

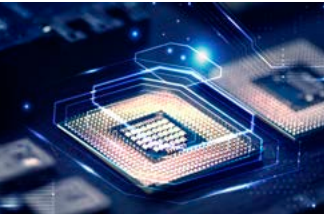





JCET Group Co., Ltd.

2023 Environmental, Social and Governance (ESG) Report



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Message from the CEO



2023 was a year teeming with both challenges and opportunities. "To be a world-class integrated circuit manufacturing and technology services company by returning value to our shareholders, customers, employees and society" encapsulates the vision of JCET. In an age where the semiconductor industry is under the global spotlight and garners societal focus, pursuing this vision is destined to be an extraordinary and uneven journey. However, Sustainable development stands as our best methodology, enabling us to persevere and advance in the face of challenges. In the past year, we firmly integrated the concept of sustainability into our corporate governance and operational practices. We not only promoted high-quality growth in our business but also made concerted efforts in areas such as supply chain management, product quality, innovation, safety, and customer service. By embedding responsible management practices across all our operations, we aimed to leave a lasting, positive mark on our industry and the world at large.

We remain steadfast in our pursuit of green development. JCET has established a rigorous environmental management system worldwide, engaging in regular assessments and monitoring to mitigate environmental risks. Our long-standing dedication to reducing pollution and carbon emissions has notably enhanced our resource utilization efficiency and environmental performance. In 2023, JCET set more explicit carbon reduction targets and clearer action paths. By aligning with global and national initiatives for carbon neutrality and peak carbon emissions, we not only adhere to the evolving demands of our downstream clients in the supply chain but also pave the way for a greener footprint for the end consumers of our products. Regarding water resources, our enhanced efforts have led to an increase in water use efficiency and recycling, alongside a decrease in wastewater discharge, furthering our commitment to water conservation.

We adhere to the principle of putting people first. At JCET, we dedicate ourselves to the well-being, safety, and welfare of our employees, creating a favorable work relationship and atmosphere, which unlocks the potential and creativity of our staff. We are well aware that responsible procurement can extend our sustainability efforts up the supply chain. In partnership with our suppliers, we adhere to relevant domestic and international laws, regulations, and ethical standards, collectively preventing and managing risks. Moreover, we actively participate in public welfare and charitable activities. In 2023, we established the "JCET Environmental Protection and Health Charity Fund" to give back to society and the public, contributing our efforts and compassion for building a better future.

We are dedicated to constantly improving our governance standards. By embracing and implementing advanced and effective strategies for corporate management, we've developed a robust governance framework that ensures our operations are both efficient and well-regulated. Meanwhile, we also place great emphasis on the implementation of business ethics, relentlessly fighting against corruption and unfair competition, and protecting intellectual property rights. Furthermore, we have enhanced our procedures for the identification, evaluation, management, and mitigation of both financial and non-financial risks, effectively ensuring the Company's robust operation.

We're proud of what we've achieved in the last year and are excited about the prospect of further advancements. In 2024, JCET will continue to enhance our core competitiveness with the spirit of pioneering and striving to be at the forefront, working together with all stakeholders to create greater value for the economy and society!

ZHENG Li, Director and CEO of JCET

April 2024

About This Report

The Environmental, Social, and Governance (ESG) report (hereinafter referred to as "this report") is publicly issued by JCET Group. This report, based on the principles of objectivity, openness and transparency, discloses the ESG practices and achievements of JCET Group in 2023.

Time Range

This report covers the period from January 1, 2023, to December 31, 2023. To improve the report's readability, some content and data may reference previous or subsequent years.

Reporting Scope

Unless otherwise specified, the policies, statements, and materials in this report cover the actual business scope of JCET Group and its subsidiaries, which is consistent with the scope outlined in the annual report issued by JCET Group. Unless indicated otherwise, this report uses RMB as its currency unit.

Definition of Terms

For the convenience of expression and reading, "JCET", "the Company", "the Group" and "we" in this report refer to JCET Group and its subsidiaries.

Reporting Principle

This report is prepared in accordance with Chapter 8 Social Responsibility of the Guidelines for Self-Regulation of Listed Companies by the Shanghai Stock Exchange, and refers to the Global Reporting Initiative (GRI) Standards and the ISO 26000:2010 Guidance on Social Responsibility, among other requirements.

This report is finally formulated by identifying important stakeholders, analyzing and rating material issues related to sustainable development, defining the scope of the report, and collecting, summarizing, organizing, and reviewing relevant data and information during the preparation process.


This report has been reviewed by the Company's Board of Directors and is publicly disclosed.

Accessing This Report and Contacting Us

You can access the online report through the website: www.jcetglobal.com

If you have any questions regarding the report, please feel free to contact us at:

 JCET_ESG@jcetglobal.com

 +86-510-8685 4189

About JCET

Company Introduction

JCET Group is the world's leading integrated-circuit manufacturing and technology services provider, offering a full range of turnkey services that include semiconductor package integration design and characterization, R&D, product certification, wafer probe, wafer bumping, package assembly, final test, and drop shipment to customers around the world.

Our comprehensive portfolio covers a wide spectrum of semiconductor applications such as mobile, communication, compute, consumer, automotive, and industrial, through advanced wafer-level packaging, 2.5D/3D, System-in-Package, and reliable flip chip and wire bonding technologies. JCET Group has two R&D centers in China and Korea, six manufacturing locations in China, Korea, and Singapore, and business branches in over 20 countries or regions around the world, providing close technology collaboration and efficient supply-chain manufacturing to our global customers.



Jiangyin - City East Production Base / R&D Center

- Land Area: 374,882 m²
- Gross Floor Area: 372,500 m²
- WLCSP, Bumping, Flip Chip and Testing, Leadframe Packaging, Substrate Packaging and SiP



Suqian Production Base

- Land Area: 307,487 m²
- Gross Floor Area: 124,834 m²
- High Power Device Leadframe Package Testing



Jiangyin - Binjiang Production Base

- Land Area: 62,321 m²
- Gross Floor Area: 58,300 m²
- Bumping, Wafer Level Packaging, and Testing



Chuzhou Production Base

- Land Area: 170,000 m²
- Gross Floor Area: 120,000 m²
- Small-Power Device Leadframe Packaging, Discrete Packaging and Testing



Korea Incheon Production Base / R&D Center

- Land Area: 227,313 m²
- Gross Floor Area: 210,348 m²
- SiP, Chip Stacking PoP, Flip Chip and Testing

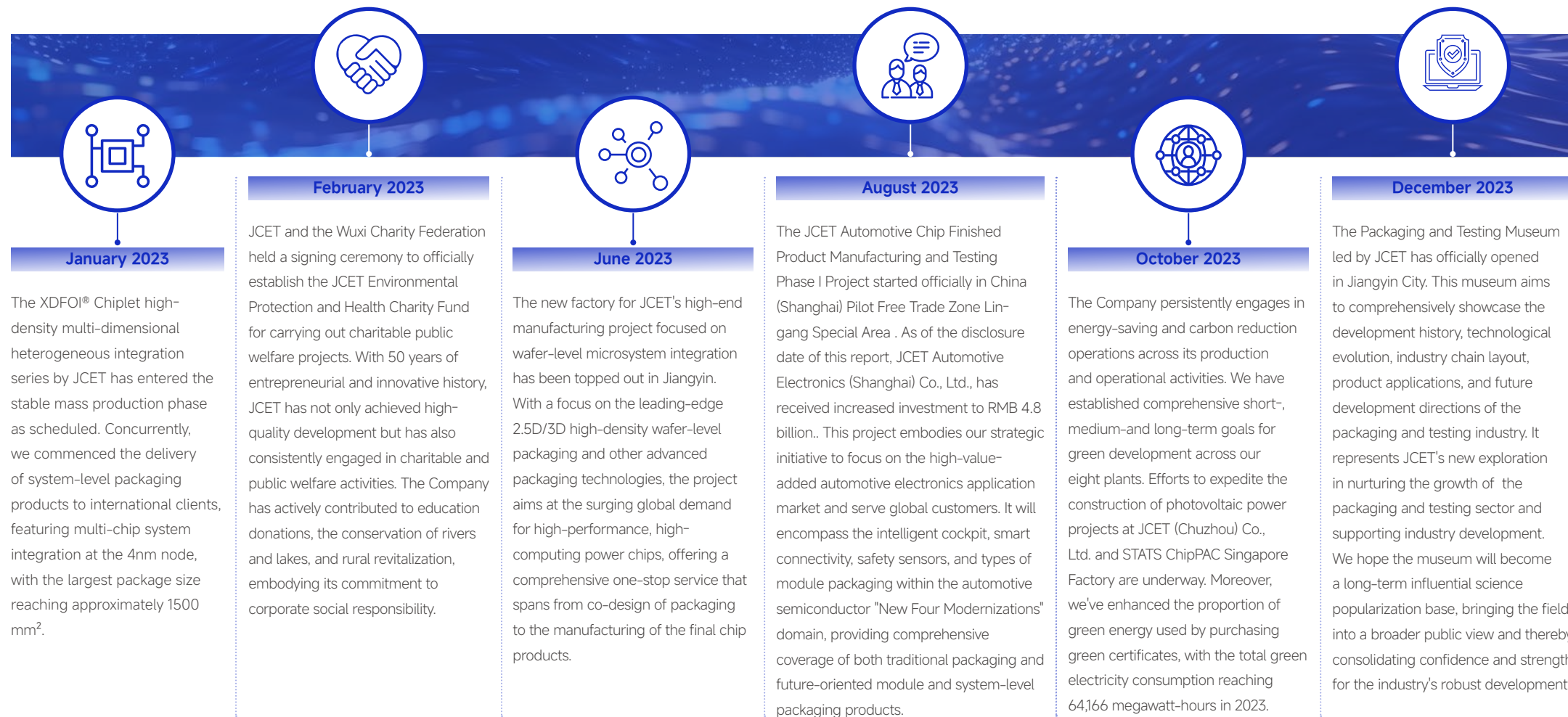


Singapore Yishun Production Base

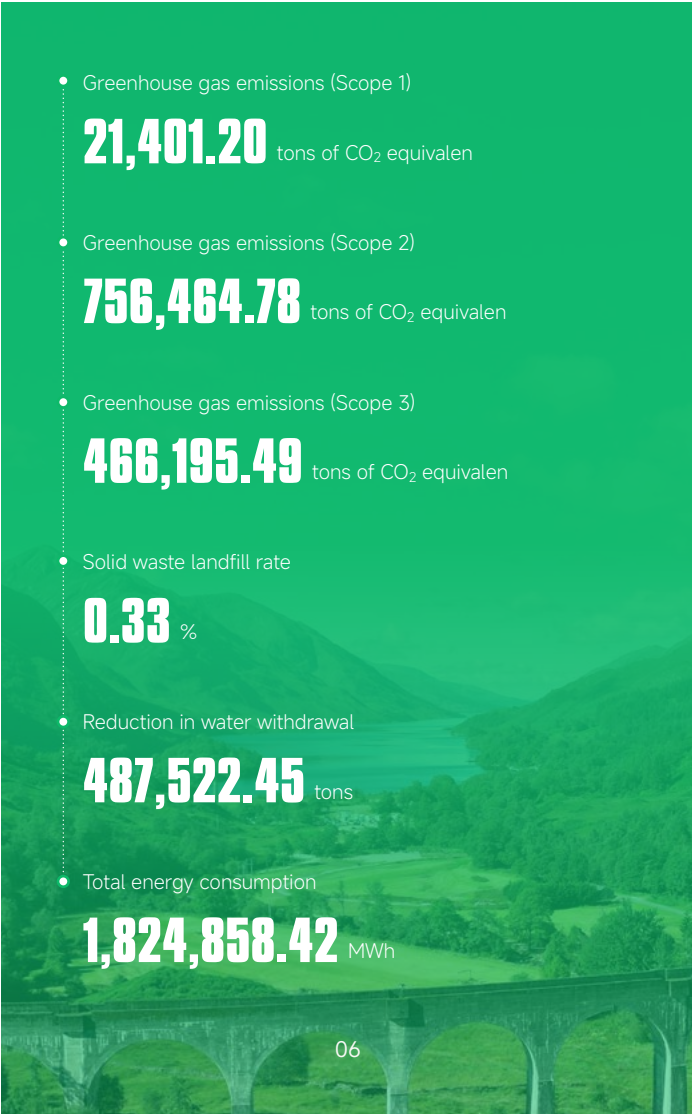
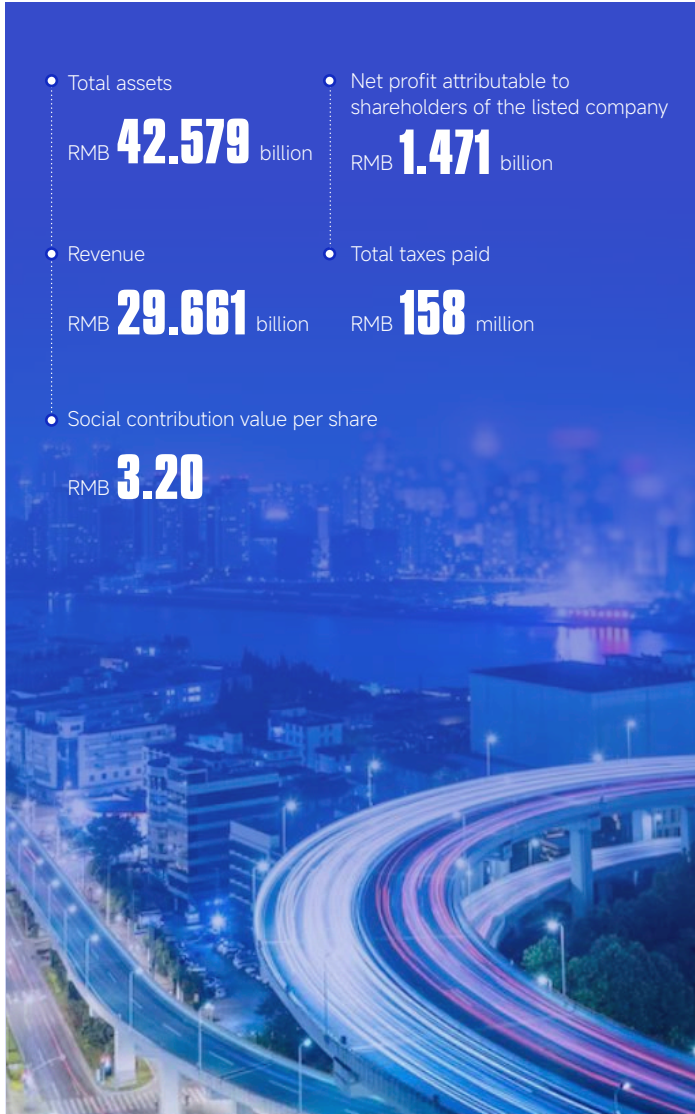
- Land Area: 43,390 m²
- Gross Floor Area: 99,462 m²
- Wafer Level Packaging, eWLB, and Testing

JCET in 2023

Key Achievements



Key Performance



Awards & Honors

At the 23rd China Listed Companies Summit Forum,

the Company was honored with the China Top 100 Enterprises Award, with Zheng Li, Director and CEO, receiving the China's Top 100 Outstanding Entrepreneurs Award

the Time Responsibility Forty People Forum Think Tank

Five-Star Gold Award for Corporate Social Responsibility of Chinese Manufacturing Listed Companies in 2023

Fortune China Top
500 Listed Companies

Securities Times

ESG Top 100 Listed Companies

The HRIS Human Resources Management System Project won the

2023 Excellence in Human Resources Award

Manufacturing Enterprises in the Yangtze River Delta

Top 100 Private

CSI Securities Times ESG

Top 100 Index

Chinese Semiconductor Packaging and Testing at the China International Semiconductor Conference 2022-2023

Best Brand Award

TOPBRAND Top
Top 500 Chinese Brands

The China Listed Companies Association

2023 Listed Company Board of Directors Excellent Practice Case Award and 2023 Listed Company ESG Excellent Practice Case

Governance Practices

Supporting UN SDGs



Our Actions

JCET places great importance on standardized corporate governance, strictly abiding by the legal regulations and supervisory requirements of the operational jurisdiction, and has established a comprehensive governance system and working mechanisms. To enhance the effectiveness of corporate governance, JCET continues to strengthen the construction of the risk management system and internal control compliance management. The Company has constantly fostered business ethics and anti-corruption awareness among all employees, ensuring its integrity and efficient operation.

Our Performance

Employee coverage for anti-corruption and anti-bribery training

100 %

Percentage of female directors

22.22 %

Information disclosure evaluation by Shanghai Stock Exchange for 2022-2023

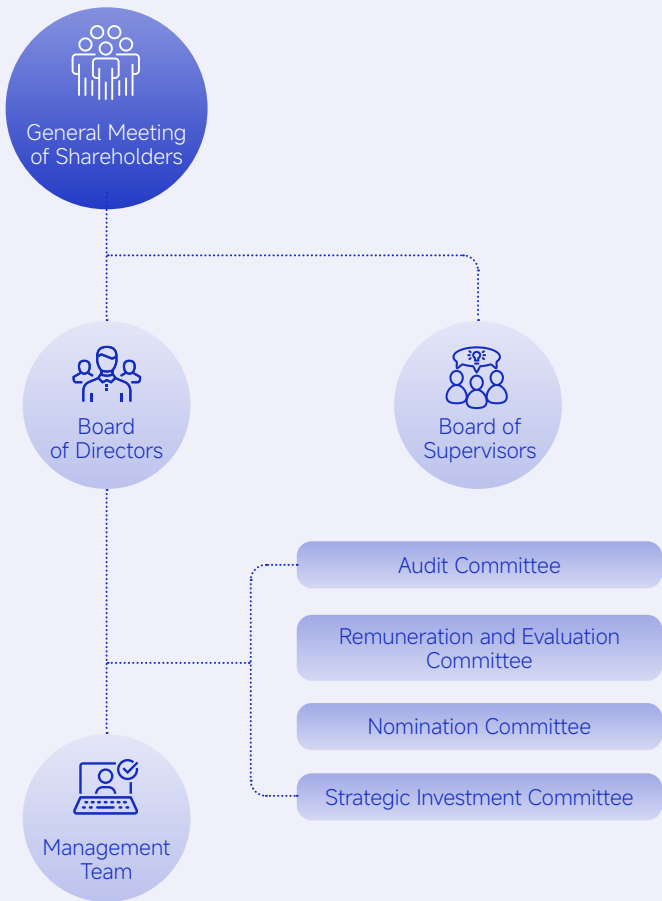
Grade A

Corporate Governance

Legal and compliant operations are the cornerstone of long-term corporate development. JCET is devoted to establishing a sound internal governance framework, and continually improving the capability and quality of corporate governance. Adhering strictly to the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Corporate Governance Guidelines for Listed Companies*, *Information Disclosure Management Measures for Listed Companies*, and other relevant legal regulations and normative documents, the Company has set up a standardized corporate governance structure and effective rules of procedure. It continuously revises, organizes, and perfects the internal control system at all levels to safeguard the sustainable development of the Company.

Corporate Governance Structure

JCET has established a corporate governance structure comprising the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the Management Team. Each body has developed comprehensive work systems and rules of procedure, forming a clear division of responsibilities, effective communication, and a system of checks and balances among the governing, decision-making, supervisory, and executive bodies.



Board of Directors meetings held annually

9

Resolutions passed by the Board of Directors

43

Board of Supervisors meetings held annually

8

Resolutions passed by the Board of Supervisors

24

General Meeting of Shareholders held annually

2

Resolutions passed by the General Meeting of Shareholders

12

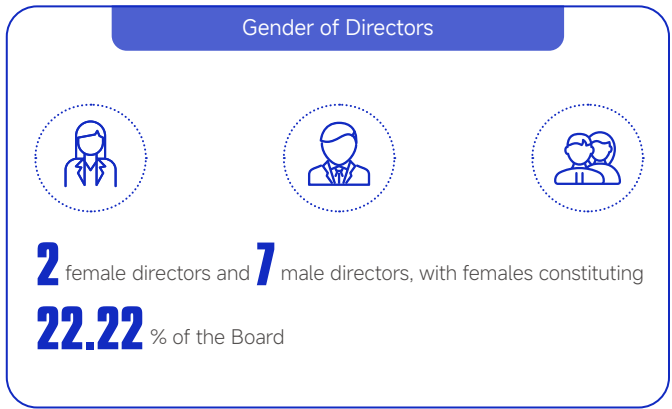
Effectiveness and Diversity of the Board of Directors

In March 2023, the Nomination Committee conducted a comprehensive evaluation of director candidates' qualifications following the nomination by the Company's Board of Directors. Subsequently, the nominees were presented to the Board of Directors and General Meeting of Shareholders to complete the board election. The Company remains committed to fostering diversity within the Board, including professional backgrounds, gender representation, and nationality. Following the election, the 8th Board of Directors comprises 9 members, with 7 external directors, constituting a majority; 3 independent directors, accounting for 1/3, bringing extensive experience in industries, financial accounting, and risk management; 2 female directors, contributing to more detailed and prudent perspectives. Additionally, one-third of the board members hold doctoral degrees, possessing rich industry experience and profound educational backgrounds. With a balanced blend of skills, experience, and viewpoints, the directors effectively enhance the Company's modern governance capabilities.

