

DELTON
TECHNOLOGY 广合科技

2023

**Delton Technology (Guangzhou) Inc.
Environmental, Social, and Governance Report**

DELTON

TECHNOLOGY

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About This Report

This report is the first Environmental, Social, and Corporate Governance (ESG) report published by Delton Technology (Guangzhou) Inc. Adhering to the principles of materiality, quantifiability, balance, and consistency, it focuses on disclosing philosophy, significant progress, achievements, and future plans of the Company and its subsidiaries in the areas of environment, social, and corporate governance, spanning from January 1, 2023, to December 31, 2023. Any inconsistencies will be explained in the specific content.

Basis for Compilation

The Company compiled this report by identifying important stakeholders, analyzing and arranging key issues related to environment, society, and governance, setting report boundaries, collecting, summarizing, organizing, reviewing the Company's operation and financial reports.

The report compilation process referred to the following standards and requirements:

- “Shenzhen Stock Exchange Listed Company Self-regulation Guidelines No. 1 - Main Board Listed Company Standard Operation Guidelines.”
- “Shenzhen Stock Exchange Listed Company Self-regulation Guidelines No. 17 - Sustainable Development Report (Trial)”
- Global Sustainability Standards Board (GSSB) “Sustainability Reporting Standards (GRI Standards).”
- United Nations 2030 Sustainable Development Goals (SDGs) and Global Compact Ten Principles.
- International Organization for Standardization “ISO 26000: Social Responsibility Guidelines (2010).”

Report Scope and Boundary

Except for individual materials with specific explanations, the policies, statements, materials, etc. in this report cover the actual business scope of Delton Technology (Guangzhou) Inc. and its subsidiaries.

The materials used in the report are all from Delton Technology (Guangzhou) Inc. and its subsidiaries, and the Company is responsible for the truthfulness, accuracy, and completeness of the report content.

Unless otherwise stated, this report uses RMB as the currency unit.

Title Explanation

For ease of expression and reading, “Delton Technology,” “Delton,” “the Company,” and “we” in this report refer to Delton Technology (Guangzhou) Inc. and its subsidiaries.

Unless otherwise specified, the words used in this report have the same meaning as those defined in the Company's annual report.

Obtaining and Responding to This Report

You can obtain the digital version of this report through the following website: <http://www.delton.com.cn>.

If you have any questions about the report content or Delton Technology's ESG initiative, please contact us through the following:



Phone: 020-82211188-3204



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Message from the Chairman

In 2023, despite various uncertainties, the global economy was on the rise and high-quality development was solidly advancing. Sustainable development and ESG (Environmental, Social, and Governance) are flourishing and have become a global consensus, driving the transformation of new economic momentum and continuously strengthening development resilience. Against this backdrop, to better support the sustainable development of enterprises, we launched our ESG initiative and officially released our first ESG report.

This year, we strengthened normative governance to ensure sustainable development. Delton Technology's application for the initial public offering of stocks has been approved by the China Securities Regulatory Commission. Becoming a public company will provide new impetus for our development while also necessitating higher requirements for corporate operations. We have built a structured governance system that meets the requirements of modern corporate governance. The proportion of female members of the board of directors reached 80%, and the proportion of independent directors was 40%. Their professional backgrounds ensure their efficient performance. In addition, we actively promote information transparency. A series of company policies such as the "Business Ethics Code of Conduct" are publicly available on the Company's official website, subject to the supervision of the public and investors.

This year, we provided responsible products and won satisfied customers. The Company always focuses on the main channel of servers, continuously increases technology research and development and innovation investment, and the annual R&D investment in 2023 exceeds 120 million yuan. It has been recognized by the Ministry of Industry and Information Technology as the "High-end Server PCB Intelligent Manufacturing Demonstration Factory," and recognized by the Guangdong Provincial Department of Industry and Information Technology as the "Sixth Batch of Provincial Enterprise Design Centers." New productive forces have become the key driving force for the development of Delton. We strive to improve customer service. The Company has won the "2023's Largest Server PCB Supplier" award from DELL, the "2023 Technical Cooperation Award" from Foxconn, the "Friend of Quanta" from Quanta Computer, the "Perfect Quality Award" from Lenovo, the "2022 Excellent Supplier Zhonghe Award" from Inspur Information, the "2022-2023 Quality Excellence Award" from Wistron, and the "Excellent Quality Award" from Huaqin Technology. Our efforts have also been recognized by customers.

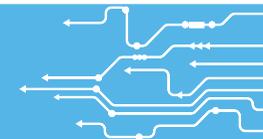
This year, we sought green development to respond to climate change. The Company actively carried out greenhouse gas inventory, commissioned third parties for verification, and set an annual emission reduction

target of 3.5%, committed to achieving net-zero emissions by 2056. At the same time, we use Water Risk Filter online analysis tools to identify the water basin risks and operational risks of each factory, laying the foundation for water risk management. The whole group has no environmental violations and related administrative penalties throughout the year. The green and high-quality development has been further improved.

This year, we promoted ethical sourcing and spread our corporate values. We published the "Supplier Code of Conduct" and conducted on-site audits of 33 existing suppliers throughout the year, all of which have completed rectification of non-conformities. The Company attaches great importance to conflict mineral management. Up to now, the proportion of minerals purchased by the Company from non-conflict areas is 100%. In 2023, there were no new conflict mineral metal suppliers, and 8 existing suppliers completed the CMRT and EMRT form filling and verification, with no violations.

This year, we adhered to the philosophy of being a people-oriented corporate citizen. In 2023, the global number of employees reached 2,623, an increase of 11% year-on-year. We employed 19 people with disability that contribute to achieving our high-quality employment goals. We actively promoted the capacity building of all employees, with a total of 20,677 attendance of training throughout the year, an increase of 22% year-on-year. The performance of occupational health and safety was excellent, with no work-related deaths throughout the year.

In 2023, Delton Technology ushered in the tenth year after mergers and reorganizations, and officially launched the Thailand Delton project, which becomes the first step for the Company to move towards internationalization. Standing at the starting point of the new decade of enterprise development, we are full of yearn and hope for the future with heavy responsibility on our shoulders. In the future, we will continue maintaining our original corporate value, collaborate with partners around the world, and jointly write a new chapter of innovative development.



Delton Technology (Guangzhou) Inc.
Chairman Hongxing XIAO
March 2024

Our Achievements in 2023

Company Profile

Delton Technology (Guangzhou) Inc. ("Company" or "Delton Technology") was established in June 2002. Its headquarters is located in Huangpu Development Zone, Guangzhou City, and its production bases are mainly located in Guangzhou, Guangdong Province and Huangshi, Hubei Province. With a total of 2,623 employees, the Company currently achieves an annual operating income of more than 2.6 billion. The Company boasts a high-level R&D technical team, an excellent management team and automated production lines that reach the top level domestically and abroad. Over the years, the Company has been committed to building itself into an industry-leading PCB (printed circuit board) manufacturing enterprise that integrates the R&D, production, sales, and services of high-end high-quality PCB products.

Delton Technology is always committed to high-end PCB manufacturing with a focus on higher speed and frequency. Its products are mainly used in data centers, cloud computing, industrial internet, artificial intelligence, 5G communication, automotive electronics, security, printing, and other terminal markets. Delton Technology has been a long-term service provider for well-known customers in China and abroad. Over the years, the Company's scale and technical capability have maintained continuous and rapid growth in the PCB field. The Company has been consistently rated as an excellent supplier and long-term strategic partner by its main customers for years.

The Company focuses on its brand value, product R&D, product quality, marketing strategy, and corporate culture. With advanced cutting-edge technologies, the Company creates quality products, establishes convenient product channels, provides considerate and fast after-sales services, and develops a unique operation and management model. To meet its purpose of "serving customers" and provide new impetus and important support for the construction of a new industrial structure in parallel with the development of "intelligent manufacturing," the Company has vowed to become a leader in PCB industry development at home and abroad.



Vision

Pursue quality and service to
create a good brand
Based on technology and
management to achieve
high efficiency



Mission

Provide excellent services
for the intelligent and
connected world

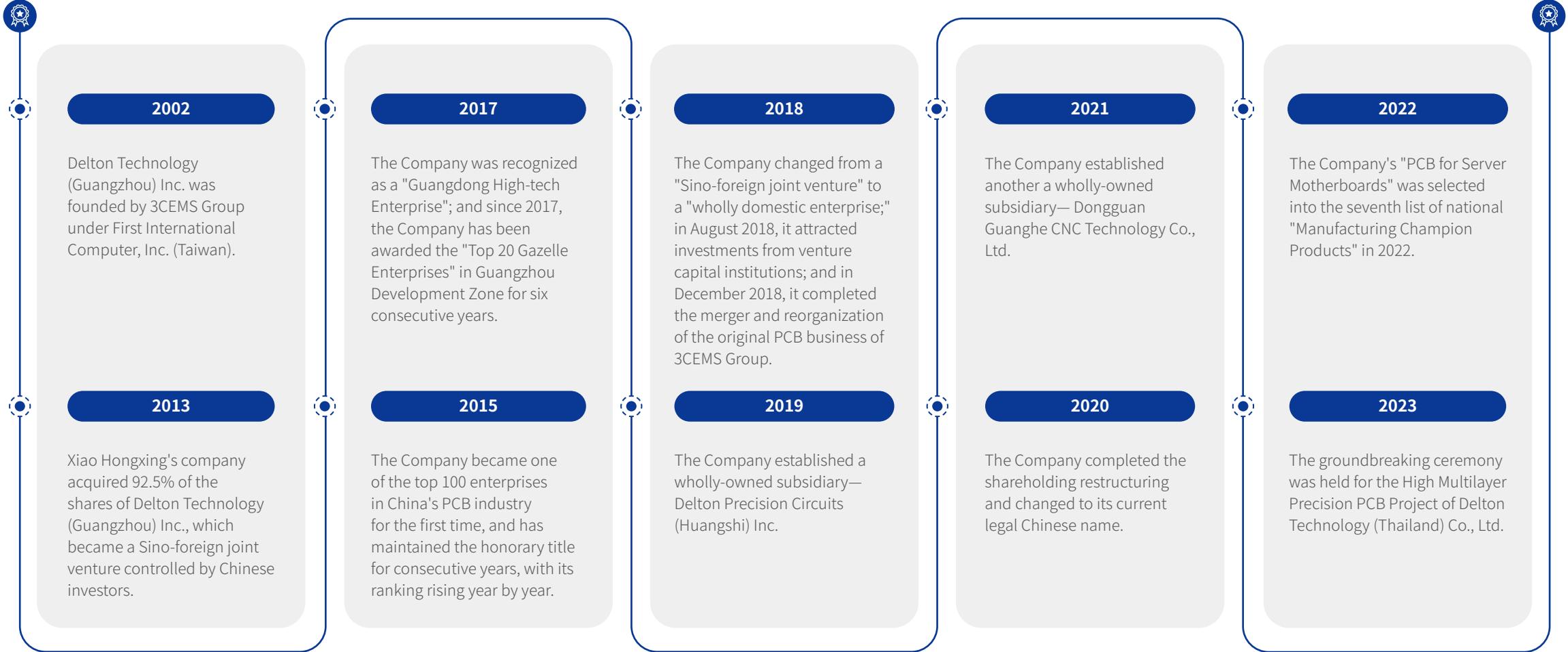


Quality Policy

Customer-oriented and
technologically advanced
Intelligence-driven quality
innovation
Continuous improvement,
customer satisfaction



Company History



ESG Performance in 2023

ESG Performance and External Recognition

Environmental

- The total greenhouse gas emissions for the year were **103,462.16** CO₂e.
- There were **no** environmental violations and related administrative penalties throughout the year.
- In 2023, the water consumption was **1.2937** million tonnes.

Social

- In 2023, the R&D investment exceeded **120** million yuan, the R&D expenses accounted for more than **4%** of the total business income each year for nearly three years, and a total of **170** patents were granted globally.
- In 2023, the customer satisfaction score reached **95.29** points, the standard was met for three consecutive years, and the pass rate of customer audits throughout the year reached **100%**.
- In 2023, the Company's product environmental protection and safety compliance rate was **100%**.
- **33** stock suppliers were audited on-site throughout the year, and all adverse items were completely rectified.
- The proportion of minerals purchased by the Company from non-conflict areas was **100%**.
- In 2023, the number of global employees reached **2,623**, an increase of **11%** year-on-year, including **19** disabled people.
- The total number of training sessions throughout the year reached **20,677**, an increase of **22%** year-on-year.
- There were **no** work-related deaths throughout the year.

Corporate Governance

- On September 4, 2023, Delton Technology submitted a registration application to the Securities Regulatory Commission. On January 4, 2024, the Securities Regulatory Commission issued a reply agreeing to the **initial** public offering of shares by Delton Technology (Guangzhou) Inc.
- The proportion of female members of the board of directors was **80%**, and the proportion of independent directors was **40%**.
- The ESG committee led by the Company's CEO was established, covering the headquarters functional departments and global manufacturing bases.
- Six important policies were identified and compiled, and they were publicly available on the Company's official website.
- In 2023, the Guangzhou factory and Huangshi factory achieved full coverage of information security training and successfully passed the ISO/IEC 27001 recertification audit.

Company Recognition

Recognized by the Guangdong Provincial Department of Industry and Information Technology as the "Sixth Batch of Provincial Enterprise Design Centers"

Recognized by the Ministry of Industry and Information Technology as a "High-end Server PCB Intelligent Manufacturing Demonstration Factory"

A national manufacturing single champion product enterprise

No. 1 in China in the server PCB market share

The vice-chairman unit of the Science and Technology Committee of the China Electronic Circuit Industry Association

The vice-chairman unit of the China Electronic Circuit Industry Association

The vice-chairman unit of the Guangdong Province Circuit Board Industry Association

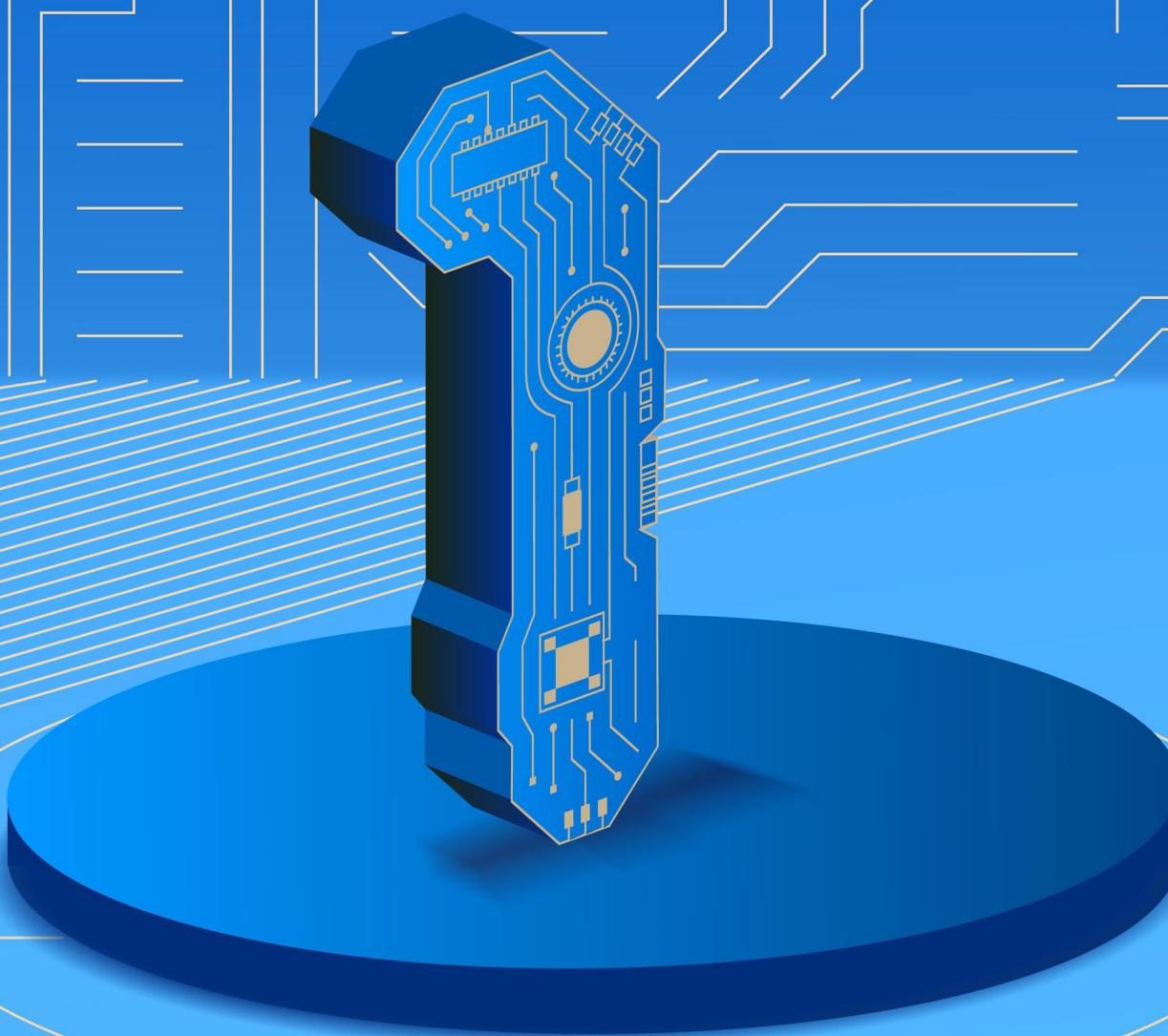
The deputy director unit of the Printed Circuit Special Committee of the Electronic Manufacturing and Packaging Technology Branch of the China Electronics Society

An excellent clean production enterprise at the city level in Guangzhou

A "Green Factory" in Guangzhou City

System certification

Category	Standard	Scope of Certification
Laboratory	ISO 17205:2005	Guangzhou Factory (in progress)
Quality Management	ISO 9001:2015	Guangzhou Factory Huangshi Factory
	IATF 16949:2016	Guangzhou Factory Huangshi Factory
	VDA 6.3:2022	Guangzhou Factory
	ISO 13485:2016	Guangzhou Factory
Corporate Social Responsibility	QC 080000:2017	Guangzhou Factory Huangshi Factory
	ISO 14001:2015	Guangzhou Factory Huangshi Factory
	ISO 45001:2018	Guangzhou Factory Huangshi Factory
Energy Management	ISO 14064-1:2018	Guangzhou Factory
Information Security	ISO 27001:2022	Guangzhou Factory Huangshi Factory



ESG Strategy and Management

ESG has emerged as an important way to measure enterprises' response to new risks in the environment, society and corporate governance and solve social issues through business models, furnishing a new strategic thinking framework for enterprises' sustainable development. With standardized management at its core, Delton Technology identifies key ESG topics based on its business development and manages them systematically to keep improving its ESG performance and create new value for stakeholders.

Our goals

- To establish a scientific and standardized ESG governance and management system.
- To identify management policies for key ESG topics and sort out, compile, and disclose them externally based on the Company's actual situation.
- To revise the Company's official website and add an ESG module to further enhance the transparency of the Company's information.

Our progress

- Established an ESG Committee led by the Company's CEO and covering the Headquarters' departments and the Company's global manufacturing bases.
- Identified and compiled six key policies and made them public on the Company's official website.
- Defined an ESG strategic framework that covers corporate governance, responsible products, green development, ethical sourcing and corporate citizenship, laying the foundation for continuous ESG performance improvement.

ESG Strategy and Key Topics

ESG strategy

Delton Technology believes that governance is the core foundation for achieving stable and real ESG performance and that only with a standardized and scientific governance structure established can the Company systematically and normatively identify and control risks in environmental and social dimensions, and eventually gain good economic returns.



Based on its business model and core capabilities and around the three modules of environment, society and corporate governance, Delton Technology has further analyzed specific strategic areas as ESG work priorities.

Corporate governance

Delton Technology is committed to establishing a scientific and standardized corporate governance system. During this process, it continues to strengthen the diversity, independence, and professionalism of its BOD members, gives full play to the strategic decision-making role of the Board of Directors (BOD) in ESG work, seeks to link the pay for performance of staff including senior executives with core ESG metrics, and motivates all employees to achieve ESG goals.

Environmental protection

Around the core topic of climate change, Delton Technology works hard on the development of green operations, green products, and green supply chains. The Company continuously reduces its environmental impact and joins hands with value chain partners to save energy, reduce carbon emissions, and contribute to limiting global warming to 1.5° C and realizing optimal green performance.

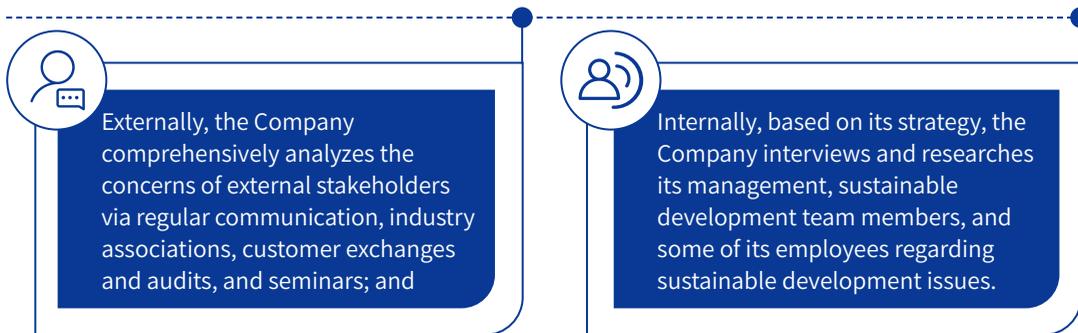
Social development

Delton Technology desires to achieve common development and progress with all sectors of society to eventually prosper together. In this process, Delton Technology will meet customer needs and promote industry development and progress by furnishing quality products, build a business-ethical value chain ecosystem by joining hands with partners, and develop together with employees and communities, share the fruits of economic development, and become an excellent corporate citizen.

