xiekeyun platform has enhanced supplier and procurement management

We have introduced the Xiekeyun platform, leveraging its powerful features such as supplier management, collaborative purchase order management, and supply planning coordination modules. This has enabled us to standardize and streamline our management processes, improving efficiency at every stage and ensuring smooth and efficient overall operations.

Xiekeyun platform

The number of suppliers certified with a quality management system: **408**

The number of suppliers certified with an occupational health and safety management system: **61**

The number of suppliers certified with an environmental management system: **137**

In **2023**

Sustainable Supply Chain Management

Based on the Responsible Business Alliance and national laws and regulations, Multek has developed supplier management standards such as the Sustainable Procurement Policy and the Supplier Environmental, Health and Safety Management Procedure. These standards clearly define the environmental and social responsibilities that suppliers should fulfill in terms of labor rights, health and safety, environmental protection, ethical standards, and management systems. We integrate sustainable development principles into every aspect of supplier management, working together with the entire supply chain to fulfill our sustainable development responsibilities.

As of December 31, 2023, we have a total of 68 core suppliers, all of whom have passed the Multek CSR audit or obtained RBA certification. For new suppliers, we require them to fill out a series of social responsibility documents to ensure their compliance with our sustainable development requirements. The social responsibility documents that need to be filled out include:

- Supplier Social Responsibility Commitment
- Honest and Integrity Agreement
- Supplier EHS(Environmental, Health & Safety) Declaration
- Policy Letter for Conflict Minerals Due Diligence Process
- Conflict Minerals Reporting Template
- Supplier Environmental, Health and Safety Agreement for Contractor/ Subcontractor
- Supply Chain Trade Security Commitment

In the process of cooperating with suppliers, we always adhere to the principles of integrity and cleanliness. The Company's Procurement Management Center has established a "sunshine policy" and adheres to the principles of "fairness, impartiality, and transparency" to reduce exclusive procurement and intermediary procurement, and establish a sound and effective mechanism for supplier competition and protection. At the same time, we require suppliers to sign the Honest and Integrity Agreement and publicly disclose the Supplier Notification Letter for Integrity Procurement. Through the promotion of clean culture, the establishment of clean systems, and risk avoidance and prevention measures, we effectively avoid and prevent potential supply chain corruption risks and enhance the integrity and fairness of business transactions.

Main contents of the supplier notification letter on clean procurement

- Suppliers must comply with national laws and regulations, as well as adhere to clean self-discipline and relevant industry management regulations.
- Suppliers are prohibited from bribing or indirectly bribing our personnel in any form.
- Suppliers are not allowed to arrange employment for the relatives and friends of our personnel, or pay expenses that should be borne by individuals.
- Suppliers are required to provide ethical and integrity education to their business personnel, cultivating good professional ethics and conduct.
- Suppliers are not allowed to organize our personnel to participate in tourism, high-consumption entertainment, or meetings at scenic areas.
- Suppliers are expected to support our integrity and clean construction efforts, refuse any bribery requests from our personnel, and must reject such requests and report them to our Internal Audit Department.

In addition to requiring our suppliers to adhere to the principles of integrity and cleanliness, we also emphasize that our company's supply chain personnel must strictly comply with and implement the DSBJ's Supply Chain Personnel Behavior Management Process and Norms. We insist on developing and growing together with qualified suppliers, jointly creating a harmonious supply chain ecosystem, and promoting the continuous progress and prosperity of the industry.

Supply chain personnel behavior norms and control (Partial)

- In each stage of the supply chain, it is strictly prohibited to accept suppliers' financial assets and improper behaviors such as cash, gifts, shopping cards, and consumption cards.
- If one purchasing personnel's relatives hold positions at suppliers, they must promptly report and avoid related business activities, such as bidding, tendering, and evaluation.
- In principle, business banquets hosted by suppliers should not be accepted, except for business meals during business trips or dining in the cafeteria, in order to avoid behaviors that violate the principles of openness, fairness, and impartiality in procurement work.
- In business communication and activities, one's words and actions represent the Company's image, and any unreasonable behavior should be strictly avoided, including but not limited to the following:**
 - Severe deviation from the expected image in terms of appearance, clothing, and grooming.
 - Prohibition of any behavior that may involve verbal attacks on any country, political party, government, organization, human rights, insulting suppliers, or personal attacks.
 - Prohibition of any form of discriminatory behavior, including discrimination based on race, region, religion, gender, and job discrimination.

In **2023**

The signing rate of the Supplier Integrity Commitment Agreement reached **100%**

No suppliers were subjected to economic, social, or environmental penalties

Maintaining Supply Chain Resilience

We have signed the Domestic Supplier Inventory Management Agreement with our suppliers, which clearly defines the responsibilities and obligations of both parties. In order to ensure stable supply and effectively respond to sudden demand growth, suppliers are required to establish emergency plans and business continuity plans to ensure sufficient supply and prevent delivery delays. At the same time, we promise to provide suppliers with sufficient information in a timely manner to support effective inventory management.

To ensure stable production and prevent disruptions, we have developed the Business Continuity Plan for Supply Chain Management Department. This plan addresses the risks of material or service shortages caused by supply chain failures, and proposes preventive measures, emergency and recovery strategies, and specific response measures to ensure timely access to necessary resources and ensure production continuity.

Risk	Strategy	Measures/Plans	Required resources	Check frequency
Supply chain failure resulting in material or service shortages	Preventive measures	Evaluate at least 2 alternative materials Evaluate at least 2 alternative suppliers Maintain existing supplier relationships, including performance evaluations, risk assessments, and annual audits, to promptly identify supplier issues and drive their improvements.	Backup materials and Backup suppliers	year/once
	Emergency plan	Enable backup materials Enable back-up materials Notify affected customers of delayed deliveries		
	Recovery plan	Re-evaluate the original supplier to confirm that the materials/services, etc. provided can meet the requirements.		

Furthermore, our Business Continuity team regularly designs various potential disruption scenarios and conducts drills or tests for the Business Continuity Plan of the Supply Chain Management Department. They also generate specialized reports that include drill/test plans, records, measures, and improvement plans to ensure continuous optimization and enhancement of business continuity.

Conflict Mineral Management

Multek adheres to the core principles and initiatives of the Responsible Business Alliance (RBA) and the Global Enabling Sustainability Initiative (GeSI), firmly and comprehensively prohibiting the use of conflict minerals. The Company has established the Conflict Mineral Management Procedure and requires all new suppliers to sign and complete documents such as the Conflict Mineral Agreement and the Conflict Minerals Reporting Template (CMRT) during certification. This ensures transparency and sustainability in the supply chain, contributing to the construction of a peaceful and stable global mining industry.

We insist on a strict and comprehensive assessment of whether the purchased materials originate from conflict minerals, following a five-step process: determining product and supplier scope, conducting reasonable country of origin inquiries, conducting due diligence on conflict minerals, data access and determining the conflict status of products or product lines, and continuously strengthening the screening process for new products and suppliers to prevent the use or inadvertent use of conflict mineral materials.