The diverse backgrounds and experiences of the Board members provide various perspectives and values for the Company's strategic planning, enabling committees to assess issues from a broader perspective and to consider the interests of all stakeholders. The Board of Directors of JCET includes industry experts and professionals in accounting, law, risk management, and other areas, all of whom possess the knowledge, skills, and qualities necessary for their roles.

Name	Position	Expertise and Skills						
		Strategic Planning	Finance & Accounting	Risk Management	Technical R&D	Marketing	Industry Experience	Environmental & Sustainability
Gao Yonggang	Chairman	√	√	√			√	√
Peng Jin	Director	√				√	√	
Zhang Chunshen	Director	√						
Yu Jiang	Director	√						
Zheng Li	Director	√		√		√	√	√
Luo Hongwei	Director	√		√		√	√	√
Shi Ying	Independent Director	√		√	√	√	√	√
Li Jianxin	Independent Director	√	√					
Tieer Gu (Gu Tie)	Independent Director	√		√	√	√	√	√

The Board has established four specialized committees: the Strategic Investment Committee, the Nomination Committee, the Remuneration and Evaluation Committee, and the Audit Committee. Since the commencement of the 6th term of the Board of Directors in April 2016, the majority of independent directors have served as conveners in the Nomination Committee, Remuneration and Evaluation Committee, and Audit Committee. The Audit Committee is chaired by an independent director specializing in accounting to facilitate independent directors to better exercise their independence and oversee the internal affairs of the Company impartially. Committee members are seasoned professionals from various industries with extensive expertise and practical experience, providing professional insights and recommendations for the Company's development and decision-making from diverse perspectives. The Company fully leverages the functions of each subordinate committee of the Board of Directors, holding strategic seminars periodically to deeply discuss changes in the market and internal and external environments, talent strategy optimization, and key investment projects, thereby constantly optimizing and perfecting the Company's medium and long-term strategies. Regular Audit Committee meetings are also convened to review the internal audit work and provide recommendations and guidance. At the same time, committee members regularly receive reports from auditors on audit and review of the Company's periodic reports, setting higher standards and requirements, and strengthening the responsibility of independent third parties. In 2023, the Company held a total of 11 specific committee meetings, elevating the quality of Board decisions by fostering complete agendas, standardized processes, effective communication, and democratic decision-making through the active participation and prior communication of committee members.



Investor Rights Protection

JCET strictly follows the Rules for the Shareholders' Meetings of Listed Companies, the Articles of Association, and the Rules of Procedure for Shareholders' Meetings among other regulations and requirements, to convene and hold General Meetings of Shareholders in an orderly and standardized manner. It treats all shareholders fairly and ensures equal status for all, especially for small and medium-sized shareholders. The Company facilitates shareholder participation in meetings to the fullest extent, enabling them to fully exercise their rights and protect their legitimate interests.

JCET's Board of Supervisors elects members strictly following the *Company Law of the People's Republic of China* and the *Articles of Association*. It ensures the Company's lawful operation and oversees the performance of directors and senior management, as detailed in the *Articles of Association* and the *Rules of Procedure for the Board of Supervisors*. The Board of Supervisors also convenes its meetings in line with these guidelines.



Standardized Information Disclosure

JCET strictly abides by the *Securities Law of the People's Republic of China*, the *Information Disclosure Management Measures for Listed Companies*, and the *Guidelines of Shanghai Stock Exchange on Insider Reporting by Listed Companies*, among other regulatory documents. It strictly fulfills its information disclosure obligations to ensure that the information disclosed is truthful, accurate, complete, and timely. In 2023, the Company released a total of 110 announcements following regulatory guidelines, including 4 periodical reports and 106 temporary announcements, ensuring that all shareholders had equal access to information. During the reporting period, there were no false records, misleading statements, major omissions, or other improper disclosures in the Company's information disclosure. The Company also paid close attention to the public opinion environment and market trading conditions, protecting investors' legitimate rights through fair information disclosure. Adhering strictly to superior information disclosure standards, JCET has been rated "A" in the Shanghai Stock Exchange's information disclosure evaluation for the year 2022-2023, maintaining this prestigious rating for two successive years.

Grade A of information
disclosure evaluation of
Shanghai Stock Exchange in
2022-2023

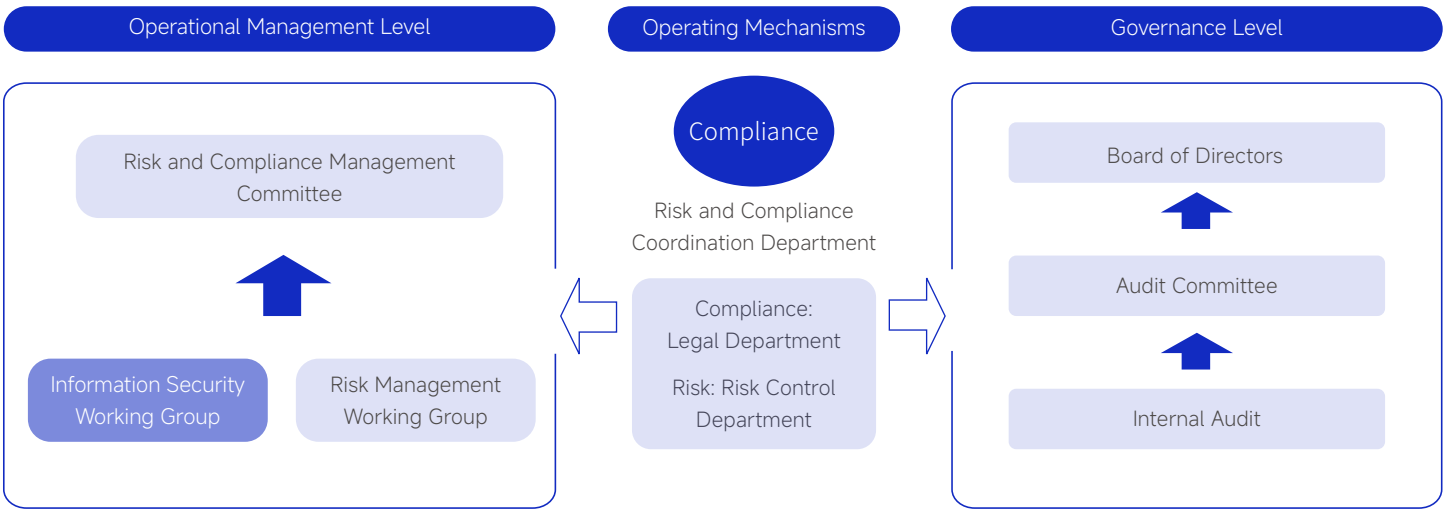


Investor Relations Management

JCET places great importance on investor communication, continually enhancing a variety of channels for investor engagement. We address investor concerns promptly through online avenues such as investor hotlines, the IR email, and the SSE E-Interactive Platform. Proactive in managing investor relations, we strive to increase the transparency of company information. In 2023, the Company further strengthened its communication with investors and regularly hold performance briefing sessions for periodical reports. Before these sessions, the Company prepares by collecting investor concerns, organizing financial and operational data, and discussing with the management and related departments to ensure readiness. During the sessions, the management communicates the operational status of the Company through speeches and real-time voice Q&A, bridging the gap between core management and investors, allowing investors to more conveniently understand the Company's business dynamics and future performance development. After the sessions, the Company continues to track investors' questions and addresses them in subsequent interactions. In 2023, to further showcase our strategic positioning and comprehensive strengths, we hosted several tours of our factories both domestically and internationally. We invited numerous institutions and small to medium-sized investors to visit our facilities. These visits allowed investors to directly experience our production processes and technical offerings, enhancing their insight into the Company's operations.

Risk Control & Compliance

In order to effectively prevent and mitigate significant risks, JCET continuously strengthens its risk management efforts and perfects its internal management systems and structures. In accordance with the *Guidelines on Comprehensive Risk Management for Central Enterprises*, *Basic Standard for Enterprise Internal Control* and its supporting guidelines, we have formulated the *Risk Management Standards*. These standards define the overall objectives and basic processes for risk management, establish risk assessment criteria, and identify and analyze current risks such as international political risk, market competition, technological innovation, and talent competition, enabling us to effectively control risks.



Management Structure

In April 2023, JCET leveraged its existing compliance audit group structure and mechanisms to introduce a risk management function. This led to the establishment of the Risk and Compliance Governance (RCG) Committee, tasked with decision-making on the Company's risk and compliance management affairs. The committee is chaired by the CEO and includes heads of relevant departments as members.

Compliance Management

JCET adheres to legal and regulatory requirements and constantly improves the compliance basis of corporate governance. The Company persistently advances compliance work in accordance with systems such as the Compliance Management Work Manual, Employee Conflict of Interest Management Procedures, and Compliance Management. Moreover, to further enhance its governance capabilities and effectively mitigate major risks through compliance management, the Company has established a professional and international compliance management system. This system spans from the headquarters to all plants, incorporating a self-assessment mechanism for compliance. Regular self-evaluations of compliance design and operations are conducted to ensure the compliance system functions properly and is effectively implemented.

The company has established and improved a system for managing related party transactions, from the general meeting of shareholders, the board of directors, the board of directors' audit committee, senior management, the head office finance and board office, to the management departments of each subsidiary. The company has built and continuously optimized the related party transaction management process, improved the automation and intelligence level of related party transaction management, and strengthened the implementation of related party transaction system, so as to promote the orderly and standardized management of related party transactions. The independent directors of the company conduct ex ante review of the company's major related party transactions and express their independent opinions, ensuring that the related party transactions are carried out in accordance with the principle of benefiting the overall interests of the company's shareholders.

3 compliance training sessions were conducted in 2023

Covering
100 % of employees

Three Lines of Defense

JCET continuously enhances the construction of its enterprise risk management system. It regularly organizes relevant departments to identify risks related to quality, safety, environmental protection, and anti-corruption, setting up the "Three Lines of Defense" in risk management. This ensures clear roles and responsibilities across all levels, from frontline operations to senior management, facilitating effective risk control throughout the Company.



Business Ethics

JCET upholds the concept of integrity in business and adheres to business conduct guidelines. We participate in market competition legally and compliantly, and oppose any form of commercial bribery, money laundering, monopoly, and unfair competitive conduct. We protect the legitimate rights and interests of laborers, and value health, safety, and environmental management. We appoint managerial representatives to establish, implement, and maintain a sound social responsibility management system and extend these requirements to suppliers and subcontractors. Meanwhile, we comply with local labor and other relevant legal requirements, adhere to the standards of the Responsible Business Alliance (RBA), and continuously improve the level of business ethics in the establishment, implementation, and maintenance processes.

Business Ethics & Anti-corruption

In accordance with laws and regulations related to anti-corruption and anti-bribery as well as external business conduct guidelines, JCET has established a series of rules and regulations including the Code of Business Conduct, the Anti-fraud and Anti-corruption Management Regulations, the Integrity Commitment, and the Gift and Hospitality Management System. These policies guide and regulate the business behaviors of employees and partners, fostering a clean working environment and strictly prohibiting any form of corruption, bribery, or fraudulent activities.

JCET has established a permanent institution for anti-corruption and anti-fraud work, carries out concentrated supervision and management, and regularly invites industry experts to provide all employees with training on business ethics and compliance. This assists senior management and overseas employees in carrying out compliance supervision, insider trading, and other specialized training, enhancing employees' understanding of business behavior and promoting good practices in business ethics.

Number of embezzlement lawsuits initiated and resolved against the company

0 cases

Total number of anti-corruption and commercial bribery training for directors/executives

1 time

Anti-corruption and commercial bribery training coverage rate

100 %

Number of embezzlement cases initiated and concluded against employees

0 cases

Total number of training sessions on anti-corruption and commercial bribery for ordinary employees

1 time



Reporting and Whistleblower Protection

JCET has established and strictly adheres to management systems such as the Complaint and Whistleblower Protection Policy, to standardize and ensure a smooth reporting process. JCET strictly monitors any illegal or disciplinary actions that seek undue advantage through abuse of position or authority, prohibiting any interference with the operations of handling staff or the investigation team appointed by the Company. We adopt a variety of protective measures to safeguard the privacy and legal rights of the whistleblowers, ensuring that they, as well as the stakeholders, are protected objectively and justly from retaliation due to their good-faith reporting. The Company also takes severe action against any misconduct that may occur during the reporting process.

JCET has established multiple channels for reporting, including email, written correspondence, and direct face-to-face reporting by internal staff (for more details, please refer to the Complaint and Whistleblower Protection Policy). A designated person is responsible for managing these channels, and receiving suggestions, complaints, or reports from employees and external individuals, either anonymously or not. The Company records the details of the complaints or reports made by whistleblowers accurately and takes timely action. This includes stages such as evidence analysis, selection of investigative methods and steps, conducting the investigation, writing the investigation report, and proposing remedial measures. In the follow-up investigations, the Company strictly abides by principles and regulations pertaining to whistleblower protection, maintaining the confidentiality of the whistleblower's identity and other personal information to protect their legal rights from being infringed upon.

Anti-Unfair Competition

JCET is committed to lawful and compliant operations, strictly observing laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, *Several Provisions on Prohibiting Infringements upon Trade Secrets*, as well as antitrust and fair competition laws and regulations of the countries where the business operates. The Company encourages and protects fair competition and eliminates any unfair competitive behaviors, working alongside peer companies to maintain a fair competitive market environment. We pledge not to collect competitors' trade secrets or other confidential information through illegal means, nor to engage in illegal activities such as collusion in pricing that disrupts market order. In 2023, JCET did not experience any significant violations of laws and regulations related to anti-unfair competition.

ESG Management

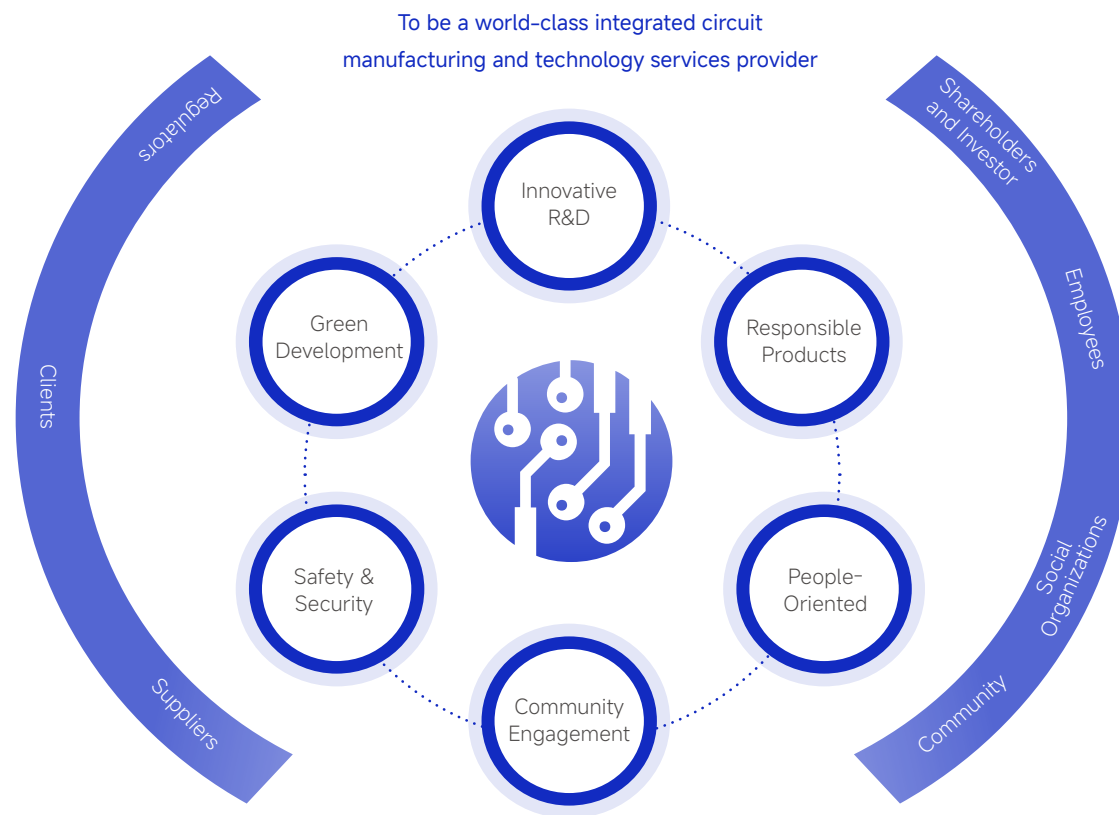
For JCET, a robust ESG management system is not only fundamental to achieving significant and stable development but also vital for supporting sustainable corporate progress. Through the articulation of an ESG management concept, JCET has developed and perfected its ESG management structure and policies, consistently boosting our top-to-bottom ESG participation and managerial capabilities.

ESG Management Framework

Under the supervision and guidance of the Board of Directors, JCET has established an ESG Committee, with Zheng Li, Director and CEO, serving as the Chair of the ESG Committee. The ESG Committee is responsible for approving ESG strategic planning and working mechanisms that align with the Company's actual situation, managing important ESG issues, and setting ESG goals. An ESG Execution Group operates under the committee, tasked with collecting and summarizing ESG data, providing information for decision-making, promoting the implementation of ESG tasks in various departments and factories, and regularly reporting significant project progress and goal achievement to the ESG Committee. From the decision-making level to the management and operational levels, the Company has established a comprehensive and systematic ESG governance framework. We have set up an efficient ESG management mechanism to significantly enhance the quality of ESG management. The Board of Directors regularly receives reports from the ESG Committee on the progress of the annual ESG/sustainable development work, ensuring the smooth progress of ESG tasks and the effectiveness of ESG risk management.

ESG Governance Strategy

JCET highly values the strategic importance of ESG governance, incorporating it into the Company's routine operations. Our ESG management efforts are guided by the [JCET ESG Policy](#), ensuring the continuous and effective operation of the ESG management system.



Stakeholder Engagement

JCET respects the demands of stakeholders and adheres to the principles of integrity, interaction, equality, and transparency. We continuously improve the mechanisms for stakeholder engagement and communication to understand their concerns. This allows us to clarify the Company's ESG strategy and identify significant ESG issues, enabling stakeholders to effectively participate in the Company's ESG governance.

Composition of Stakeholders	 Shareholders and Investors	 Regulators	 Clients	 Employees	 Suppliers	 Community	 Social Organizations (e.g. media, NGOs, industry associations, etc.)
Stakeholders' Concerns	<ul style="list-style-type: none"> • Current business performance • Effective risk management • Long-term development planning and financial performance, ESG performance • Investor communication and interaction 	<ul style="list-style-type: none"> • Compliance and lawful operations • Energy saving and emission reduction • Protecting the rights and interests of employees and customers • Stable product operation • Driving economic growth 	<ul style="list-style-type: none"> • High-quality product performance • Information security and privacy protection • Efficient production of products • Excellent service • Positive social image 	<ul style="list-style-type: none"> • Competitive salaries and benefits • Personal capacity building • Open and transparent development channels • Work-life balance • Stable company operations • Healthy and safe working environment 	<ul style="list-style-type: none"> • Transparent and fair supplier system • Stable financial performance and timely payments • Long-term partnership • Transparent procurement 	<ul style="list-style-type: none"> • Aiding the community • Sharing the fruits of development 	<ul style="list-style-type: none"> • Friendly communication and cooperation • Timely information sharing • Joint development of the industry
Methods of Communication & Participation	<ul style="list-style-type: none"> • Regular disclosure of reports • Shareholders' meetings • Roadshows and performance presentations • Investor phone and email contacts 	<ul style="list-style-type: none"> • Participation in relevant meetings • Communication with industry associations and other organizations • Accepting guidance from regulators 	<ul style="list-style-type: none"> • Pre-sales communication • After-sales service • Regular communication (e.g., customer visits) • Third-party training • Client audits 	<ul style="list-style-type: none"> • Labor unions • Online communication platform • Employee complaint hotline • Employee representatives 	<ul style="list-style-type: none"> • Supplier training • On-site audits and communication • Regular visits 	<ul style="list-style-type: none"> • Face-to-face communication • Public welfare activities • Complaint hotline 	<ul style="list-style-type: none"> • Media meetings • Regular communication and feedback • Project cooperation • Public channels like JCET's official website, WeChat public accounts, etc.