08

Materiality analysis

Every year, Delton Technology determines the material topics of the year by analyzing or researching internal and external stakeholders.



In conjunction with internationally authoritative sustainable development standards and guidelines, the Company selects CDP, ECOVADIS and GRI as the theoretical basis for screening material topics and, by overall considering the four factors of "degree of impact on society and the environment," "degree of concern of stakeholders," "industry landscape" and "company's own characteristics," regularly conducts impact identification and assessment in daily business activities and synthesizes internal and external analysis results, to identify key topics of the year and manage them accordingly.

Delton's ESG Materiality Analysis



Environment

- 1 Energy management and energy conservation & emission reduction
- 2 Material utilization rate
- 3 Climate change and resilience
- 4 Waste management
- 5 Water resource utilization and water risk management

Society

- 6 Product and service quality
- 7 Product quality and safety
- 8 Employee health and safety
- 9 Employee development and training
- 10 Customer privacy and information security protection
- 11 Customer satisfaction
- 12 Responsible supply chain management
- 13 Employee compensation and benefits
- 14 Talent attraction and retention

Corporate Governance

- 15 Innovation
- 16 Compliant employment
- 17 Employee diversity and equal opportunities
- 18 Public welfare & charity
- 19 Business performance and shareholder returns
- 20 Risk management and control
- 21 Bribery and corruption

ESG Governance and Mechanism

Organizational structure for ESG management

To strategically manage and normatively advance its ESG work, the Company established an ESG Committee coordinated by the CEO in 2023, which strategically plans and leads the Company's ESG practice as authorized by the Board of Directors and advances daily work in collaboration with related departments and domestic and international manufacturing bases.

Delton ESG Governance Structure



Board of Directors

Responsibilities

Authorize the ESG Committee to conduct its work and regularly listen to its reports and make strategic decisions on the Company's ESG work; and appoint, from time to time, additional committee members from directors as well as department managers believed by the Board of Directors to have relevant experience and expertise.

ESG Committee

Responsibilities

Research and analyze the Company's ESG status and determine the ESG strategies, goals, and mechanisms that are in line with the Company's reality; assist the Board of Directors in identifying, assessing, and managing key ESG topics (including risks and opportunities) and assess and manage material ESG topics (including ESG risks); supervise the execution of ESG action items and progress towards the Company's ESG goals; review the Company's ESG reports disclosed externally, report to the Board of Directors and, when necessary, hold meetings on material ESG-related matters and make suggestions to the Board of Directors; and conduct other matters authorized by the Board of Directors.

Composition

Its chairman is the Company's CEO and its members include Heads of relevant departments.

Meetings

The ESG Committee shall hold at least one ESG Committee meeting every year to discuss and decide on related work.

ESG policies and mechanisms

To advance the standardization of ESG work to which it attaches great importance, Delton Technology identified six key policies and made them public in 2023 based on the results of the materiality analysis and the Company's key business and development trends.



Code of Business Conduct and Ethics

The purpose is to constantly standardize the behaviors of all Delton people to ensure that all its employees and partners not only do the right things but also do them right. The Code defines nine ways to do things right and the audit and inspection procedures to ensure the implementation of related principles.



Anti-Corruption Policy

The policy expounds on the Company's stance against corruption, applies to all employees and business partners of Delton Technology, describes common forms of corruption and bribery, and discloses reporting channels to ensure the steady advancement of the Company's anti-corruption work.



Whistleblowing and Whistleblower Protection Policy

The policy defines its scope of application and the scope of whistleblowing acceptance and requires that the whistleblowing reports must be genuine and free from fabrication, exaggeration, or implications to innocent parties. The policy also explains the whistleblowing handling process and makes public the whistleblowing channels.



Code of Conduct for Suppliers

Delton Technology is committed to working with like-minded partners and spreading influence through responsible sourcing. The Code expounds on the Company's practice of its values in the area of procurement, covers labor standards, health and safety, environmental protection and business ethics, and describes the supplier management system.



Human Rights Policy

Delton Technology respects human rights. The Policy covers not only the staff of the Company's business departments but also people in neighboring communities, suppliers as well as others who may be affected by the use of the Company's products and services. The Policy expounds on the Company's related principles and stance and matters related to training, publicity, consultation and reporting.



Policy for Management of Conflict Minerals

Delton Technology insists on not using in its products minerals improperly mined in areas of conflict and not purchasing products that contain minerals improperly mined in areas of conflict. The policy expounds on the Company's stance and supplier management process and that the Company strives to grow together with its partners and advance the sustainable development of the mineral supply chain.

Communication with and Participation of Stakeholders

Delton Technology attaches importance to stakeholders' concerns and needs, maintains comprehensive and sincere communication with stakeholders in many ways, and responds to their concerns.

Composition of stakeholders	 Shareholders and investors	 Regulators	 Customers	 Employees	 Suppliers	 Communities	 Social organizations (e.g., media, NGOs and industry associations)
Concerns of stakeholders	<ul style="list-style-type: none"> Company's business and fundamentals Long-term development planning and financial performance Corporate governance and risk control Investor communication and interaction 	<ul style="list-style-type: none"> Law-abiding and compliant operations Protection of rights and interests of customers, employees and other stakeholders Stable product operation Driving of economic growth 	<ul style="list-style-type: none"> Excellent product performance Information security and privacy protection Green products standards Timely and efficient customer services 	<ul style="list-style-type: none"> Remuneration and benefits Career development and training Work-life balance Stable company development Workplace health and safety 	<ul style="list-style-type: none"> Fair and transparent selection procedures Stable financial performance Payment policy Long-term and stable cooperative relationships Fair, just, open and transparent procurement environment 	<ul style="list-style-type: none"> Contributions to community sustainable development Sharing of company development achievements 	<ul style="list-style-type: none"> Good cooperative relationships Timely sharing of company experience and practice Transparent information communication and sharing Industry's common development
Some communication and participation methods	<ul style="list-style-type: none"> Regular information disclosure General Meeting of Shareholders Investor roadshows and conferences Telephone and email for communication 	<ul style="list-style-type: none"> Participation in relevant meetings Communication with industry associations and other institutions 	<ul style="list-style-type: none"> Pre-sales communication After-sales service Routine communication (e.g., customer visits) High-quality exhibitions 	<ul style="list-style-type: none"> Online communication platforms Employee complaint hotlines Employees' congresses Reasonable suggestions 	<ul style="list-style-type: none"> Technical exchanges On-site audits and communication Regular visits 	<ul style="list-style-type: none"> Face-to-face communication Public welfare activities Complaint hotlines 	<ul style="list-style-type: none"> Press conferences Regular communication Project cooperation



Standardized Governance to Ensure Sustained Development

Governance is the cornerstone of excellent ESG performance. Delton Technology has built a governance structure in line with its reality around modern corporate governance requirements and foundations, and it comprehensively strengthens its code of business ethics and ensures not only doing the right things but also doing things right, providing a solid guarantee for continuous and stable company operations.

Our goals

- To build and implement a scientific and effective governance structure according to regulatory requirements to protect all shareholders' interests.
- To release the *Delton Technology's Code of Business Conduct and Ethics* to ensure the Company's ethical conduct.
- To advance information security systematically to ensure its ISO 27001 system certification remains valid.

Our progress

- Built a governance structure composed of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the senior management in full accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies* and the related laws and regulations of the China Securities Regulatory Commission, which functions orderly.
- Enhanced the diversity and professionalism of BOD members, with 80% of BOD members being female and 40% being independent directors.
- The Company released the *Delton Technology's Code of Business Conduct and Ethics*.
- Passed the ISO/IEC 27001:2013 certification on September 14, 2020, for the first time;
- In 2023, Both Delton Guangzhou and Delton Huangshi passed the re-certification of ISO/IEC 27001:2022.



Establishment of a Sound Corporate Governance System

Delton Technology has been seeking standardized and systematic corporate management and corporate governance in the past decade.

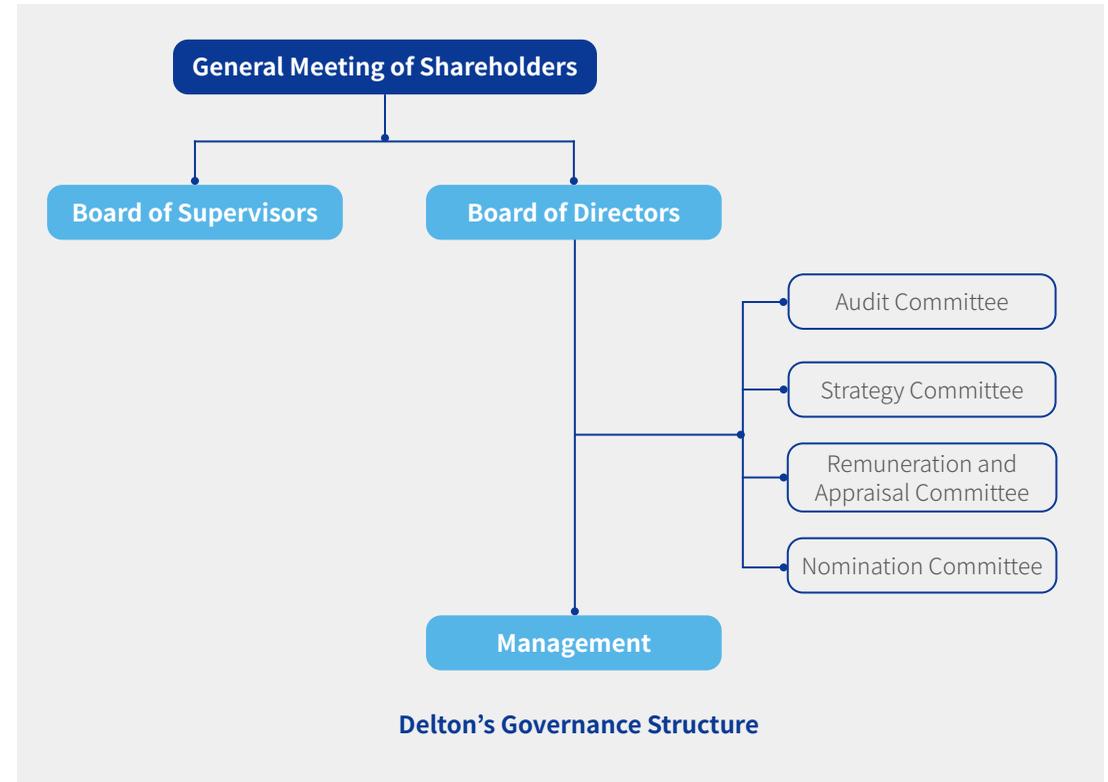
To better support its business development, Delton Technology filed an initial public offering (IPO) application to the Shenzhen Stock Exchange on February 28, 2023. The Company passed the Listing Committee Meeting's review on July 6, 2023, and filed a registration application on September 4, 2023. The IPO registration application of Delton Technology (Guangzhou) Inc. was approved by the China Securities Regulatory Commission by its announcement on January 4, 2024.

Currently, the Company has built a modern corporate governance system as required by related laws and regulations, which represents a solid guarantee for its global development.



Improvement of corporate governance structure and system

Delton Technology continues to improve its governance structure composed of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the senior management in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies* and the related laws and regulations of the China Securities Regulatory Commission, and continues to standardize its operations.



In 2023, the Company held three General Meetings of Shareholders and six BOD meetings; the Board of Directors deliberated and adopted 33 resolutions such as the election of the second chairman and the election of the general manager, etc.; documents, including the *Articles of Association*, the *Rules of Procedures of the Board of Directors*, the *Rules of Procedures of the General Meeting of Shareholders* and the *Rules of Procedures of the Board of Supervisors*, were in place and took effect, through which the corporate governance system was optimized.

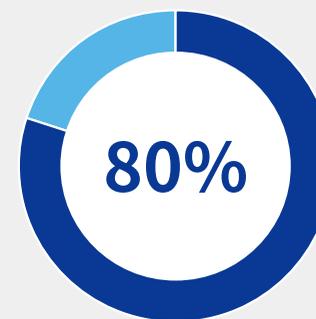
Appointment of BOD Members and Professional Committees

Member	Personnel background			Professional committee			
	Gender	Position	Subject expert	Audit Committee	Strategy Committee	Remuneration and Appraisal Committee	Nomination Committee
Xiao Hongxing	Male	Chairman	PCB industry technology and management	—	★	—	★
Zeng Hong	Female	Director and General Manager	PCB industry system and management	—	●	●	●
Liu Jinchan	Female	Director	PCB industry management	●	—	—	—
Chen Limei	Female	Independent director	Chinese Certified Public Accountant	●	●	●	●
Li Ying	Female	Independent director	Chinese Certified Tax Agent Chinese Certified Public Accountant	★	—	★	—

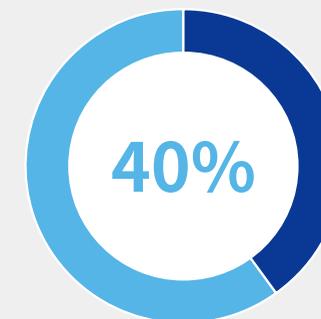
Note: ★represents the committee chair, ●represents a committee member, and —represents no position holding.

Highlights

Proportion of female BOD members



Proportion of independent directors



Maximization the value of governance bodies

The professional operation of the Board of Directors is crucial for the making scientific and effective decisions for corporate strategic development, which was key in the early stage of establishment of Delton Technology's governance bodies, with the three dimensions taken into full account.



Background of BOD members

The Company makes professionalism the core criterion for BOD member selection. Its current members possess rich professional backgrounds in the industry, deep insights into industry and corporate development trends as well as strategic foresight, and they also have years of experience in auditing, accounting, and tax regulations to ensure compliant operations.



Composition and operation of professional committees

The establishment of the Board of Supervisors, the Audit Committee, the Strategy Committee, the Remuneration and Appraisal Committee, and the Nomination Committee within the governance structure of the Board of Directors complies with the related requirements of regulators and guarantees the standardized operation of the Board of Directors.

Operation of Board of Supervisors and Professional Committees in 2023

Organization	Personnel	Operation in 2023
Board of Supervisors	<ul style="list-style-type: none"> Mr. Huang Jinguang: Chairman of the Board of Supervisors and Director of Manufacturing Department of the Company. Mr. Zhou Zhiyong: Supervisor and Senior Manager of Operation Department of the Company. Mr. Peng Jinghui: Employee Representative Supervisor and Chief Expert of Research Institute of the Company. 	Convened four meetings and deliberated and approved 19 proposals.
Audit Committee	<ul style="list-style-type: none"> Liu Jinchan: Director. Li Ying: Independent Director, Chinese Certified Tax Agent, and Chinese Certified Public Accountant. Chen Limei: Independent Director and Chinese Certified Public Accountant. 	Convened two meetings and deliberated and approved 11 proposals.
Strategy Committee	<ul style="list-style-type: none"> Xiao Hongxing: Chairman. Zeng Hong: Director, General Manager, and Senior Electronic Engineer. Chen Limei: Independent Director and Chinese Certified Public Accountant. 	Convened two meetings and deliberated and approved three proposals.
Remuneration and Appraisal Committee	<ul style="list-style-type: none"> Li Ying: Independent Director, Chinese Certified Tax Agent, and Chinese Certified Public Accountant. Zeng Hong: Director, General Manager, and Senior Electronic Engineer. Chen Limei: Independent Director and Chinese Certified Public Accountant. 	Convened one meeting and deliberated and approved two proposals.
Nomination Committee	<ul style="list-style-type: none"> Xiao Hongxing: Chairman. Zeng Hong: Director, General Manager, and Senior Electronic Engineer. Chen Limei: Independent Director and Chinese Certified Public Accountant. 	Convened two meetings and deliberated and approved seven proposals.

Advocating for Responsible Business Operation Management

We have advocated doing the right things and doing them right since our establishment. We firmly believe that adhering to legal requirements is the fundamental prerequisite for our sustainability. A truly great company must embrace widely recognized ethical standards as its guiding principles.

We consider integrity as the fundamental core of all our business management plans and strictly adhere to fair, just, honest, and incorruptible cooperation standards across all business activities. We unequivocally prohibit any form of illegal activities and enforce the rule of “No Related Parties Transactions, No Bribery, No Inferior Quality, No Cutting Corners, No Falsification, No Frauds, and Honoring Commitment.”



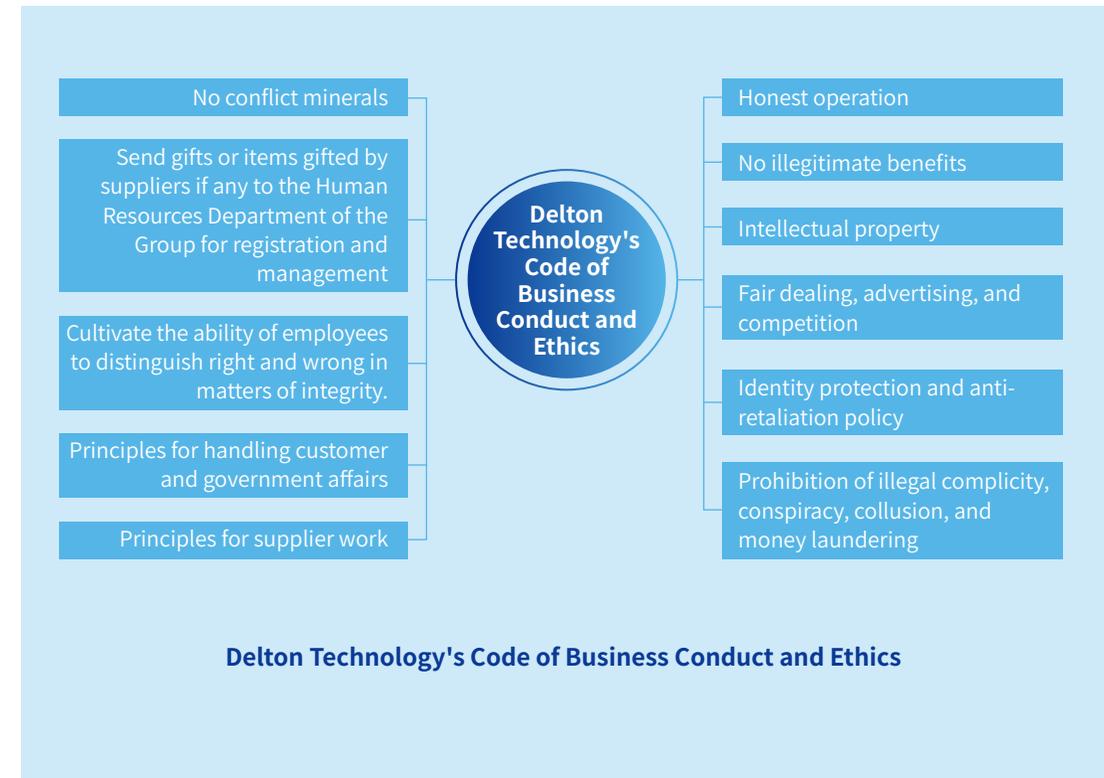
Strengthening business ethics standards

Sound systematic framework

We have issued the *Business Ethics Management Standards* by meticulously referencing both Chinese and foreign standards while fully incorporating good practices into consideration, which clarify the boundaries of business ethics, designate internal responsible departments, and establish processing procedures, thereby providing a sound framework for the precise execution of business ethics practices. To guarantee the ongoing effectiveness of the document, we will irregularly review its content and execution through internal audits, third-party customer audits, etc., while also regularly updating its content.

Our managers across all departments regularly educate employees on the requirements of the Ethics Standards to ensure that all employees understand and implement these standards actively.