The purchasing manager serves as the responsible person for the Conflict Mineral Project and is responsible for managing the development and ongoing maintenance of Multek's conflict mineral program. In the due diligence process, roles and responsibilities are assigned for each task, including scope determination, supplier communication, policy development, and risk management. The Purchasing Department is responsible for communicating Multek's Conflict Mineral Policy to direct suppliers and requiring suppliers to sign a conflict mineral letter.

Template for assessing the risk of survey responses

Survey questions	Risk identification
◆ Are intentional additions or uses of any 3TG in the product or production process?	Yes: Proceed to question 2 No: Low risk
◆ Are there any 3TG still present in the product?	Yes: Proceed to question 3 No: Low risk
◆ Do smelters in your supply chain source 3TG from the specified countries?	Yes: High risk No: Proceed to question 4
◆ Are 100% of the 3TG (necessary for product functionality or production) sourced from recycled or scrap materials?	Yes: Low risk No: Proceed to question 5
◆ What percentage of relevant suppliers in your company's supply chain have provided responses to the investigation?	100%: Proceed to question 6 Not 100%: Medium risk
◆ Have you identified all the smelters that supply 3TG to your company's supply chain?	Yes: Proceed to question 7 No: Medium risk
◆ Have all the relevant smelter information received by your company been reported in this report?	Yes: Low risk No: Medium risk
Supplier risk: (Based on the responses from suppliers to the above questions)	

Multek's anonymous reporting number for mineral procurement: 0756-5329338/15907560017

In **2023** > The number of suppliers conducting responsible mineral due diligence: **6** The percentage of suppliers conducting responsible mineral due diligence: **100%**

SUPPORTING INDUSTRY DEVELOPMENT

Multek actively strengthens communication and cooperation with the industry, participates in and promotes the formulation of multiple industry standards, and collaborates with some universities and institutions to promote the integration of industry, academia, and research. This facilitates the cultivation of talent and the innovative development of the electronics manufacturing industry.

Case Collaborative project with Yuncheng University for talent development in electronic information field


In order to deepen the innovative talent development mode, enhance the quality of talent cultivation, better meet the needs of regional economic and social development, and strengthen the innovation capability of the printed circuit industry, we initiated a comprehensive industry-academia-research cooperation project with Yuncheng University in September 2020. This project lasted for four years and achieved a deep integration of industry, academia, and research in various aspects such as product design and development, education and teaching, personnel training, infrastructure construction, practical experiences for teachers and students, and student employment. Together, we are promoting the continuous innovation and development of the printed circuit industry.

Case Collaborative talent development project with Zhuhai Jobschool vocational service center

Multek Industries, in collaboration with Jobschool, has initiated a three-year collaborative talent development project. Both parties are committed to deepening the cultivation of professional qualities for undergraduate and college students, and jointly building an outstanding talent pool with high professional competence and skills.

Case Multek Industries formulated the Evaluation Standards for Enterprises in the Printed Circuit Industry

Multek Industries, in collaboration with industry experts, has developed the Evaluation Standards for Enterprises in the Printed Circuit Industry. This standard is based on the Classification of Occupations of the People's Republic of China (2015 Edition) and strictly follows the requirements of the Technical Regulations for the Compilation of National Vocational Skill Standards (2018 Edition). It provides clear definitions of the professional activities of practitioners and the skill and theoretical knowledge levels of different levels of practitioners. This standard serves as a strong basis for vocational skill evaluation and guides the direction of vocational education and training.



In **2023** > Participated in the development of **15** industry standards

04



PUTTING PEOPLE FIRST, AND FULFILLING EMPLOYEE DREAMS

Multek understands deeply that employees are the most valuable asset of the Company and the core driving force behind its sustainable development. We are committed to safeguarding the rights and interests of employees, ensuring that each one can fully demonstrate their talents in a fair and harmonious environment. Additionally, we actively support the growth and development of employees by providing abundant training and learning opportunities, thus helping them realize their career aspirations. In terms of production safety, we fortify safety measures to ensure the physical and mental health and safety of employees, enabling them to work and live with peace of mind.

Key Issues

- Compliance employment and diversity
- Occupational health and safety

Main action strategies

Strict adherence to local labor laws and RBA guidelines, establishing a comprehensive human resources management system to ensure employees' rights to freely choose their careers and equal employment opportunities.

Adherence to International Labour Organization conventions, upholding the principles of equality and diversity in employment, eliminating discrimination, prioritizing the rights and welfare of women in the workplace, and fostering a gender-equal work environment.

Development of comprehensive salary management and performance appraisal systems, implementation of salary incentive mechanisms, optimization of personnel structure, and encouragement of talent development.

Conducting employee satisfaction surveys, organizing diverse employee care activities to enhance employee happiness and sense of belonging.

Respecting employees' rights to freedom of association and providing various communication and complaint channels.

Establishing dual channels for management and professional career development, constructing a comprehensive and perfect talent training system, and implementing the "talent strengthens enterprise" strategy.

Establishing an environmental health and safety management system based on ISO 14001 and ISO 45001 standards, conducting regular safety inspections and employee physical examinations to ensure employee health and safety.

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United Nations Sustainable Development Goals

3 GOOD HEALTH AND WELL-BEING 	5 GENDER EQUALITY 	8 DECENT WORK AND ECONOMIC GROWTH 	10 REDUCED INEQUALITIES 
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SAFEGUARDING EMPLOYEE RIGHTS

In the practice of safeguarding employee rights, Multek has always upheld the bottom line of compliance in employment. We advocate for a diverse and equal working environment, continuously enriching the compensation and benefits system, deepening employee care measures, and actively implementing democratic management. We firmly believe that only by effectively safeguarding employee rights can we inspire their creativity and cohesion, thereby collectively driving the sustainable and healthy development of the enterprise.

Upholding Compliant Employment Practices

Multek strictly adheres to the relevant employment and labor laws and regulations of the countries and regions where its operations are located. This includes, but is not limited to, laws such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China, as well as other related regulations such as the Responsible Business Alliance, core conventions of the International Labour Organization, the United Nations Global Compact, and other protective provisions.

We have established various human resources management systems, including the Multek Code of Business Conduct, Employee Handbook, the Freely Chosen Employment & Non-Discrimination System, the Child Labor Avoidance & Young Worker Management System, and the Humane Treatment and Freedom of Association System. These systems are aimed at creating a comprehensive and robust human resources management framework. We lawfully sign labor contracts with employees, refrain from employing child labor, and prohibit forced labor. We are committed to providing equal employment opportunities in all aspects, including recruitment, employment, transfer, promotion, compensation, benefits, discipline, and termination, without discrimination based on race, religion, skin color, nationality, gender, or age.

We conduct RBA VAP audits based on the requirements of the Responsible Business Alliance (RBA) Code of Conduct to ensure that the Company complies with the purchaser's labor protection requirements in terms of ethical standards, labor standards, and corporate social responsibility. We regularly identify potential human rights risks in business operations, conduct CSR risk assessments and self-assessment reports, and provide relevant training and capacity building for the identified risks. We also conduct regular compliance inspections on recruitment and hiring practices, human rights violations, and instances of forced labor.