Materiality Analysis

JCET is attentive to stakeholders' appeals and opinions on its ESG initiatives, considering their concerns crucial in shaping our ESG development strategy. In line with our business specifics, we have conducted a substantive identification, filtering, and prioritization of ESG issues in 2023. Based on these findings, we adapt our ESG agenda accordingly to ensure the effective implementation and optimization of our ESG performance.

Materiality Analysis Process of JCET

Materiality Analysis

Issues Prioritization

Review & Confirmation

- Through peer benchmarking, research on the requirements of regulators and rating agencies, industry trend assessment and other preliminary studies, and in combination with stakeholder survey, we identify material issues that are significant to both JCET and stakeholders.
- Through anonymous questionnaire surveys, issues are re-identified and prioritized according to the degree of influence on internal stakeholders and their importance to the decision-making of external stakeholders.
- The senior management of the Company reviews and approves the evaluation process and results of substantive issues, and ensures that they comply with JCET's corporate policy, sustainable development business strategy and information disclosure regulations.



Green Development

Our Actions

Climate change is a material issue concerning the survival and development of all mankind. Through the ISO 14001 environmental management system, JCET actively enhances its capability to respond to climate-related risks and seeks opportunities in the clean technology market. The Company tirelessly strives to improve water resource utilization efficiency, reduce greenhouse gas emissions, and minimize the generation of waste and emissions. We also endeavor to minimize the environmental impact of our business operations and continuously strengthen the climate resilience of the Company.

Our Performance

Investment in environmental protection

RMB **157,383,300**

Compared to 2022,
Reduction in water withdrawal
in 2023

487,522.45 tons

Solid waste landfill rate

0.33 %

Supporting UN SDGs



Climate Action

According to the latest forecast by the United Nations, the likelihood of keeping the temperature rise within 1.5 degrees Celsius is only 14% even under the most optimistic emission scenario. We are fully aware that the prospect of global climate is not optimistic. Amid the complex political and economic environment, stronger commitment and closer collaboration are urgently needed for climate action. JCET has continuously improved climate change management, striving to reduce the environmental impact of operations and production and improve the climate resilience of the Company.

Analysis of Climate Risks and Opportunities

The Company identifies climate change risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and formulates corresponding climate risk prevention strategies to enhance its capacity to adapt to climate change.

	Type and Description	Potential Financial Impact	Countermeasures
Physical risks	Acute Risk: Extreme weather events may affect the operations of all plants.	Production, raw materials and energy supply, and transportation may be affected, resulting in financial losses and decreased revenue.	<ul style="list-style-type: none"> Conduct risk assessment and crisis management, set up the Typhoon and Flood Emergency Response Leadership Group and Rescue Group, and carry out risk emergency drills Improve efficiency in the use of natural resources Establish the (Business Continuity Management) BCM mechanism
	Chronic Risk: The Company may be affected by sustained high temperatures, drought, and rising sea levels, among others.		
Transition risks	Policy and Legal Risk: Under the influence of China's "Dual Carbon" policy, the Company may be affected by emerging policies and regulations.	Operating costs may increase.	<ul style="list-style-type: none"> Promote energy transformation and increase the use of renewable energy Develop targets and pathways of carbon neutrality, and disclose the progress regularly
	Technology Risk: New clean energy technologies may replace traditional technologies due to environmental technological innovation.	The cost of utilizing new energy technologies may increase.	
	Market Risk: The Company may face varying requirements of climate-related topic management from downstream customers.	The Company may have to increase investment in energy conservation and consumption reduction, thus increasing the cost of green energy.	
	Reputation Risk: Stakeholders are more concerned about the impact of the Company's production processes or products on the climate and environment.	The confidence of customers and investors may be undermined.	
Opportunities	Products and Services: The Company should seize new opportunities to innovate and develop new products and services.	The Company should meet the demand for energy-efficient products from end markets and downstream customers to increase revenue.	<ul style="list-style-type: none"> Actively transition to a low-carbon economy and seize opportunities in clean technologies. Facilitate the recycling of production resources.
	Resource Efficiency: The Company should improve the efficiency of production, operation, and management.	Relevant measures should be taken to reduce operating costs.	

Reduction of Greenhouse Gas Emissions

JCET pays special attention to the impact of climate change and is committed to reducing greenhouse gas emissions in its production and operations. In 2023, the Company initiated and formulated a plan and pathway for carbon peak and carbon neutrality. We aim to achieve carbon reduction goals and address the increasingly severe climate crisis by reducing absolute carbon emissions and increasing the use of clean energy on a larger scale.

Our Actions

We are advancing key actions in five areas to achieve net-zero greenhouse gas emissions under Scope 1, Scope 2, and Scope 3 in stages:

Energy Efficiency Improvement

Identify opportunities in energy management
Conduct energy-saving and carbon-reducing projects

Use of Renewable Energy

Initiate distributed photovoltaic operations
Procure green electricity
Utilize clean energy

Green Supply Chain

Give preference to green products
Substitute with low-carbon raw materials
Use lightweight materials
Conduct green product design
Adopt recycled materials

Green Transportation

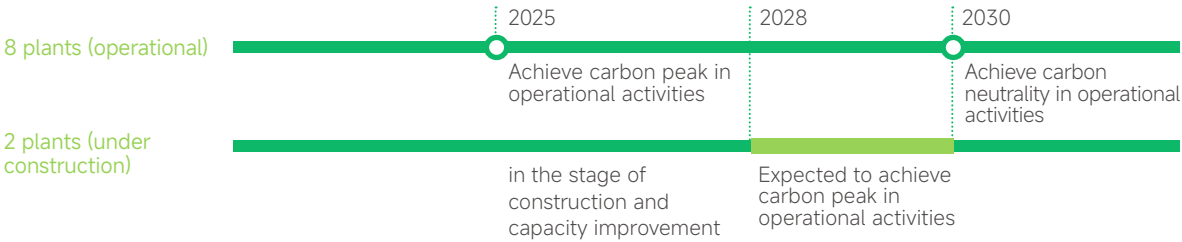
Reduce air transport
Introduce hydrogen transport
Use electric official cars and shuttle buses
Adopt biomass fuel, etc.

Employee Incentives

Cultivate employees' awareness of saving electricity and water
Encourage low-carbon travel

Our Plans

As a responsible company, JCET actively responds to international initiatives and China's "Dual Carbon" goals. After comprehensive carbon assessments in 2023 and further detailed planning, we revised our carbon neutrality targets. Using 2022 as the baseline year, our eight operational plants aim to peak carbon emissions by 2025, with a projected 21.28% increase in total emissions and a 5.88% reduction in carbon intensity per unit of output. By 2030, we aim to achieve carbon neutrality in our operations (encompassing both Scope 1 and Scope 2 emissions). JCET Microelectronics (Jiangyin) Co., Ltd., and JCET Automotive Electronics (Shanghai) Co., Ltd., currently under construction, are tentatively scheduled to peak carbon emissions between 2028 and 2030. Detailed emission reduction targets for the two new plants will be formulated based on their actual operational status. Meanwhile, we will drive and advocate for collaborative efforts among suppliers to create a lower-carbon value chain together with upstream and downstream participants in the industry.



Using 2022 as the baseline year
Total carbon emissions increased by
21.28%

Carbon intensity per unit of output decreased by
5.88%

Achieving **carbon neutrality** in our operations (Scopes 1 and 2) by 2030

Note:

Scope 1 mainly includes emissions from stationary sources, mobile sources, process emissions, and fugitive emissions.

Scope 2 emissions primarily result from purchased energy, mainly comprising purchased electricity and steam.

Scope 3 emissions mainly result from upstream and downstream transportation and product use, mainly including upstream and downstream goods transportation, employee travel, commuting, waste transportation and disposal, emissions generated from raw material acquisition, etc.

Energy-saving renovation of centrifuges at JCET Factory

Reducing electricity consumption by

5.79 million kWh per year

Two main compressed air pipelines underwent modifications. To maintain the low pressure of the main pipeline, the Power Department needs to operate the centrifuge unit at full capacity, because of excessive pressure and energy consumption in the other pipeline. By adding connecting pipes between the two pipelines to balance the pressure, it is possible to reduce the operation of the centrifuge units. Based on the current centrifuge power, this renovation project is expected to reduce electricity consumption by 5.79 million kWh each year.



Green Factory Project at JCET (Chuzhou) Co., Ltd.

By adopting a rooftop distributed photovoltaic system, a 5MW photovoltaic power generation project was installed, operating on a self-generation and surplus feed-in model. This project can generate approximately 5.1714 million kWh annually, equivalent to reducing CO₂ emissions by 2,948 tons.

Generating approximately

5.1714

million kWh of electricity annually

Upgrading the high-efficiency energy-consuming equipment and launching a photovoltaic project at STATS ChipPAC Singapore Factory

Aging equipment, including cooling towers, chillers, and CDA units, was upgraded, and LED lights were replaced. A project aimed at decreasing cooler efficiency was carried out, leading to a year-on-year CO₂ emission reduction of 5,376 tons. The photovoltaic energy management project was launched, with an annual power generation of approximately 1.331 million kWh, equivalent to reducing carbon dioxide emissions by 543 tons.

Generating approximately

1.331

million kWh of photovoltaic power annually

Equipment energy-saving management at STATS ChipPAC Semiconductor (Jiangyin) Co., Ltd.

Reducing electricity consumption by approximately

32,850 kWh per month

The exhaust ducts of Heat Exhauster 7ab& and Heat Exhauster 8abc were integrated and one set of exhaust fans was shut down, reducing electricity consumption by 12,960 kWh per month. The cooling system was set to operate at the upper limit and one cooling tower pump group and fan were shut down, reducing electricity consumption by 19,890 kWh per month.



Fresh Air System Optimization at STATS ChipPAC Korea Ltd, and JCET STATS ChipPAC Korea Ltd.

By leveraging the MAU system to utilize reclaimed water or replace steam with city water, STATS ChipPAC Korea Ltd. has achieved an annual saving of 897,554 cubic meters of liquefied natural gas (equivalent to 5,039 tons of CO₂ emissions per year). Similarly, JCET STATS ChipPAC Korea Ltd. has saved 532,330 cubic meters of liquefied petroleum gas annually (equivalent to 4,153 tons of CO₂ emissions per year). These measures contribute to an annual reduction equivalent to nearly 10,000 tons of CO₂ emissions.

Saving

897,554

cubic meters of liquefied natural gas annually

Saving

532,330

cubic meters of liquefied petroleum gas annually

Heat recovery retrofit at JCET (Suqian) Co., Ltd.

Reducing steam consumption by approximately

7,300 tons per year

The main body of the air compressor was renovated for heat recovery functionality. The renovation process involved adding efficient heat exchangers, modifying the heat exhaust jacket, and connecting inter-stage air pipes. The retrofitting of the heat recovery system and steam heating system pipelines allows the heat energy generated during air compressor operation to be used for production, thereby reducing steam consumption by approximately 1.8 million tons per year.



We promote special emission reduction actions at all production entities.

The Company persistently develops its photovoltaic projects. In 2023, JCET (Chuzhou) Co., Ltd. achieved an installed PV capacity of 5,170 MWh while STATS ChipPAC Singapore Factory reached an installed PV capacity of 1,240 MWh. Furthermore, the Company enhanced the adoption of green energy by facilitating the purchase of green certificates by JCET Semiconductor (Jiangyin) Co., Ltd., STATS ChipPAC Singapore Factory, STATS ChipPAC Korea Ltd., and JCET STATS ChipPAC Korea Ltd. The total purchase of green electricity in 2023 amounted to 64,166 megawatt-hours.



The total purchase of green electricity in 2023 amounted to

64,166

megawatt-hours



Solar photovoltaic panel of JCET (Chuzhou) Co., Ltd.



Solar photovoltaic panel of STATS ChipPAC Singapore Factory

Our Achievements

JCET continues to carry out carbon inventory work (scope 1, 2, and 3) to identify and quantify the sources and types of greenhouse gas emissions across the group in 2022 and 2023 to fully understand the carbon emissions situation. The Company obtained the ISO 14064-1 Organizational Greenhouse Gas Carbon Verification Statement from the German TÜV Rheinland, an independent third-party inspection, testing and certification agency.



In 2023



Energy consumption per unit output

0.62 MWh/ RMB 10,000



Carbon emissions per unit output

0.42 tCO₂e/ RMB 10,000

Note: The calculation method and caliber are consistent with the 2022 report.

Greenhouse Gas Emissions

Scope 1 (tCO₂e)

23,060.30

2022

21,401.20

2023

Scope 2 (tCO₂e)

718,728.75

2022

756,464.78

2023

Scope 3 (tCO₂e)

346,791.27

2022

466,195.49

2023

Note: The data for Scope 1 and Scope 2 in 2022 have been verified through a carbon audit and shall be subject to this report.

Opportunities Presented by Clean Technology

JCET insists on exploring the application of its products in the field of clean technology to meet the growing market demand and seize the opportunities presented by clean technology. The Company has established the Automobile Business Department and the Industrial Intelligence Business Department. Besides, we have prioritized the development of new energy vehicles, industrial automation, and other areas related to improving energy efficiency as important strategic directions. In recent years, the Company has increased investment and technological input in related fields so as to expand its presence in high computing power chips, automotive-grade products, 5G communications, and other rapidly growing market segments. In 2023, the Company continued to focus on key areas and made remarkable progress in technology, production capacity, and product upgrades.



Scan the QR code to explore high-density finished product manufacturing solutions, designed to better meet the application needs in new energy vehicles, photovoltaics, energy storage, and other fields.



Building a Flagship Factory to

Provide End-to-End Complete Packaging and Testing Services for the Automotive Industry Chain

With the development of electrification, intelligence, and networking in automobiles, the automotive semiconductor market is showing a trend of long-term and robust growth. Meanwhile, the market's requirement for high-standard automotive-grade chips is also growing. Based on market trends and customer demands, JCET has established the Auto Electronics Business Center and continued to focus on the development of in-vehicle business. In early 2023, the Company established a holding subsidiary - JCET Automotive Electronics (Shanghai) Co., Ltd. In 2023, the Company accelerated the construction of Phase I of the automotive chip finished product manufacturing and testing project (automotive chip packaging and testing plant). Equipped with highly automated automotive-grade production lines, this plant aims to become China's first large-scale professional automotive electronic chip finished product manufacturing factory driven by artificial intelligence and big data. By leveraging the Company's comprehensive packaging and testing technologies, the automotive-grade experience of the staff, and quality certification systems, we are striving to build the first flagship factory in China.



Seizing the Development Opportunities of New Energy

Vehicles to Innovate In-vehicle SiC Packaging and Testing Solutions

In order to seize the market opportunities brought about by the electrification and intelligence of automobiles, JCET focused on the R&D of high-power density Silicon Carbide (SiC) power modules in 2023. Through innovative design and platform-based development of packaging materials, internal connections, and packaging structures, we launched a series of packaging shapes tailored to different user needs. We also utilized innovative packaging technology to significantly reduce parasitic effects and thermal resistance. Additionally, we introduced advanced interconnection technology to achieve strong packaging reliability, reduce power losses, and help customers enhance the application performance of their products.



Developing Innovative Industrial Automation Solutions to

Improve Manufacturing Efficiency

In 2023, JCET established the Industrial and Intelligent Applications Business Department. Under the technological development mechanism focused on holistic solutions, we launched a wide range of solutions designed for applications such as 5G RF power amplifiers, high-performance computing systems, and intelligent terminals for various scenarios. These solutions provide customers with one-stop, customized technologies and services, thus enabling them to expand into market segments such as HPC high-computing power systems, energy storage and power management, as well as intelligent terminal modules and ecosystems. This initiative aims to inject new energy into the green development of the industrial manufacturing sector through the power of chips.

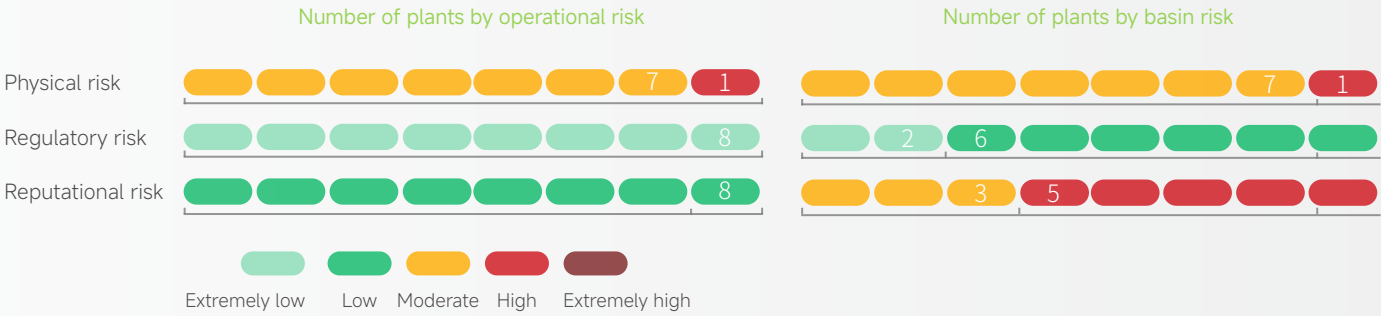
Water Resources Management

JCET has formulated the Water Resources Management System and established a water resources management structure and water-saving leadership group. Led by the CEO, the ESG Committee and all plants are involved in the group-wide water-saving management at the levels of decision-making, planning, and execution. In accordance with international sustainable water management standards, the Company has formulated the *Water Management Policy* as well as released the *Water-saving Post Responsibility System* and the *Water-saving Management System*. All plants are required to develop their *Water Treatment Procedures* based on their own circumstances in order to enhance the maintenance of supply and drainage systems and water-saving management.



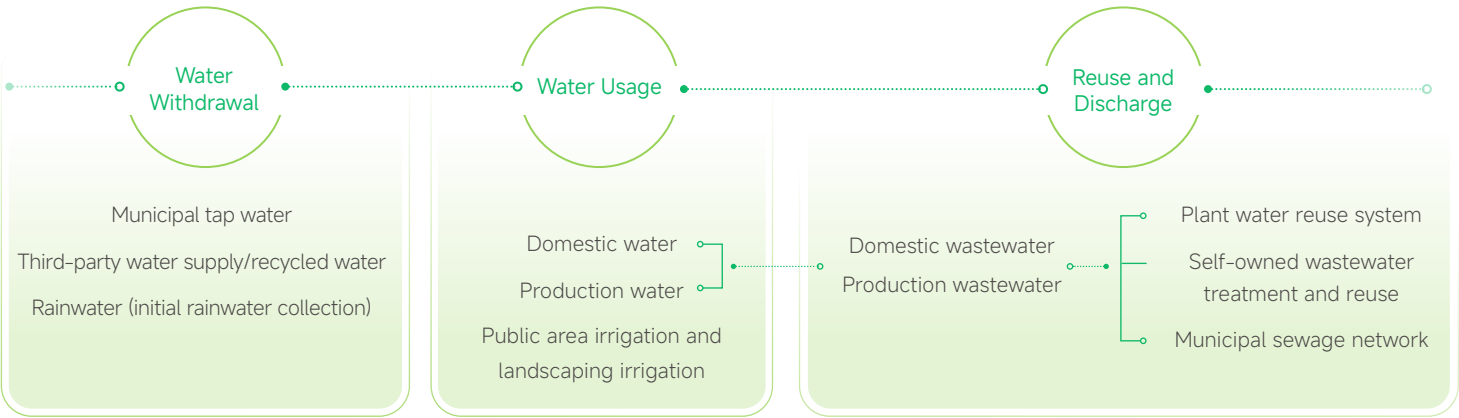
Water Risk Evaluation

JCET uses the online analysis tool Water Risk Filter developed by the World Wide Fund for Nature every year to conduct water resource risk evaluation and assess the water risk indicator levels in the regions where the Company's 8 plants (covering all operational production activities) are located. The assessment results for 2023 indicate that 87.5% of the production activities are in areas with moderate-level basin physical risks, while 12.5% are in areas with high-level basin physical risks. However, it is noted that WWF predicts a rising trend in water risks in the basins where more production activities are located. Based on these results, JCET has set the following objective: By 2025, the Group aims to achieve a 50% recycling rate of process water compared to the baseline year of 2022, reducing water withdrawal by 1.5 million tons to alleviate water resource pressure.