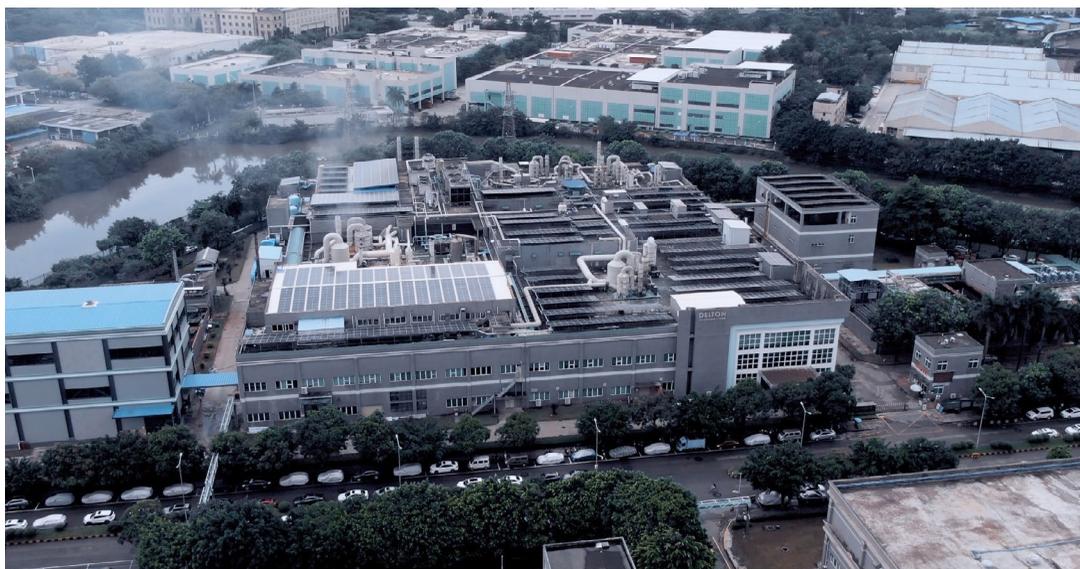
We refine the practices of business ethics together with the departments' actual work in our key business areas. In terms of sales, we have established a sales ethics compliance management system, which fully covers the basic sales processes such as sales policies, market development, sales plan management, product pricing, sales order and contract management, customer credit management, product ex-warehouse and shipping/return management, sales accounting and collection management, code of conduct for sales fraud and integrity, and industry standards. The Sales Department also offers regular compliance training every year to enhance the compliance awareness of salesmen and conducts inspections through departments such as the Operation Department, Finance Department, and Audit Department to adequately avoid the risk of violations.



Anti-corruption and anti- bribery

We have always followed the principles of honesty and mutual benefits in business operations, conducting global business operations within the legal frameworks of fair competition, anti-bribery, and anti-corruption laws of various countries. We advocate a code of conduct that emphasizes honesty, integrity, fairness, and justice, which come first before commercial interests, and maintain a "zero tolerance" attitude towards any form of corruption and bribery, including any bribery committed by directors, managers, employees, contract workers, or third players acting in the name of Delton Technology.

We publicly issued the *Anti-corruption Policy* in 2023, applicable to all directors, managers, and employees of various departments and subsidiaries of Delton Technology (Guangzhou) Inc., as well as business partners.



Management Procedures



The Company requires personnel in high-risk positions to sign the *Ethics and Integrity Commitment Letter* and undergo annual audits of travel and entertainment expenses. The Company also carries out audits to supervise and confirm the performance of integrity agreements with key customers.



For value chain partners such as suppliers, we clearly state that no kickbacks or other improper benefits should be received from suppliers. Employees and their families are strictly prohibited from accepting gifts, cash, or other disguised forms of payment from suppliers. If any such gifts cannot be refused or returned, they should be turned over to the Human Resources Department of the Company/Group for centralized handling. We synchronously promote that suppliers should not bribe our customers or government personnel related to beneficial interests in any way. In principle, it is prohibited to accept amusement entertainment. Suppliers recognized by the Company will be required to sign the *Ethics and Integrity Commitment Letter* with the Company.

We regularly conduct learning and promotion of integrity systems, enhancing the awareness of integrity for all employees through assessments:



We organize annual learning and assessments of the honesty and integrity provisions for all employees every March, with a score of 100 being considered passing. In 2023, the Company completed anti-corruption and anti-bribery specialized training for directors and senior management personnel.



Before each Chinese traditional holiday, we reiterate our honesty and integrity management requirements through our corporate official account to both internal employees and suppliers. The procurement team will also inform suppliers of the relevant requirements via e-mail or other means.



We organize an annual self-assessment of integrity for all personnel at the manager level and employees in departments related to customers, government, and supplier management every December. For any exceptions, the relevant departments will collaborate with the responsible departments to formulate corrective measures.

In 2023, we actively advocate integrity towards customers and partners. monitored the performance of integrity agreements with key customers, the signing of supplier transparency agreements, and the execution of the provisions in our *Business Ethics Management Standards*. We also conducted annual awareness training, holiday integrity and anti-corruption publicity, agreement signing, and self-assessment of integrity and corruption.



No illegitimate benefits



It is not allowed to promise, offer, grant, or accept bribes or any other forms of benefits intended to obtain illegal or improper advantages.



Commitments made by employees to suppliers, customers, or government agencies must be authorized by the Company.



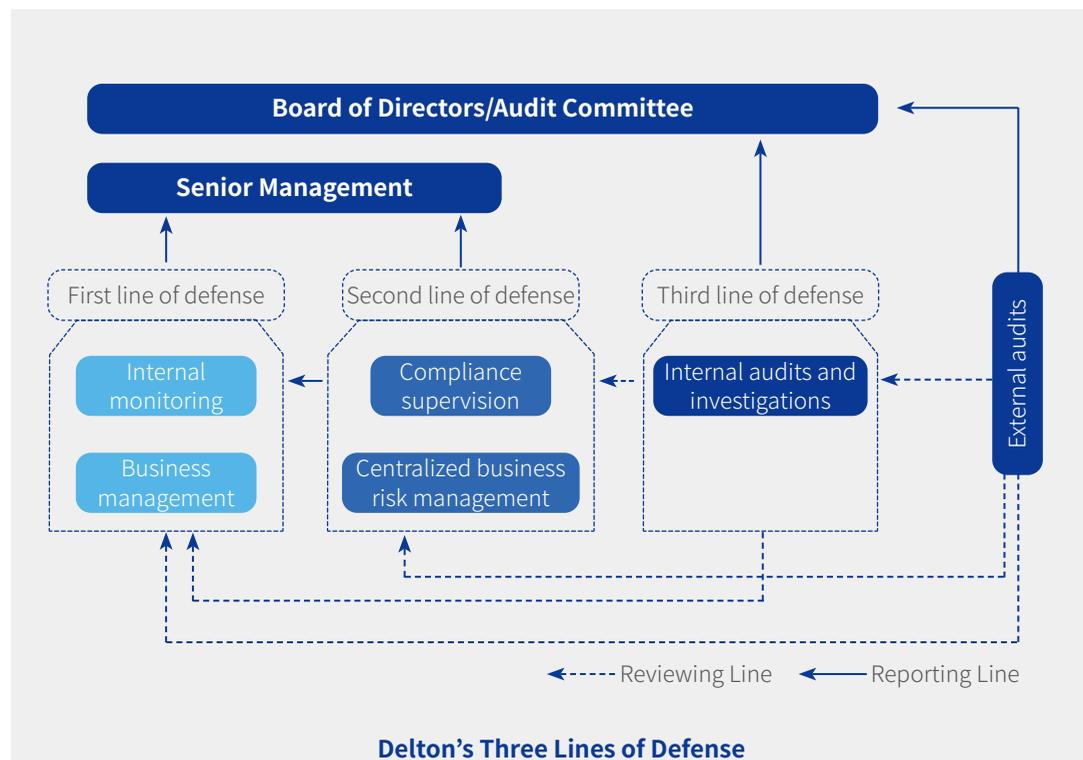
Employees must proactively declare any private interest relationships they or their immediate family members have with suppliers, customers, or government agencies and adhere to the principle of avoidance during business.



The Company's confidentiality and non-competition agreements must be strictly followed for procurement information, customer information, and other critical data of the Company.

Audit supervision and risk prevention and control

We have established a sound system of three lines of defense, and the Audit Committee under our Board of Directors serves as the highest organization to ensure overall compliance and controllable risks. The business, risk, and internal audit teams form different lines of defense and collaborate with external audits to ensure the normal operation of the system.



We have seamlessly integrated audit and internal control, focusing on operational, financial, and social responsibility compliance (labor, ethics, environment, safety, information security, intellectual property, etc.). We collect new regulations monthly, promptly organize reviews, and incorporate applicable requirements into our management system. We annually organize a centralized self-assessment by compliance departments, followed by spot checks and verifications by the Corporate System Department to confirm compliance. We also incorporate the execution of regulations in the annual management review.

In 2023, our compliance audits primarily targeted areas such as procurement, solid waste, budget, contract, and information system management. After identifying issues through audits, we primarily addressed them through system optimization and IT improvements to ensure effective execution.

For major projects with contract amounts exceeding RMB 5 million, we follow a full-process offline audit covering "project initiation - procurement tendering & bidding - procurement contract - contract execution and acceptance - contract payment."

In 2023, our Internal Audit Team promoted systematic learning of audit methods and internal control systems such as strategic management, internal control and risk management methods, information system audits, fraud audit cases, and company management systems. The team internally shared and discussed audit projects in the form of case studies to improve the comprehensive abilities of auditors. Throughout the year, the team completed 31 training courses with a total of 106 hours of learning. The team also participated in the learning and assessment of 11 courses on the company-level "Company IQ" platform, primarily involving environment, safety, security, and business ethics awareness education, providing a favorable guarantee for enhancing audit skills and knowledge.

Whistleblowing and whistleblower protection

The Audit Department of Delton Technology receives whistleblowing information. The following whistleblowing channels are available to all internal and external stakeholders:



-  **E-mail: audit@delton.com.cn**
-  **Hotline: 020-82210789**
-  **By scanning the QR code for the whistleblowing channel on the Delton WeChat official account, the whistleblowing reports can be automatically forwarded to the Audit Department.**



Highlights



There were

0

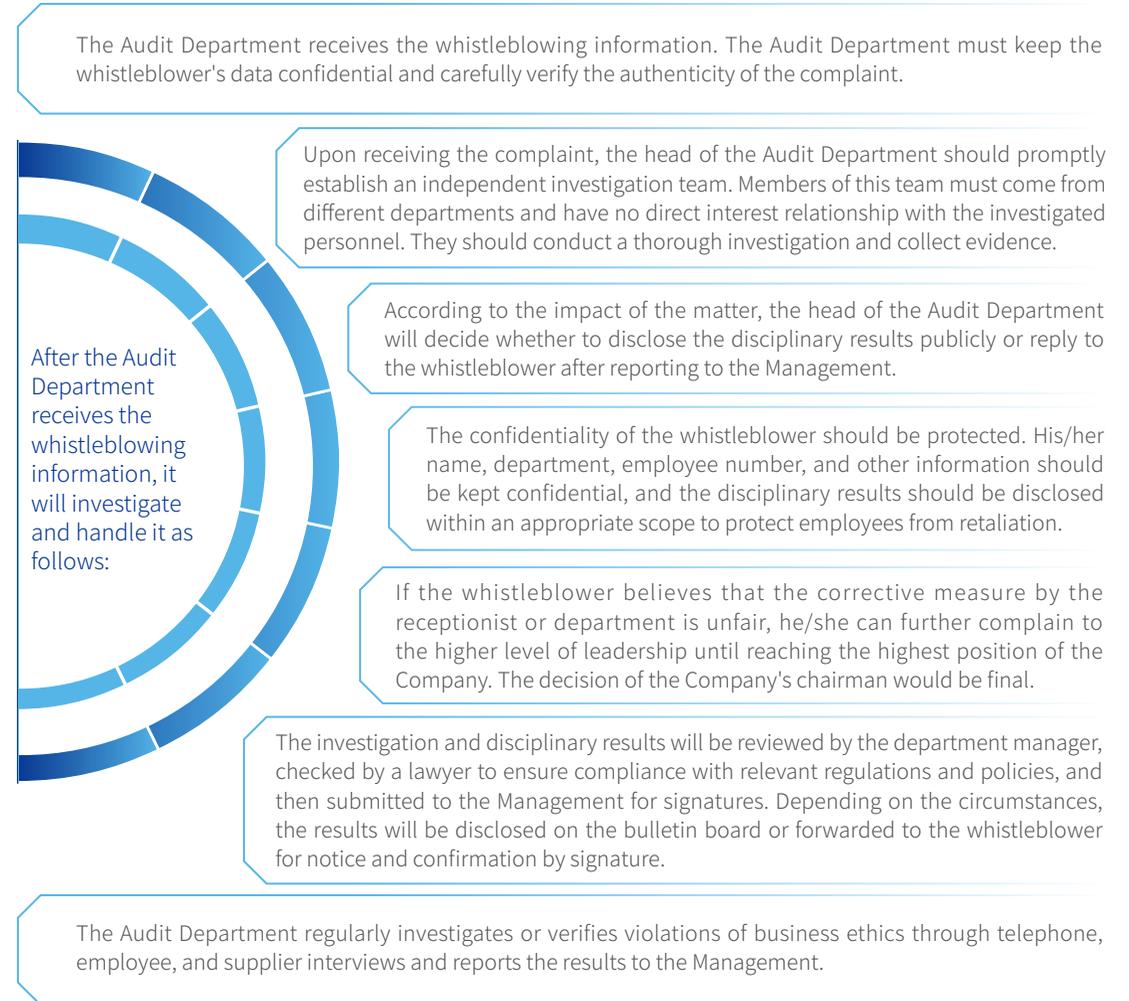
corruption lawsuits against the Company and its employees in 2023.



There were

0

reports or complaints related to integrity and corruption in 2023.



We protect whistleblowers, ensuring the confidentiality and anonymity of their reports and ensure protection from retaliation.

Improving tax risk management

One of the fundamental obligations for every enterprise is to pay taxes according to the law and with integrity. Delton Technology has developed the *Operating Procedures for Tax Management* in accordance with relevant laws and regulations, for the purpose of comprehensive, scientific, and effective management of its tax-related matters.

As a daily routine, the departments review tax issues identified in previous years through self-inspections by tax service, as well as an analysis of the relevant tax law provisions involved. Every Monday, tax officers from various factories conduct cross-checks on pending actions and tax notifications in the electronic tax service system to ensure compliance with tax laws and regulations.

Delton Technology received A rating in tax payment credit evaluation in 2019 to 2022 and also A rating in the tax credit pre-evaluation in 2023, which marks the recognition of Delton Technology's tax management quality by regulators.



Special project of tax risk management

On July 28, 2023, we invited accountants from Yuanhua Accounting Firm to conduct on-site training on tax laws within the factories, which covered declarations, exemptions, and credits of income tax, value-added tax, and other taxes. This training aimed to provide the Finance Department with a comprehensive and detailed understanding of tax-related issues, fostering a complete concept of tax law formation. Specifically, it was designed to enhance the department's grasp and application of the tax system, offering positive assistance and significant importance.

We also organize regular external and internal training sessions for tax accountants, focusing on tax knowledge and tax management.

No.	Factory	Tax inspection items	Taxes involved	Effect
1	Guangzhou Factory and Huangshi Factory	Analysis of tax laws provisions related to self-inspections by tax service from 2022 to 2023	Corporate income tax, stamp tax, personal income tax, etc.	The tax laws and provisions were further interpreted to avoid underpayment and overpayment of taxes and fees and inspect tax-related risks in the Company.
2	Dongguan Factory	Analysis of different taxation methods for property tax in Dongguan	Property tax	The tax payment plans were calculated based on different tax calculation methods to provide reasonable tax planning for the Company.
3	Group	Analysis of stamp tax calculation basis and data retrieval logic of financial accounting subjects	Stamp tax	The data retrieval method of the Group's stamp tax calculation basis was improved in combination with the reality of the Company to reduce tax risks.
4	Group	Analysis of preferential tax policies applicable to the Company in 2023	Corporate income tax, stamp tax, personal income tax, etc.	The Company expects to apply for a tax refund of RMB 1.7 million according to the newly introduced preferential tax policies in 2023.

Information security and data protection

We are committed to reasonably protecting the personal information of all business-related personnel, including suppliers, customers, and employees. Without obtaining consent, such personal information should not be intentionally disclosed to other personnel.

We strictly adhere to relevant regulations to ensure compliance with privacy and information security laws and regulations when collecting, storing, processing, transmitting, and sharing personal information and ensure relevant work through the *Manual of Information Security Management System*.



In terms of firewall settings, the default policy prohibits all access. Service ports are opened as needed for each server, and by default, the server area is closed to internet access. Servers that need to provide services to the public network are restricted from accessing the internal network.



We manage virus definition updates on a company-wide basis and regularly perform full-disk scans to eliminate viruses. O&M engineers regularly conduct inspections of virus scanning logs, apply security updates, and address any abnormalities.



We distinguish testing and production environments and isolate the two networks. All server patch updates are first tested in the testing environment and then deployed in the production environment after verification.



For specific physical aspects of information security, access control systems are used to restrict personnel access, and modular cabinets are maintained with locked doors and secondary authentication (fingerprint authentication) to ensure server security. Unauthorized personnel are not allowed to touch the equipment.



We execute permission settings for different users, adhering to the principle of "minimum permission." There is only access to any information required for users' tasks and roles. Permissions are set according to job permission matching forms.



For specific groups such as directors, supervisors, and senior officers, we employ semi-annual centralized reviews of their information system permissions, which cover internet services, file services, SAP systems, OA systems, access control systems, VPN permissions, USB permissions, etc. We conduct dynamic adjustments and optimizations based on the review results.

In 2023, the Guangzhou and Huangshi factories achieved full coverage of information security training and successfully passed the ISO/IEC 27001 recertification audit.



Responsible Products to Lift Customer Satisfaction

In response to the development trend of the new generation of the information technology industry, we firmly adhere to the corporate mission of "providing excellent services for the intelligently connected world" and uphold the values of "taking customers first, satisfying employees, working hard for success, and leading with innovation." We strengthen innovation, adhere to independent innovation, cultivate new energy, improve product quality, and enhance our core technological competitiveness. We strive to provide customers with high-quality products and aim to become a leading enterprise in the new generation of the electronic information industry within the global supply chain.

Our goals

- To continuously strengthen R&D investment, enhance R&D personnel development, and improve equipment and hardware.
- To fully promote digital and intelligent transformation and enhance intelligent manufacturing capabilities and standards.
- To achieve a 100% pass rate for customer audits throughout the year and a customer satisfaction score reaches to 95.26 which well meets our expectations.

Our progress

- Our R&D investment exceeded RMB 120 million in 2023 and the yearly R&D expenses accounted for more than 4% of total operating income for each of the past three years.
- After being evaluated and assessed by the China Academy of Information and Communications Technology in August 2023, Delton Technology (Guangzhou) Inc. achieved a score of 66.07 in the level of "digitization, networking, intelligence, and greening," at Level L3A.
- Its customer satisfaction score reached 95.29% in 2023. The Company successfully met the target for three consecutive years. The Company achieved a 100% pass-rate for customer audits throughout the year.



Innovating to Foster New Productive Forces

Integrating technological innovation resources, spearheading the advancement of strategic emerging and future industries, and fostering the rapid formation of new productive forces are pivotal routes for propelling China's economic growth toward a higher-quality trajectory.

Since our establishment, we have chosen a differentiated path in high-end PCB manufacturing, targeting high-performance computing and 5G communication as its main product areas. We are committed to

technology development in areas such as high-end servers, 5G communication, AI computing, and high-end laptops, providing a guarantee for the rapid formation of new productive forces. We have undertaken major special projects from the Ministry of Industry and Information Technology of the People's Republic of China, mastered core manufacturing technologies and processes for server PCBs with independent intellectual properties, and possess domestically advanced technical strength, forming a unique technical competitiveness.

Delton Technology's innovation strength

Innovation qualifications

Intellectual Property Demonstration Enterprise of Guangdong Province, Innovation Benchmark Enterprise of Guangzhou, and Gazelle Enterprise in Huangpu District for six consecutive years.

R&D institutions

Guangdong Enterprise Technology Center, Guangdong Engineering Technology Research Center for High-Frequency and High-Speed Printed Circuit Boards, and Guangdong Industrial Design Center for High-Frequency and High-Speed Printed Circuit Boards.

R&D Level

Undertook major special projects of the Ministry of Industry and Information Technology (accepted in 2023) and undertook 17 provincial and municipal government science and technology projects in the past 5 years.

Intellectual Property

A total of 339 patent applications, with 170 granted; hosted/participated in 7 industry/group standards; registered 24 computer software copyrights.

Technical Achievements

Won 17 provincial high-tech products such as high-multilayer high-speed printed circuit boards for big data servers; completed evaluations of 8 scientific and technological achievements in the past three years.

Science and Technology Awards

Won the Excellence Award of the 8th and 9th Guangdong Patent Awards; won the Third Prize of the Science and Technology Progress Award of the China Electronics Society.



Strengthening fundamental innovation capability

Developing a top-tier innovation team

Talents stand as the top resource and we have an R&D team composed of 291 people, accounting for 11.09% of the total number of employees. As the technical leader of the Company, Chief Engineer Li graduated from South China University of Technology with a degree in Chemical Engineering and holds a senior professional title in chemical engineering. In the past three years, he has successfully led 57 R&D projects and transformed 19 scientific and technological achievements.