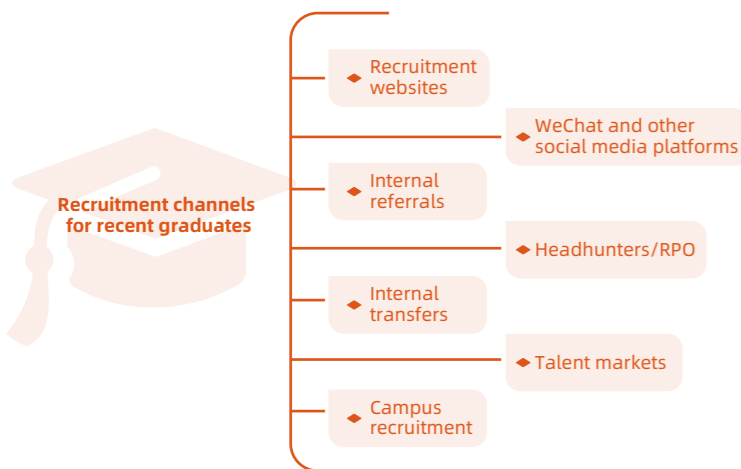


RBA VAP silver status



RBA integrity training

We consistently uphold an open and diverse talent perspective, actively expanding various recruitment channels to attract more outstanding talents to join our team. We fully utilize internal referral mechanisms, encouraging employees to recommend talented individuals from their networks, leveraging the advantages of internal connections. Furthermore, we actively participate in recruitment fairs at major universities, engaging in face-to-face interactions with students to provide them with platforms to showcase their talents. Additionally, we utilize major recruitment websites to publish job postings, reaching a broader range of job seekers.



In 2023 Total employment intake **341** individuals, including **11** recent graduates

Employee labor contract signing rate is **100%**

No incidents of employee discrimination occurred

Upholding Diversity and Equality

Multek strictly adheres to the relevant provisions of international conventions such as the International Labour Organization's Discrimination (Employment and Occupation) Convention and the United Nations' Global Compact. We consistently uphold the principles of equality and diversity in employment, striving to provide fair and reasonable job opportunities for every job seeker. At every stage of talent recruitment, training, compensation and benefits, and career development, we firmly reject any form of discrimination, including but not limited to gender, race, social class, religious beliefs, nationality, and physical conditions.

The Multek Code of Business Conduct and Freely Chosen Employment & Non-Discrimination System explicitly include anti-discrimination clauses, safeguarding all employees from any form of differential treatment or discrimination in their employment relationship. The policies prohibit the coercion of employees or potential employees to undergo medical examinations (including pregnancy or virginity tests) with discriminatory purposes. We commit to providing and maintaining a professional work environment, eradicating harassment and discrimination. We strongly oppose and actively combat any behavior, viewpoint, or information that incites discrimination, and maintain a zero-tolerance approach towards workplace violence incidents.

The Company is committed to fostering a workplace atmosphere of gender equality, strictly adhering to the Law of the People's Republic of China on the Protection of Women's Rights and Interests and the Special Provisions on the Labor Protection of Female Employees, providing women with a fair and equitable stage for career development. Women employees demonstrate their outstanding talents and leadership at various levels of key positions within the Company, contributing to a more diverse and dynamic environment. Women employees account for an overall proportion of 45.7%, with female employees constituting 28% of the pool of reserve management talents, 30% of mid-to-high-level female employees, and 29% of female employees in core management/technical positions. These figures not only reflect gender equality but also underscore our company's commitment to valuing and supporting women's career development.

In 2023 Total number of employees is **3,838**, including **324** ethnic minority employees and **43** disabled employees

Overall employee turnover rate: is **2.09%**

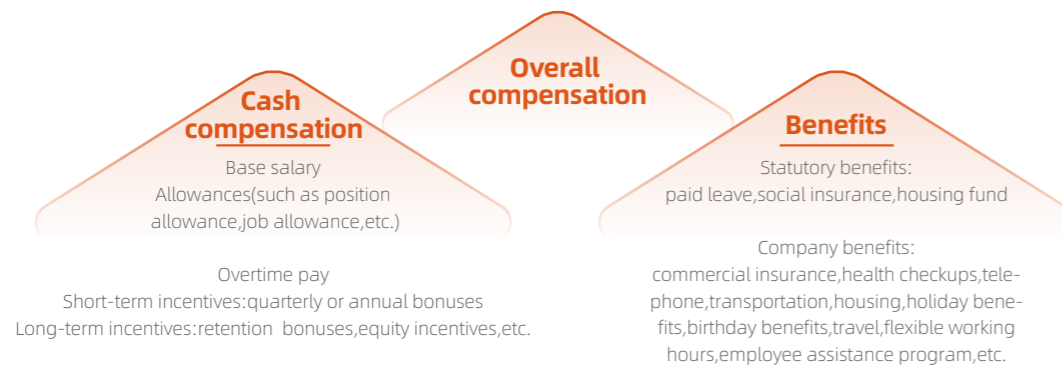
Indicator		Unit	2023	
Number of employees by gender	Male	Number of employees	2,084	
	Female	Number of employees	1,754	
Number of employees by age	30 years old and below	Number of employees	592	
	30-50 years old	Number of employees	3,097	
	51 years old and above	Number of employees	167	
Number of employees by position level	Senior managers	Number of employees	21	
	Middle managers	Number of employees	200	
	Entry-level employees	Number of employees	3,617	
Number of employees by educational level	With college degree or below	Number of employees	3,447	
	With bachelor's degree	Number of employees	375	
	With graduate/MBA and above degree	Number of employees	16	
Number of employees by region	Chinese employees (including Hong Kong, Macao and Taiwan)	Number of employees	3,838	
	Overseas employees	Number of employees	8	
Employee turnover	Total employee turnover	Number of employees	82	
	Employee turnover by gender	Male	Number of employees	48
		Female	Number of employees	34
	Employee turnover by age	30 years old and below	Number of employees	23
		30-50 years old	Number of employees	57
51 years old and above		Number of employees	2	

Enhancing Compensation and Benefits

To effectively leverage compensation and benefits in talent attraction, retention, and motivation management, Multek has established a fair, impartial, and reasonable compensation and benefits system. We adhere to the provisions of the Labor Law of the People's Republic of China and relevant national policies, continuously refining related systems such as the Salary Management System, the Performance Appraisal Management Methods, and Leave Management System.

We implement a "performance-driven, merit-based" incentive mechanism, encouraging employees to focus on improving their individual performance while also paying attention to the Company's performance development. This approach aims to optimize personnel structure, identify and retain outstanding talents, and promote the Company's profitability growth and sustainable development. We conduct monthly, quarterly, and annual performance reviews and feedback sessions, emphasizing face-to-face performance discussions. In cases of exceptional performance feedback, our Human Resources Department promptly intervenes, conducting detailed investigations and reviews to ensure a fair and objective evaluation of each employee's contributions.

The salary composition for our employees includes basic salary, bonuses, and overtime pay. We also pledge equal pay for equal work, regardless of gender. Additionally, based on factors such as job performance, company operating conditions, and the labor market, employees may receive corresponding bonus incentives, such as equity incentive plans, quarterly/annual bonuses, retention bonuses, etc.