Water Withdrawal and Water Conservation

JCET upholds the water-saving concept of "using water and recycling water efficiently". All production and operation entities conduct water balance analysis and focus on water-saving technological improvements to steadily increase the efficiency of water use.



• Water-saving Measures

The Company is constantly promoting water conservation initiatives at its various factories, including the installation of additional water reuse facilities and the implementation of daily water management practices. The Group's water reuse design capacity is around 40%.

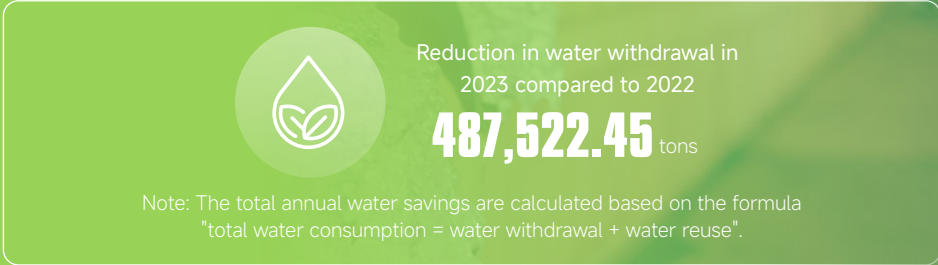
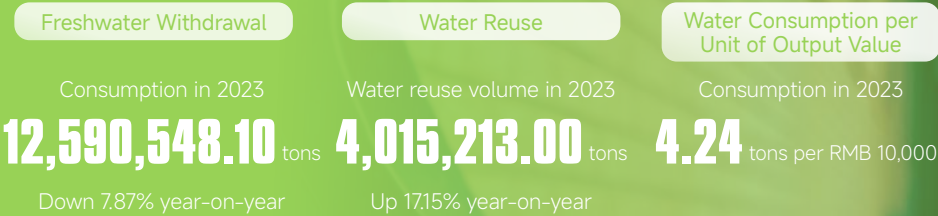
Some plants formulated and implemented the Regulations on Water-saving Management to further strengthen water management, specifying the principles of rewarding water conservation and penalizing waste. Relevant management personnel will be rewarded or penalized based on water management responsibility indicators, aiming to reduce water pressure and wastewater discharge through various measures.



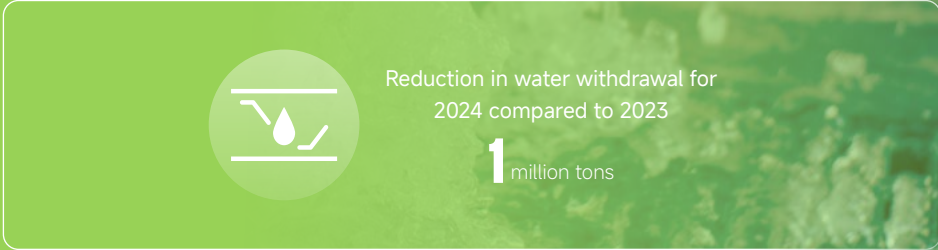
Plant	Base Name	Water Reuse Design Capacity	Water Reuse Description	Note
JCET	Jiangyin - City East Production Base	Phase I UF reclaimed water system design capacity 100 tons/hour RO reclaimed water system design capacity 35 tons/hour	Phase I UF reclaimed water 100 tons/hour used for JCET Factory's toilets and living area toilets. Phase I RO reclaimed water 35 tons/hour used for power.	Completed
Jiangyin JCET Advanced Packaging Co., Ltd.	Jiangyin - City East Production Base	New set of abrasive wastewater reuse system 80 tons/hour	Adding membrane-based abrasive water treatment equipment at a capacity of 80 tons/hour, with the treated reuse water directly used as tap water, achieving an annual reuse of about 500,000 tons of abrasive wastewater.	Newly added in 2023
Jiangyin City East Colin Environmental Co., Ltd.	Jiangyin - City East Production Base	120t/h UF reclaimed water system design capacity 200 tons/hour Phase II RO advanced reclaimed water syst	Phase II UF reclaimed water 200 tons/hour used for greening, fountains, and tap water for drug dissolution in Colin. Phase II RO advanced reclaimed water system 120 tons/hour used for substrate, SIP, and power, as well as for Jiangyin JCET Advanced Packaging Co., Ltd. and STATS ChipPAC Semiconductor (Jiangyin) Co., Ltd.	Completed
STATS ChipPAC Korea Ltd.	Korea Incheon Production Base	Reclaimed water system design capacity 230 tons/hour	Reclaimed water used for toilets, landscaping, and industrial water at the plant.	Completed
JCET STATS ChipPAC Korea Ltd.	Korea Incheon Production Base	Reclaimed water system design capacity 250 tons/hour	Reclaimed water used for toilets, landscaping, and industrial water at the plant.	Completed
STATS ChipPAC Singapore Factory	Singapore Yishun Production Base	Newly added reclaimed water system design capacity 90 tons/hour	The additional RO wastewater is recycled into the freshwater system, while the wastewater from the wastewater treatment plant is recycled into the cooling tower system. RO (reverse osmosis) technology is utilized to effectively remove dissolved solutes and particles in wastewater, treating wastewater into recycled water that meets drinking water standards.	Newly added in 2023

Plant	Base Name	Water Conservation Scheme	Scheme Description	Note
JCET (Suqian) Co., Ltd.	Suqian Production Base	Equipment water recycling	Collecting overflow water from chiller cooling towers and steam condensate to replenish water in circulating cooling towers and for use in hygiene and cleaning activities.	Completed
JCET (Suqian) Co., Ltd.	Suqian Production Base	Ensuring the smooth operation of the circulation system	Using circulating hot and cold water control for workshop air conditioning unit heat exchange system pipelines, annually maintaining and replacing pipeline valves, and regularly maintaining circulating water pumps to reduce water wastage.	Completed
JCET (Chuzhou) Co., Ltd.	Chuzhou Production Base	Maintenance and replacement of water supply pipeline	Upgrading the main valves in the plant's water distribution network and modifying their positions to prevent corrosion, thus minimizing water leakage and wastage.	Newly added in 2023
JCET (Chuzhou) Co., Ltd.	Chuzhou Production Base	Establishment of management data system	Establishing and improving the water resource consumption management data system, conducting real-time tracking and analysis for better water conservation management.	Newly added in 2023

• Water Use Performance



• Water Conservation Target



Wastewater Management

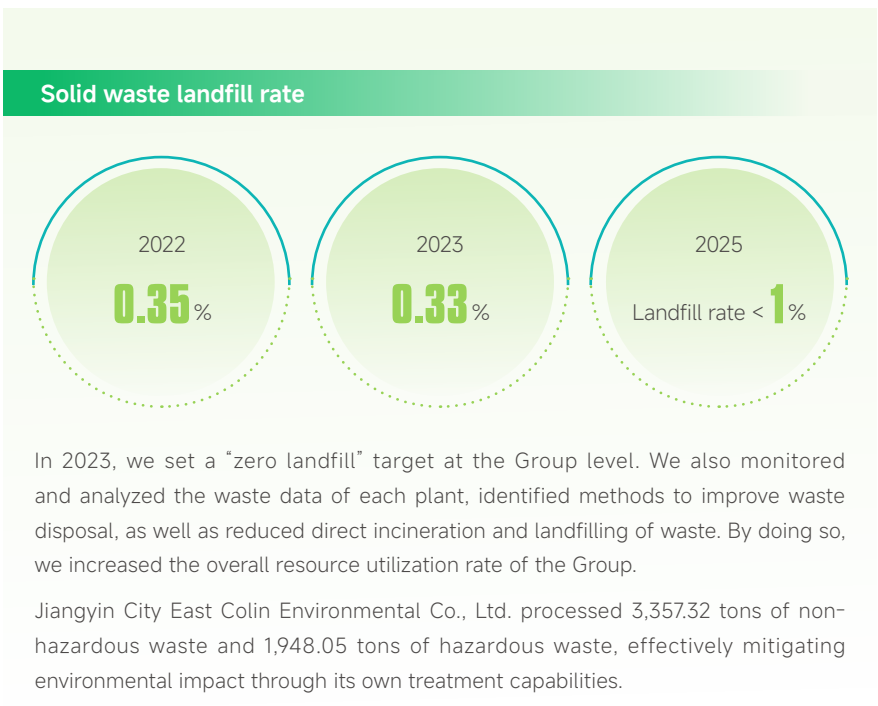
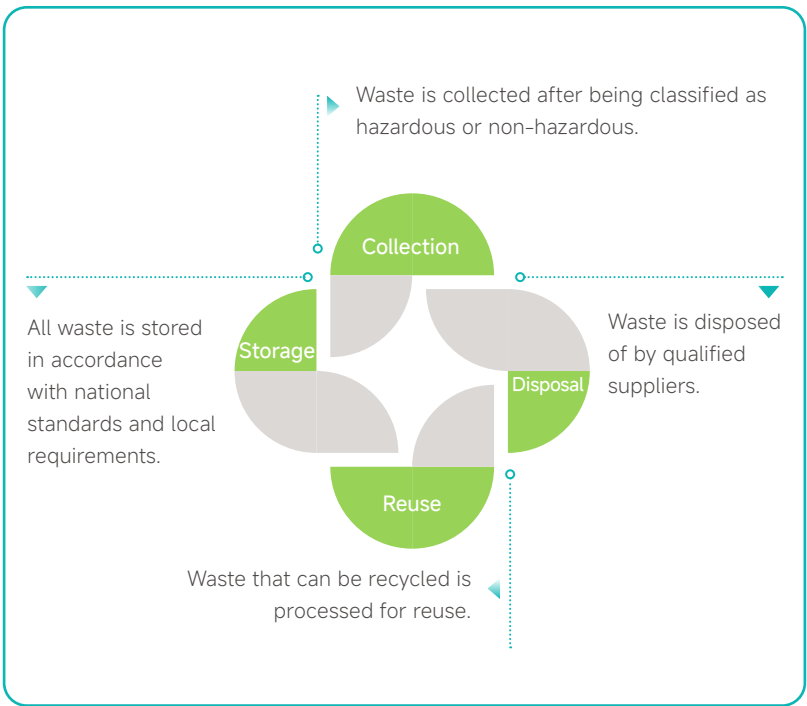
JCET has formulated the Water Resources Management System and requires all production plants to ensure that the quality of discharged production wastewater and domestic wastewater should meet the local regulations and standards and/or requirements of environmental permits such as pollutant discharge permits in locations where they operate. Compliance with local environmental regulations is strictly enforced, with regular self-monitoring or third-party monitoring, or by installing online monitoring equipment. In 2023, the total amount of the wastewater discharged by JCET was 5,788,130.39 tons, and all wastewater from the plants was properly treated and met standards for discharge.

Beyond achieving compliance in wastewater treatment and discharge, JCET places a greater emphasis on minimizing the environmental impact of wastewater. Since founding Jiangyin City East Colin Environmental Co., Ltd. in 2017, the Company has steadily worked to improve the facility's ability to treat wastewater and reuse reclaimed water. This effort aims to alleviate the burden on regional wastewater treatment facilities and ease the pressure on water resources. As of the end of the reporting period, the wastewater treatment and reclaimed water reuse capacity of Jiangyin City East Colin Environmental Co., Ltd. (including Phase I and II projects) were as follows:

Production wastewater treatment system (electroplating pretreatment)	150 tons/hour
Biochemical comprehensive treatment system	170 tons/hour
Cyanide-containing wastewater treatment system	3 tons/hour
Abrasive wastewater treatment system	410 tons/hour
Nickel-containing wastewater treatment system	30 tons/hour
Copper-containing wastewater treatment system	300 tons/hour
Fluorine-containing wastewater treatment system	30 tons/hour
Comprehensive wastewater treatment system	700 tons/hour
Nitrogen and phosphorus-containing wastewater treatment system	60 tons/hour
Reclaimed water reuse system	300 tons/hour
Reclaimed water advanced treatment system	35 tons/hour

Waste Management

JCET strictly abides by the *Solid Waste Pollution Prevention and Control Law of the People's Republic of China*. We require each plant to establish the *Comprehensive Solid Waste Management Procedures*, the *Guidance for Collection, Management, and Disposal of Solid Waste*, the ledger, and other related systems. This ensures a thorough management of waste generated during production and operations, covering generation, classification, storage, and compliant disposal.



2023

Non-hazardous waste (general waste)

6,341.29 tons

Hazardous waste

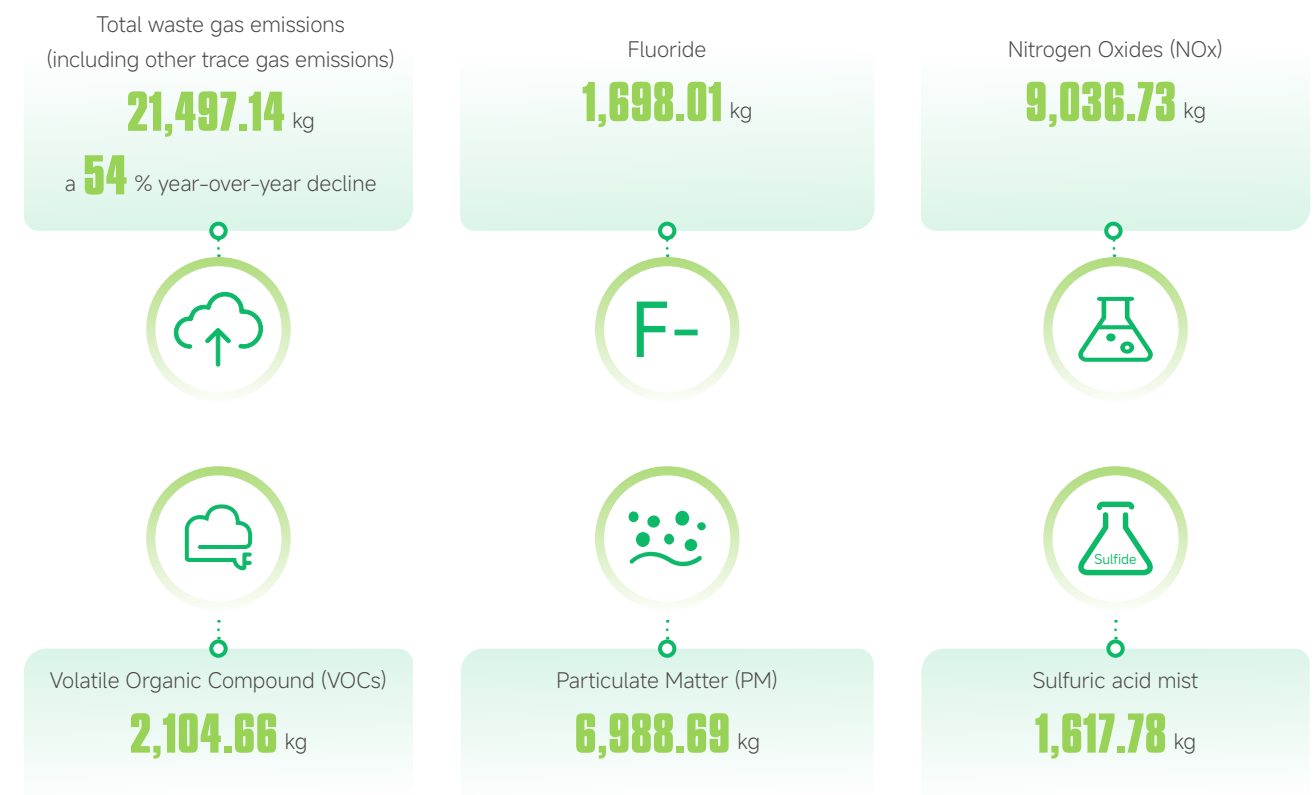
9,867.55 tons

Note: General waste mainly consists of waste cardboard, plastics, incinerated household garbage, laminating waste, used cutting blades, waste solder paste, waste solder dross, waste film, waste lead frames, waste filter material, used wafer boxes, waste foam, etc., generated during the production process. The data collection scope includes all manufacturing plants.

Hazardous waste mainly includes waste activated carbon, used filters, waste ink, waste mineral oil, empty chemical drums, waste substrates, organic waste liquids, waste acid from pre-electroplating processes, waste alkaline solutions, etc., produced during the production process. The data collection scope includes all manufacturing plants.

Waste Gas Management

JCET conducts management of waste gas emissions in strict accordance with the standards of China and the countries where it operates. We have established a waste gas treatment management system. In addition, we conduct annual emissions testing to guarantee that all emissions fully comply with regulations.

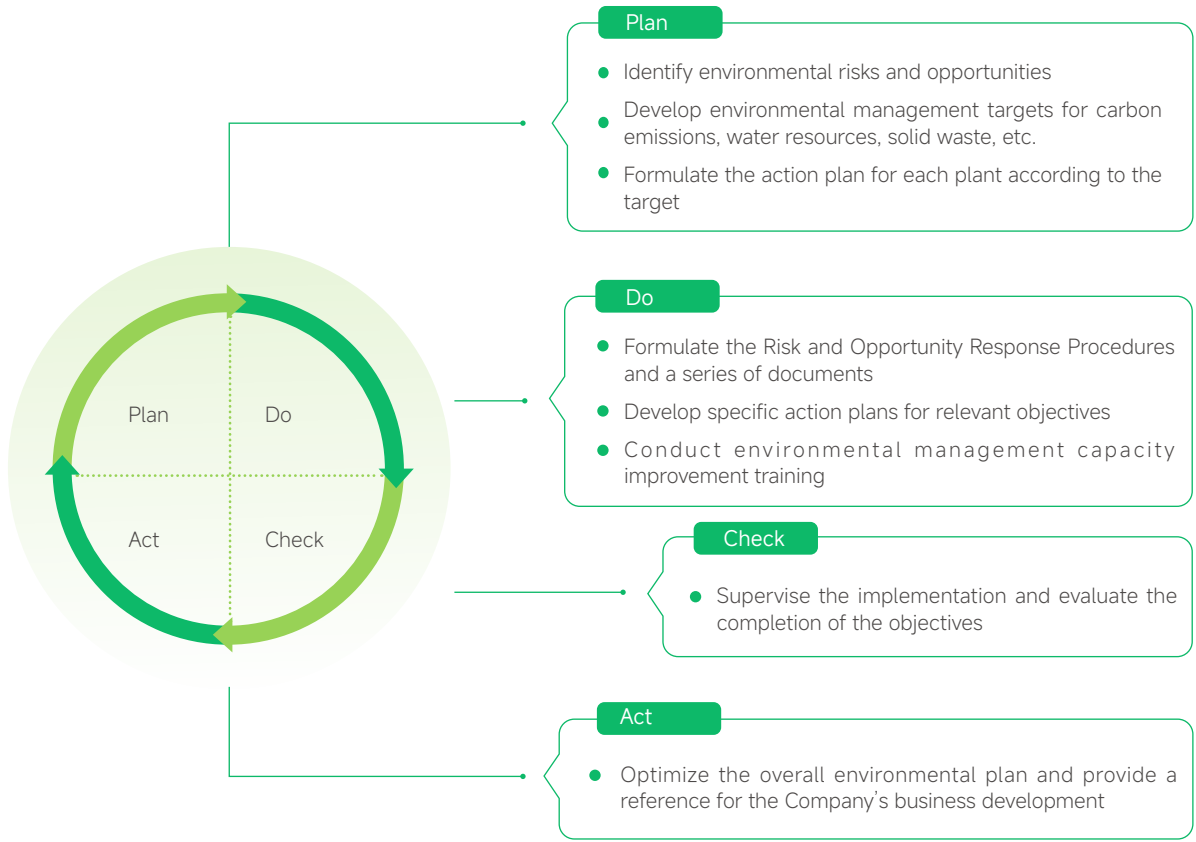


Biodiversity Conservation

The Company supported the Hongxin River Water Ecological Restoration Project in Jiangyin National Hi-tech Industrial Development Zone through the JCET Environmental Protection and Health Charity Foundation. In 2023, we installed 34 sets of underwater micro-porous aeration systems, 13 sets of fountain aeration devices, and 73 sets of ecological floating islands and beds. Besides, we planted 730 square meters of water plants such as Yellow Iris, Iris, and Pennywort. Through these efforts, the water quality was upgraded from Class V to around Class III, significantly improving the environmental quality of the Hongxin River.