Creating first-class innovation hardware

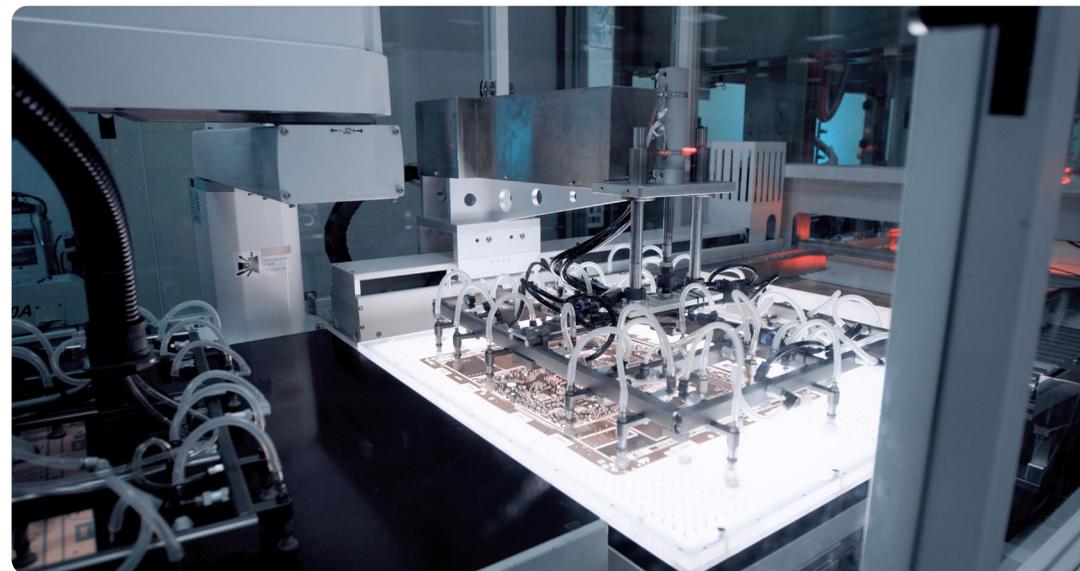
We have established multiple provincial and ministerial-level R&D platforms such as the National Enterprise Technology Center, Guangdong Engineering Technology Research Center for High-Frequency and High-Speed Printed Circuit Boards, Guangdong Enterprise Technology Center, and Guangdong Industrial Design Center for High-Frequency and High-Speed Printed Circuit Boards. We have established a domestic first-class laboratory for printed circuit board research, with an original value of laboratory instruments and R&D equipment reaching RMB 70 million, laying a solid hardware foundation for R&D, design, product testing, and manufacturing.

With an original value of laboratory instruments and R&D equipment reaching RMB

70 million

The R&D expenses accounted for more than

4% of total operating income for the past three years





Innovation in Process Technology with Environmental and Social Benefits

Under the broad context of green manufacturing and intelligent manufacturing, the Company improved product structure, optimized the layout of technical capabilities, and developed

Laser Green Efficient Drilling Processing Technology

The Company adopted laser drilling instead of mechanical drilling. In terms of hole plugging auxiliary material processing, the efficiency increased by 250% compared to traditional mechanical processing. It achieved direct processing of through-holes with a diameter of 80-150 μm in through-hole processing. Compared with traditional CO₂ laser processing technology, it reduced the time for board surface treatment, effectively shortened the product processing cycle, liberated the capacity of mechanical drilling machines, reduced the energy consumption of electrical wind energy, and did not produce tool and auxiliary material wear.

Non-destructive Testing Technology for Hole Quality

The Company developed non-destructive testing technology for hole quality. The non-destructive testing significantly improved efficiency compared to traditional testing, avoiding the scrapping of boards brought about by traditional testing technology.

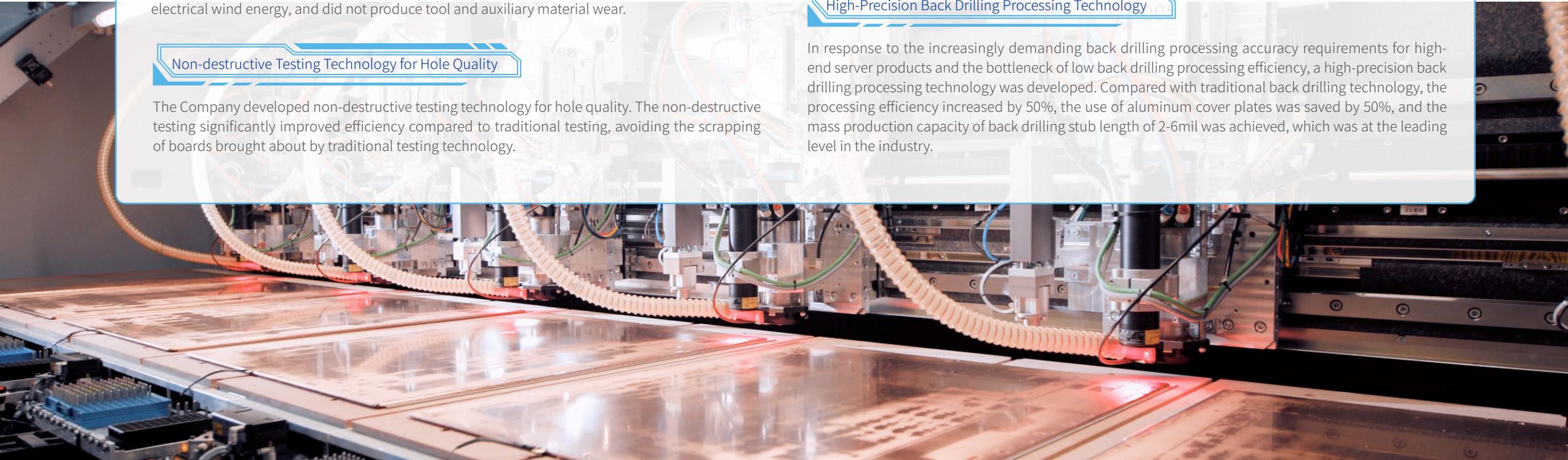
innovative process technologies with environmental and social benefits, enhancing the Company's sustainable development capabilities and market competitiveness.

Large Depth-to-Diameter Ratio Micro-hole Combination Processing Technology

In response to the low efficiency of mechanical drilling of large depth-to-diameter ratio through-holes and large drill bit consumption, a combination processing technology was proposed to replace traditional mechanical drilling, reducing the processing time of large depth-to-diameter ratio micro-holes, and the single machine time consumption was reduced by nearly 40%.

High-Precision Back Drilling Processing Technology

In response to the increasingly demanding back drilling processing accuracy requirements for high-end server products and the bottleneck of low back drilling processing efficiency, a high-precision back drilling processing technology was developed. Compared with traditional back drilling technology, the processing efficiency increased by 50%, the use of aluminum cover plates was saved by 50%, and the mass production capacity of back drilling stub length of 2-6mil was achieved, which was at the leading level in the industry.

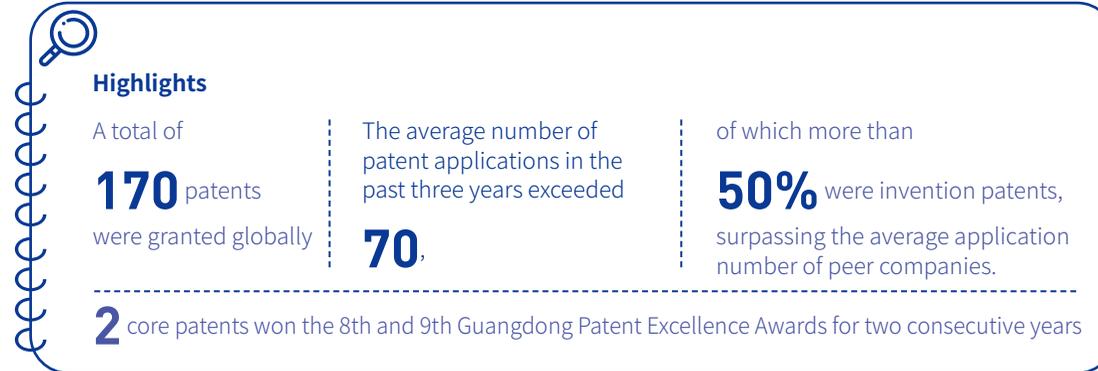


Strengthening industry-university-research cooperation

The Company attaches great importance to independent innovation as well as cooperation with universities, research institutes and other stakeholders. We have established a management mechanism for industry-university-research cooperation to fully utilize the technical, talent, and resource advantages of various universities and introduce high-quality professionals to meet our technical needs. To facilitate the integration of high-tech into traditional industries and elevate the engineering and industrialization standards of scientific research achievements, the Delton Technology Research Institute has established long-standing cooperation with famous Chinese institutions, including Guangdong University of Technology, University of Electronic Science and Technology of China, and South China University of Technology. The Institute has taken on significant national industrial and information technology projects, as well as various provincial and municipal science and technology planning projects, keeping up with the world's leading technology in various technical fields of the electronic circuit industry.

Bettering intellectual property management

To standardize our intellectual property management and effectively protect its legitimate rights and interests and its employees, we have formulated a series of management systems such as the *Intellectual Property Management System*, *Control Procedures for Intellectual Property Application and Inquiry*, *Intellectual Property Risk Prevention System*, *Control Procedures for Intellectual Property Evaluation*, *Management Procedures for Intellectual Property Information Resources*, *Intellectual Property Emergency Response Plan*, and *Operating Guidance for Patent Application and Thesis Submission*. Through regulations on the creation, protection, and management of intellectual property, we analyze and control intellectual property risks, improve the R&D level of new technologies and products, and effectively prevent and reduce intellectual property infringement disputes, supporting the sustainable development of the Company.



Given our strategic and technical plans, the focus of recent years has been on patent applications and arrangements in high-frequency and high-speed, rigid-flexible boards, HDI, and special process products to improve patent quality.

Delton Technology's 2023 Group Summer Intellectual Property Incentive Meeting held

To encourage technological innovation, promote intellectual property creation, and enhance its intellectual property standards, Delton Technology held the 2023 Group Summer Intellectual Property Incentive Meeting on July 29, 2023. Its middle and senior managers and technicians participated in this meeting. At the meeting, managers of various departments issued incentive awards and certificates, involving nine journal papers, eight computer software copyrights, five granted invention patents, 23 granted utility model patents, and 32 patents in application.

The Annual Paper Review and Intellectual Property Incentive Meeting is an important means for Delton Technology to encourage all members to participate in and respect innovation, which has been held for 7 years, with a total of 307 people awarded.



Promoting digital and intelligent transformation

Promoting the Company's digital transformation

Continuously promoting digital transformation, we have established SAP, Manufacturing Execution System (MES), Warehouse Management System (WMS), Equipment Automation Program (EAP), Business Intelligence (BI), Electric Drive System (EDS), Office Automation (OA), and HR system. Except for logistics outside factories, the data acquisition and interaction features have achieved semi-automatic data acquisition in all the business processes. The data has been initially visualized (electronic dashboard), covering production, equipment, quality, and supply chain data.



In terms of **data integration and sharing**, we execute cross-departmental sharing through system database permission settings. We have established spare parts libraries and customer information libraries within each system, made them accessible for corresponding personnel, and completed the unified authentication across multiple systems.



In terms of **intelligent data analysis**, we implemented research and development, design, production, supply, sales, inventory, and finance based on relevant systems. Our R&D system adopted InPlan/InCAM and initially implemented 3D modeling for some processes (inner layer). We were able to collect and display production line data in real time, and initially realized digital twins.



Highlights

In August 2023, the Company was evaluated and assessed by the China Academy of Information and Communications Technology. The Company's "Four Transformations" level scored 66.07 points, which was at the L3A level. Among them, the digital transformation was at the **L4** level, the networked coordination was at the **L3** level, the intelligent manufacturing was at the **L3** level, and the green improvement was at the **L4** level.

In terms of industry chain collaboration

We have adopted SAP as the core business digital support platform, connecting APS/WMS/EDS/MES/QMS to achieve cross-departmental collaboration in internal R&D, design, sales, production, inventory, material, and quality management, and financial accounting.

In terms of the network environment

We have separated the office and industrial control networks and connected all production equipment through networking. We have preliminarily completed the distributed industrial control network, with partitioned equipment groups gaining gigabit bandwidth access to the industrial control network.

In terms of material procurement

We have established a qualified supplier system, automatically generating procurement plans based on product and material requirements and inventory information. We also plan to establish a Supplier Relationship Management (SRM) system in the future to achieve supplier sourcing and online supplier evaluation.



In terms of warehousing and distribution

We have established a barcode-based WMS, equipped with automatic material delivery equipment (AGVs) and intelligent stereoscopic warehouses are being constructed. AGVs are mainly used for delivering finished products. Currently, material distribution is still manual.

In terms of sales management

We have achieved the management of historical sales data through SAP. In terms of cybersecurity protection, we have established an information security management system and a network technology protection system, equipped with QAX firewalls and antivirus software. We have made performance achievements in information security protection capabilities such as network protection and emergency response.

Empowering industrial design via digitization and intelligence

Benefiting from the Company's digital transformation strategy, we have leveraged information technology, big data, and AI to precisely innovate product processes and made significant achievements in industrial design automation.

Board alignment automation

MI transmits board alignment information to CAM through InPlan scripts. CAM then realizes automatic board alignment in InCAMPro with one click. As a result, the operation time is reduced from 30 minutes to 1 minute.

Board edge processing automation by CAM

MI transmits the necessary information to CAM for board edge processing, such as surface treatment method, copper thickness, lamination positioning method, panel edge routing (PER) size, solder mask color, and text color to CAM. CAM then generates the board edge graphics with one click. As a result, the operation time is reduced from 30 minutes to 2 minutes.

Automatic impedance creation by MI

There are fifty or sixty groups of material number impedances for factory transfer and inputting them by MI one by one in InPlan is very time-consuming. The developed automation program can synchronize the information of impedances for factory transfer to InPlan with one click. As a result, the operation time is reduced from 30-60 minutes to 1-2 minutes.

Program for batch refresh of InPlan material numbers in the backend

By using API scripts to log in and batch update InPlan material numbers in the backend, the workload of ECN is reduced and the original operation time for each material number is reduced from 4 hours to 1 minute.



Enhancing automation level

The data foundation that runs throughout the entire business chain has furnished tremendous possibilities for us to enhance our manufacturing informatization and automation capabilities. We have achieved intelligent logistics for raw materials, intelligent stereoscopic warehouses, and intelligent AGV transportation on production lines, fundamentally improving its overall intelligence capabilities.

The intelligent stereoscopic warehouse realizes the automation, informatization, and intelligence of logistics processes such as the warehousing and ex-warehousing of board materials storage, transportation, production, and sorting. The process includes: unloading and warehousing → pallet disassembly (including shape detection) → scanning and receiving (receiving material information through QR codes) → storage (including storage location management and expiration date control) → automatic execution of ex-warehousing tasks according to plans (including order sorting and first-in-first-out) → automatic transportation from cutting → sorting and returning to the warehouse and removal of empty pallets. This project not only reduces the floor area of the factory, increases the inventory capacity, but also effectively improves the quality performance.



To further boost production process automation, Delton Technology has introduced AGVs to replace manual delivery, which not only improves efficiency but also reduces health and safety risks in the operating environment. According to preliminary estimates, AGVs will operate 600 trips per day, saving 40h of manual labor per day. Nowadays, more than 70 AGV devices have been deployed in Guangzhou and Huangshi. The Company will further increase investment in the future to improve the automation level of the production line.



Significant progress in Dongguan Intelligent Automated CNC Machining and Electronic Manufacturing Service Project

On the morning of May 24, 2023, the Capping Ceremony of the Dongguan Intelligent Automated CNC Machining and Electronic Manufacturing Service Project of Delton Technology was held in the Wangniudun Port Industrial Park in Wangniudun Town, Dongguan. This project is located in the Wangniudun Port Industrial Park in Wangniudun Town, Dongguan, covering an area of 25,181 m² including two factory buildings and one dormitory building, with a floor area of 97,000 m². It is designed for the research, development, and production of intelligent automated CNC machining and high-frequency high-speed board CNC machining, with a total investment of RMB 350 million. After this project reaches its designed capacity, it is expected to achieve a CNC machining capacity of about 1.2 million m² per year.



High-quality Products and Services for Customers

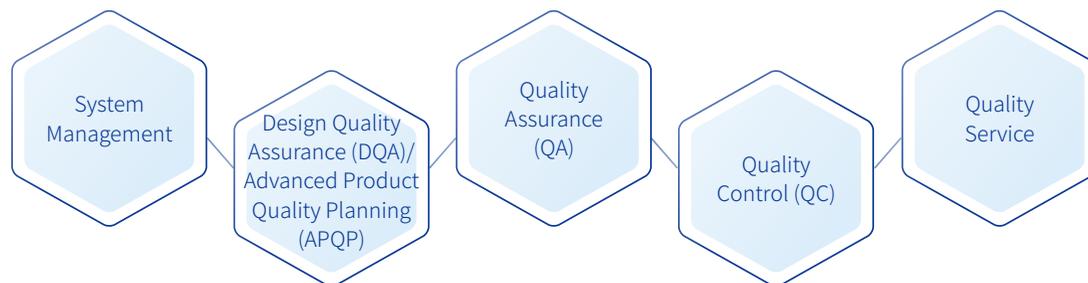
We are dedicated to creating rapid response capabilities, maintaining competitive cost advantages, and achieving customer satisfaction through continuous improvement and innovation in quality, technology, and process.

Achieving excellent product quality

Improving the quality management system

At Delton Technology, the General Manager is the highest manager of quality management and bears the ultimate responsibility for the Company's comprehensive quality management.

To ensure the continuous improvement of quality work performance, the Company has built a quality management system that includes five major modules: Quality Service, System Management, Quality Assurance (QA), Quality Control (QC), and Design Quality Assurance (DQA)/Advanced Product Quality Planning (APQP), ensuring the provision of high-quality products and services to users.



Our Guangzhou Factory and Huangshi Factory went through 159 and 40 customer audits in total respectively throughout 2023, achieving one-time pass rate of 100%.

Highlights

<p>In 2023, the Company underwent a total of</p> <p>199 external quality system audits</p>	<p>with a one-time pass rate of</p> <p>100%</p>	<p>The Company is a member of the China Quality Inspection Association and the Guangzhou Quality Association and has been included in the national list of quality integrity enterprises.</p>
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Enhancement of new product development and process standardization

The introduction and development of new products have always been an important part of the Company's quality management. In 2023, Delton Technology further refined the management of new product development and process standardization, established an internal model, and improved quality performance.

- 01** According to the *Management Procedures for New Product Development Projects* and the review process for super-capabilities and test board projects, boards are manufactured only after reviewing product manufacturing risks, process manufacturing risks, quality reliability risks, product labeling and risks, and material and equipment production tool risks.
- 02** After reviews, forms will be output, including the superpower project review form, the project planning and review form, and goal setting and mass production acceptance standards for super-capabilities projects and products.
- 03** After the products are completed, the product summary and review form and goal setting and mass production acceptance standards for super-capabilities projects will be output.
- 04** Finally, they will be updated to standardized documents after the products pass the small-batch validation.

Refining the product quality control

We continuously improve and strengthen product traceability, assigning core board IDs to products through inner layer pre-treatment, binding different layer core board IDs through lamination, associating inner layer core board IDs with outer layer motherboards after drilling codes, and completing PCS level traceability by associating PNL IDs with PCS units during the character production process. PIECE traceability has been accomplished and the precise time of each board in various production processes can be accurately traced to seconds through the circuit board QR code. A one-click query feature is set in the digital system to find information including production time, quality inspection data, and materials used, as well as the contents and effects of measures.

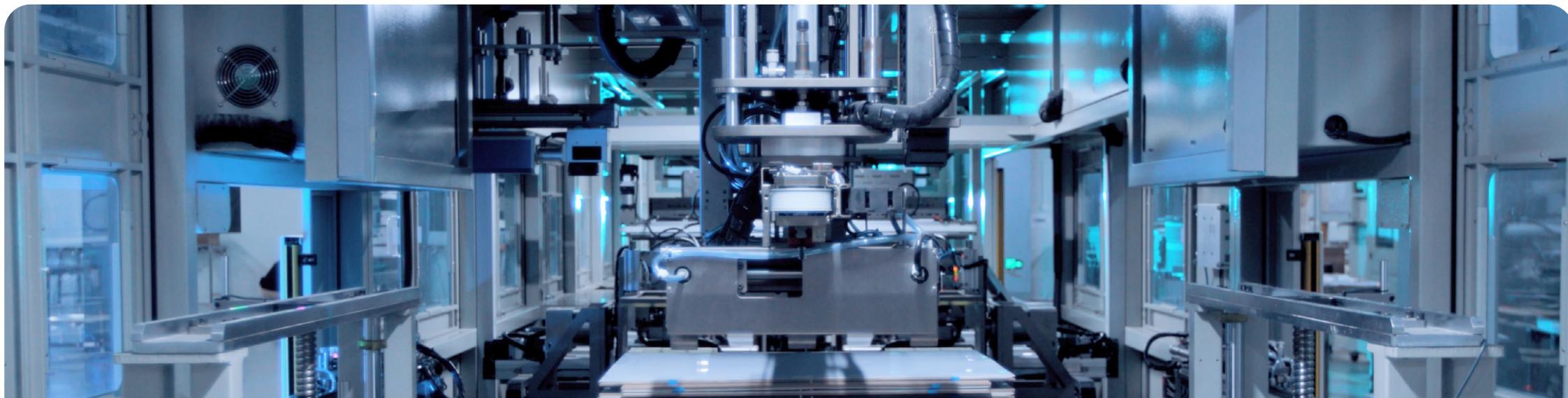
For the control of non-conforming products, we fully utilize digital means to upgrade the non-conforming product handling system. It can effectively prevent the omission of non-conforming products by scanning the code for automatically getting product information to the non-conforming product handling system interface and associating it with WIP instead of prior manual entry of product information. We also provide warning reminders for non-conforming product information, which can reduce the communication time between departments.