Composition of compensation and benefits

The Company places high importance on the workplace rights and well-being of female employees, providing them with comprehensive special labor protection measures. We strictly adhere to relevant laws and regulations such as the Law on the Protection of Women's Rights and Interests and the Special Provisions on the Labor Protection of Female Workers, establishing and enforcing the Management System for Pregnant Workers. We offer maternity leave, paternity leave, breastfeeding leave, family planning leave, childcare leave, etc., ensuring that female employees receive full legal protection and the Company's humane care during pregnancy, childbirth, and breastfeeding. We also pay special attention to the physical and mental health of female employees, creating a warm and harmonious working environment for them. On International Women's Day, we extend holiday wishes and benefits to each female employee, providing half a day of paid leave to show our care and respect for them.

Case "Goddesses in various styles, beautiful and elegant"
-International Women's Day event

On March 8, 2023, we organized a daily skincare and makeup knowledge classroom activity with the theme of "goddesses in various styles, beautiful and elegant" in the training room of the Company's North campus, in order to enhance the temperament and elegance of female employees, cultivate their emotions and show the style of Multek's women. Multek Labor Union also prepared warm holiday wishes and rich gifts for all female employees, and we spent a beautiful, joyful, unforgettable and meaningful holiday together.



In 2023

Social insurance coverage is **100%**

Return to work rate for parental leave is **100%**

Annual paid leave per capita is **14.5** days

Enhancing Employee Care

In order to let our employees get sufficient relaxation and rest after a stressful work, Multek carefully planned and organized a series of unique employee care activities, including condolences for disabled employees, holiday gardening, holiday gift distribution, family day, fishing tournament and ball game. The activities were novel and interesting, and won high praise from the employees. In the future, we will continue to carry out departmental reunion activities to strengthen the cohesion between teams, so that every employee can feel the warmth and care of the Company.

As of the end of the reporting period, our employee satisfaction rate was 87%, an improvement of 1% over last year. In response to the comments and suggestions made by our employees, we have formulated a detailed improvement plan and have implemented all of them. We will continue our efforts to continuously improve employee satisfaction and create a more harmonious and better working environment for our employees.



Mid-Autumn Festival gift packages

Sympathy for disabled employees

Mother's Day free photo printing and custom photo frame event



Farewell event for retired employees

Joyful May Day

Dragon Boat Festival rice dumpling distribution activity



Badminton competition

Table tennis competition



Fishing competition

Mid-Autumn Festival park excursion

Case Multek Family Day-a trip to visit parents' workplace

On February 25th, 2023, Multek organized the "Super stage, Children's spirited and colorful performance" Family Day activity, nearly 200 employees brought their children into Multek to feel the Company's cultural atmosphere. They visited the office area and production workshop together and played parent-child games, which strengthened the two-way communication between the Company and the employees and their families, created a good atmosphere of integration and development, and further strengthened the cohesion and sense of belonging of the employees.



Case "Glorious Years, Walking Together with Multek - Multek 2023 Long Service Award presentation ceremony

In April 2023, the annual Long Service Award ceremony was held at Multek's campuses and a total of 613 employees received this award. They are the witnesses, participants and builders of Multek's development journey, and the management expressed their heartfelt gratitude and respect to these outstanding employees during the ceremony.



Case Hosting the September 2023 Employee Birthday Party

In September 2023, Multek Employee Birthday Party was grandly held, more than 40 birthday celebrants from Multek's various campuses gathered with the Company management, they interacted intimately together, participated in group games, exchanged gifts and joys, which brought the management closer to the employee and made every employee feel the warmth of the big Multek family practically.



Case "Super stage, Children's spirited and colorful performance" employee Parent-Child Family Day activity

On December 16th, 2023, Multek Labor Union and General Affairs Department jointly carried out the Family Day activity for employees. More than 60 families from the whole campus started a warm and wonderful parent-child journey in Multek North Campus. From the employee's family to Multek's "big family", the family day activities were carried out to let the family members enter and understand the Company, to enhance the family's sense of identification with the employees' career development, and to further enhance the employees' sense of belonging to their work.



Practicing Democratic Management

Multek complies with the laws and regulations of each place of operation and the relevant requirements for the establishment of labor unions, and actively responds to the call for the establishment of labor unions, which have been set up in all subsidiaries. Employees have the right to voluntarily join the labor union in which they work, and we ensure that the labor rights and interests of every employee are fully protected through the system of equal consultation and collective contract. We have also established the Humane Treatment and Freedom of Association System, which respects the right of employees to freely associate, ensures that employees are treated fairly and equitably, and safeguards their legitimate rights and interests.

In **2023** Coverage of union/collective bargaining agreements is **100%**

Communication is the key to establishing harmonious labor relations. We provide employees with a variety of communication channels, such as an ethics hotline mailbox, a trade union hotline, and an employee communication hotline, and encourage employees to freely express their opinions and ideas.

SUPPORTING EMPLOYEE GROWTH

Employees are the most valuable asset of an enterprise, and their growth and progress are directly related to the competitiveness and innovation of the enterprise. Multek is committed to strengthening employee training and smooth career development to create a high-quality, specialized workforce. By creating a fair and just career development environment, we can enable every employee to find his or her own value position in the Company and realize the common development of individuals and the enterprise.

Strengthening Employee Development

Multek has constructed a comprehensive and perfect talent training system, realized the precise management of cadres, professionals and reserve echelon by strengthening the construction of internal trainer team, deepening the professional competence of training managers, and building an advanced digital learning platform.

The Company also formulated the Employee Education Funding Plan, Multek 2023 Annual Training Plan, 96 training programs for compliance, safety, quality, technology, soft skills and other thematic courses closely related to employee development, and provided financial support and quality platforms for eligible employees to stimulate their aggressiveness and curiosity, and to promote the Company's talent team development and growth.

In 2023, the Company was selected to the list of units with outstanding contribution to the cultivation of new industrial craftsmen, and won the Guangdong Province Bookish Enterprise. Our workshop was successfully recognized as the Zhuhai Municipal Skill Master Workshop in 2023.