Continuously Enhancing JCET's Green Development Capabilities



Special Action Plan for 2024



The Company has established the energy management system in accordance with ISO 50001:2018 to strengthen energy performance improvement (meeting the requirements for provincial green factory certification). Moreover, the Company conducts the annual carbon inventory in accordance with ISO 14064-1:2018 and undergoes verification and validation by third-party certification agencies.

JCET, JCET (Suqian) Co., Ltd., STATS ChipPAC Korea Ltd., and JCET STATS ChipPAC Korea Ltd. are accelerating the construction of solar power plants to further increase the use of clean energy. Jiangyin JCET Advanced Packaging Co., Ltd. has retrofitted ice machines and air compression cooling towers for automatic PID control of water temperature, thus reducing the electricity consumption of fans. JCET (Chuzhou) Co., Ltd. is renovated for air compressor waste heat recovery, thus reducing energy consumption for heating with steam for air conditioning.



The 12 mega-ohm pure water is replaced with the 4 mega-ohm pure water in the plating area of JCET to reduce water consumption. JCET (Suqian) Co., Ltd. and STATS ChipPAC Singapore Factory have added facilities for recycling water, and JCET (Chuzhou) Co., Ltd. has installed equipment for reusing RO concentrate water to increase the recycling rate.



The disposal of solid waste is controlled at the source, and new suppliers for non-landfill treatment are introduced. In this way, the non-landfill proportion of solid waste has gradually increased.

2023



Number of participants in environmental training in 2023

20,072



Environmental training coverage rate

100 %

Innovation and R&D

Our Performance

Approved as a National Enterprise
Technology Center

R&D investment	R&D staff
RMB 1.44 billion	2,897

Our Actions:

With the rapid evolution of the semiconductor market, emerging technologies such as 5G communications, automotive electronics, artificial intelligence, and high-performance computing are driving new demands within the integrated circuit industry. In response, JCET has established a one-stop packaging technology platform by amalgamating cutting-edge concepts and practices. Leveraging our rich experience in multi-platform testing and development, along with leading manufacturing and innovation capabilities, we provide the industry with superior solutions for chip production.

Supporting UN SDGs



Product R&D and Smart Manufacturing

JCET continuously pursues development driven by technological innovation and attaches great importance to innovation and R&D of various technologies and products. We promote digital transformation through intelligent manufacturing and offer high-quality products and services to meet the needs of more professional customers. By doing so, we contribute to the rapid development of sectors such as communications, automobiles, artificial intelligence, and high-performance computing.

More Advanced Design

Upholding industry-leading design concepts, technologies, and testing methods, JCET aims to optimize the testing process at every stage of design. By improving testing efficiency and chip quality, we present customers with high-quality design solutions.

Automated Design

With the aid of the cutting-edge automated design technology JedAI and the latest software tools and processes, JCET ensures high-efficiency and accurate chip packaging designs. This approach enhances design efficiency and ensures consistency, accuracy, and reliability in designs.

Advanced Packaging Collaborative Design

By adopting technologies such as 2.5D-RDL chip packaging and 3D chip stacking design, we succeed in enhancing chip integration and bringing more possibilities to customer projects.

Design for Manufacturability

Under the Design for Manufacturability (DFM) model, we improve the testability, reliability, and yield rate to better meet manufacturing requirements and reduce manufacturing risks and costs.

Rigorous Design Rule Check

JCET follows strict Design Rule Checks (DRC) rules to identify and resolve potential design issues in advance and ensure compliance and reliability of design.

Physical Verification and Chip Parameter Extraction

Chip packaging physical parameter extraction is a specialized service offered by JCET. The Company strictly follows standard procedures to accurately extract and verify the physical parameters of chip packaging.

Chiplet Planning and IO Alignment

We meticulously plan the position and functionality of Chiplet, as well as align input/output (IO) interfaces between each Chiplet and other Chiplets or external devices. This approach improves performance and stability, thus offering flexible, efficient, and reliable chip design solutions.

Layout Versus Schematic and Verification

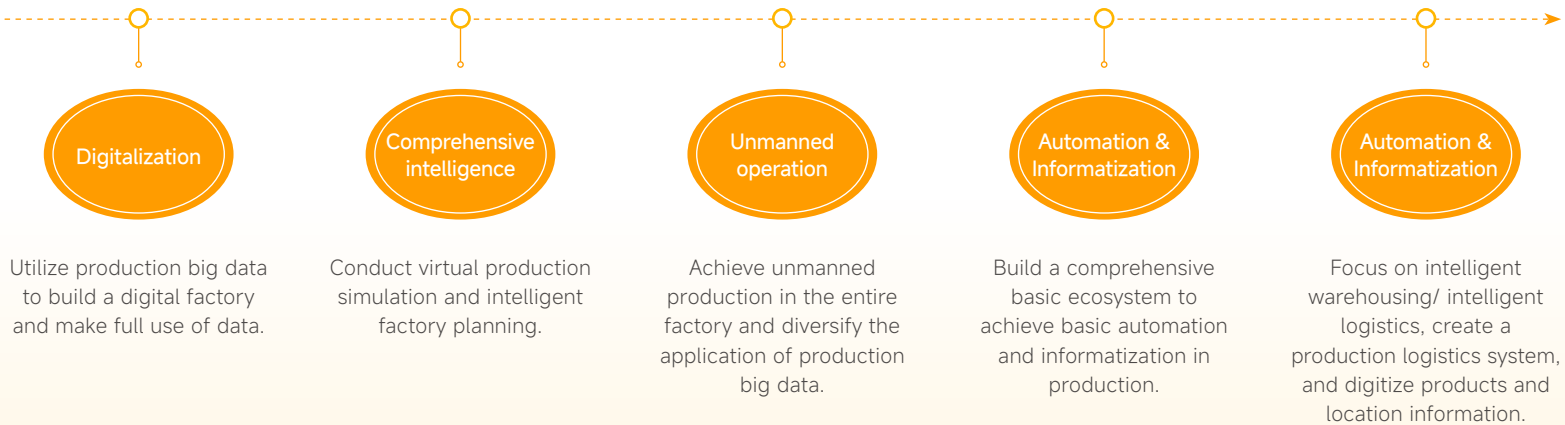
Through Layout Versus Schematic (LVS) checks, we ensure the logical consistency of design, eliminate potential issues, and guarantee normal operation and performance of each chip.

More Intelligent Manufacturing

In recent years, JCET has been advancing its digital transformation from manufacturing to intelligent manufacturing. We have created a new paradigm for advanced manufacturing and intelligent manufacturing of chip products. Focusing on the goal of "integrating industrialization and informatization and achieving intelligent production", we have formulated a comprehensive intelligent strategy. As of the end of the reporting period, JCET had established a workshop-level industrial Internet featuring interconnection between equipment and utilizing intelligent systems to monitor and command the operation status of production equipment in real time.



Five Development Stages:



Jiangsu Provincial-level Intelligent Workshop in 2022

Application for Integration of Industrialization and Informatization of Jiangsu Province in 2023



Case

Intelligent Workshop Functions as a Core Site of the Intelligent Factory

The construction of an intelligent workshop is an integral part of smart manufacturing. Since its inception, the technical performance of the main production equipment in our intelligent factories has reached internationally advanced standards. The equipment of the workshop is interconnected, and all data is exchanged through a data platform. This approach not only significantly improves production efficiency but also makes the production process more efficient, precise, and controllable.

Intelligent Production Management Focusing on the EAP System

The Equipment Automation Program (EAP) system underpins the intelligent production management system. Through intelligent centralized control, the EAP system can collect alarm data in real time and intelligently allocate TNG alarms that can be remotely processed. These alarms are displayed on a centralized controlling computer, thus allowing operators to remotely process them via the interface. This approach has greatly improved equipment production efficiency.

Intelligent Warehouse Management Automated Storage and Retrieval System (ASRS)

The intelligent warehouse system serves as the fundamental link of a complete intelligent factory. Equipped with the Radio Frequency Identification (RFID) function, ASRS utilizes a large centralized warehouse Stocker and on-site electronic shelves for on-site warehousing management. This allows for a 33% increase in maximum storage capacity under the same area usage.

Smart Logistics Management Self-developed Control System MHS (Material Handling System)

The Automated Guided Vehicle (AGV) autonomously moves to designated coordinates, intelligently planning task assignments and facilitating an efficient workshop layout. Automated loading and unloading support unmanned production, with products automatically placed from shelves to machine ports according to the processing order computed by the real-time dispatch system. This automation integrates with overall production to enhance the unmanned manufacturing process.

More Cutting-edge Applications

In recent years, JCET has advanced its strategic layout from consumer products to high-computing power chips, automotive-grade products, 5G communications, and other segments with fast-growing market demand. In 2023, the Company continued to focus on key areas and made substantial progress in technology, production capacity, and product upgrades.

Case

Promoting Innovation in High-Performance Advanced Packaging Technology to Meet Application Demands

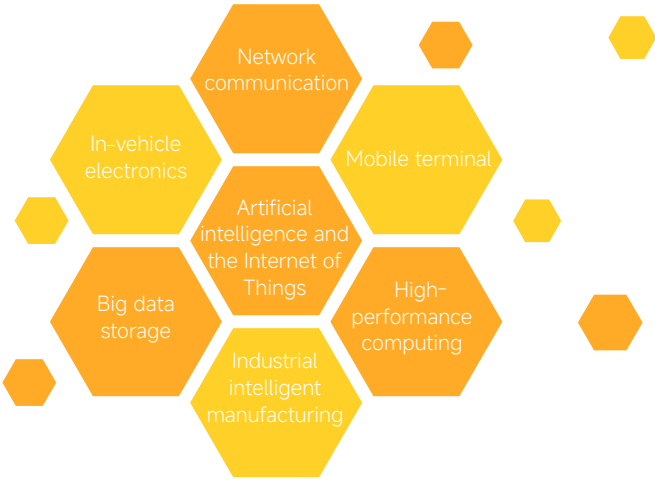
Advanced packaging has emerged as a revolutionary technology in the post-Moore era. To seize new opportunities in the industry, JCET has actively promoted innovation in high-performance advanced packaging technology and tirelessly explores intelligent computing and automotive chips.

To meet the diverse demands of new applications such as intelligent mobile computing, high-performance computing, and in-vehicle intelligent computing, JCET has developed a full range of advanced packaging solutions. For example, our system-level, one-stop packaging and testing solutions cover all aspects of the High-performance Computing (HPC) system's infrastructure, including computing modules, storage modules, power modules, and network modules.

The trends of electrification, networking, and intelligence in vehicles have posed more complex functional requirements for automotive chip packaging. JCET has launched an array of advanced packaging technology evolution routes tailored for different automotive scenarios. These differentiated solutions are designed to facilitate the development of automotive electronics.



Application areas



Case

Innovative Packaging Provides Infinite Opportunities for Semiconductor Applications in AI

The rapid development of artificial intelligence (AI) has brought about an increasing demand for high energy efficiency and flexibility in chips. JCET has actively collaborated with partners in the AI industry to continuously launch innovative solutions to better meet the application demands of the market. XDFOI, JCET's Chiplet high-performance packaging technology platform, adopts the collaborative design concept to achieve integrated chip production and testing, which has achieved stable mass production.

Intellectual Property Protection

In strict compliance with relevant intellectual property laws and regulations, JCET has established a sound intellectual property management system. We have passed the third-party supervision and audit for the GB/T 29490 *Enterprise Intellectual Property Compliance Management System* in two years. We also strive to strengthen the management of intellectual property within the Company and enhance the awareness of intellectual property among employees and management personnel. In addition to protecting its own intellectual property rights, the Company ensures that it does not infringe upon the trademarks, patents, copyrights, or other intellectual property rights of other companies, institutions, or individuals.



Number of invention patents applied in 2023

192

Rank second in the global semiconductor packaging and testing industry in terms of the number of patents *

*Data source: Patsnap patent database

As of December 2023, the Company owned

3,013 patents

including

2,464 invention patents.

Systematic Management

In 2023, the Company launched the Intellectual Property Management System (IPMS) to manage affairs such as patent proposals, patent assignments, drafting, review responses, authorization, record-keeping, and patent incentives. This approach not only achieves full-process and centralized management of the patent information but also enhances the security of patent information across the Group.

Professional Team

The Company has boasted a competent intellectual property protection team which comprises 10 full-time intellectual property professionals and one part-time professional in each BU. As of December 2023, the Company had 11 in-service engineers who have completed intellectual property engineer training and obtained certificates, two intellectual property auditors, three patent agents, and five intellectual property experts.

As of December 2023,

the Company had **11** in-service engineers who have completed intellectual property engineer training and obtained certificates, **2** intellectual property auditors, **3** patent agents, and **5** intellectual property experts.

Responsible Products

Our Actions

Upholding the mission of “providing advanced and reliable integrated circuit back-end manufacturing technology and services for a smarter world”, JCTE focuses on the core needs of global customers for integrated circuit manufacturing and technical services. Giving top priority to product quality, we work together with various stakeholders in the supply chain to offer one-stop chip manufacturing services in a responsible manner.

Our Performance

Customer satisfaction score

4.3/86 points (out of 5 /100)

Supplier ESG training sessions

192

100 %

of our suppliers' purchase from the RMI list of smelters meet conflict-free requirements

Supporting UN SDGs



Products and Services

JCET remains committed to addressing customer needs truthfully. With quality as the bottom line, we aim to provide customers with satisfactory products and excellent services. Besides creating real value, we continuously offer high-quality product solutions and services to global customers. In 2023, the Company successfully passed the annual third-party audit of the Business Continuity Management System (BCMS), affirming our capability to offer reliable and high-quality services to our clients.

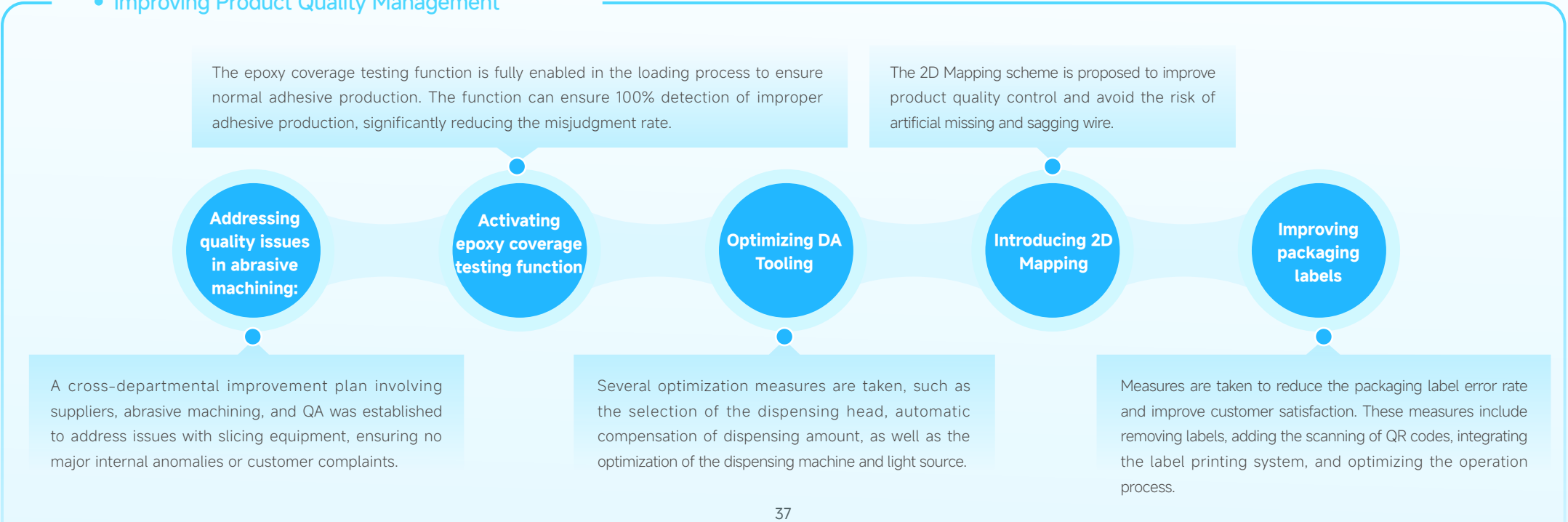
Emphasizing Product Quality

JCET adheres to the quality policy of "full participation, continuous improvement, excellence in operations, and exceeding customer expectations". The Company has established a comprehensive quality management system. Focusing on customer needs, key areas, and core processes, we have carried out various quality enhancement initiatives so as to strengthen hazardous substance management and provide safe and high-quality products.

• Strengthening Quality Management System

All plants of JCET have passed the ISO 9001 and IATF 16949 quality management system certification. Each plant conducts the internal audit, management review, and supplier audit for the quality management system every year. The VDA6.3 special audit of the automotive product line aims to improve the operation of the existing management system and integrate the requirements into the business process, thus achieving the improvement from compliance to effectiveness.

• Improving Product Quality Management



Case

"Zero Auto Defects and Zero Tolerance for Quality Issues" Series of Activities

In 2023, the Company formulated a strategy to introduce automotive electronic products. While rapidly introducing automotive products, we identified quality hazards in aspects such as product manufacturing, process control, quality improvement, and personnel awareness training. To ensure the quality of automotive lines and improve overall quality management, we carried out a series of activities under the theme "Zero Auto Defects and Zero Tolerance for Quality Issues". These activities aimed to "comprehensively improve quality management in line with the standards of automotive product control". Through activities such as quality risk investigation, all-staff 6S inspection, and rational proposals, the Company has enhanced the awareness and sense of responsibility of all staff for product quality, strengthened compliance execution, fostered a culture of product quality, and elevated management to new levels.



• Enhancing Quality Culture Publicity

We publish a quality magazine quarterly, promoting quality activities and culture to enhance quality awareness among all employees.

We organized Six Sigma activities across all our plants, including the 2022 Six Sigma Management Exchange Meeting. The general directors of Six Sigma at all plants shared their management methods at the event. Gu Song, an expert from the headquarters, was also invited to deliver a special report. All these efforts aim to promote the continuous improvement of Six Sigma projects.



FM Control Management Seminar



6σ Management Exchange Meeting

Quality journal

Quality seminars

Six Sigma activities

Quality knowledge competition

Various quality seminars, including the FM Control Management Seminar and the Low Tech Improvement Seminar, are conducted, enabling plants to share and discuss experiences on different quality management topics. These sessions facilitate the exchange of ideas, broaden control strategies, and ensure product quality.

A Quality Knowledge Contest was held to provide comprehensive education on a wide range of topics, including JCET's quality policies, the zero-defect philosophy, absolute boundaries, basic industry quality knowledge, and essential norms and requirements. Through a strategy of "learning through competition," the event effectively increased employees' quality knowledge in an engaging manner.

Winning Customer Satisfaction

JCET is dedicated to meeting customer needs by striving for perfect customer satisfaction and delivering high-quality, efficient, and flexible service offerings. We prioritize effective communication with global customers to gain their recognition and long-term support, fostering a spirit of mutual success and collaboration.

• Upgrading Service Layout

We have recently launched the JCET Automotive Chip Finished Product Manufacturing, Packaging, and Testing project (Shanghai) to a full package of automotive chip manufacturing solutions; In the future, the Company will add a new high-end manufacturing project for wafer-level microsystem integration (Jiangyin, Jiangsu). We focus on high-performance packaging by combining high-density wafer-level and flip technology, aiming to provide customers with more diversified services and faster response.