For repairs due to quality issues, we have also executed relevant processes, ensuring thorough resolution

of repair issues through various links such as problem initiation, cause analysis and improvement, repair, QC inspection, and confirmation.

Our Testing Center adheres to the premise of high quality, standards, and requirements as an important part of quality control, providing objective and accurate testing results and high-quality services. Since April 2023, a total of 201 testing reports have been completed, with 0 false reports and 0 accidents, and the efficiency of testing tasks is 97.10%. A total of 33 testing equipment calibrations have been completed and the calibration rate of the testing equipment is 100% on schedule. Since the operation of the system, no customer complaints have been received, with a complaint rate of 0. The Testing Center supports OQC shipment, reliability, and periodic testing with a 100% on-time completion rate.

The intelligent equipment renders more opportunities for quality management. We have established a quality management module in the online system, utilizing intelligent quality inspection equipment in certain key processes and monitoring product quality online to conduct quality tracking. For quality problems, it holds automatic detection and prevention and active alarm functions and mechanisms. In the future, the product quality monitoring information will be further used to achieve automatic adjustment of production and manufacturing systems based on quality feedback information.



Creating a culture of quality control among all employees

The cornerstone of sustained quality enhancement resides in fostering a comprehensive quality culture that encourages the active participation of all employees, elevating their quality consciousness, and eventually transforming it into quality control by all employees. We have established various quality promotion and implementation channels, including training, quality month, quality activity season, and quality knowledge competition.

Delton Technology 2023 Lean Management Project and 10th Quality Month Activity for transforming from conventional manufacturing to intelligent manufacturing

On September 1, 2023, the Guangzhou Factory held the 2023 Lean Management Project and 10th Quality Month Kick-off Meeting. The activity month was themed "Improving Quality Via Lean Management." During the month, the Company carried out a series of activities such as weekly group exchanges, selection of the Golden Hoe Award/Golden Key Award, and related article solicitation activities on quality themes, comprehensively sorting out quality work and "winning with quality." The Company launched a lean improvement project and the Company's senior management issued appointment letters to project team leaders to assist in the development of the Company's quality management.

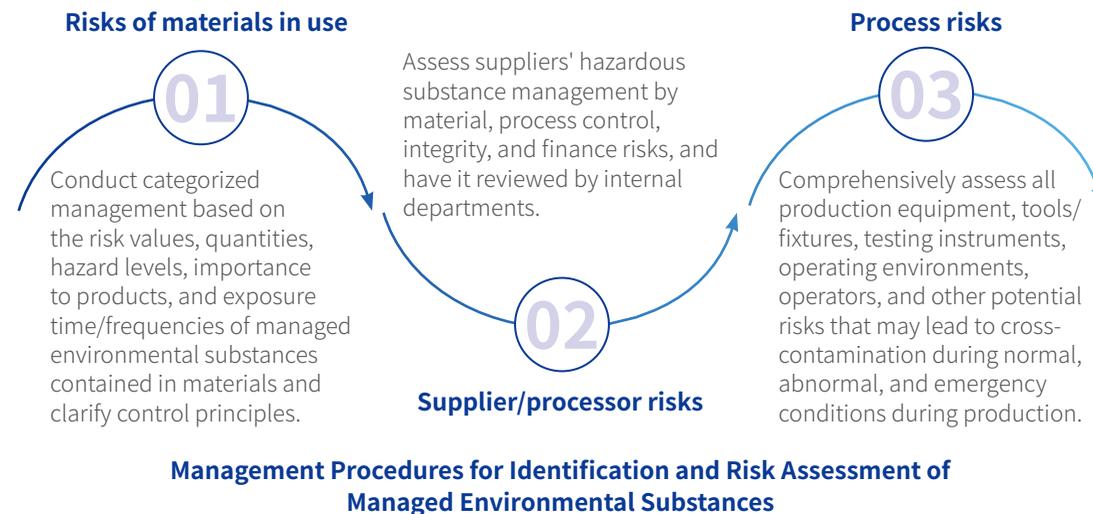


Controlling toxic and hazardous substances

According to the control standards for toxic and hazardous substances in various countries, we have developed the *Management Procedures for Environmentally Important Substance Identification and Risk Assessment* and the *Production Procedures for Green Products* to assess and identify toxic and hazardous substances in raw and auxiliary materials, create green product designs, and reduce or replace the use of toxic and hazardous substances.

In terms of identification and risk assessment of environmentally friendly substances, we have established an environmental management substance identification and risk assessment process. The Manufacturing Department, Quality Control Department, Procurement Department, Supply Chain Management Department, and Operation Department (Finished Product Warehouse) identify, assess, and manage hazardous substance pollution sources in materials, products, services, or activity processes in their respective departments. The Corporate System Department summarizes major risks and submits such summary to the representative(s) of senior executives for examination, approval, signing, and release.

Our *Procedures for Risk Assessment of Managed Environmental Materials* mitigate material, supplier/processor, and process risks.



For high-risk projects, the management representative should organize to formulate further control measures, including:



Setting goals and implementing the goal management plan.



Formulating control procedures, including operation control and emergency handling management measures.



Offering necessary training.



Formulating a testing plan and conducting sample testing (including self-testing and third-party testing) as planned.



We also conduct regular or irregular managed environmental substance identification and risk assessment for each organization and carry out such comprehensive identification and risk assessment at least annually.

Except for regular reviews, it is necessary to conduct risk identification and assessment again in line with the Company's internal procedures in any of the following cases:



The assessment of material risks occurs in the early stage of design or whenever there are any design or material changes.



The assessment of supplier risks occurs once annually or whenever new suppliers onboard.



The assessment of process risks occurs before production or whenever there are any process changes, and such assessment takes place at least annually for high-risk processes.



The identification and assessment of risks occur in case of any changes in the laws, regulations, industry standards, customer requirements, and other requirements applicable to managed environmental substances.



Highlights

In 2023, the Company's product environmental protection and safety regulation compliance rate was

100%

Rendering efficient customer services

We adhere to standards of fairness in business operations, marketing, and competition throughout our customer communication and market expansion efforts. Specifically, we avoid false or misleading marketing practices and maintain a fair and just competitive environment. We promptly address customer requirements, enhance service assurances, and deliver efficient customer services.

Proactively understanding customer requirements

We conduct a customer satisfaction survey every quarter, covering customers within the automotive and medical industries with a total sales proportion of over 75% or the top 12 customers (in terms of transaction value). The marketing team sends *Customer Satisfaction Surveys* via e-mail and the operation team receives and summarizes the results. After analysis and summary, the conclusions will be forwarded to various departments as the basis for formulating optimization measures.

We also maintain regular customer communication, such as Inspur's quarterly technical communication meetings and Dell's quarterly QBR communication meetings.

Handling customer complaints in a closed loop

We have designated comprehensive customer complaint channels, ensuring that customers can provide feedback through various business and quality service channels whenever they encounter any issues or abnormalities. Once the business department receives these complaints, it promptly forwards them to the Quality Service Department for handling and resolution. The Quality Service Department strives to offer replies through e-mail, phone, WeChat, and other available means.



Highlights

In 2023, the Company's customer satisfaction was

95.29,
achieving the Company's expected goal.

The Company responds efficiently to customer complaints, following the 4152 principle: the first response is within 4 hours; emergency measures and the second response are within 24 hours; cause analysis, countermeasure formulation, and the third response are within 5 days; and countermeasure implementation, verification of countermeasure effectiveness, and the fourth response are within 2 months.

In 2023, we introduced a list of precautions for EQ aimed at enhancing customer communication abilities and skills. Following the trial implementation of these precautions, we observed a significant improvement in EQ quality and the closure of all issues. Consequently, communication with customers became more professional and efficient.



Delton Technology's quality management recognized by customers



At the Annual Excellent Supplier Award Ceremony hosted by Inspur Electronic Information Industry in September 2023, Delton Technology was awarded the title of "Excellent Supplier" for 2022, marking Delton Technology's seventh consecutive year of winning this honor.



Wistron
"Quality Excellence Award"



Jabil "Best Supplier Award"



Delton Technology was awarded the "Excellent Quality Award" at the 2024 Huaqin Technology Global Core Partner Conference on November 30, 2023.



Quanta Friend Award



IEIT (Inspur) "Excellent Supplier Award"



Delton Technology was awarded the "Perfect Quality Award" at the Lenovo Group's 2023 Global Supplier Conference on May 17, 2023.



CLOUD NINE INFO's "Effective Support Award"



"The Largest Server PCB Supplier in 2023" of DELL



Green Development to Tackle Climate Change

At Delton Technology, green development is neither a slogan nor a burden on its development. Instead, it is the core that ensures the Company remains highly competitive for decades in the future. Through green operations, products, and supply chains, we have explored the path of protecting natural resources while generating economic wealth, striking a balance between environmental protection and company development, and achieving win-win results for all parties.

Our goals

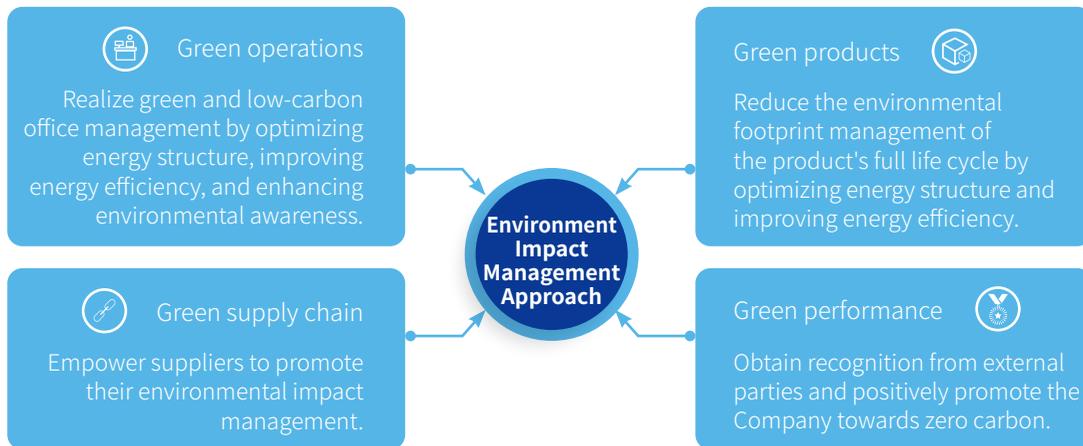
- Based on the calculation of carbon intensity per unit of output, we have set an YoY carbon emission reduction goal of 3.5%.
- Ensure compliance with waste management and prevent any illegal emissions and penalties.

Our progress

- We have conducted a greenhouse gas inventory, commissioned a third party to conduct verification and assurance, and set up emission reduction plans.
- We used the World Wide Fund for Nature's Water Risk Filter online analysis tool to identify the water basin risks and operational risks of each factory, laying the foundation for water risk management.
- There were no environmental violations or related administrative penalties throughout the year.



Improving the Environmental Management System



Improving environmental management level

Optimizing Environment Management System and Mechanism

We have established a three-system management structure encompassing a Quality Management System, an Environmental Management System, and an Occupational Health and Safety Management System to ensure the standardization, sustainability, and systematicity of environmental management. Through the establishment of the ISO 14001 system, we have completed environmental management procedure documents and corresponding operational norms covering water, gas, noise, and solid waste, and have issued them for compliance.

In terms of policies, we have worked out the *Procedures for Energy Management and Greenhouse Gas Inventory* to manage the global warming potential (GWP) greenhouse gases and improved the environmental management systems for major areas.

Equipment and facilities

We have created an intelligent lighting control system. The specialized equipment in the industry meets the industry access requirements. The general equipment meets the energy efficiency level and economic operation requirements. The allocation, use, and management of measuring instruments meet national standards. The energy measurement reaches Level 2, while outdated equipment is updated or eliminated in due course. Our sewage and waste gas treatment equipment and facilities all have been constructed and accepted according to the EIA opinions and in line with production requirements and the emission requirements of laws and regulations. We have also built special temporary storage warehouses for solid and hazardous waste.

The green supply chain

We have formulated and implemented a green procurement system and created requirements for suppliers' hazardous substances and environmental protection agreements during the procurement process.

Green products

We perform green design of products, formulate green design systems, reduce or replace toxic and hazardous substances in products, and carry out carbon footprint accounting.

Pollutant monitoring

The Company can carry out online monitoring of pollutants such as wastewater and exhaust gas, and regularly entrust qualified third-party agencies to conduct sampling and testing. The discharge of pollutants conforms to national standards. The wastewater in the production process is recycled, and the wastewater and exhaust gas facilities are upgraded in due time.

Currently, both the first and second factories of Delton Technology (Guangzhou) Inc. have passed the ISO 14064-1:2018 system certification, and plan to pass the ISO 50001 certification in 2024 to further improve the level of energy management.

External honors and recognition in carbon peaking and carbon neutrality, cleaner production, etc.



Outstanding Enterprise of Cleaner Production in Guangzhou



Maintained the "Green+" status of Green Manufacturing Enterprise in Huangpu District



Two cases selected as "Typical Cases of Cleaner Production in Guangdong Province."



"Outstanding Enterprise in Green Manufacturing and Environmental Protection" by Guangdong Printed Circuit Association (GPCA)



"Guangzhou Green Factory" 2023



Guangzhou Water-saving Enterprise



"Green Label" in Guangzhou Environmental Credit Evaluation



"A-level" Enterprise for Classification Control of Organic Exhaust Gas



Promoting the intelligent management of energy

Energy management is not a single effort, but a long-term process that requires constant investment and innovation. In the long run, it saves costs for enterprises, and even secures a better and more sustainable future for social development. Delton Technology actively explores possibilities to promote the green transformation of energy structure and improves energy efficiency through energy-saving technology to secure efficient energy management.



Automatic energy meter reading

We seek to enable refined energy management and realize online real-time monitoring of energy consumption data and output data. In this way, we keep data traceable, improve the real time and accuracy of data, and achieve the automatic meter reading in measuring instruments.



Off-peak power consumption planning

Based on time period and regularity and according to relevant plans and arrangements, we make off-peak power consumption possible by automatically recording the proportion and time period of peak, off-peak and valley power consumption and identifying the startup time and operation pattern of each device.



Energy efficiency index setting

We make efforts to achieve the energy efficiency indicator setting, target overrun alarm, and energy efficiency benchmarking analysis, and accurately explore energy saving space, raise energy utilization efficiency, and reduce energy costs. The production performance management information is automatically pushed to keep abreast of energy usage.



Automatic reports generation

We push relevant information to improve efficiency and achieve the multi-dimensional statistics and automatic generation of energy data reports (time, plant energy consumption, single consumption, etc.). The customized report format is line with the factory report format requirements. We seek to achieve accurate statistics and efficient reports of energy consumption.



Energy stability guarantee

We monitor the power factor, load rate and voltage three-phase balance of the power supply system, identify the abnormal power quality of the transformer in real time, reduce the power supply anomalies, and ensure the stable energy supply with data.



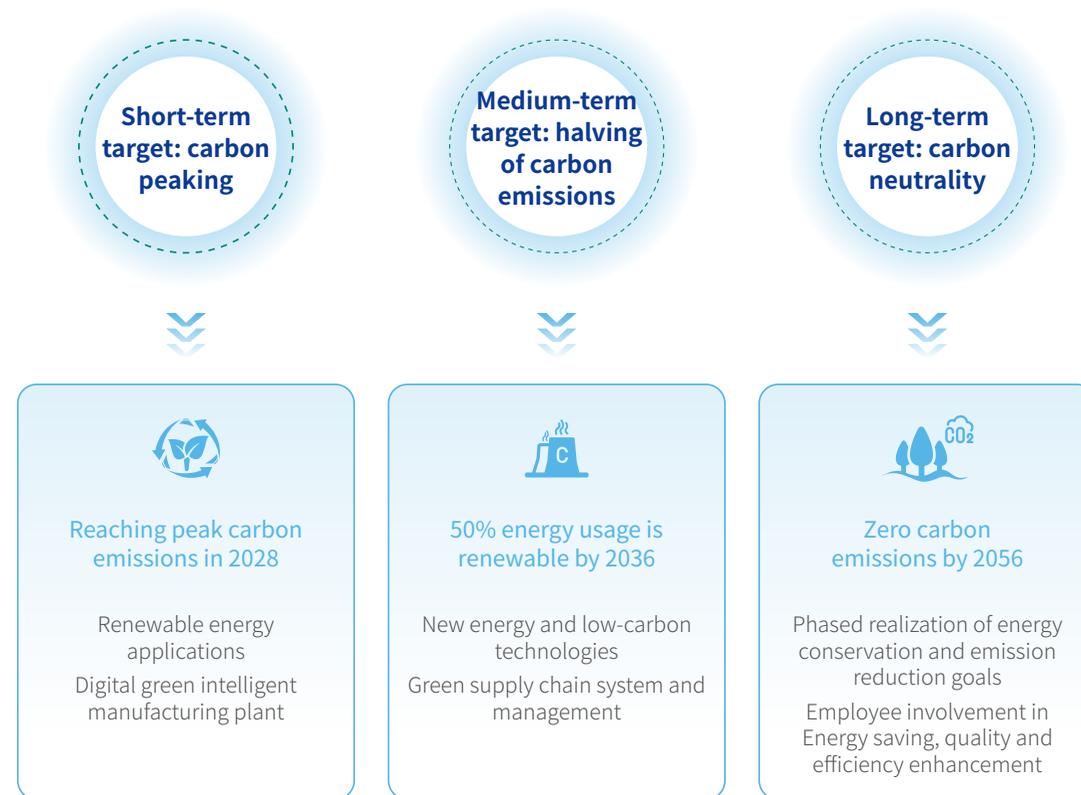
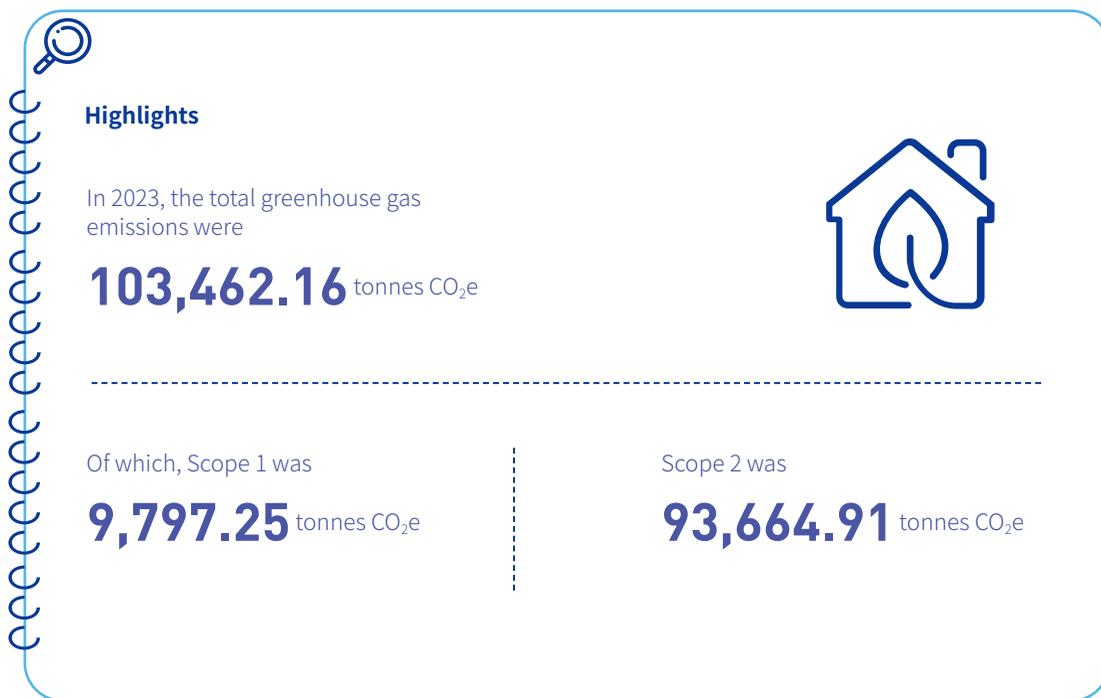
Intelligent manufacturing networking

We provide access to the system and the MES system, establish the enterprise-wide full chain data, including full chain data operation analysis of energy data, production process data, and equipment point inspection data, and dig deep into the energy consumption of production process for the purpose of cost reduction and efficiency improvement.

Greenhouse Gas Inventory and Net Zero

Carbon peaking and carbon neutrality has become environmental issues facing all sectors of the world. The executives of Delton Technology attach great importance to energy conservation and emission reduction, implement a new vision for development in the new stage of development, drive high-quality development with technological and management innovation breakthroughs, and continuously increase energy efficiency and reduce carbon emissions. In cooperation with external professional bodies, our Guangzhou factory has started carbon audit since 2015 to provide support for the establishment of scientific and reasonable emission reduction and net zero path.

Combined with production capacity, industrial portfolio and development progress, Delton Technology proposes a feasible carbon peaking schedule and roadmap to complete the carbon neutrality and carbon reduction actions. Our initial plan is to reduce GHG emissions per unit of output value (volume) by 3.5% YoY and achieve a 36.98% reduction in emissions by 2028.