In **2023**

- Total training expenditure of RMB **253,900**
- Training coverage rate **100%**
- Total training duration of **60,425.5** hours
- Total of **21,999** training participants throughout the year

Talent training system

High-quality development

Focusing on organization and people, supporting business victories, and assisting the development of DSBJ

Cadre management

Professional talent management

Talent pipeline management

Building an internal trainer team ◆ Lecturer pool - Mentor pool - Teaching case library - Knowledge management

Building a training manager team ◆ Passion leads to enthusiasm -Talent development consultant - Helping business win the battle

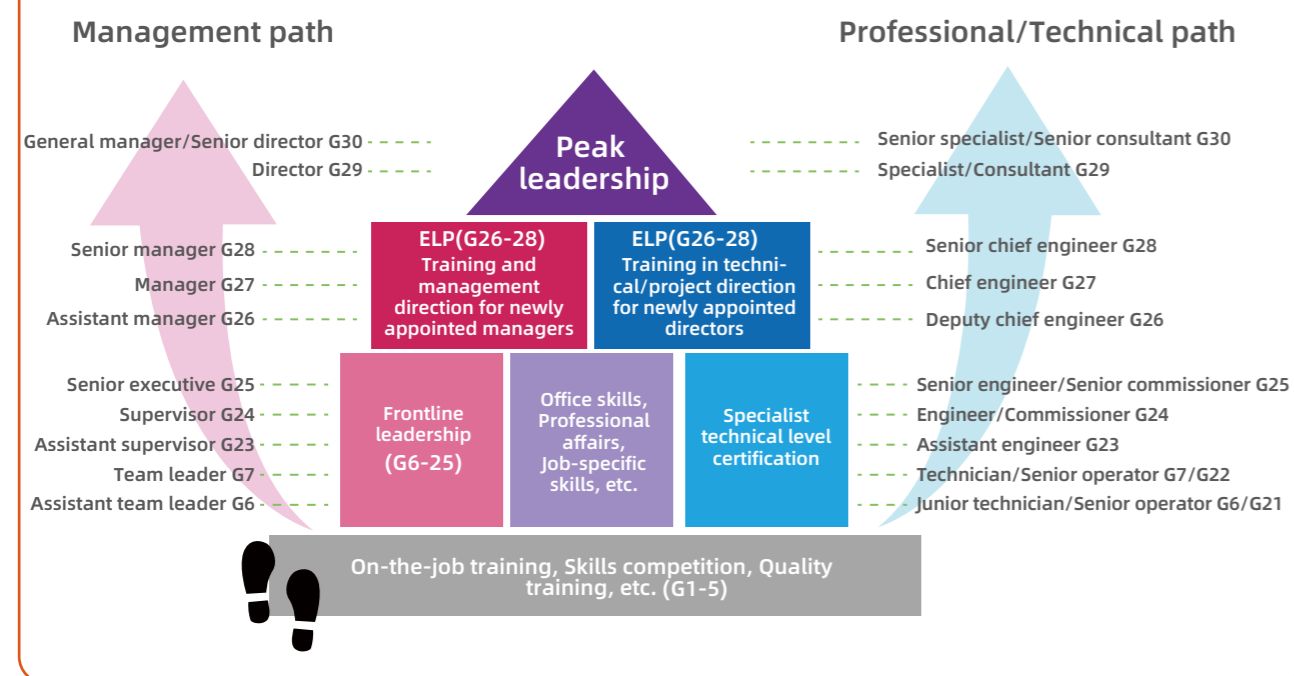
Building a digital learning platform ◆ New tools, New methods, New thinking, Employee experience, Digital empowerment, Efficiency improvement

Smoothing Career Development

Multek firmly implements the strategy of "Strengthening the Enterprise with Talents", and has always regarded the development of talents as a top priority. Through the Internal Trainer Skills Competition, Cloud Classroom, Leadership Excellence Training and FLP Post-training Counseling Camp and other diversified platforms, Multek provides a series of systematic and comprehensive training courses for the employees to continuously improve their professionalism and skill levels, and to open up a broader path for the career development of our employees.

In 2023, the Company further deepened its talent management efforts by closely focusing on its own strategic objectives. We continue to improve the dual channels of management and professional career development, optimize the talent reserve strategy, and increase our efforts to cultivate and build the talent ladder to provide solid human resources protection for the Company's long-term development.

Dual paths for management and professional career development



At the same time, we actively implement unique talent programs, such as the BLOCK Leadership Program for frontline management talents, to nurture a number of outstanding reserve middle management talents, thereby effectively promoting the in-depth development of talent management strategy and continuously enriching and expanding our reserve talent pool.

BLOCK Leadership Program for frontline management talents



In the development of inheriting and cultivating the spirit of craftsmanship, we approach it from various aspects such as humanistic construction, management mechanisms, and platform measures. We vigorously carry out activities such as skills competitions and mentorship programs to lead and assist more employees in continuously improving their professional skills.

In 2023

Average training duration per senior-level employee: **1.53** hours

Average training duration per middle-level employee: **2.87** hours

Average training duration per front-line-level employee: **1.14** hours

Case "Multek Craftsmen", "Zhuhai Craftsmen", and "Zhuhai Outstanding Young Talents in the Industry" election activities

On October 12, 2023, the "Multek Craftsmen", "Zhuhai Craftsmen", and "Zhuhai Outstanding Young Talents in the Industry" selection activities with the theme of "Quality Everywhere, Craftsmanship by Everyone" were held grandly. The event selected a total of 10 experts from various business areas of the Company. The selection activities created a strong atmosphere of respecting and advocating talents, and striving to become craftsmen. It also promoted the spirit of "Quality Everywhere, Craftsmanship for Everyone", guiding all employees to continue writing a new chapter of high-quality development for the Company as owners.



BUILDING SECURITY DEFENSES

Building a strong safety defense is the cornerstone of steady development of an enterprise, and it is also a solemn commitment to the life safety of every employee. Multek resolutely prevents and curbs all kinds of safety accidents by strengthening safety awareness, perfecting safety system, and improving safety management level. At the same time, we are also concerned about the occupational health of our employees, and by providing a safe and healthy working environment. We safeguard the physical and mental health of our employees, and work together to create a safe, harmonious, and efficient working atmosphere.

Environmental health and safety policy

- ◆ We take necessary measures to provide a healthy and safe working environment, protect the environment, prevent pollution, conserve energy, and preserve natural resources by utilizing advanced technology and implementing an Environmental, Health, and Safety (EHS) management system.
- ◆ We monitor and measure our performance in all regions where we operate and strictly comply with all applicable EHS laws and other requirements.
- ◆ To ensure continuous improvement, we regularly evaluate EHS goals, indicators, programs and processes.
- ◆ We publicize this policy to all who represent or serve Multek, suppliers, customers and the public.
- ◆ We foster a culture of responsibility to ensure that management, employees and business partners work together to benefit the environment and ensure the health and safety of all.

Adherence to Safe Production

Multek strictly abides by the relevant requirements of the People's Republic of China Law on Production Safety, the People's Republic of China Fire Protection Law, and the People's Republic of China Law on Prevention and Control of Occupational Diseases, etc., and adheres to the policy of production safety, and has formulated the Environmental Health and Safety Responsibility System Management Procedure, the Environmental Health and Safety Education and Training System, the Occupational Health Management System, the EHS Inspections and Screening and Treatment of Potential Hazards Procedure, and the Management Procedures for Equipment Safety Operation Regulations, the Management Procedures for Personal Protective Equipment and Emergency Response Equipment, the Special Operation Management System, and other production safety regulations and management procedures, covering safety management structure and rules of procedure, safety objectives, hidden danger investigation, emergency response plan, assessment methods and accountability methods, and so on.

We have also developed the Environmental Health and Safety Manual, the Guidelines for on the Work and Rewards and Punishments of the Safety Team, and established the environmental health and safety management system in accordance with ISO 45001 standards to provide a structured operating mechanism for the management of the Company. Through the implementation of the EHS management system, we use a systematic approach to provide safe and comfortable workplaces, mitigate occupational injuries, and establish a safety-first, people-centered philosophy.