• Improving Service Framework

Regional division of sales teams

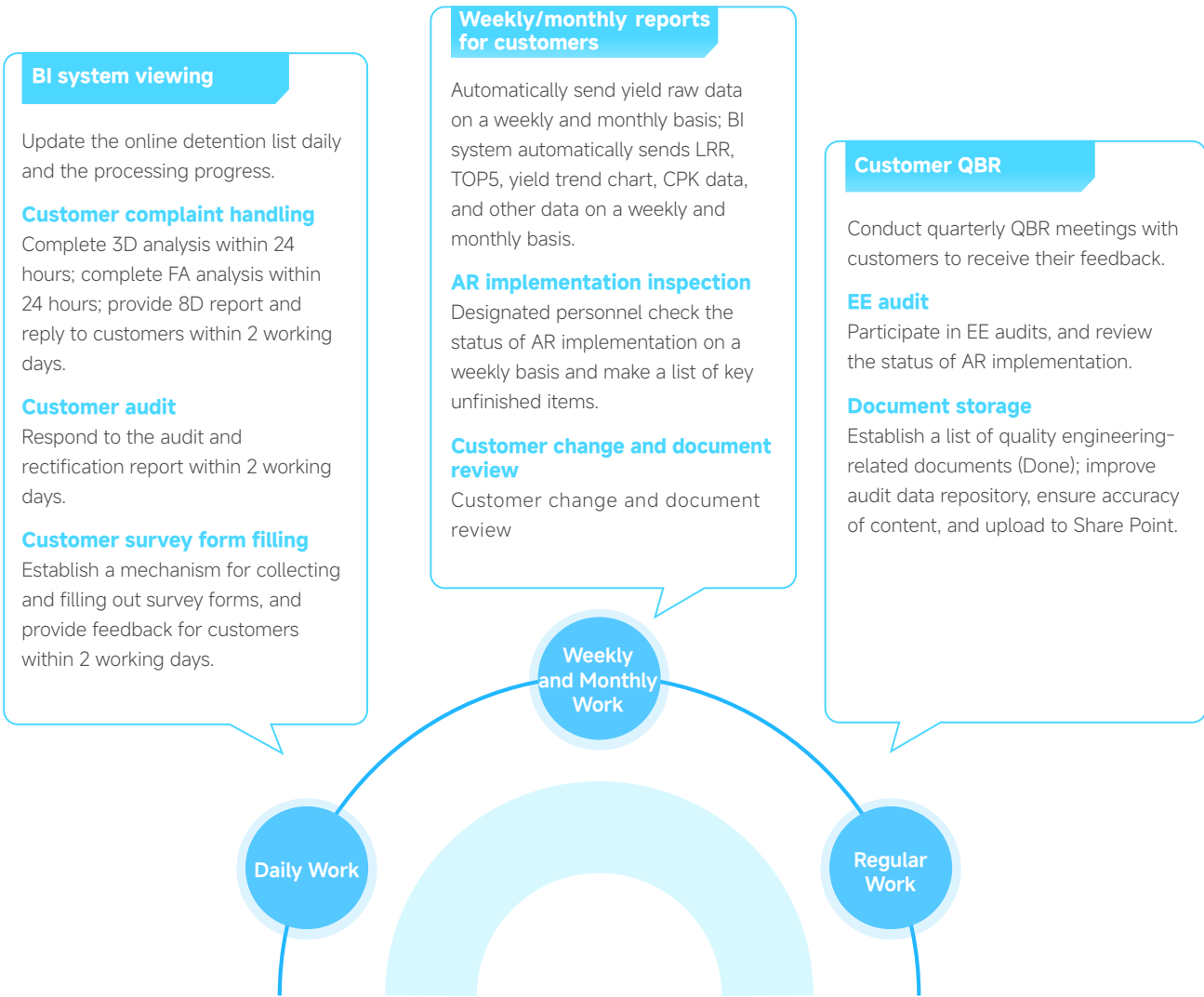
Sales teams are divided by region to be closer to our customers, enabling a more efficient and rapid response to customer needs. This structure strengthens customer relationships and better fulfills their requirements.

Establishing a Technical Project Management (TPM) team

A TPM (Technical Product Management) team has been established within the sales teams to focus more on technology, offering more professional and efficient technical support during commercial communications with customers.

• Enhancing Service Ability

We standardize customer service content on a daily, weekly, monthly, and regular basis, thus ensuring clarity and high standards at each stage. We also conduct business training based on industry trends. Besides, we promote the systematization of customer survey forms to achieve information sharing and precise analysis. To enhance customer satisfaction, we identify different types of satisfaction-driving factors by region.



Case

Conducting New Technology Training

JCET places great emphasis on familiarizing its sales personnel with the latest technologies in the industry. Hence, we have launched a training program on the new XDFOI® technology. These training sessions cover the details of the new technology, its technological roadmap, and the production capacity of the plants. The training has enhanced the professionalism and dedication of the sales staff regarding product technology. Moreover, it enables them to gain a comprehensive understanding of industry competition and development trends. This, in turn, enhances their insight and judgment about business opportunities, allowing them to better adapt to industry demands. Moreover, armed with a thorough understanding of the new technology, sales personnel can effectively address customer needs and inquiries during communications, earn customers' trust with their expertise, and provide superior service to ensure customer satisfaction.

Awards and Honors

Excellent Suppliers

of Calterah in 2022

Best Supplier Award

of TI in 2022

In 2023,

the overall customer satisfaction score reached

4.3 / 86 points (out of 5 / 100)

Sustainable Supply Chain

JCET attaches great importance to the social and environmental impact of its supply chain and procurement activities. The Company integrates ESG (Environmental, Social, and Governance) principles into its supply chain management and operations. During its close cooperation with suppliers, JCET encourages and assists them in enhancing their sustainable management, thereby jointly promoting the sustainable development of the supply chain.

Improving Supplier Management Mechanism

For supplier qualification and management of qualified suppliers, JCET has established documents including the *Supplier Quality Manual*, the *Management Procedures for Production Suppliers*, and the *Management Standards for Supplier Audits*. We have also developed mature supplier management mechanisms for key stages and links in supply chain management. The Company sorts out and clarifies requirements for procurement management from the perspective of customers, employees, suppliers, society, and the shareholders/management, which cover supply quality, on-time delivery rate, supply stability, procurement cost, as well as safety and environmental friendliness.



We audited
209 suppliers

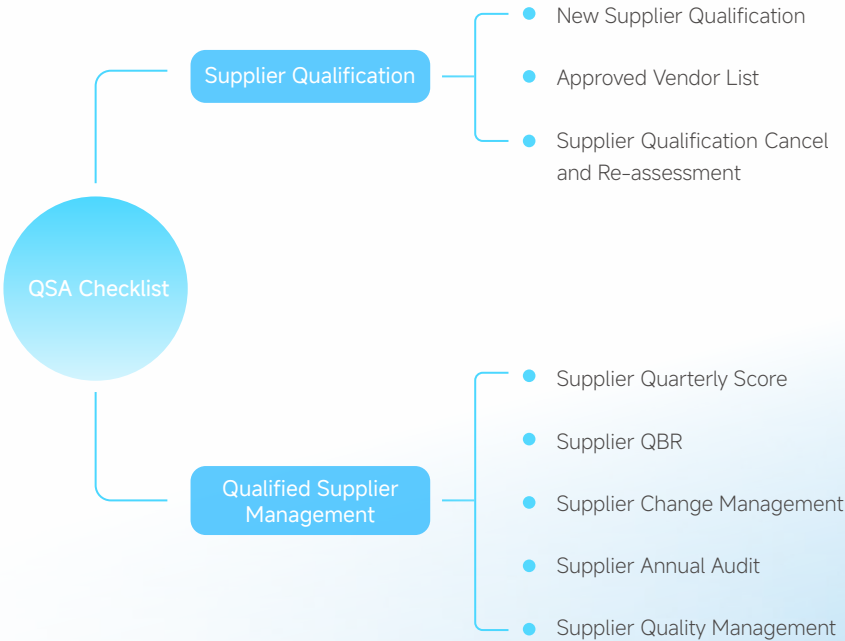
And conducted on-site
audits of

107 suppliers



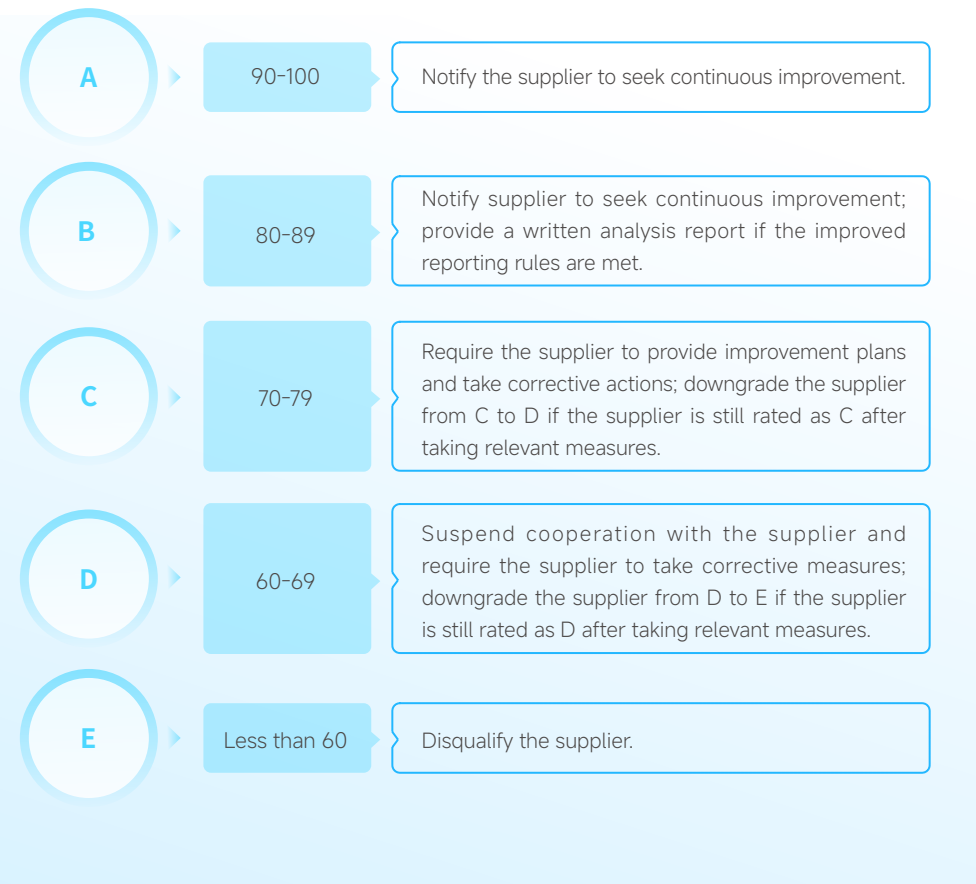
Non-conformances

with environmental, social
responsibility, and safety
requirements



Supplier Rating Management

The Company evaluates supplier performance through quarterly ratings and business meetings. We also rate existing suppliers into five levels (A, B, C, D, and E). Based on the amount of procurement and strategic risks, we identify annual outstanding suppliers and implement tiered management.



Supplier Capability Development

The Company continuously strengthens communication and technology sharing with suppliers through various channels such as email, training, conference (including teleconference), supplier audit, the JSRM system, and technical exchanges so as to communicate the latest requirements to suppliers. We also integrate ESG principles into the management and operation of the global supply chain. Environmental friendliness is incorporated into all links of supply chain management, including raw materials and production. We encourage supplier partners to adopt new eco-friendly technologies and help them improve product quality and supply capabilities, as part of our efforts to build a more resilient supply chain.

From December 27 to 28, 2023, JCET hosted its 2023 Global Supplier Conference. Nearly 500 representatives from suppliers and customers worldwide, along with semiconductor industry leaders and guests, convened to discuss development strategies, bolster confidence in shared growth, and collaboratively drive win-win outcomes for the entire industry chain.



Responsible Minerals

As a responsible enterprise, JCET promises not to accept or use "conflict minerals" from the Democratic Republic of Congo and its surrounding countries and regions. We strictly adhere to the *Conflict-Free Minerals Policy* and purchase minerals such as tantalum, tin, tungsten, gold, and cobalt for our products in a responsible manner. We also regard responsible mineral procurement as a crucial aspect of supply chain management, aiming to build a conflict-free mineral supply chain.

Mineral Procurement Management

The Company has formulated and strictly implemented the Social Responsibility Management Manual to clarify our commitment to responsible mineral procurement. Additionally, we have signed the *Stakeholder Letter of Commitment to Responsible Business Alliance (RBA)* with stakeholders and required them not to use conflict minerals. All suppliers must procure minerals from smelters and refiners validated by the Responsible Minerals Assurance Process (RMAP) to have met the requirements for conflict-free minerals. Furthermore, all suppliers shall purchase from the list of RMAP conformant smelters and refiners recognized by the Responsible Minerals Initiative (RMI).

Case

Conducting Electronic Industry Supply Chain RBA Code of Conduct Training

In March 2023, the quality and supply chain departments of JCET organized the Electronic Industry Supply Chain RBA Code of Conduct Training for the relevant personnel of the Integrated Circuit Business Center, JCET (Suqian) Co., Ltd., and JCET (Chuzhou) Co., Ltd. The training, which combined theoretical knowledge with real cases, focused on explaining the latest changes in the rules released by the Electronics Industry Citizenship Coalition (EICC). By familiarizing colleagues from all plants with RBA-related content, this training has established a robust foundation for strict adherence to RBA standards and support in customer and third-party audits.

Mineral Source Investigation

In accordance with customer requirements and relevant regulations, we properly investigate the sources of minerals purchased by our suppliers each year, as per the IPC1755 standardized template developed by the RMI. We also sign relevant letters of commitment with suppliers as well as identify and determine the sources of minerals such as 3TG, Cobalt, and Mica in packaging materials.

Number of material suppliers investigated

138

100 % of the minerals used by the suppliers meet the RMI requirement for conflict-free smelters

Commitment to Conflict-free Minerals

Conflict minerals refer to 3TG (abbreviation of Tantalum (Ta), Tin (Sn), Tungsten (W), and Gold (Au)), Cobalt (Co) and Mica from conflict or high-risk areas, and metallic minerals which are smuggled, controlled by non-government armed forces or controlled by illegal military factions. JCET requires all suppliers to comply with the RBA Code of Conduct and purchase materials only from environmentally and socially responsible suppliers. All suppliers shall refrain from the procurement and use of conflict minerals, meet the requirements for conflict-free minerals, and purchase from the RMAP conformant smelter and refiner lists recognized by the RMI (<http://www.responsiblemineralsinitiative.org/>). All suppliers shall purchase metals from smelters and refiners validated by the RMAP to have met the requirements for conflict-free minerals. Refiners and smelters that fail the RMAP assessments must be removed from the supply chain.

Talent Oriented

Our Actions

JCET focuses on diversity and inclusivity, striving to create a workplace environment that attracts a diverse range of exceptional talent to work together and share value. Our hiring and employment practices are flexible, as we continuously improve our remuneration and benefits system and maintain open channels for career advancement. In doing so, we encourage employees to excel in their positions and explore continuously. Additionally, we actively improve the work and living conditions of our employees, organize a variety of team-building activities, and foster a vibrant organizational atmosphere, allowing employees to work positively and live happily.

Our Performance

Employees

19,812

New recruits

4,377

Female employees

41.3 %

Training hours for all employees

1,266,390

Supporting UN SDGs



Equity Assurance & Diversity

Promoting a culture of diversity and inclusion is not only the right thing to do, but also the cornerstone of JCET's global business development, high-quality growth, and sustainable expansion. We adhere to the principles of diversity, inclusivity, and openness, ensuring that all employees, regardless of age, gender, ethnicity, nationality, or religious belief, are treated fairly with respect and dignity.

Assuring Basic Rights

JCET supports and respects the United Nations' International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, as well as other applicable international principles. We comply with the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Workers*, and relevant human rights protection laws and regulations in overseas operating locations. In recruitment, promotion, and remuneration, we do not discriminate based on age, gender, ethnicity, nationality, religion, etc., and we prohibit forced or disguised forced labor and the use of child labor.

Employee labor contract signing rate

100 %

Social insurance coverage rate

100 %

Complying with Responsible Business Alliance (RBA)

JCET has established seven RBA-compliant labor procedure documents and strictly implemented them in daily management. All plants undergo no fewer than 300 audits per year from customers, third parties, certification bodies, and internal site checks, including document reviews and survey questionnaires. This continuous effort enhances our ability to improve in accordance with RBA standards.

■

Child and Minor Worker Protection Management Procedures

■

Prevention of Forced Labor Management Procedures

■

Prohibition of Harassment or Abuse Management Procedures

■

Prohibition of Discrimination Management Procedures

■

Employee Complaint Control Management Procedures

■

Internship and On-the-Job Training Management Procedures

■

Freedom of Association and Collective Bargaining Control Management Procedures



Establishing Comprehensive Human Rights Policies

JCET formulates and strictly implements documents such as the Regulations on Staff Recruitment and Hiring and the JCET Human Rights Policy. We sign labor contracts with all employees and pay full social insurance premiums to ensure all job applicants are treated fairly and justly.

Key Activities and Measures in JCET Human Rights Policy

Prohibition of Discrimination

- Ensure non-discrimination in hiring practices and other employment activities.
- Do not interfere with employees' rights concerning creeds, norms, or requirements related to race, skin color, social group, nationality, religion, disability, gender, sexual orientation, age, pregnancy, marital status, trade union membership, or political affiliation.
- Respect employees' religious beliefs and provide reasonable space and time for fulfilling legitimate religious duties upon substantial request.
- Strictly prohibit compulsory pregnancy testing and discriminatory medical examinations, nor use them as conditions for employment or continued employment.
- Ensure equal pay for equal work for both men and women; women who meet recruitment conditions have equal employment rights.

Prohibition of Harassment or Abuse

- Prohibit physical punishment, psychological or physiological suppression, and verbal humiliation against employees.
- Do not threaten employees or subject them to harsh or inhumane treatment, including but not limited to verbal abuse, psychological harassment, mental and physical oppression, and sexual harassment.
- Superiors must not physically punish or publicly verbally humiliate employees for work or life mistakes or errors. It is strictly forbidden to force labor by violence, threats, or illegal restriction of personal freedom, nor to insult, corporally punish, beat, illegally search, or detain employees. Security personnel should not administer disciplinary measures to employees, nor should force or threats be used.
- In cases of harassment or abuse resulting in serious disciplinary or even illegal behavior or intentional major economic losses, the matter shall be referred to higher labor inspection departments or public security authorities according to the law.
- Employees can directly complain to the Company about harassment or abuse they suffer, either verbally or in writing.
- Provide comprehensive training on potential harassment or abuse risks during orientation and annual adaptive training, ensuring awareness of corresponding policies.

Prohibition of Harassment or Abuse

- Under the leadership of the union, the Women Employees' Committee lawfully protects the legitimate rights and interests of female employees and incorporates their concerns into the Company's annual objectives.
- Support the participation of union-affiliated women's groups in democratic management.
- Employment contracts must be established with female employees, ensuring equal pay for equal work.
- Female employees shall not be dismissed or have their labor contracts unilaterally terminated due to marriage, pregnancy, childbirth, or breastfeeding; their salary and benefits should not be reduced.
- Female employees enjoy the same opportunities as male employees for continuing education, professional learning, on-the-job training, and external visits, receiving equal treatment in all aspects.
- The Women Employees' Committee should assist the administration in promoting knowledge about women's health prevention and self-care to enhance the self-protection awareness of female employees.
- For pregnant female employees, do not arrange labor prohibited during pregnancy by national regulations; if unable to perform original duties, lighten the workload or arrange other tasks based on medical certification.

Attentively Caring for Employees



Balancing Work and Life

JCET encourages employees to organize various interest clubs such as badminton, yoga, and basketball. We also organize diverse cultural and sports activities for employees and their families, thus promoting employee physical and mental health.



"Steering Towards Starry Dreams, Empowered by Unity" - 2023 Spring Sports Day



May Fourth Youth Hiking for Charity



"The Hearty Scent of Kimchi, the Warmth of Winter"- Korean Kimchi Hand-Making Activity



The 8th Season of JCET's Good Voice - "Core" Towards the Future



The 7th Cultural and Arts Festival Event

Talent Attraction & Retention

JCET is committed to creating valuable and fulfilling career development opportunities for its employees, allowing each employee to grow and excel in their work. Through various recruitment methods, we offer competitive remuneration and benefits, and establish open communication channels, aiming at attracting, motivating, and retaining talent at all levels.