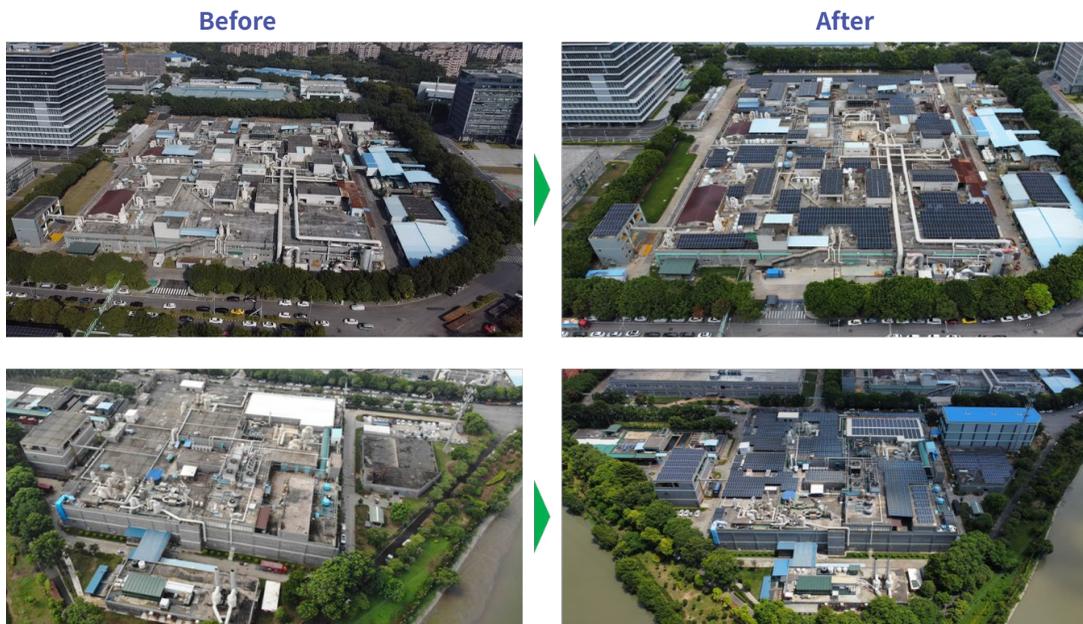


Advancing Energy Conservation and Emission Reduction Steadily

Promoting the transformation of energy structure

Since 2022, Delton Technology has implemented the roof-mounted PV project in the Guangzhou plant. With the Company's concrete roof-mounted PV modules, the project builds a 3,056 kW PV plant, which is expected to generate 82.04 million kWh of electricity in 25 years, save 26,079 tonnes of standard coal, and reduce 67,807 tonnes of carbon dioxide emissions.

Since the project was put into use, in 2023, it generated a total of 1,524,543 kWh of electricity, saved 912.26 tonnes of standard coal, and reduced CO₂ emissions by 1,083.31 tonnes, equivalent to planting 1,481 trees.



Roof Photovoltaic System at Guangzhou Factories

Improving energy efficiency

In Guangzhou, Delton Technology advances energy-saving technological transformation. Forty-five energy-saving and consumption reduction improvements were completed in 2023, saving an average monthly electricity of 134,200 kWh. Key projects include:



Central power saver energy-saving transformation. The Company improved multiple harmonics and power factors to further increase the power drop rate of the central power saver. Currently, 3 units have been installed, with an annual power saving of over 1.91 million kWh, and a carbon reduction of over 1,100 tonnes of CO₂ equivalent.



Dust collection system integration transformation. The Company replaced the old inefficient single-impeller negative pressure fan with a new four-impeller high-efficiency static pressure energy-saving fan, and realized automatic synchronization of the fan and production equipment, improved regional environmental safety, achieved power saving of 37.5%, annual power saving of 594,000 kWh, and carbon reduction of over 345 tonnes of CO₂ equivalent.



Ice water machine energy saving. The old centrifugal ice water machine was replaced with an energy-saving magnetic levitation ice water unit, efficiency was increased by 10%, annual power saving was 5 million kWh, and annual carbon reduction was over 2,905 tonnes of CO₂ equivalent.



Air pressure system energy saving. The old screw air compressor was replaced with a 10KV high-pressure centrifugal air compressor, efficiency was increased by more than 20%, the system's annual power saving was 2.28 million kWh, and annual carbon reduction was 1,324 tonnes of CO₂ equivalent.

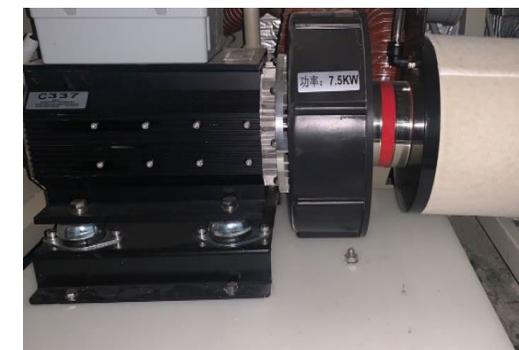


Air conditioning system energy saving. Using waste heat hot water and high-pressure micro-mist to replace traditional electric heater hot water steam humidification, after the transformation, the efficiency increased by 90%, the annual power saving was over 1.52 million kWh, and the carbon reduction was 886 tonnes of CO₂ equivalent.

Pure water system energy saving. The original mixed bed ion exchange resin process was upgraded to the RO reverse osmosis membrane process, reducing the demand for potions and labor used in pure water manufacturing, providing water production utilization rate, achieving annual water saving of 33,000 tonnes, power saving of 39,000 kWh, and carbon reduction of 23 tonnes of CO₂ equivalent.



High-pressure fan drying energy saving. In response to the development trend of product board thickness and small holes, the blower was transformed into an energy-saving high-pressure fan, reducing safety hazards, saving energy by 50%. 27 sets of transformations have been completed, achieving an annual power saving of 1.45 million kWh, and an annual carbon reduction of over 843 tonnes of CO₂ equivalent.



Central hot water “zero” heating. By collecting the waste heat of the air compressor/boiler to heat the central hot water, meeting the temperature requirements of the production line, using centralized heating, slot control, and heat pump for auxiliary heating, achieving safety and energy saving. After the project went online, it achieved an annual power saving of 2.96 million kWh, and an annual carbon reduction of over 1,719 tonnes of CO₂ equivalent.



Equipment pump frequency conversion pressure regulation energy saving. The original equipment pump valve manual pressure adjustment was transformed into a frequency converter frequency reduction pressure regulation, reducing the safety risk of overpressure burst pipe and saving electricity by more than 20%, a total of 46 pump frequency conversion transformations have been completed, achieving an annual power saving of 910,000 kWh, and a carbon reduction of 530 tonnes of CO₂ equivalent.



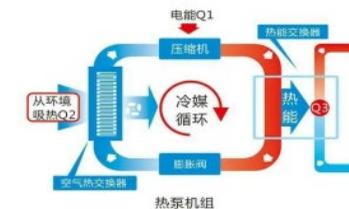
Product displacement switch equipment energy saving. The segmented control production line equipment was transformed into fine control according to product displacement, achieving an annual power saving of 1.25 million kWh, and a carbon reduction of 715 tonnes of CO₂ equivalent.

Central vacuum energy saving. The original compressed air vacuum generator group used for the board machine was replaced with a central vacuum pump suction, achieving an annual power saving of 270,000 kWh, and a carbon reduction of 155 tonnes of CO₂ equivalent.



Tunnel oven uses heat pump for energy saving. The oven electric heater was replaced with a condenser, using a heat pump for heating and heat exchange, achieving an annual power saving of 310,000 kWh, and a carbon reduction of 178 tonnes of CO₂ equivalent.

Oven air heating energy saving. The traditional electric heater was replaced with air energy heating and heat exchange, improving heating safety and energy saving and consumption reduction by more than 50%.



Sewage station air suspension fan energy saving. The traditional Roots blower used in the sewage station was replaced with an air suspension energy-saving fan, improving the blower efficiency, 2 have been replaced, achieving an annual power saving of 280,000 kWh, and a carbon reduction of 159 tonnes of CO₂ equivalent.



Factory lighting energy saving. The original LED industrial and mining lamp was replaced with a high-light-efficiency LED industrial and mining lamp, the efficiency was increased by more than 50%, 662 have been replaced and transformed, achieving an annual power saving of 190,000 kWh, and a carbon reduction of 108 tonnes of CO₂ equivalent.



The Company introduced the energy storage project in 2021. The cumulative discharge is expected to be 118.77 million kWh during the project cycle, with an average annual discharge of 4.75 million kWh, saving RMB 3.8 million in electricity bills every year.



The Huangshi Factory, as an automated and intelligent production factory that Delton Technology focuses on building, pays attention to energy saving and environmental protection at the equipment selection stage:



The central air conditioning chiller unit uses the industry-leading magnetic levitation centrifugal chiller unit, achieving first-class energy efficiency.



The central compressed air host uses a high-efficiency energy-saving brand and recovers waste heat for heating the central air conditioning and workshop hot water, replacing electric heating tube heating.



Energy saving of the fan. In the sewage station, steel plate pressing and cleaning, exhaust gas extraction and other links, magnetic levitation centrifugal fans and frequency control technology are used to achieve energy saving.

Optimizing water resources management

Water is an indispensable and irreplaceable resource for the development of human society. It is of great strategic significance to save and protect water resources. Water is an important resource for the production of quality products in Delton Technology. With a view to effectively promoting the water resources management, reducing water demand and wastewater discharge, and effectively managing water resources, the Company systematically manages water risk assessment, water resource collection, use, and recycling, etc.



Highlights

In 2023, the Company's total water consumption was

1.2937 million tonnes.

The amount of water recycling and reuse was

25.1 million tonnes.



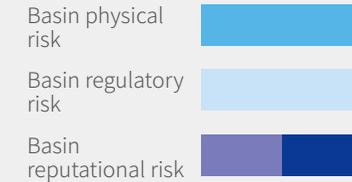
Water risk identification and management

The water risks for Delton Technology mainly involve the risk of water use in the production process and the risk of water intake due to drainage conditions in the location of each factory area. To better manage water resources, Delton Technology employs Water Risk Filter, an online analytical tool from the World Wide Fund for Nature, to identify watershed risks and operational risks for each factory. The Guangzhou Factory and the Huangshi Factory are located in the Pearl River Basin and the Yangtze River Basin, respectively, belonging to the medium risk area.

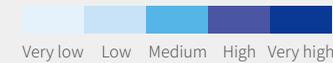
Number of factories in major drainage basins



Number of factories by type of basin risk



Number of factories by type of operational risk



Water resources management

At present, all the water for production and administrative management of Delton Technology comes from local municipal water, and no groundwater or other natural water bodies is collected for production and domestic use.

In Guangzhou, Delton Technology advances energy-saving technological transformation. In 2023, the Company completed forty-five energy-saving and consumption reduction improvements, saving an average of over 3,600 tonnes of water per annum.



Product displacement switch equipment energy saving. The segmented control production line equipment was transformed into fine control according to product displacement, achieving an annual water saving of 10,950 tonnes.



Pure water system energy saving. The original mixed bed ion exchange resin process was upgraded to the RO reverse osmosis membrane process, reducing the demand for potions and labor used in pure water manufacturing, providing water production utilization rate, achieving an annual water saving of 33,000 tonnes.



Water reuse rate improvement project. The cleaner water in the later stage of the water level line was collected, filtered, and drained back to the workshop for reuse, realizing the multi-use function of one water for this line, cross-line and cross-regional reuse, saving more than 20% of water.



In Huangshi, the Company has implemented water consumption reduction design in the production equipment, incorporated intelligent water-saving device, and added intelligent sensors to the product line, which ensures precise control over water usage and improving water efficiency:



All water equipment has the solenoid valve automatic closing function. When the empty operation sensor automatically induces the timing pulse trigger, the electric equipment and the make-up water solenoid valve are automatically closed in sections. An electronic flowmeter at the water use site controls the make-up water and spray pressure according to the technical standard for water use, and the water flow control leans towards to the lower requirement of the process.



The Huangshi Factory classifies the water used by the equipment (tap water, pure water, recycled water), and the wastewater is collected and treated by classification. Among them, general cleaning water is recycled and reused in the production line after purification.



The online copper water recycling is now possible in the scrubbing section. Specifically, the aqueous copper powder is filtered, the recycled water is separated and reused in this process, and the copper powder is collected as valuable waste for recycling and disposal.



Countercurrent water is used to clean all horizontal equipment, and the backend cleaning feed water flows back to the frontend cleaning feed water to reduce water waste.



The central air conditioning cabinet recycles all condensate water, which replenishes the cooling water tower. Recycled water such as rainwater is used for irrigation in the factory green area.

Improving waste management

In order to effectively prevent the environmental pollution caused by wastes in the factory area, the Company has established a whole process management system including source waste generation, classification, packaging, transportation, temporary storage and stacking, management plan disclosure, outbound disposal, and ledger management, so that it meets the requirements of sustainable development and standardized solid waste management and environmental protection laws and regulations.



Highlights

In 2023, the Company's total amount of waste generation was

26,774.88 tonnes.



General wastes are collected in delineated stacking areas and sorted for disposal by the special centralized management department of each factory area. Reusable packaging waste materials are specially cleaned and reused, and unrenovable wastes are disposed of harmlessly by qualified recyclers. Hazardous solid wastes are collected by each generating department, and then disposed of by qualified entities.

Since our production processes generate wastewater containing copper, nickel, COD and ammonia nitrogen, each factory has its own wastewater treatment station in accordance with higher standards than the national standard. The Company's sewage treatment system is linked to the local environmental protection agency, so that regulatory authorities can monitor the discharge data in real time to ensure compliance.

For exhaust gas, the Company's production process generates sulfuric acid fog, dust, VOC, etc. For different types of exhaust gas, the Company arranges treatment facilities. For example, dust is bag filtered, then spray washed to further reduce dust emissions, and wastewater from spray washing flows to the wastewater treatment plant. The acid mist is neutralized by lye spray and subsequently discharged to the atmosphere at high altitude in compliance with relevant regulations. VOCs are treated by spray washing + Filtration + Zeolite concentration + RTO combustion, spray washing + optical inspection, and activated carbon adsorption + RCO Desorption Regeneration and other treatment processes, and discharged in compliance with relevant regulations. All exhaust gases are monitored quarterly by third-party agencies and irregularly by environmental protection authorities, and by the online real-time monitoring of organic exhaust gases, all of which meet the emission regulations.



Reducing Product Environmental Footprint

In terms of green products, we have performed green design of products, formulated green design systems, reduced or replaced toxic and hazardous substances in products, and carried out carbon footprint accounting. The product lifecycle resource environment database has not been available.

Improving board utilization

Maximizing board utilization is the focus of cost management for every PCB enterprise, which can effectively reduce the cost of electronic manufacturing, and even save materials, allowing enterprises to reduce carbon emissions and support sustainable development. Delton Technology takes multiple measures to continuously improve the utilization rate of board layout and ultimately the utilization rate of board materials.

Double-width panel

The double-width materials (such as 74*49 inches, 82*49 inches, and 86*49 inches) are used to compose type blocks, thus improving production efficiency and panel utilization.

AB cutting

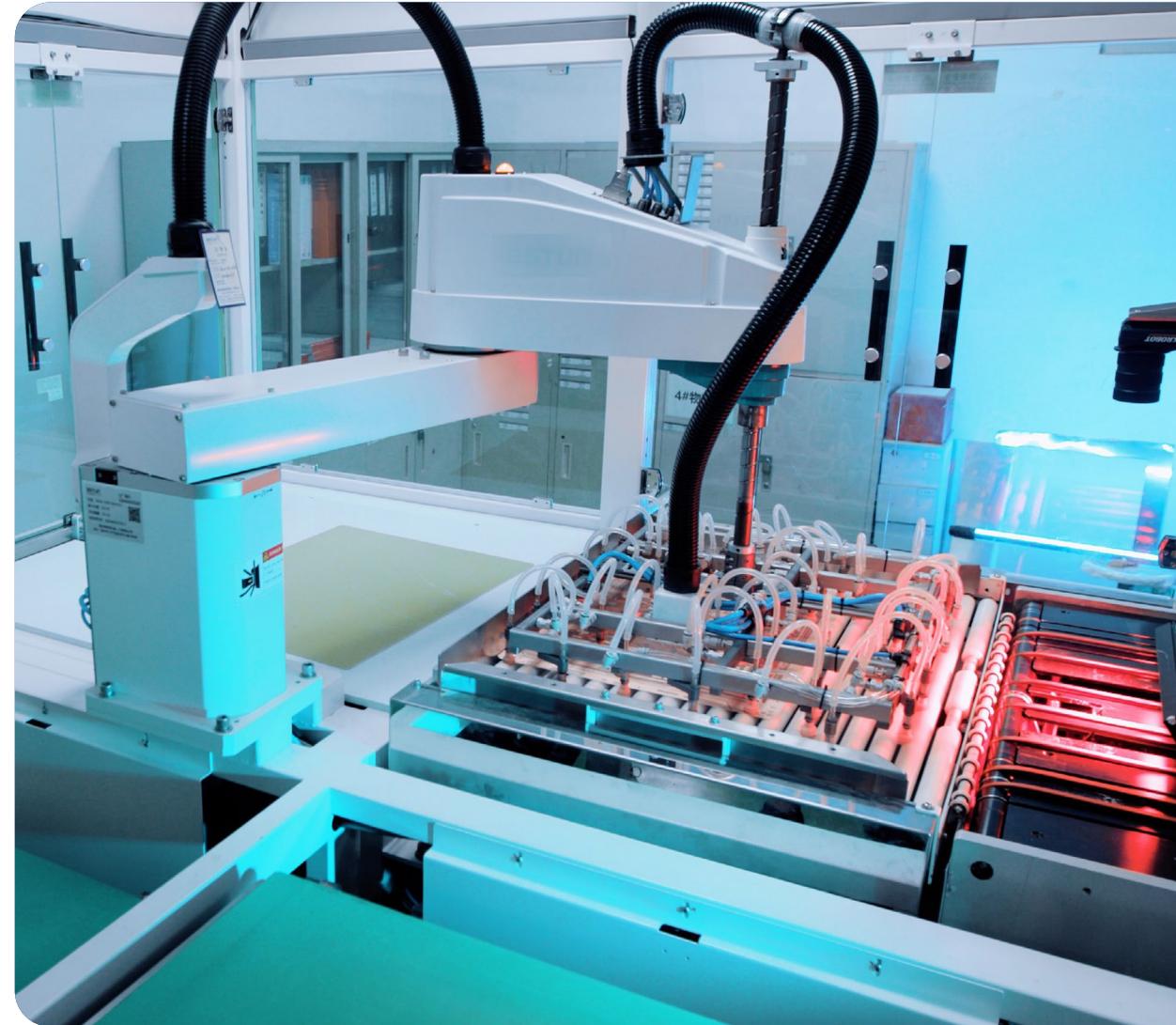
A piece of blank is cut into two different types of panel sizes to reduce board waste and improve board utilization.

Design by piecing together

Multiple models of samples in the same time period are pieced together to improve the utilization rate, as long as parameters are the same, including the number of plies, materials, lay-up, board thickness/copper thickness, surface finish, and ink color.

In our Huangshi Factory, after a series of initiatives, our board utilization reached

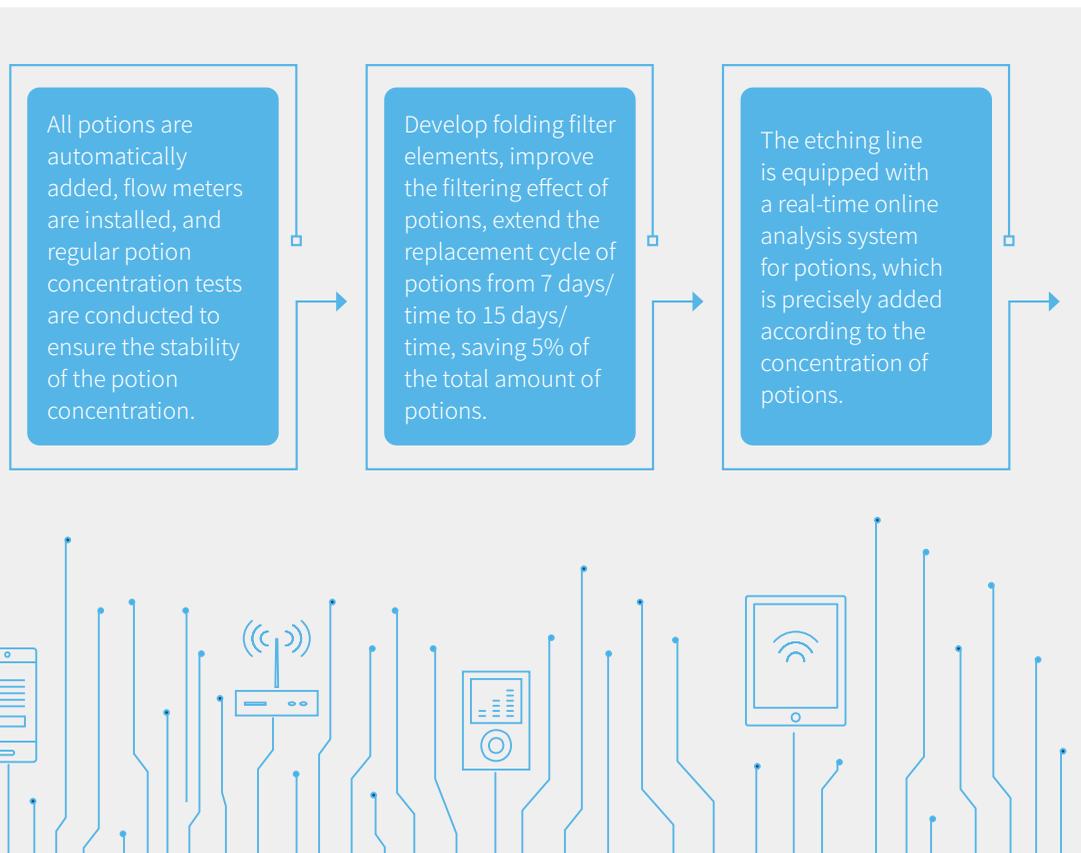
82.84%, a significant improvement.