The Company regularly carries out professional safety inspections covering a wide range of areas, including chemical safety, fire safety and electrical safety. We hope that through these comprehensive inspections, potential safety hazards can be identified and resolved in a timely manner, so as to build a solid barrier for the Company's safe production. We always adhere to the bottom line of safety, and through continuous education and training and professional inspections, we constantly improve the safety awareness and skill level of our employees to ensure that the Company's production safety is steadily promoted.

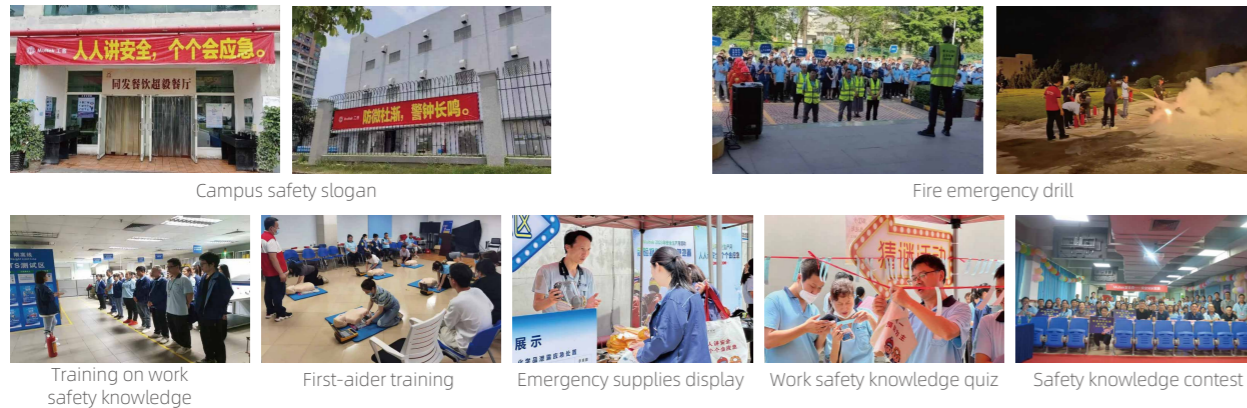


Safety notes for maintenance poster

Case Multek safety month campaign

June 2023 is the 22nd national "Safety Month", the theme of which is "Everyone talks about safety, and everyone knows how to respond to emergencies". Multek has carefully implemented and organized the month-long "Safety Month" activities. We publicize and implement national laws and regulations on production safety, disseminate knowledge of production safety, and implement the Company's production safety management system to enhance the safety awareness of all employees and their ability to prevent accidents.

During the activity period, the key members of the Environmental Health and Safety Department goes to the front line to train employees' knowledge of production safety, reminding them to pay attention to safety and avoid all kinds of safety accidents. We carry out diverse and informative safety activities to enhance employees' awareness of safety precautions and their ability to deal with emergencies, and further strengthen all employees' understanding of the importance of safety work. At the same time, we organized a full inspection activity of hidden dangers, received a total of 124 hidden dangers, and promptly promoted the rectification of hidden dangers in place.



Campus safety slogan

Fire emergency drill

Training on work safety knowledge

First-aid training

Emergency supplies display

Work safety knowledge quiz

Safety knowledge contest

In 2023

Safety training coverage rate
100%

Workplace injury rate
0.62%

356 working days lost due to work-related injuries

Safeguarding Occupational Health

Multek strictly abides by the relevant requirements of the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations, and has formulated systems to protect the occupational health of its employees, such as the Environmental Health and Safety Manual, the Occupational Health Management System, the Environmental Health and Safety Education and Training System, the Environmental Health and Safety Responsibility System Management Procedure, etc. These systems constitute a comprehensive and efficient occupational health management program for the Company and provide a systematic and operable health and safety guideline. They also enhance employees' awareness and ability to prevent and control occupational health and safety risks, enabling them to pay more attention to self-protection at work and reducing the probability of work-related injuries.

In 2023, we formulated an annual EHS internal training program and regularly conducted more than 10 training courses on occupational health training, safe use of chemicals, fire safety training, and emergency response plan for environmental emergencies, with a 100% training coverage rate.



Fire safety knowledge poster



Personal protective equipment poster



Basic first aid knowledge poster

In order to further strengthen the employee's safety awareness and emergency handling ability, we regularly carry out various emergency drills, organize employees to receive occupational physical examination, and strive to eliminate all kinds of hazardous factors in the workplace that may lead to occupational diseases. In 2023, the Company joined hands with the Zhuhai No.5 People's Hospital to plan and carry out the occupational health checkups for on-job workers in the campus, to protect the health of the employees and the activities covered a total of 2,002 people.



Employee occupational health checkups

We also actively encourage our employees to participate in first aid training courses to enhance their knowledge and skills in first aid and to ensure that they are able to perform self-rescue and mutual aid quickly and effectively in case of emergency.

Case Volunteer (mandatory) fire safety training at North campus

On June 30, 2023, we conducted the "Fire Safety Training - Volunteer Firefighting" course, which included on-site fire extinguishing drills. We used various fire incident scenarios and live demonstrations to explain evacuation precautions in case of a fire, aiming to enhance the knowledge and skills of our factory firefighters in fire safety and the use of fire extinguishers to suppress initial fires.



Case Red cross first-aid training activities

On June 6-7, 2023, the Company organized safety officers from all departments to participate in the training activity of "Red Cross First Aiders" to learn skills such as chest compressions and CPR, the use of AED and on-site first aid. Through strict theoretical and practical examination, everyone obtained the certificate of "Red Cross First Aider". The activity improved the participants' awareness of emergency rescue, consolidated the knowledge of first aid and practical skills, and provided safety guarantee for implementing self-rescue and mutual rescue in the future when encountering emergencies in the workplace, and reduced the occurrence of injury and disability accidents.



As at the end of the reporting period, all of our relevant subsidiaries have been certified as Level 2 Enterprise (Machinery) for Work Safety Standardization and ISO 45001 for Occupational Health and Safety Management System.

Certificate of Level 2 Enterprise (Machinery) for Work Safety Standardization



Multek Industries

Multek Zhuhai

Multek China

ISO 45001:2018 Occupational Health and Safety Management System certificate



Multek Industries, Multek Zhuhai, Multek China

In 2023

Health and safety training for **66,883** participants

Total duration of health and safety training: **51,267** hours

Employee medical examination coverage rate: **100%**

Total investment in health and safety: **RMB 2.5** million

05



ENGAGING IN PUBLIC WELFARE AND CHARITY, AND SINCERELY GIVING BACK TO THE SOCIETY

Multek deeply understands the close relationship between the growth of a company and the progress of society. Therefore, "engaging in public welfare and charity, and sincerely giving back to society" has become our unwavering belief and goal. We put this belief into action by actively participating in various public welfare and charity activities, bringing more warmth and hope to society. We believe that through these efforts, we can inspire more enterprises to have a passion for public welfare and contribute to the prosperity and progress of society together.