Optimizing Talent Structure



Total number of employees in 2023

19,812



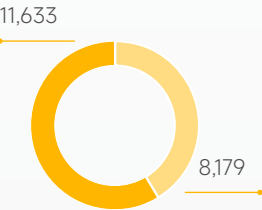
Percentage of women in middle and senior management in 2023

18.6 %

Employee Structure

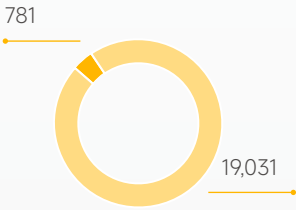
Gender

Male Female



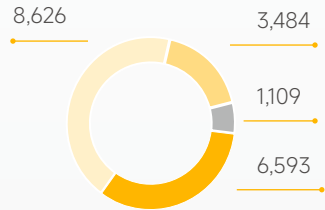
Level

Management Implementation



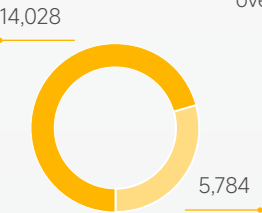
Age

≤ 30 31-40 41-50 > 50



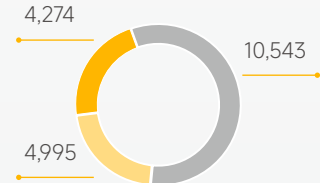
Region

Mainland China employees Hong Kong, Macau, Taiwan, and overseas employees



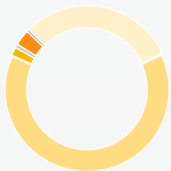
Education

Bachelor and above College degree Below college degree



Position

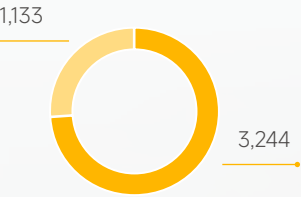
Sales personnel	324
Technical personnel	6,021
Administrative personnel	863
Production personnel	12,478
Financial personnel	121
Other	5



New Recruits

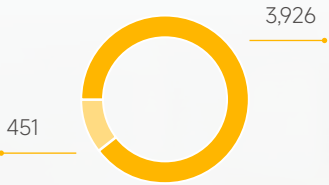
Gender Unit: Person

Male Female



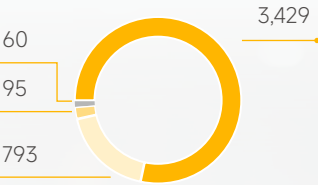
Type Unit: Person

Social recruitment Campus recruitment



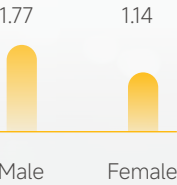
Age Unit: Person

≤ 30 31-40 41-50 > 50

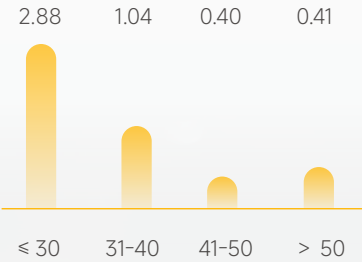


Employee Turnover Rate

Gender Unit: %



Age Unit: %



Employee turnover rate in 2023

1.5 %

Strengthening Talent Recruitment

JCET adheres to a strategy that primarily focuses on internal training, supplemented by external headhunting for scarce industry positions. In line with annual staffing plans, the Company continuously broadens its talent acquisition channels and optimizes recruitment methods to actively seek suitable candidates, injecting vitality into the Company's development.



Total number of new recruits in 2023

4,377

Campus recruitment

Through the Group's "Trainee Development Program" and long-term in-depth cooperation with universities, JCET attracts excellent graduates, improving the talent echelon construction. By offering internships and training opportunities, the Company strengthens its connections with educational institutions.

Strengthened talent reserves

JCET establishes a talent database and regularly updates potential candidate information. Market trends are analyzed to forecast future skill and talent needs. Targeted training programs are implemented to enhance the capabilities of existing employees.

Internal referral and competition

JCET encourages employees to recommend appropriate candidates with an internal referral reward mechanism. Fair internal competition opportunities are provided to stimulate employee enthusiasm.

Labor cooperation

JCET cooperates with labor companies to meet the recruitment needs of front-line workers.

High-end talent acquisition and allocation

JCET strategically positions in key areas to ensure the Company possesses necessary critical skills. We establish precise objectives and criteria for recruiting top talent, formulate recruitment plans, and focus on talent cultivation and introduction, aiming to develop a specialized, global team of managers and technicians.

Enhancing Remuneration & Benefits

JCET has established a comprehensive remuneration structure. For employee contributions and performance, the Company has developed comprehensive short-, mid-, and long-term incentive policies. Stock incentive plans and annual performance bonuses have been set to recognize and reward outstanding performance, ensuring the overall competitiveness of remuneration in the talent market and continuously improving the employee benefits system to retain staff.

Pay Philosophy



Focus on the overall remuneration level of employees, including fixed salaries and short-, mid-, and long-term incentives.



Ensure internal fairness and external competitiveness of overall remuneration.



Incentive bonuses are closely related to the performance of the group, teams, and individuals.

● Remuneration Incentives

A scientific remuneration system

Following the performance-centered principle, JCET has set a more flexible remuneration structure to more effectively motivate the accomplishment of company and individual annual goals. A stronger linkage has been established between shareholders, the Company, and employee interests, making employees more willing to grow and develop with the Company in the long term.

Employee Annual Remuneration = Monthly Salary * 12 + Performance Bonus + Profit Contribution Award (Business Division) + Stock Incentives				
	JCET Comprehensive Remuneration System			
	Fixed Remuneration	Performance Bonus	Profit Contribution Award (Business Division)	Long-term Incentives
				Stock Incentives
	Pay Philosophy	Paid fixedly, focusing on key skills	Motivate the achievement of multi-dimensional performance indicators for both the Company and the individual	Focus on profits, emphasize sharing
				Enhance the alignment of interests among shareholders, the Company, and employees; retain core talents
Performance Indicators	Not applicable	Company performance targets + individual performance	Business division net profit completion rate	Company performance targets + individual performance
Payment Frequency	Monthly	Quarterly and Annually	Annually	1-year waiting period + 3-year vesting

Stock incentives

Relevant incentives cover 1,382 non-executive employees, accounting for 7 % of the total number of non-executive staff

The total incentive amount is approximately 31.13 million shares, about 1.75 % of the total number of shares

As of the end of 2023

Global core position retention rate 95.2 %

stock option annual retention rate for 2023 95.1 %

global retention rate for talent retention awards 95.0 %











● Performance Assessment

JCET applies qualitative and quantitative methods to evaluate key performance indicators and work objectives for employees at all levels and categories. The Company's performance objectives are broken down and implemented across business divisions, departments, teams, and positions, ensuring that each team and employee can clearly understand and fulfill their goals and responsibilities. Through correct guidance, objective measurement, timely supervision, and effective instruction, employee performance is fairly evaluated.

● Benefits & Security

In accordance with legal and regulatory requirements, JCET ensures its employees are covered by the five social insurances and housing fund, paid annual leave, maternity leave, and other benefits. Additionally, the Company offers more comprehensive protection for employees' lives through supplementary commercial insurance, holiday benefits, health checkups, etc.

JCET creates a comprehensive, flexible, digital online platform for employees, enriching the incentive scenarios and employee activities, and further enhancing the employee experience and sense of happiness. Through the HRIS project, JCET's exclusive employee APP has been developed, further integrating modules such as entry & exit procedures, self-service attendance, and training & development.

Scenarios								
	Festive Benefits	Allowances & Subsidies	Employee Incentives	Canteen Meals	Health Checkup & Insurance	Cultural Services	Training & Development	Statistical Analysis
	Spring Festival Mid-Autumn Festival Dragon Boat Festival Women's Day Children's Day Birthday	Meal Traffic Phone High Temperature Labor Protection Full Attendance	Immediate Recognition Team Thumbs-up Continuous Improvement Program		Health Checkup (optional) Medical Insurance Serious Disease Insurance Traveling (optional)	Anniversary & Birthday Smart Locker for Book Pick-up & Return Online Reading Gift Card Book & Gift Section Event Planning: New Year's Lucky Money, Rose Shaking, Sending Thoughts Back Home...	Learning & Training Quiz Internal Referral	Financial Settlement Data Management Operation Management Commodity Management

Emphasizing Employee Communication

JCET actively fosters positive and harmonious employee relations, establishing an open, trusting, and effective communication environment that allows employees to access company developments in real time. Employees are encouraged to embody a spirit of ownership by conscientiously and responsibly offering rational suggestions for improvement. Correspondingly, the Company is open to reasonable employee complaints, aiding in the continuous enhancement of workplace operations.

CEO Global Communication Sessions with the CEO	Combining online and offline approaches to share company updates and address employee concerns.	Quarterly
JCET Journal	Internal electronic journal that promotes corporate culture and values, introduces major moves of the Company and shares its latest news.	Monthly
OA System	Online announcement and information sharing	Daily
Telephone & Email	Labor Union hotline, email of the general manager, complaint hotline. Investigations and solutions will be carried out accordingly.	Daily
Bulletin Board, Kanban Board, Company Website, WeChat Public Account	Publicity of corporate system, performance, events, and advanced deeds, etc.	Daily
Employee Satisfaction Survey	We conduct online anonymous surveys to fully listen to employee feedback, and analyze the causes, develop measures, and implement solutions to continuously improve employee satisfaction.	Annually

Voice of Employee Survey & Focus Group	We conduct special investigations on issues frequently reported by employees, launch in-depth discussions in the form of focus groups, and form concrete improvement plans.	Daily
Leadership Visit	We implement walk-around management, with leadership frequently visiting frontline operations to directly communicate with employees.	Daily
Employee Discussions & Employee Representative Meetings	We hold employee representative meetings, employee tea parties, and quarterly communication sessions with college students to collect and sum up employee proposals for the improvement and refinement of management work.	Quarterly, Annually
Performance Appraisal Interview	In combination with bi-annual performance appraisal, the superiors will communicate with their subordinates face-to-face on work performance and career development.	Semi-Annually
Rationalization Suggestions	The Company has regulations on the management of rationalization suggestions and offers rewards of varied degrees.	Annually
Reporting Email	Coordinating with the audit department to receive employee complaints and tip-offs.	Daily



Number of labor union members
18,682

The South Korea branch completed the annual wage negotiation with the trade union for the year 2023

Case Listening to Employee Voices — Conducting Employee Feedback Surveys

JCET values the opinions and sentiments of its employees, encouraging factories to conduct satisfaction surveys tailored to their specific conditions. These surveys are a means for JCET to listen to employee expectations and feedback, proposing improvement plans to enhance employee retention. Genuine insights are gathered through implementing a scientifically designed survey, engaging in questionnaire analysis, and conducting focus group interviews. This approach helps in analyzing the reasons behind employee satisfaction or dissatisfaction, identifying issues in management operations promptly, and devising corrective and action plans.

Case Focusing on the Company's Critical Objectives to Shape a High-Performance Culture — Organizing Factory Theme Tea Parties

In line with the state of business development and strategic planning, JCET organizes theme-based tea parties. Three sessions were held at JCET, JCET (Suqian) Co., Ltd., and JCET (Chuzhou) Co., Ltd., with approximately 120 key mid-level managers participating. These meetings were centered on crucial factory objectives like "improving new product conversion rates" and "optimizing product structure." Through collaborative brainstorming, actionable plans were formulated to ensure that critical company goals were effectively delegated to grassroots teams.



JCET Chuzhou Factory Thematic Tea Party – Innovation Breakthrough & Structural Transformation

Talent Cultivation & Development

JCET is dedicated to enabling employees to fully utilize their capabilities, unleash their energy, and tap into their potential. This is achieved by facilitating open channels for career advancement, consistently enhancing our training framework, refining training approaches, and expanding training resources. In this way, we combine individual employee growth with the Company's development, promoting mutual progress.



Clearing Career Development Pathways

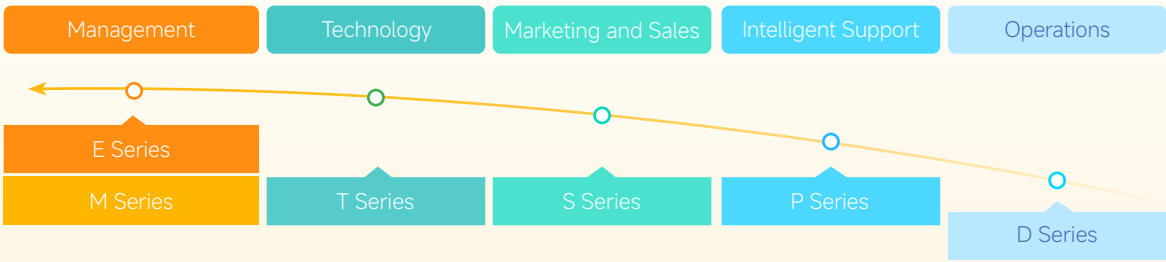
JCET embraces a flexible talent development approach that allows for both upward mobility and lateral moves, tailored to the Company's evolving needs and the unique aspects of our business. The Company engages in career development planning for employees, creating a comprehensive career development trajectory and constructing a high-quality talent pool.

● Five-Tier Career Track System

Based on the international job value evaluation system (Mercer), JCET assesses the importance of each position, clearly defining the career development paths for employees across five major sequences: management, technology, marketing and sales, functional support, and operations.

● Interconnected Development Pathways

Based on the Five-Tier Career Track System, JCET establishes dual development tracks for both technical advancement and role promotion, operating in parallel and interconnecting seamlessly. This provides technical and managerial talent with flexible and suitable growth opportunities. Employees can progress within their specialized sequence according to their skills, switch across different professional sequences, or interchange between professional and managerial paths at certain levels, leveraging their unique strengths and talents.



Diversified Talent Development Plan

JCET provides comprehensive and diversified training courses for employees at different stages of development and in various positions. By offering a rich curriculum that includes offline training, online teaching, rotation practice learning, and mentorship, the Company enables its employees to learn and further their education in a more efficient and flexible manner. Furthermore, it ensures the practical application of acquired knowledge in their actual work.

Trainee Development Program

Trainee Development Program

Through an 18 to 24-month rotation and training plan coupled with a mentorship system between managers and trainees, this program aims to attract outstanding college graduates, cultivate well-rounded talents, and build a talent pipeline.

From its inception in 2022 through the end of 2023, a total of 36 individuals have been recruited, with 24 holding master's degrees or higher and 29 graduates from universities recognized in the 211 Project or above.

JCET Energized Talent (J.E.T) Program

Core high-potential talent

This program offers a comprehensive developmental approach from leading oneself, and leading teams, to leading business aspects. It integrates various activities such as evaluations, team-based workshops, practical project-based learning, and mentoring. The goal is to bolster the team leadership, business acuity, and transformative leadership abilities of core talents.

The first phase of the 2023 J.E.T Program took place in November 2023, providing 25 participants from group departments and plants in China with specialized courses on self-leadership and transformational leadership. The second phase of the course and the action learning project is scheduled for February 2024.

High-Performance Leadership Development Program

Management-level strategic leadership development

In collaboration with the internationally renowned leadership development institution, Oxford Leadership Academy, the High-Performance Leadership Program is introduced. Workshops covering "Establishing Common Goals," "Adaptability and Agility," "Creating a Safe Psychological Environment," "Team Collaboration Culture," and "Driving Results through Team Intelligence" are designed to empower the management team to expand global business and lead transformation and change.

Through the High-Performance Leadership Development Program, a series of online seminars on Meaning, Adaptability, Psychological Safety, Trust, Empathy, and Result-Driven themes were held. The management team collaboratively has developed the JCET Leadership Principles through these seminars.

Employee Training Hours/Hour

Total Training Hours of All Employees 1,266,390

By Gender

Training Hours of Male Employees 819,518

Training Hours of Female Employees 446,872

By Level

Training Hours of Management Personnel 30,079

Training Hours of General Employees 1,236,310

Number of Employees Receiving Training/Person

Number of Employees Receiving Training/Person 21,582

By Gender

Number of Male Employees Receiving Training 13,804

Number of Female Employees Receiving Training 7,778

By Level

Number of Management Personnel Receiving Training 988

Number of General Employees Receiving Training 20,594

Average Training Hours of All Employees/Hour

Average Training Hours of All Employees/Hour 58.68

By Gender

Average Training Hours of Male Employees 59

Average Training Hours of Female Employees 57

By Level

Average Training Hours of Management Personnel 30

Average Training Hours of General Employees 60

Case

Conducting Six Sigma Training

Six Sigma is widely regarded as an effective method for improving business processes, reducing defects, and enhancing quality. Six Sigma training can improve employees' professional skills and knowledge and elevate a company's quality management level. JCET has actively implemented Six Sigma training. Over the past six years, a total of 202 personnel have been trained as Black and Green Belts, with 85 Black Belts and 117 Green Belts. From 2007 to 2023, 396 projects have been conducted, addressing problems from the source of product development to aid in long-term growth.

Case

Empowerment Training for Frontline Team Leaders

Workgroups are the most vibrant cells within a company, and the competence of team leaders is crucial to the success of team construction, affecting the Company's productivity and quality. JCET focuses on enhancing the comprehensive quality and management capabilities of team leaders by offering specialized training courses. Through systematic learning, team leaders not only achieve the knowledge and skills required for their current positions but also undergo a transformation in role positioning, mastering more diverse communication skills, professional management knowledge, and skills. This not only fosters personal growth but also significantly boosts team productivity, leading to mutual benefits for the individual, team, and the Company. To date in 2023, Frontline Team Leader Special Training has been conducted in 8 editions, benefiting 114 frontline team leaders.

Case

Core Talent Special Development Project – JCET Energized Talent Program

To better adapt to market changes and drive sustained business growth, building a highly capable leadership team is of great significance. The JCET Energized Talent (J.E.T.) Program, as one of the Company's core talent special development projects, aims to enhance the core talents' team leadership, business acumen, and change leadership abilities through a 12-month learning journey that combines leadership/ personal style assessments, team workshops, and practical project action learning. This enhances the density of key talent within JCET and improves the construction of the talent ladder. The first phase of the 2023 J.E.T Program took place in November 2023, offering specialized courses on self-leadership and transformational leadership to 25 participants from group departments and plants in China. The second phase of the course and the action learning project, scheduled for February 2024, focus on the team leadership of core talent. Moreover, the 2024 J.E.T Program will further expand overseas to meet the development needs of the Company's international core talents.

Safety & Security

Our Actions

JCET consistently places health and safety at the forefront. Fully aligning with the ISO 45001 Occupational Health and Safety Management System standards, we adopt scientific management practices, proactively mitigate potential risks, and are committed to providing a secure and suitable working environment for all staff. Faced with the challenges to information security and privacy brought about by rapid digitalization, we constantly enhance our information security management standards. By fostering a more secure and dependable operational environment, we aim to safeguard the well-being of the digital world for future generations.

Our Performance

In 2023,
the number of work-related
fatal accidents remained

0

Number of employees
participating in safety training

20,666

ISO 27001:2013 total
training time

3,750 hours

Supporting UN SDGs



3 GOOD HEALTH
AND WELL-BEING



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION

Occupational Health and Safety

Health and safety is of paramount importance to the business operations of JCET. We strictly adhere to the laws and regulations such as the *Safety Production Law of the People's Republic of China* and the *Law on Prevention and Control of Occupational Diseases of the People's Republic of China*, and continuously improve rules and systems related to safety management and occupational health. We have established procedures for identifying and addressing risks and opportunities and conducted daily supervision and inspections to ensure safe production and protect the occupational health of all employees.

Addressing Safety Risk

All our plants have developed *Procedures for Identifying Hazards and Evaluating Risks and Opportunities* and the *Procedures for Response to Risks and Opportunities* to standardize the identification and evaluation of hazards. These procedures include operational requirements such as risk avoidance, risk reduction, and risk acceptance, and provide operational guidance for incorporating and applying these measures in the environmental, occupational health, and safety management systems. These efforts aim to improve our anti-risk capabilities.

● Safety Risk Management Process



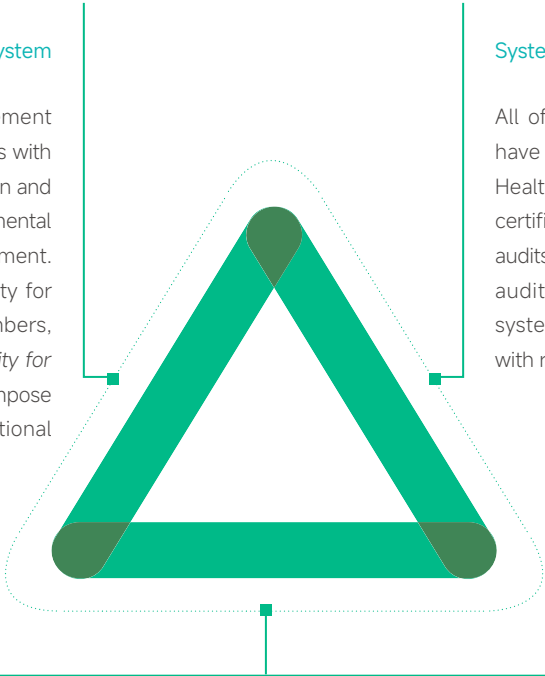
Consolidating Safety Management

Safety Production Responsibility System

JCET has established a safety management organizational structure covering all plants with the CEO as the primary responsible person and the Vice President of Safety and Environmental Protection in charge of safety management. Besides clearly defining the responsibility for safety production among all staff members, we have signed the *Letter of Responsibility for Safety Production* at each level to decompose and implement the Company's occupational health and safety objectives.

System Certification Improvement

All of the Company's plants worldwide have obtained ISO 45001 Occupational Health and Safety Management System certification. Each plant organizes internal audits, management reviews, and external audits of the ISO 45001 management system annually to ensure compliance with relevant systems and standards.