Solution recycling

PCB potion is a special chemical solution commonly used in the electronics manufacturing industry, its main components are organic solvents and surfactants, which are used for circuit board cleaning, decontamination and anti-corrosion, and PCB protection; pre-treatment, etching, brown oxidation, stripping, electroless plating copper, panel plating, pattern plating, surface finish and other critical processes require a large number of special potions. The potion recycling can effectively reduce the business operating costs, and even greatly decrease the product lifecycle environmental footprint.

Until now, Delton Technology has realized the precision management of the potion use:



In terms of potion recycling, the Company extracts metal copper from the original effluent disposal, and the tail water is returned to the production line for continued production after adjusting its parameters, so as to replace the original production potion and achieve the decrement of production potion and zero effluent discharge. In 2023, the online recycling project of inner layer pre-treatment micro-etching fluid has been started in Guangzhou Factory.

In terms of the tin stripping waste liquid, the Company has invested in online recycling equipment. On the one hand, it increases the tin content in the tin sludge, increasing the residual value of the external tin. Secondly, after filtering, the tail water can be returned to the production line for recycling through parameter adjustment, 100% replacing the original nitric acid and tin stripping liquid. This measure can reduce the cost of purchasing production potions and the disposal volume of 90% of hazardous waste, lowering waste generation at the source.





Ethical Sourcing to Convey Corporate Value

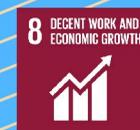
Delton Technology seeks common development with like-minded partners. In this process, it is extremely important to promote compliance operations and active social responsibility among suppliers. The Company has established an initial supplier lifecycle responsibility management system and has been improving relevant policies. Delton Technology endeavors to learn and make progress together with value chain partners and make continuous efforts to build a better society.

Our goals

- Ensure that the red line policy is fully implemented in the supplier lifecycle management.
- Commit to the sourcing of conflict-free minerals and require suppliers to reject the use of conflict minerals.

Our progress

- We conducted on-site audits for 33 existing suppliers throughout the year, rectifying all the non-conformities.
- At present, we source 100% of the Company's minerals from conflict-free areas, there were no new metal suppliers of conflict minerals in 2023. We completed the CMRT and EMRT form and verified 8 existing suppliers, without violations.



Supplier Responsibility Management

Delton Technology's social responsibility management of suppliers runs through the supplier lifecycle, ranging from the relevant initial qualification review and on-site audit at the introduction stage, to daily management supervision and capacity building. Audit is not the destination, and we want to ensure that supply chain operations are compliant and continuously optimized.

Highlights

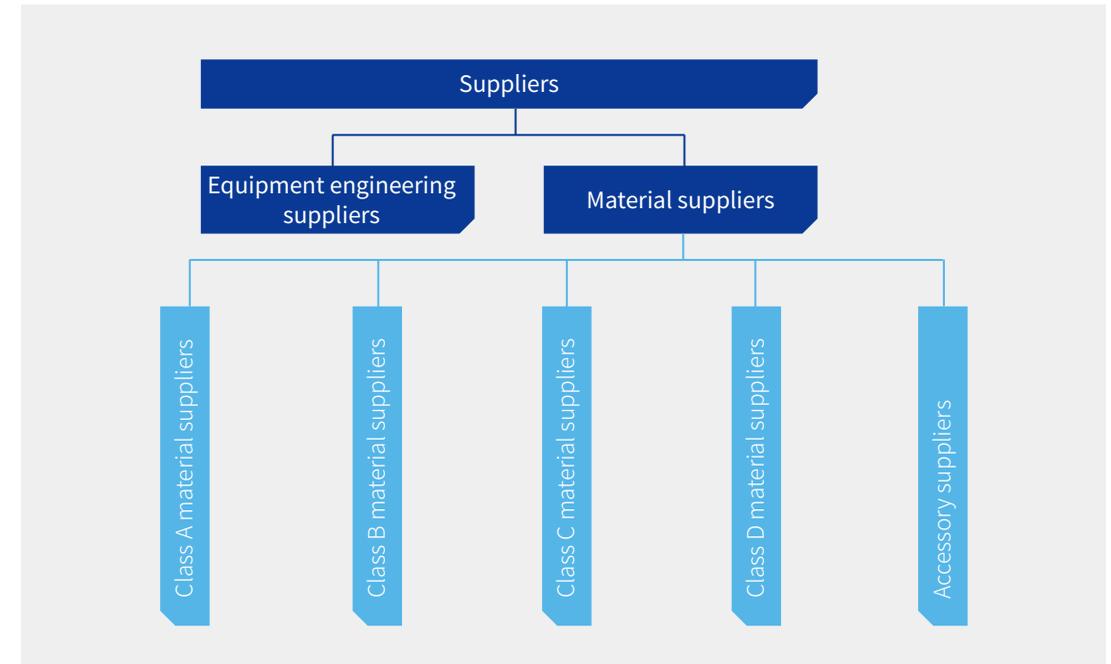
By the end of 2023, the Company had **100** material suppliers.

Throughout the year, the Company provided CSR special training to **33** suppliers



Strict requirements for supplier onboarding

Delton Technology conducts management of suppliers by categories and differentiated management for different categories of suppliers.



Categories of Delton's Suppliers

Delton Technology pays great attention to manufacturing material suppliers in managing supplier performance. It evaluates product quality, cost, delivery time, etc., with a focus on CSR performance.



CSR red line issues of Delton Technology suppliers

Red Line 1

Employment of child labor. Suppliers shall comply with all applicable local and national laws and regulations regarding the minimum legal working age and shall never recruit minors under 16. Where the local laws in relevant countries set a higher age for child labor, or a higher age for completion of compulsory education than 16 years, that higher age shall prevail. Suppliers shall protect student workers or apprentices in accordance with applicable laws and regulations, conduct rigorous due diligence on educational partners providing student workers, and protect the rights of student workers in accordance with laws and regulations to ensure that they are properly managed. Those under 18 must not perform any work that may endanger the health, safety or morals of children.

Red Line 2

Forced labor. Suppliers shall ensure that all work is voluntary. Suppliers must not employ any form of slave (including modern slave labor), prison labor, indentured labor, or debt labor, nor impose any form of punishment or threat on workers for their involuntary work/service.

Red Line 3

Occupational safety. It is strictly prohibited to expose employees, contractors, partners or other personnel who may be affected by their activities to the work environment that may immediately result in death, serious bodily injury and serious health damage.

Red Line 4

Environmental pollution. It is strictly prohibited to discharge environmental pollutants that may or have caused serious impact, as well as illegal discharge of sewage and hazardous wastes. For example, discharge of toxic or harmful air and water, discharge of exhaust gas and wastewater of non-conforming treatment, chemical spills, release of toxic or hazardous substances from the plant, etc. It includes checking the supplier's penalties for no environmental punishment or suspension from work in the past one year, and no suspension of one month or more in the past three years on the IPE website.

Red Line 5

Corruption and bribery. Suppliers are prohibited from engaging in any and all forms of bribery, corruption, extortion and embezzlement. Money laundering, non-competitive acts, illegal retaliation and support for illegal armed forces are strictly prohibited.

Red Line 6

Those not in line with conflict minerals policy requirements.

Red Line 7

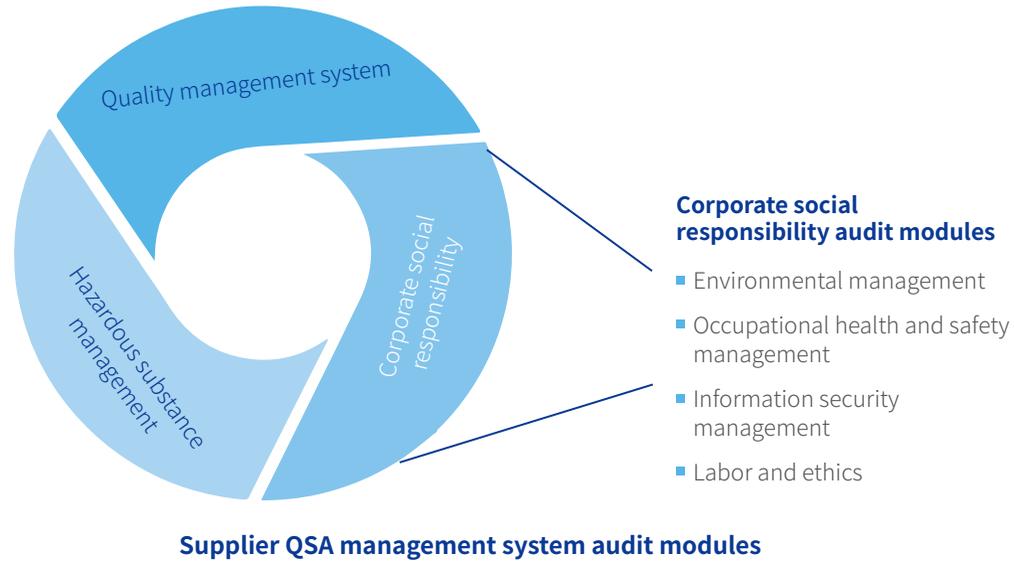
Unsafe and unethical behaviors of supplier employees in the Company's territory that cannot be corrected or approved by Delton Technology.

Reference Criteria for Introduction of Materials Suppliers

Category		Class A supplier requirements	Class B supplier requirements	Class C supplier requirements	Class D supplier requirements	
Basic information		• The official seal and the latest annual inspection record are required	Others • The official seal and the latest annual inspection record are required	Solutions and hazardous chemicals • Work Safety License • Hazardous Chemicals Business License • Road Transport Permit • Attendant Pass, Dangerous Chemicals Transport Permit for Drivers	• The official seal and the latest annual inspection record are required	• The official seal and the latest annual inspection record are required
System certificates	ISO9001	◆	◆	◆	Priority on equal conditions	Priority on equal conditions
	ISO14001	◆	/	/	Priority on equal conditions	/
	ISO45001	Priority on equal conditions	Priority on equal conditions	/	/	/
	IATF16949	Priority on equal conditions	/	/	/	/
	QC080000	◆	Priority on equal conditions	/	/	/
Technical data	MSDS	◆	◆	◆	◆	◆
	ROHS	◆	◆	/	/	/
	Technical data	◆	◆	◆	◆	◆
Technical data	Halogen report	Priority on equal conditions (if any)	Priority on equal conditions (if any)	/	/	/
	REACH	Priority on equal conditions (if any)	Priority on equal conditions (if any)	/	/	/
	UL data	Priority on equal conditions (if any)	/	/	/	/
	CQC certificate	Priority on equal conditions (if any)	/	/	/	/
CMRT Form	Metal suppliers of conflict minerals ◆	Metal suppliers of conflict minerals ◆				
Supplier questionnaire	≥ 70 points	≥ 70 points	≥ 70 points	≥ 70 points	≥ 70 points	
Management system audit QSA\QPA	◆	◆	/	/	/	
Signing of supplier agreements and other demand letters	Supply Agreement	◆	◆	◆	◆	
	Quality Agreement	◆	◆	◆	◆	
	Confidentiality Agreement	◆	◆	◆	◆	
	Sunshine Agreement	◆	◆	◆	◆	
	CSR Agreement	◆	◆	◆	◆	
	Declaration of Conformity (ROHS, REACH)	◆	◆	◆	◆	
	California Proposition 65 Statement	◆	◆	◆	◆	
	Declaration of Conformity of VOCs	Ink ◆	Cleaning agent, oil remover ◆			
	Conflict-free Guarantee	Involving metal suppliers ◆	Involving metal suppliers ◆			
	Refer to the statements in the Environmental Management and Substances Control Procedures for Suppliers (QAP49).	Stamp confirming required	Stamp confirming required	Stamp confirming required	Stamp confirming required	

Strengthening the daily supervision of suppliers

In daily management, the Company sets audit plans according to the importance of different types of material suppliers and their performance, and audits their QPA, QSA, hazardous substances management system, corporate social responsibility and other aspects based on material characteristics.



In 2023, Delton Technology conducted on-site audits of

33 existing suppliers, whose non-conformities were all rectified.



Promoting supplier development empowerment

Auditing is not the destination of Delton Technology. We hope to identify and constantly improve the risks and deficiencies in the cooperation process through audit, and finally achieve common progress with partners.

We will collaborate with suppliers in a number of ways to enable our business development:

Technical exchange mainly focuses on the requirements and guidance of the process on the supplier's product quality/process capability, and more than 10 exchanges were organized throughout the year, involving efficiency promotion, technology improvement, quality enhancement, etc.

For existing suppliers, the Company conducts environmental violation assessment and rectification, direct supplier audit and rectification follow-up through the IPE data system. Thirty-three suppliers were audited throughout the year, and no violations were found.

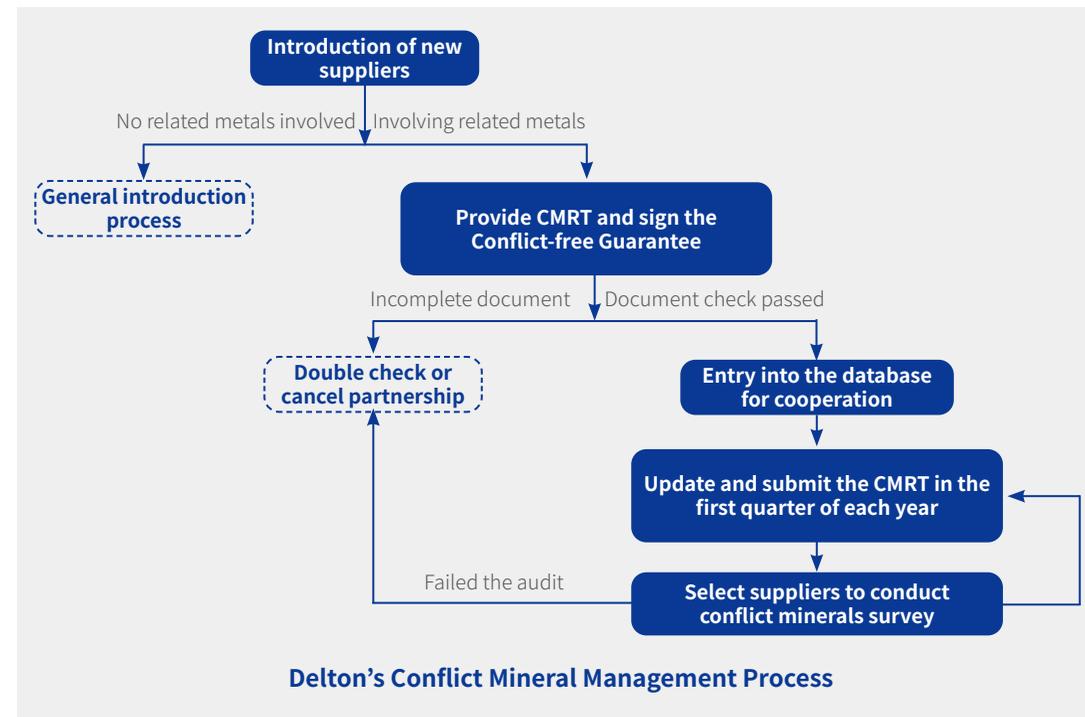
Conflict Minerals Management

The Company is committed to the sourcing of conflict-free minerals. We comply with the requirements of the Responsible Minerals Initiative (RMI), the UN, the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, etc. Countries identified as high-risk areas and conflict minerals areas include, but not limited to, countries surrounding the Democratic Republic of the Congo. We do not use metals sourced from illegal mining in armed, conflict afflicted areas with poor working conditions, including tantalum, tin, tungsten, gold, and cobalt.

We ask our suppliers to reject the use of these conflict minerals to ensure compliance with international regulations and customer requirements. We expect to have a positive impact on this issue through self-regulatory action across the supply chain.

Supplier management	unit	2023
Number of suppliers audited for conflict minerals	/	8
Percentage of products that pass third-party responsible sourcing certifications (e.g., RMAP).	%	100% (Tin balls, milling cutters/drilling cutters, tin bars, gold salt)
Percentage of products that can be traced back to raw materials	%	Tin: 100%. Tungsten: 100% Gold: 100% (purchased through Shanghai Gold Exchange)

Up to now, the Company has established a conflict minerals management process covering the introduction of new suppliers, the management of existing suppliers and the withdrawal of non-compliant suppliers from the whole chain to ensure the goal of conflict-free minerals.



In order to strengthen employees' awareness of conflict minerals management, the Company distributes the Conflict-free Guarantee, the CMRT, etc. in the factory every year, and organizes the filling and provision in the factory.

At present, we source 100% of the Company's minerals from conflict-free areas. There were no new metal suppliers of conflict minerals in 2023. We completed the CMRT and EMRT form and verified 8 existing suppliers, without violations.



People-oriented Approach to Build Corporate Citizenship

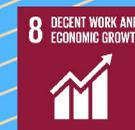
In terms of talent strategy, the Company is firmly committed to attracting talented people from diverse backgrounds, in order to build a sustainable professional talent pool; it is supplemented by a perfect talent development system and capacity building platform, to achieve common development and progress of employees and the enterprise. The Company actively shares the results of development with the community and strives to become an excellent corporate citizen.

Our goals

- Zero work-related deaths.
- Zero media controversies or serious mass incidents.

Our progress

- In 2023, we had 2,605 employees worldwide, up 11% from a year earlier, of which 19 are disabled, contributing to the goal of high-quality employment.
- Our employees' training attendance reached 20,677 times, a 22% YoY increase.
- No work-related deaths occurred during the year.



Safeguarding Employees' Rights and Interests according to the Law

Recruitment and dismissal

The Company organizes any recruitment and interview in strict accordance with the *Recruitment and Employment Guidelines* and the following process: sending resume - resume screening and initial interview - online assessment - second interview - offer negotiation - signing a tripartite agreement. We respect the right to freedom of choice in employment and prohibit any act that restricts the freedom of labor.

According to the principle of "fairness, justice and openness," the Company strictly prohibits the employment of children in line with laws and regulations and internal document requirements. The Company checks the identity information before employee induction and sets the age limit in the HR system to avoid the recruitment of child laborer. We employ zero child laborer.

In strict accordance with the *Guidelines for the Management of Employee Appointment, Recruitment, Dismissal and Transfer*, the Company shall not impose penalties, deductions, other measures that restrict laborers from leaving the workplace or from applying for resignation within a reasonable period.

Equality and diversity

In strict accordance with the *Labor Law of the People's Republic of China* and its internal documents *Employee Manual* and *Regulations on Humane Treatment and Non-discrimination of Employees*, the Company adheres to the principle of equal employment and adopts zero tolerance for discrimination. The Company will never discriminate or otherwise treat employees unfairly because of age, disability, race, gender, sexual orientation, marital status, ethnicity, nationality, religion, etc.

The Company values diversity in its workforce, matches employees' abilities with job requirements, and is committed to creating an inclusive and equal workplace. At present, there are 19 disabled workers,

including one responsible for MI data (Level 3 physical disability) in the Office of the Engineering Department, one assembling fixtures (Level 2 physical disability) in the fixture selection process, and one at loading position (Level 2 physical disability) in the drilling plasma process.

Women Empowerment

1. What is the reason/opportunity for you to choose PCB industry instead of staying in university after receiving your PhD degree?

When entering the graduate school in 2014, I got involved with the PCB industry. Later, I followed my mentor to carry out exchanges and cooperation with PCB enterprises. After a series of technical breakthroughs, I gradually developed the idea of taking root in the PCB industry. In our exchanges, I learned about the history of many female managers leading their teams. Their stories encouraged me to know more about the charm of this industry.

2. What are your challenges and changes in this job?

The biggest challenge may be the shift from a student to a part of the workplace. I have to be familiar with and learn the workplace, norms, systems, etc. With the support of company leaders and the help of colleagues from research institute, HR and administrative departments, I got used to it faster.

3. What attracts you most about Delton Technology?

I think it can be summed up in three aspects: concept, personnel, and atmosphere. The Company's pursuit of quality based on technology has given technical personnel a broad space and platform; thanks to the struggling, pragmatic and innovative employees, and the united, friendly and positive atmosphere, I can do what I love with a group of kindred spirits.



Employee communication mechanism

The Company is actively building an open and transparent communication mechanism. We adopt multi-level and multifaceted mechanisms to build a democratic communication platform for employees and listen to their voices in line with the Company's *Complaints, Grievance Handling, and Feedback Management Procedures*.

01 Multi-level feedback channels

Employees can make complaints and appeals in a variety of ways, and we process them accordingly. Feedback is given through such channels as suggestion boxes, workers' representatives, complaint emails, complaints hotline, and appealing directly to the Management. The Company adopts the appropriate handling mechanism based on feedback in different situations.