Key issues

♡ Community public welfare

Main action strategies

Persistently participate in public welfare and actively carry out volunteer activities to contribute to the community



United Nations Sustainable Development Goals



Case Caring for Students, Setting Sail for Dreams - "Huangyang Guan Gong Students" donation and scholarship ceremony held successfully

On January 4th, Multek held the "Huangyang Guangong Students" donation and scholarship ceremony, donating a total of RMB 300,000 to benefit 216 students in the region. We help students from poor families and with good character to overcome temporary difficulties and continue to complete their studies, and at the same time, we call on more caring people from all walks of life to pay attention to the cause of education, so that more people will feel the power of upward mobility and goodwill.



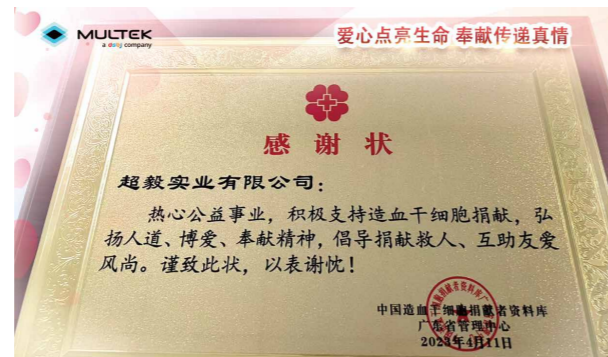
"Huangyang Guangong Students" donation and scholarship ceremony

Case "Love Brightens Lives, Dedication Transmits Sincerity--engineer Mr. Zhu successfully donated hematopoietic stem cells

On April 12, 2023, the Red Cross Society of Doumen District, Zhuhai held a welcome party for Mr. Zhu, an engineer from Multek, and presented him with a Certificate of Honor and Certificate of Appreciation for donating hematopoietic stem cells. Mr. Zhu, the Red Cross Society of Doumen District, Zhuhai held a welcome party for Mr. Zhu, an engineer from Multek, and presented him with a Certificate member of the Multek family, Mr. Zhu's act of free blood stem cell donation to save others' lives demonstrated his selfless responsibility and commitment, and conveyed positive social energy.



Presenting the honorary certificate to Mr. Zhu



Certificate of Appreciation

Case Special psychological counseling and anti-fraud training for disabled employees

On April 19, 2023, Multek collaborated with the Zhuhai Disabled Persons' Federation to conduct a specialized psychological counseling and anti-fraud training session. The training invited the Minister of the Zhuhai Disabled Persons' Federation, sign language teachers, psychology experts from Zhuhai Technician College, and police officers from the Zhuhai Xiangzhou Anti-Fraud Center to provide in-depth and vivid psychological counseling and anti-fraud training for our disabled employees.



2023 Zhuhai disabled pre-job training

In **2023**

A total of RMB **300,000** was invested in public welfare donations

A total of **59** people participated in volunteer activities

Volunteers have accumulated a total of **835** hours of service

APPENDIX

ESG Key performance table

1. Governance performance

	Indicator	Unit	2023
Anti-corruption	Number of incidents of corruption	Number of incidents	0
	Total number of directors trained in anti-corruption training	Number of directors	1
	Total duration of anti-corruption training for directors	Number of hours	3
	Coverage rate of anti-corruption training for directors	%	100
	Total number of employees trained in anti-corruption training	Number of employees	3,934
	Total duration of anti-corruption training for employees	Number of hours	2,149
	Coverage rate of anti-corruption training for employees	%	100
	Rate of effective handling of reports	%	100
Information security	Number of information security training sessions	Number of training sessions	2
	Number of emergency drills	Number of drills	29
	Information leakage incidents	Number of incidents	0
Customer service	Customer complaint handling rate	%	100
	Customer complaint resolution rate	%	100

2.Environment performance

	Indicator	Unit	2023
Environmental management	Total investment in environmental protection	Ten thousand yuan	5,558.83
	Coverage rate of environmental protection training	%	100
Water resource utilization	Water consumption	Tons	3,421,781
	Water reuse	Tons	124,909
	Total wastewater discharge	Tons	2,967,019
	Chemical oxygen demand (COD)	Tons	45.08
	Ammonia nitrogen	Tons	9.57
Waste gas emissions	Total emissions	Ten thousand m ³	1,667,511.03
	Volatile organic compounds (VOCs) emissions	Tons	1.89
	Nitrogen oxides (NOx) emissions	Tons	3.04
	Particulate matter (PM) emissions	Tons	1.23
	Hydrochloric acid mist emissions	Tons	46.33
	Sulfuric acid mist emissions	Tons	5.68
Solid waste emissions	Amount of non-hazardous waste generated	Tons	4,873.09
	Amount of non-hazardous waste recycled	Tons	4,814.90
	Amount of hazardous waste generated	Tons	12,501.03
	Amount of hazardous waste recycled	Tons	11,951.26
	Amount of hazardous waste disposed of	Tons	549.77
Energy consumption	Gasoline	Tons	23.43
	Diesel	Tons	14.48
	Natural gas	Ten thousand m ³	15.61
	Purchased electricity	Ten thousand kWh	27,331.57
	Total energy consumption	tce	33,853.74
Greenhouse gas emissions	Direct GHG emissions (Scope I)	tCO ₂ e	3,993.70
	Indirect greenhouse gas emissions (Scope II)	tCO ₂ e	155,224.41
	Greenhouse gas emissions	tCO ₂ e	159,218.10
Clean energy	Installed photovoltaic capacity	MWp	1.2048
	Cumulative power generation (2016-2023)	Ten thousand kWh	951.69
Greenhouse gas emission reduction	Annual emission reduction	tCO ₂ e	12,569
	Percentage of annual emission reduction	%	7.32
	Cumulative emission reduction	tCO ₂ e	37,925.95
	Cumulative emission reduction	%	19.24

3.Social performance

	Indicators	Unit	2023	
Workplace compliance	Rate of signing of labor contracts	%	100	
	Social insurance coverage	%	100	
	Rate of return from parental leave	%	100	
	Annual paid leave days per person	Number of days	14.5	
	Total number of employee discrimination incidents	Number of incidents	0	
	Proportion of employees covered by union/collective bargaining agreements	%	100	
Employee composition	Total number of employees		Number of employees	3,838
	Newly hired employees	Number of employed individuals during the reporting period	Number of employees	341
		Number of newly hired fresh graduates	Number of employees	11
		Number of locally recruited individuals	Number of employees	798
	Number of employees by gender	Male	Number of employees	2,084
		Female	Number of employees	1,754
	Number of employees by age	30 years old and below	Number of employees	592
		30-50 years old	Number of employees	3,079
		51 years old and above	Number of employees	167
	Number of employees by job level	Senior managers	Number of employees	21
		Middle managers	Number of employees	200
		Grassroots employees	Number of employees	3,617
	Number of employees by educational level	With college degree or below	Number of employees	3,447
		With bachelor's degree	Number of employees	375
		With graduate/MBA and above degree	Number of employees	16
Number of employees by region	Chinese employees (including Hong Kong, Macao and Taiwan)	Number of employees	3,838	
	Overseas employees	Number of employees	8	
Number of minority employees		Number of employees	324	
Number of employees with disabilities		Number of employees	43	
Number of female employees in professional positions		Number of employees	280	
Number of female employees in top management		Number of employees	5	
Number of female employees in middle management		Number of employees	26	
Employee turnover	Total employees turnover		Number of employees	82
	Total employee turnover rate		%	2.09
	Employee turnover by gender	Male	Number of employees	48
		Female	Number of employees	34