Safety Assessment and Rewards/Penalties

The Company formulates and issues the *Safety Production Work Assessment Guidelines* each year to comprehensively assess the safety production work of each plant. In accordance with the *Regulations on Safety Production Rewards/Penalties and Accountability*, departments that excel in safety production activities or meet assessment criteria, as well as individuals who propose rational suggestions for preventing personal injuries and improving working conditions or make outstanding performance in safety production work, are rewarded. Moreover, any violations of national safety production laws and regulations and the Company's regulations on safety production, failure to rectify safety hazards, or allowing unlicensed personnel to work in specialized operations are held accountable.

● Conducting Emergency Drills

To better respond to potential emergencies in daily production and life, each plant has developed emergency plans for fire, health and safety accidents, safe operations in confined spaces, natural disasters, public health incidents, and other scenarios. We also regularly carry out emergency drills, including drills for natural disasters, emergency rescue during special equipment accidents, emergency rescue for operations in confined spaces, and emergency rescue during hazardous chemical leakage. These drills aim to enhance the emergency management capabilities of all staff members.

● Fostering Safety Culture

Each plant conducts three-level safety education for new hires as well as workshop-group safety education for employees who are reassigned or returning to work. Specialized training programs are provided for personnel in special positions, including safety management personnel. The Company also participates in online and offline safety lectures and training activities organized by the government, conveys the training content to relevant departments, and enhances employees' awareness of occupational health and safety. These endeavors are aimed at fostering a people-oriented safety culture within the Company.

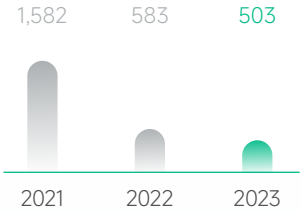
● Preventing Occupational Diseases

Each plant conducts pre-job, on-the-job, and post-job occupational health examinations for employees exposed to occupational hazards such as noise, X-ray environment, and hazardous chemicals. Safety training is provided before and during employment. Besides providing labor protection equipment and emergency tools, we also put safety protection facilities at work sites and carry out regular environmental monitoring so as to ensure the health and safety of employees.

Number of work-related fatalities



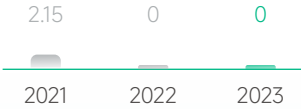
Lost days due to work injury



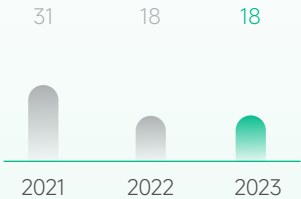
Number of injuries with serious consequences



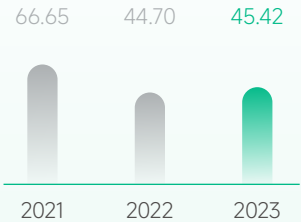
Rate of injuries with serious consequences (%)



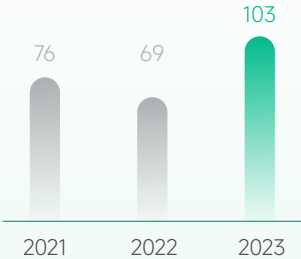
Number of recordable work-related injuries



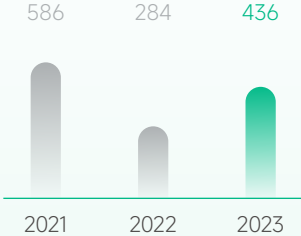
Rate of recordable work-related injuries (%)



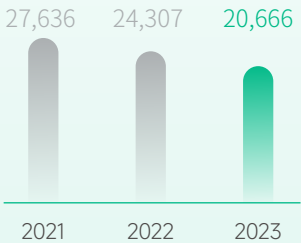
Number of safety drills



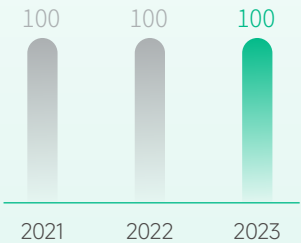
Number of safety training sessions



Number of employees participating in safety training



Coverage rate of employee safety training (%)



Note: including employees who have resigned

1 Rate of work-related injuries with serious consequences = Number of work-related injuries with serious consequences x 1,000,000/total working hour

2 Rate of recordable work-related injuries = Number of recordable work-related injuries x 1,000,000/total working hours

Chemical Safety

The Company strictly adheres to domestic and international chemical safety laws and regulations in locations where it operates, so as to standardize the use of chemicals throughout the entire product lifecycle. Each plant follows relevant regulations for restricted substance control, such as the EU RoHS, REACH, and customer standards including Sony SS-00259. This approach ensures compliance with international, domestic, and customer-specific standards for hazardous substance management. Each plant has developed procedures such as the *Hazardous Chemical Management Procedures*, the *Technical Instruction for Chemical Safety*, and the *Environmental Material Management Manual* to classify and control chemicals involved in the materials, components, finished products, and production processes of all products. These measures aim to minimize the impact of chemicals on occupational health, safety, and the environment.

Five domestic plants, namely STATS ChipPAC Semiconductor (Jiangyin) Co., Ltd., Jiangyin JCET Advanced Packaging Co., Ltd., JCET, JCET (Suqian) Co., Ltd., and JCET (Chuzhou) Co., Ltd.,

Have all obtained QC 080000 certification.

Chemical Substance Management

We actively minimize or substitute the use of toxic and hazardous substances, as well as avoid or reduce the generation of such substances. In 2023, Jiangyin JCET Advanced Packaging Co., Ltd. stopped the use of highly toxic chemicals, such as liquid chlorine. In addition, JCET gradually replaced and reduced the use of alcohol.



We utilize advanced technologies and equipment to enhance the cleanliness and safety of production processes as well as prevent the leakage, diffusion, and transformation of toxic and hazardous substances.

We adopt effective methods and measures for the proper collection, storage, transportation, treatment, and disposal of toxic and hazardous substances, thereby reducing emissions and hazards associated with such substances.

We organize regular chemical safety training sessions for personnel involved in chemical management and usage each year, covering topics such as basic knowledge of hazardous chemicals, hazards and prevention of chemicals, as well as relevant laws and regulations concerning hazardous chemicals.

Supplier Chemical Management

This process, involving supplier system evaluations and on-site audits, ensures compliance with JCET's hazardous substance management requirements. Suppliers are also required to sign the *Letter of Commitment to Environmental Hazardous Substance* to guarantee adherence to the latest hazardous substance regulations, industry standards, and JCET's environmental management material technical standards.

Supplier onboarding

The JSRM system is configured to automatically alert suppliers by email about the impending expiration of documents like testing reports and MSDS. Suppliers are notified to timely upload the updated documents before expiration. Following a specialized review and confirmation, the documents are updated to ensure 100% continuous validity, compliance with regulations, and fulfillment of customer requirements.

Validity period management

Product material approval

Suppliers are required to provide ICP chemical precision analysis test reports for hazardous substances, Material Safety Data Sheet (MSDS), REACH SVHC declaration, and other hazardous substance compliance documents issued by the authoritative third-party testing agency within the validity period. GP engineers specifically review and assess these materials for compliance before they are approved for regular procurement and usage.

Finished product testing

In addition to regular internal testing for hazardous substances, each plant will send samples of finished products to authoritative third-party testing agencies such as SGS for ICP chemical precision analysis and testing. Formal reports are issued to prove that all products delivered to customers fully comply with the hazardous substance standards.

Information Security

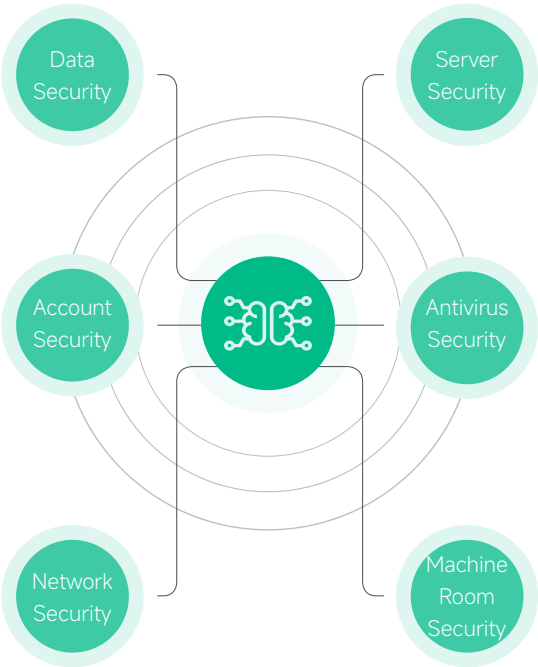
Information security is fundamental to JCET's secure operation and its prospects for long-term development. JCET addresses the challenges of information security and privacy protection through management optimization and technological innovation. In 2023, the Company initiated the Information Security Group (ISG). The group is responsible for continuously promoting the construction of information security systems, strictly controlling information security risks, and formulating strategies to address pain points and key issues in various aspects of information security. The Company has also achieved ISO 27001:2013 Information Security Management certification, further elevating our information security standards.

Fully Ensuring Operational Safety

JCET and all its subsidiaries have established a unified office terminal data leakage control system and optimized the Data Leakage Prevention (DLP) project to identify and prevent data leakage incidents. Regular reminders are sent to data owners in various departments to conduct important data classification and audit during workflow processes. STATS ChipPAC Korea Ltd. has implemented the DLP strategy to control the use of removable storage devices.

All users of the Group have implemented the new authentication for M365, thus combining the authentication and authorization methods between customer terminals and servers as well as enforcing the access policy for security measures. Users will receive regular emails about the latest threats and protection measures, which makes them more vigilant about new threats. Additionally, the adoption of ZOH0 MFA for enabling Multi-Factor Authentication (MFA) on administrative accounts has enhanced account security. This approach not only helps prevent password breaches and brute-force attacks but also lowers the success rate of social engineering attacks.

Through proper network architecture planning, we achieve isolation between production and administrative networks. Critical network security equipment/systems (such as firewalls, antivirus walls, intrusion defense, and threat detection) are constructed to prevent network attacks and unauthorized access. Various measures (such as strengthening secure communication algorithms, upgrading communication protocol versions, and closing unnecessary communication ports) are implemented to enhance network security and meet the requirements of information security and customer security audits.



Server security monitoring systems such as Zabbix, Wazuh, and GreenBone are deployed to integrate server hardware information, network device information, operating systems, databases, applications, and other information into a single monitoring platform. This approach enables constant monitoring of the servers' and networks' operational and security statuses, enabling unified surveillance and centralized control. It allows system administrators to swiftly identify faulty systems and troubleshoot existing problems.

All antivirus versions of SIET in China have been uniformly upgraded from version 7.0 to version 10.0, while the servers in the ESET control console have been redeployed separately. With higher detection accuracy and efficiency, the upgrade aims to promptly identify and prevent various types of malicious software, viruses, spyware, and network attacks, thus safeguarding computers and data security.

The core machine room is equipped with surveillance cameras, access control systems, and alarm devices to ensure that only authorized personnel can enter the facility. Furthermore, a dynamic environmental monitoring system tracks real-time data on temperature, humidity, smoke levels, air conditioning, and UPS operations. Any deviations trigger immediate alerts through email, SMS, phone calls, and WeChat notifications, enabling prompt identification of equipment faults, thereby enhancing the security and reliability of the machine room.

Data Classification

JCET has established a series of regulations including the *Confidentiality Policy*, the *Encryption Software Management Standard*, the *DLP Data Classification Guideline*, the *Data Processing and Clearing Management Standard*, and the *Information Security Incident Management Standard*. In accordance with relevant data classification standards and rules, we have implemented classified control over data of different categories and confidentiality levels. Moreover, we have established a unified operation and maintenance (O&M) management process and developed different operational requirements for various types of information assets. In addition to adopting automated O&M tools, we also appoint dedicated O&M personnel to effectively ensure the security of data storage.

Standardizing Disposal of Information Leakage

At the policy level, we have developed regulations such as the *Encryption Software Management Standard*, the *Data Processing and Clearing Management Standard*, and the *Information Security Incident Management Standard*. These frameworks guide our response to any information leakage, ensuring that incidents are managed and resolved in accordance with predefined protocols.

At the operational level, we have installed the DLP software to prevent data leakage. Additionally, we have introduced international information systems such as SAP, SuccessFactors, and Salesforce, adhering strictly to international standards for privacy protection, including the General Data Protection Regulation (GDPR), to safeguard employees' personal information from being disclosed. Before conducting business activities, we sign confidentiality agreements with customers to clearly define the responsibilities and obligations of both sides. We also carry out relevant training sessions as needed to ensure that all relevant individuals are informed about and comply with confidentiality requirements.

Strengthening Awareness of Information Security

In 2023, we conducted information security training on ISO 27001:2013. All domestic employees completed online training through the HRIS system, accumulating a total of 3,750 hours of training. Besides, we sent quarterly email reminders to all HQ employees to continuously reinforce their awareness of protecting the information assets of the Company and its customers.

Community Engagement

Our Actions

Committed to sustainable development, JCET views supporting community development as an integral part of its business operations. In 2023, JCET actively participated in various charitable activities and promoted the sustainable development of society while creating economic value. We firmly believe that we can achieve a win-win progress for both the Company and society only through the joint efforts of all staff members.

Our Performance

in 2023

Total charitable donations

RMB **3.68** million

Number of volunteer activity engagements in 2023

331 times

Supporting UN SDGs



Establishing Charity Fund

Embracing the spirit of charity, JCET has launched special charitable programs and continuously explored new paths that combine green development with charity. In 2023, the Company actively invested in innovative charitable donation models and established the JCET Environmental Protection and Health Charity Fund together with Wuxi Charity Federation. This fund is dedicated to supporting various charitable endeavors such as environmental protection, occupational health and safety, public health initiatives, care for women and children, and rural revitalization. Through these tangible efforts, we reaffirm our dedication to fostering a sustainable and healthy future.



Establishment of the JCET Environmental Protection and Health Charity Fund



Concerts for Patients With Depression Charitable Clinics and Public-welfare

In May 2023, the Heart-to-Heart: Wuxi-Shanghai Charity Clinic series, sponsored by the JCET Environmental Protection and Health Charity Fund, was held at the Wuxi Branch of Ruijin Hospital. The event featured charitable clinics offered by expert teams for patients and a public welfare concert organized by universities and artists. This charity activity contributed to society by blending medical care with artistic culture.



Signing of the Household Waste Classification for Resourceful Management Project

In May 2023, the JCET Environmental Protection and Health Charity Fund offered targeted funding to the Household Waste Classification for Resourceful Management Project. The initial phase of the project involved deploying smart waste sorting and recycling equipment in five pilot communities. This initiative not only enhances the efficiency of waste sorting but also strengthens the environmental awareness among local residents.



Wuxi Women and Children Care Charity Fund Signing of First Batch of Projects

In June 2023, the JCET Environmental Protection and Health Charity Fund provided targeted funding support for the Wuxi Women and Children Care Charity Public Fund. The first batch of five cooperation projects are selected for signing, including the "Spring Bud Plan", the "Lollipop" Aid for Child-Friendly City Construction, the Social Support Against Domestic Violence, the Support Plan for Women with Four Difficulties, and the Care Plan for Children With Autism. These initiatives help to protect the rights and health of women and children in the local community.



Caring for Growth of Children and Teenagers

In July 2023, the JCET Environmental Protection and Health Charity Fund sponsored initiatives aimed at caring for children and supporting charity education. Through donations to students and disadvantaged children in rural schools, including those in Akqi, Xinjiang, we strive to foster a caring and healthy environment for their development. In August, the charity fund supported the Youth Nature Notebook series of activities at the Jiangyin Museum, guiding young people to cultivate an ecological perspective and observe biodiversity to enhance their awareness of environmental protection.

Contributing to Public Welfare

JCET actively engages in diverse volunteer activities to provide relief during disasters and help those in need. We are dedicated to delivering timely and effective aid to local communities while spreading love and strength to more people.

● JCET's Blood Donation Activity

From June to July 2023, JCET's employees participated in a voluntary blood drive and made 465 blood donations, totaling over 140,000 milliliters of blood. Meanwhile, 21 of our employees became the hematopoietic stem cell donors of the China Marrow Donor Program (CMDP) after providing samples. This action not only demonstrates the compassion and dedication of our employees but also injects positive energy into public welfare. In the same month, nearly 100 of JCET's employees in South Korea voluntarily donated blood and actively participated in local community charity activities. This effort not only demonstrates care for the local community but also showcases JCET's commitment to social responsibility from an international perspective.



JCET's Blood Donation Activity

● Donations to Flood Prevention and Disaster Relief Efforts in the Beijing-Tianjin-Hebei Region

On August 4, 2023, JCET donated RMB 1 million to support the flood prevention and disaster relief efforts in the Beijing-Tianjin-Hebei region. The fund was allocated to emergency rescue, transitional housing, and post-disaster reconstruction efforts. In solidarity and collaboration with various sectors of society, JCET aims to contribute to flood prevention and disaster relief efforts.



Certificate for JCET's donations to the flood prevention and disaster relief efforts in the Beijing-Tianjin-Hebei region

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	303-4 Water discharge	Water Withdrawal and Water Conservation
	303-5 Water consumption	Water Withdrawal and Water Conservation
Biodiversity		
GRI 304 Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
	304-2 Significant impacts of activities, products and services on biodiversity	Biodiversity Conservation
	304-3 Habitats protected or restored	/
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	/

General disclosure		
Emissions		
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Reduction of Greenhouse Gas Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Reduction of Greenhouse Gas Emissions
	305-3 Other indirect (Scope 3) GHG emissions	Reduction of Greenhouse Gas Emissions
	305-4 GHG emissions intensity	Reduction of Greenhouse Gas Emissions
	305-5 Reduction of GHG emissions	Reduction of Greenhouse Gas Emissions
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Waste Gas Management
Waste		
GRI 306 Waste 2020	306-1 Waste generation and significant waste-related impacts	Waste Management
	306-2 Management of significant waste-related impacts	Waste Management
	306-3 Waste generated	Waste Management
	306-4 Waste diverted from disposal	Waste Management
	306-5 Waste directed to disposal	Waste Management
Supplier Environmental Assessment		
GRI 308 Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Sustainable Supply Chain
	308-2 Negative environmental impacts in the supply chain and actions taken	Sustainable Supply Chain; Responsible Minerals

General disclosure		
Employment		
GRI 401 Employment 2016	401-1 New employee hires and employee turnover	Talent Attraction & Retention
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Enhancing Remuneration & Benefits
	401-3 Parental leave	Enhancing Remuneration & Benefits
Labor/Management Relations		
GRI 402 Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	/
Occupational Health and Safety		
GRI 403 Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
GRI 403 Occupational Health and Safety 2018	Occupational Health and Safety	Emphasizing Employee Communicatio; Occupational Health and Safety
	Occupational Health and Safety	Occupational Health and Safety
	2018	Occupational Health and Safety
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety
	403-9 Work-related injuries	Occupational Health and Safety
	403-10 Work-related ill health	Occupational Health and Safety

General disclosure		
Training and Education		
GRI 404 Training and Education 2016	404-1 Average hours of training per year per employee	Talent Cultivation & Development
	404-2 Programs for upgrading employee skills and transition assistance programs	Talent Cultivation & Development
	404-3 Percentage of employees receiving regular performance and career development reviews	/
Diversity and Equal Opportunity		
GRI 405 Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Effectiveness and Diversity of the Board of Directors; Equity Assurance & Diversity
	405-2 Ratio of basic salary and remuneration of women to men	/
Non-discrimination		
GRI 406 Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Equity Assurance & Diversity
Freedom of Association and Collective Bargaining		
GRI 407 Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Equity Assurance & Diversity
Child Labor		
GRI 408 Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	/

General disclosure		
Forced or Compulsory Labor		
GRI 409		
Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	/
Security Practices		
GRI 410		
Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	/
Rights of Indigenous Peoples		
GRI 411		
Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not involving
LocalCommunities		
GRI 413		
Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Community Engagement
	413-2 Operations with significant actual and potential negative impacts on local communities	/
Supplier Social Assessment		
GRI 414		
Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Responsible Minerals

General disclosure		
Public Policy		
GRI 415		
Public Policy 2016	415-1 Political contributions	Not involving
Customer Health and Safety		
GRI 416		
Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not involving
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not involving
Marketing and Labeling		
	417-1 Requirements for product and service information and labeling	Products and Services
GRI 417		
Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	Not involving
	417-3 Incidents of non-compliance concerning marketing communications	Not involving
Customer Privacy		
GRI 418		
Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not involving

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