Indicators		Unit	2023	
Employee turnover	Employee turnover by age	30 years old and below	Number of employees	23
		30-50 years old	Number of employees	57
		51 years old and above	Number of employees	2
Employee training	Total expenditure on training		Ten thousand yuan	25.39
	Total number of training participants throughout the year		Number of employees	21,999
	Total training hours for employees		Number of hours	60,425.5
	Average annual training hours per employee		Number of hours	1.22
	Training coverage		%	100
	Training coverage for male employees		%	100
	Training coverage for female employees		%	100
	Training coverage for senior-level employees		%	100
	Training coverage for mid-level employees		%	100
	Training coverage for entry-level employees		%	100
	Average training duration per male employee		Number of hours	1.42
	Average training duration per female employee		Number of hours	1
	Average training duration per senior-level employee		Number of hours	1.53
	Average training duration per middle-level employee		Number of hours	2.87
	Average training duration per entry-level employee		Number of hours	1.14
Job satisfaction	Employee satisfaction		%	87
	Percentage increase in employee satisfaction		%	1
Health and safety	Investment in health and safety		Ten thousand yuan	2,496.35
	Safety training coverage		%	100
	Number of participants in health and safety training		Number of employees	66,883
	Total hours of health and safety training		Number of hours	51,267
	Number of annual safety production accidents		Number of accidents	0
	Injury rate		%	0.62
	Occupational disease incidence rate		%	0
	Number of employees who died due to work-related incidents		Number of employees	0
	Number of working days lost due to work-related injuries		Number of working days	356
External donations	Employee physical examination coverage		%	100
	Total investment in public welfare/external donations		Ten thousand yuan	30
Volunteer service	Number of participants in volunteer activities		Number of employees	59
	Total hours of volunteer service through the year		Number of hours	835

Indicators		Unit	2023	
Total number of suppliers	Total number of suppliers		Number of suppliers	725
	China (including Hong Kong, Macao and Taiwan)		Number of suppliers	655
	Overseas suppliers		Number of suppliers	70
Supplier management	Number of suppliers with certified quality management system		Number of suppliers	408
	Number of suppliers with certified occupational health and safety management system		Number of suppliers	61
	Number of suppliers with certified environmental management system		Number of suppliers	137
	Number of suppliers conducting responsible mineral due diligence		Number of suppliers	6
	Coverage for suppliers conducting responsible mineral due diligence		%	100
	Number of suppliers conducting audits on hazardous substance management		Number of suppliers	20
	Percentage of suppliers signing integrity commitment letters/agreements		%	96
	Number of suppliers subjected to economic, social, or environmental penalties		Number of suppliers	0
	Number of suppliers trained annually		Number of suppliers	43
Localized procurement	Proportion of localized purchases		%	65
Research and development innovation	Number of R&D employee		Number of employees	5
	Participation in the development of industry standards		Number of standards	15
	Certification as a high-tech enterprise		Number of certifications	5

Index Table

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	Ensuring Compliance with Operation	GRI 2-23	
	Adherence to Business Ethics	GRI 2-15, GRI 205, GRI 206	
Practicing Green Development, and Safeguarding for the Beautiful Earth	Improving Environmental Management	GRI 301, GRI 302, GRI 303, GRI 304 GRI 305, GRI 306, GRI 307, GRI 416	
	Improving Resource Utilization	GRI 302	TC-ES-140a.1
	Controlling Pollution Emissions	GRI 301, GRI 303, GRI 305, GRI 306	TC-ES-150a.1
	Promoting Low-Carbon Operations	GRI 201-2, GRI 304, GRI 305 GRI 307, GRI 404, GRI 413, GRI 416	
	Commitment to the Ecological and Biodiversity Conservation		
Working Together, and Unleashing the Vitality of Value	Strengthening Quality Management	GRI 416	
	Ensuring Customer Rights	GRI 417, GRI 418	
	Building a Responsible Supply Chain	GRI 204, GRI 308, GRI 414	TC-ES-440a.1
	Supporting Industry Development		
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	Supporting Employee Growth	GRI 404	
	Building Security Defenses	GRI 403, GRI 404	TC-ES-310a.1 TC-ES-320a.1
Engaging in Public Welfare and Charity, and Sincerely Giving Back to the Society	GRI 203, GRI 413		

SASB Electronic Manufacturing Services & Original Design Manufacturing Standards Index

Topic	Code	Metric	Unit of measure	Disclosed summary	Location
Water Management	TC-ES-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	m ³ , %	Water consumption 3,421,781 tons (m ³)	Water Resource Management
Waste Management	TC-ES-150a.1	(1) Amount of hazardous waste from manufacturing, (2) percentage recycled	t, %	12,501.03 tons Recycling percentage: 95.6%	Waste Management
Labour Practices	TC-ES-310a.1	(1) Number of work stoppages and (2) total days idle	Number, Days idle	Lost workdays due to occupational injury: 356 days	Adherence to Safe Production
Workforce Conditions, Health & Safety	TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Rate	Occupational injury rate: 0.62%	Adherence to Safe Production
	TC-ES-320a.2	Percentage of (1) entity's facilities and (2) Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high risk facilities	%	Multek China Co., Ltd. has obtained RBA VAP Silver level certification.	Upholding Compliant Employment Practices
	TC-ES-320a.3	(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, disaggregated by (i) the entity's facilities and (ii) the entity's Tier 1 supplier facilities	Rate	68 core suppliers have all passed the CSR audit conducted by Multek or obtained RBA certification.	Sustainable Supply Chain Management
Product Lifecycle Management	TC-ES-410a.1	Weight of end-of-life products and e-waste recovered; percentage recycled	t, %		
Materials Sourcing	TC-ES-440a.1	Description of the management of risks associated with the use of critical materials	N/A	Key material and process processing suppliers are required to obtain ISO 9001 certification.	Strengthening Supplier Management
Activity Metric	TC-ES-000.A	Number of manufacturing facilities	Number		
	TC-ES-000.B	Area of manufacturing facilities	m ²		
	TC-ES-000.C	Number of employees	Number	3,838	Upholding Diversity and Equality

Reader Feedback

Dear reader,

Hello!

Thank you very much for reading the Multek Group 2023 Environmental, Social, and Corporate Governance Report. We sincerely hope that you can evaluate this report and provide us with your valuable feedback. Your opinions and suggestions are important references for us to continuously improve the report. Please fill out the survey feedback form below and send it to us via email at Dylan.huo@multek.com.

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1/ Your overall evaluation of this report is:

Very good Better Average Poor Very poor

2/ What do you think about the accuracy, completeness, timeliness and clarity of the information disclosed in this report?

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4/ What topics are you concerned about? _____

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6/Do you have any other comments on Multek's work in environmental, social, and corporate governance? _____