02 Labor Union

With the Labor Union available, employees can communicate with corporate managers about environment, safety, labor and ethics through workers' representatives. There are a total of 1,174 members in the Labor Union. The Labor Union Committee holds a meeting every quarter to communicate with the Company timely and know the dynamics and real appeals of employees.

03 Employee satisfaction survey

The Company conducts regular employee satisfaction surveys to understand employee satisfaction and needs. Through the Company's WeChat group and emails, we conduct quarterly satisfaction surveys for all employees in the form of questionnaires. In 2023, the average score of employee satisfaction was 73.75.

04 Employee communication

The Company has developed and maintained internal and external communication procedures in accordance with the *Consultation and Communication Management Procedures* to protect the rights and interests of stakeholders. Information may be communicated orally or by other appropriate means, such as telephone, fax, e-mail, and teleconference. In the course of communication, the Company assigns appropriate persons to investigate and verify the information about questions, inquiries and complaints, analyze the reasons and deal with them accordingly. Finally, they shall reply to those who raised the questions, inquiries, and complaints.

The Company continues to promote production line employees to participate in management and dialogue. Taking the manufacturing system as an example, employees report the output and amount achieved in the process within the enterprise WeChat group daily and then communicate after the pre-shift meeting; HR conducts key position interviews and workers' representative communication with production line employees independently.

Securing Talent Development with Great Efforts

The three cornerstones of the internal talent management strategy (diversified talent composition, systematic talent development and training system, and fair compensation and promotion system) contribute together to the Company's solid talent resource base. Thanks to their expertise, background and experience, a diverse group of talented people provide continuous power for the corporate development. The Company has established a sound talent development and training system to continuously improve the skills and quality of employees, so that they devote themselves to their positions. Through a fair compensation and promotion system, the Company motivates its employees to make continuous progress, fulfill personal value and boost the long-term corporate development.

Talent cultivation system

The Company has established a comprehensive training system, where standardized training, customized training, independent innovation and integration of industry and academia are harmonized to make employees better integrated into the corporate culture, enhance their personal competence and professional development, and make greater contribution to the Company's business development.

To better collect employee opinions and improve the training performance, the Company conducts training satisfaction survey from time to time every year. In 2023, the Company organized two training satisfaction surveys and worked out two employee training satisfaction questionnaire reports, achieving closed-loop response to problems. The Company actively advanced the building of internal trainer team to facilitate the knowledge internalization and transformation. We have now 55 internal trainers.

Standardized training

With a view to continuously improving the comprehensive quality and professional skills of employees and promoting the sustainable development, the Company has formulated standardized training programs, including induction training, on-the-job training, customized training and promotion system, in an effort to provide all employees with a full range of learning and development opportunities.



Induction training

In order to ensure that new employees understand and blend into the Company's system and culture, new employees have to receive induction training on the first day of entry, mainly including company profile, corporate rules and regulations, quality consciousness, basic knowledge of system, factory safety knowledge, and information security knowledge. The Training Group organizes and conducts the induction training assessment, and new employees can sign labor contracts after they pass the training assessment.



Apprenticeship training

In accordance with the *Pre-employment Training Plan for New Employees in Positions of Manual Work*, new employees have to receive training on secondary safety knowledge and general basic operation precautions before taking up their jobs. After passing the training, they embrace a period of post-specific training as per the *Training Plan for Trainee Employees in Positions of Manual Work*. Theoretical and practical operation examinations are required. The professional, technical and managerial personnel receive the probation training according to the *Training Program for Professional, Technical and Managerial Personnel*, and pass the comprehensive assessment with 80 points.



On-the-job training

According to the *Employee Training Management Procedures*, the Company has developed training plans at company, department and process levels. Such plans are drafted by the Training Group at the end of each year, and then executed by each department. The Training Group supervises the actual implementation monthly.

Customized training

The Company has developed a detailed customized training system, so that employees at different positions and levels have access to training that matches their career development.

According to the qualifications of each post, the Training Group organizes all departments to develop "training plans and implementation records for professional, technical and managerial personnel during the internship" for different positions and ranks, mainly including EICC (environmental occupational health and safety management knowledge, etc.), quality management knowledge, professional statistical technique tools, corporate documents, departmental operation knowledge, job knowledge and skills, and information security education knowledge.

Management trainees

A series of courses are set according to the *Management Measures for the Training and Growth of Management Trainees*. Through the systematic training and the commitment of specific tasks, management trainees grow into the core talents of technical specialists and middle managers within 5 years and achieve a win-win result of corporate value and personal value, while continuously improving their professional skills and creating value.

Those at manager level and above

Leading talent series course training and annual management training plans are made available.

Grass-roots executives

We have customized the executive training camp course and completed the assessment.

Personnel in special workplaces

According to the *Training Guidelines for Special Positions*, we have identified special jobs, arranged external evidence collection and periodic annual audit as required by law.

External staff training (including contract workers and the Contractor's employees)

All the Contractor's employees shall be trained on construction safety and site protection measures before entering the factory.

Training, assessment, and results

The Company develops personnel training and assessment management procedures. Those related to the testing quality are trained and assessed, including the training of new employees, in-service employees, internal auditors, and management system. The Company offers internal training and invites external lecturers to improve the quality awareness, technical level and professional proficiency of the trained, so that the staffing and capacity are in line with the specified requirements.

The training application and planning can be proposed by the personnel of the Testing Center or formulated by Director of the Testing Center according to the changes and development of internal and external factors, and the training effect of personnel is assessed by training records and training effect evaluation. In terms of personnel capability, those in the Testing Center are evaluated and supervised in a multi-directional manner by combining the competency matrix table and the job description, ensuring the validity of test results.

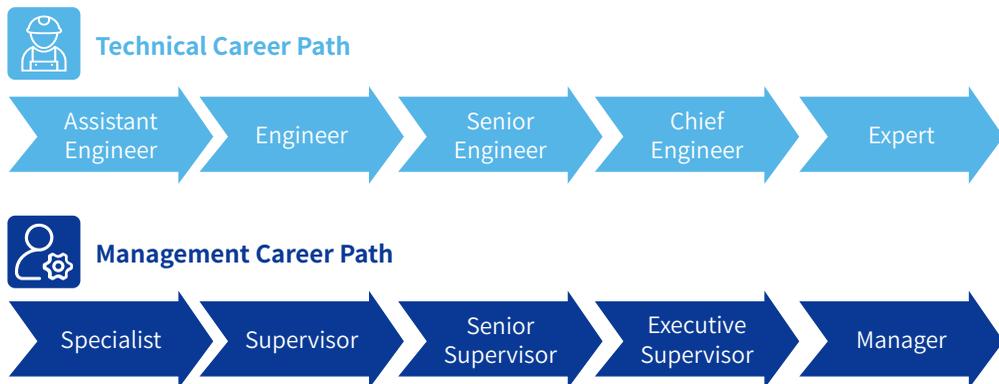


Compensation and promotion

The Company has developed a comprehensive and detailed compensation and promotion package to ensure that employees' compensation and career development are properly planned and implemented. Based on market research and internal evaluation, the package can ensure that compensation levels are in line with industry standards and employee performance.

In terms of compensation, the Company adopts a diversified compensation structure, including base pay, performance bonus, and social security and fringe benefits. The base pay is determined according to the rank and competence of employees, which is competitive and fair in the market. The social security and fringe benefits include five social insurances and housing fund, holiday benefits, and health checkup, to provide employees with comprehensive life security.

In terms of promotion, the Company has established a sound promotion mechanism to provide employees with broad career development space. The Company currently promotes employees based on their performance and capability, develops and regularly evaluates, and adjusts personalized promotion plans for employees.



By implementing the above compensation and promotion package, the Company can attract and retain talented people, and stimulate the enthusiasm and creativity of employees. Employees can, in turn, get reasonable compensation and career development opportunities, develop their personal potential, and promote the sustainable development of the Company.

Focusing on Occupational Health and Safety

The Company has formulated the *Safety Production Management Procedures*, the *Emergency Preparation and Response Management Procedures*, and the *Occupational Hazard Factors Management Procedures* as guidance for building of a healthy and safe working environment.

Improving safety management process

In terms of work safety management, the Company has established a tight management structure and formulated the *Safety Production Management Procedures*. As the highest responsible person for work safety, General Manager takes overall responsibility for work safety.



Building a healthy and safe workplace

Employee health security

The Company attaches great importance to the occupational health of its employees and takes a series of measures to protect their health rights and interests.



In terms of industrial health management, of the Company's hazard identification and assessment uses engineering technology or management means to control hazards. We organize occupational health evaluation and monitoring, conduct awareness education on occupational risk factors on site, establish occupational hazard procedures on site, and identify key safety and health posts for priority management. The Company educates employees to wear labor protective equipment properly, and the labor protective equipment is routine maintained. The Company provides protective equipment such as earplugs and masks to escort the physical health of employees at all stages of work. The Company also implements a safety inspection system to identify and eliminate safety hazards on the job site timely.



In the prevention of occupational diseases, the Company effectively protects female employees and employees with occupational taboos by regular occupational health checks (pre-job/on-job/post-job checks) and training on occupational health and safety knowledge. Environmental factors of occupational hazards are tested and evaluated every year, and all the relevant data are up to standard. The Company carries out pre-work, on-the-job and post-job physical examination against occupational hazards to ensure the health of employees at all stages of work.



In terms of intensive physical work management, the Company has established the standard for evaluation of physical labor intensity and organized the classification and evaluation of physical labor intensity for each post. The position to adjust the work intensity or the work adjustment is determined, depending on the evaluation results of physical labor intensity.

Workplace safety

The Company has set health and safety management targets (zero work-related accidents, zero fire accidents, and zero occupational disease accidents), formulated relevant control measures, and reviewed monthly the implementation of all measures and the achievement of goals/targets.

The Company organizes safety-related training, including three-level safety training and assessment for new employees before assignment of posts, develops and implement annual training plans, and arranges outsourcing training for special equipment and operations, etc. All process supervisors must receive external training to obtain safety administrator certificates for their work.

The Company has carried out strict management and supervision of safety protection in the workplace. The equipment is provided with a number of safety protection measures, such as safety hood, safety grating, safety door interlocking shutdown device, two-hand button, and audible and visual alarm, to reduce the risks during operation. The Company also implements the safety inspection system to timely identify and eliminate potential safety hazards on the job site to ensure the safety of employees at work. The Manufacturing Department identifies and evaluates safety hazards of production equipment and other machinery and provides protective devices or barriers. They carry out routine inspection of machine guards, and in case of any exceptions, notify the Equipment and Facilities Department for maintenance. The Equipment and Facilities Department establishes maintenance rules and conducts regular maintenance of safety protection devices.

The Company sets routing inspection mechanisms for relevant personnel at all levels, including daily self-inspection reports by safety grid operators in each process, daily patrol inspection by safety administrators, monthly joint safety inspection, joint safety inspection during holidays, seasonal special safety inspection, and special inspection for special equipment, operations or areas, in an effort to minimize potential safety hazards.

Management of work-related injuries

The Company has established *EHS Incident Management Procedures* and carries out prevention and control treatment against work-related injuries. In case of any accident at work, the Company shall rescue the injured in time, investigate and analyze the causes of accident, fill out the investigation report, propose preventive and corrective measures to prevent the accident, follow up the improvement timely, and inform those around the accident and relevant employees of the accident investigation results. The Company provides additional safety by paying workers' insurance for each employee.



Emergency management and training

The Company has formulated the *Emergency Preparation and Response Management Procedures*, attached great importance to engineering accidents and other incidents, and established a complete incident handling and notification process. In case of potential accidents and emergencies, all departments shall respond quickly and take effective measures to give first aid, reduce adverse environmental impacts and personal and property losses, and timely report to minimize damages. The Company strictly implements the "Four Principles for Accident/Incident Investigation and Record" to find out the cause of accident, implement the improvement countermeasures, punish the person responsible for accident, and educate the relevant personnel. By following this principle, we ensure that accidents are thoroughly investigated, and corrective measures are in place to prevent similar accidents.

In 2023, the Company carried out a number of fire drills and training to improve employees' fire awareness and emergency handling capability.

The Company organized fire emergency evacuation drills within the two factories on June 21-22, 2023, and November 24-26, 2023, respectively.

On June 8, 2023, the Company provided theoretical fire knowledge training for the shift/team leaders of the two factories, in which a total of 130 shift/team leaders took part.

The 23rd fire theoretical training and practical exercise for management trainees kicked off on October 18, 2023. This year witnessed the Fire Prevention Month series, including four firefighting abilities training for all staff, voluntary firefighter training and drills, and prize-giving quiz for theoretical fire knowledge.

Ensuring Employees' Welfare according to the Law

The Company actively protects the welfare of employees and carries out various forms of recreational and sports activities to ensure the work-life balance, to create a friendly, warm, happy and harmonious working environment for employees, and to facilitate their healthy physical and mental development. The Company has always focused on the needs of female and disabled employees.

Work and holidays

The Company strictly implements the *Attendance Management System* and sets the work and rest time in accordance with the Labor Law and RBA standards.

We make efforts to ensure the physical and mental health of employees, prohibit forced overtime, and keep all employees at least one day off per week.

Each department arranges the work and rest time of employees reasonably according to the production schedule. The Corporate System Department sets up a computer system to record the attendance of employees in each department, and the Human Resources Department monitors the implementation of working hours of all departments on a daily basis.

For excess overtime hours and missed leave days every month, each department should implement improvement measures and the Human Resources Department should follow up the supervision.

Employees are entitled to annual leave and statutory paid holidays, including Women's Day, Mother's Day, Father's Day, Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival.

Employee care and support

Basic benefits

The Company has also formulated the *Corporate Remuneration and Benefits Policy*, so that employees can receive fair and reasonable compensation and comprehensive benefits. The Policy involves many aspects such as salary, bonus, allowance, social security, housing provident fund, ensuring stable sources of income and good welfare package, so that employees can work with confidence, enthusiasm, and efficiency.

Basic benefits include six insurances (pension, medical, unemployment, work-related injury, maternity and commercial insurance), housing provident fund, comfortable and warm staff dormitories (2 persons share a room), and a variety of meal services. The Company's effective management of these benefits is highly recognized by employees.

In 2023, the Company provided comprehensive welfare measures for employees, including festival gift packages, welfare visit to employees working in high temperature environment, educational subsidies, opportunities for academic improvement, and serious illness assistance. Among them, 5 employees completed their academic improvement, and 7 employees received subsidies for serious illnesses.

Recreational and sports activities

The Company carries out a series of employee activities such as tug-of-war, table tennis match, staff home visits, knowledge contest, excellent staff evaluation, New Year bonus, birthday party, Women's Day celebration, Mother's Day celebration, Father's Day celebration, staff seminar, and group building barbecue, to enrich the employees' life and create a good working atmosphere.

Employee care

The Company is concerned about the rights and interests of female employees and gives them enthusiastic care. In order to protect the rights and interests of female employees, the Labor Union provides relevant benefits for female employees through the Women Workers' Committee (e.g., festive subsidies, lactation room, no night shift, no overtime, breastfeeding leave). The Company has a childcare room and organizes Women's Day and Mother's Day celebrations. In 2023, eleven female employees requested breastfeeding leave and 15 maternity leave.

The Company actively promotes and implements the spirit of employee care in routine operation. The Company provides warm services for the employees, such as tips on how to apply for a medical insurance card, employee physical examination, anti-fraud security notification reminder, and influenza prevention notification reminder.

ESG Performance Indicators

Corporate Governance Performance

Indicators	unit	2021	2022	2023
Number of directors	person	5	5	5
Number of male directors	person	2	1	1
Number of female directors	person	3	4	4
Number of directors with legal expertise	person	0	0	0
Number of directors with professional background in risk management (including accounting and legal background)	person	0	0	0
Number of directors with professional background in accounting	person	1	2	2
Number of independent directors	person	2	2	2

Environmental Performance

Greenhouse Gas Emissions¹

Indicators	unit	2021	2022	2023
Total greenhouse gas emissions	tonnes of CO ₂ e	79,270.30	83,620.63	103,462.16
Scope 1 emissions	tonnes of CO ₂ e	3,473.00	3,961.31	9,797.25
Scope 2 emissions	tonnes of CO ₂ e	75,797.45	79,658.87	93,664.91

¹ Data for 2023 is emissions within factory boundaries; data for 2021 and 2022 are based on ISO 16064

Waste Generation

Indicators	unit	2021	2022	2023
Total annual general waste	tonne	5,026.28	5,300.31	5,697.39
Total annual hazardous waste	tonne	20,476.44	16,991.54	21,077.49

Exhaust Emissions

Indicators	unit	2021	2022	2023
Nitrogen oxides	tonne	11.62	9.71	3.64
Particulate matter	tonne	0.66	0.51	1.44
Formaldehyde	tonne	0.14	0.22	1.75
Ammonia	tonne	0.10	0.09	0.08
Hydrogen chloride	tonne	0.97	1.32	3.04
Hydrogen cyanide	tonne	0.03	0.03	0.02
Sulfuric acid mist	tonne	0.81	0.34	2.92
Sulfur dioxide	tonne	0.44	0.27	0.15
Volatile organic compounds (VOCs).	tonne	2.55	3.20	4.30

Energy Consumption

Indicators	unit	2021	2022	2023
Purchased electricity from the grid	kWh	1,087,874,564.00	130,031,525.00	146,717,220.00
Solar power generation	kWh	-	-	1,524,543.00
Gasoline usage	liter	-	-	-
Diesel usage	liter	73,661.00	29,563.00	55,000.00
Natural gas	10,000 m ³	1,419,371.00	1,463,242.00	1,791,363.00
Liquefied petroleum gas	kg	-	-	-
Total electricity consumption	kWh	1,087,874,564.00	130,031,525.00	148,241,763.00

Water Consumption

Indicators	unit	2021	2022	2023
Total water consumption	tonne	1,193,557.00	1,006,549.00	1,293,709.00
Production water consumption	tonne	1,186,081.00	997,512.00	1,273,639.30
Domestic water consumption	tonne	7,476.00	9,037.00	20,069.70
The total amount of recycled water ²	tonne	13,734,799.45	24,106,711.90	25,100,566.60

² The term “recycled water” refers to water that has been used in a specific water-consumption unit or system and is then recycled for use in the same process or other processes. Examples include recycled water from online recovery systems, air conditioning and compressor cooling water, counterflow cleaning water, reused water, etc. The volume of cooling water is calculated each time it is recycled for use.

Wastewater Discharge Concentration

Indicators	unit	2021		2022		2023	
		Guangzhou	Huangshi	Guangzhou	Huangshi	Guangzhou	Huangshi
Total copper	mg/L	0.03	0.05	0.005	0.028	0.007	0.028
COD	mg/L	37.08	80.00	23.86	52.90	46.58	27.80
Total nickel	mg/L	0.03	-	0.004	-	0.003	-
Ammonia nitrogen	mg/L	5.84	0.39	4.01	0.39	5.37	0.30
Total phosphorus	mg/L	0.29	0.30	0.18	0.28	0.22	0.38

Social Performance

Employee Statistics

Indicators	unit	2021	2022	2023
Number of employees holding shares	person	67	67	66
Total number of employees worldwide	person	2,771	2,372	2,623
Number of employees by gender				
Male employees	person	1,803	1,543	1,735
Female employees	person	968	829	888
Number of employees by age				
< 30	person	763	546	547
30-50	person	1,967	1,784	2,025
> 50	person	41	42	52
Number of employees by academic qualification				
Ph.D. degree	person	-	-	1
Master's degree	person	10	14	23
Bachelor's degree	person	276	263	275
Other academic qualifications	person	2,485	2,095	2,324

Indicators	unit	2021	2022	2023
Number of employees by type of position				
Manufacturing personnel	person	1,926	1,567	1,794
Marketing personnel	person	72	62	77
Technical personnel	person	557	550	566
Administrative personnel	person	216	193	186
Number of employees by region				
China, including Hong Kong, Macao and Taiwan	person	2,771	2,372	2,623
Number of employees by rank of position				
Female employees in senior management	person	5	5	4
Male employees in senior management	person	19	22	30
Female employees in executive management	person	9	11	13
Male employees in executive management	person	59	64	70
Number of employees by type of labor contract				
Workers with disabilities	person	13	19	19
Advisors	person	2	2	2
Full-time employees	person	2,756	2,351	2,602

New Hire Data

Indicators	unit	2021	2022	2023
Total number of new hires	person	1,408	570	723
Number of new hires by region				
China, including Hong Kong, Macao and Taiwan	person	1,408	570	723
Number of new hires by age				
< 30	person	506	185	247
30-50	person	890	379	470
> 50	person	12	6	6
Number of new hires by gender				
Male employees	person	935	388	495
Female employees	person	472	182	228

Annual Employee Turnover

Indicators	unit	2021	2022	2023
Total annual employee turnover	person	772	835	452
Annual employee turnover by region				
China, including Hong Kong, Macao and Taiwan	person	772	835	452
Annual employee turnover by age				
< 30	person	338	354	181
30-50	person	433	475	267
> 50	person	1	5	4
Annual employee turnover by gender				
Male employees	person	464	529	288
Female employees	person	308	306	164

Employee Turnover Rate

Indicators	unit	2021		2022		2023	
		Guangzhou	Huangshi	Guangzhou	Huangshi	Guangzhou	Huangshi
Annual employee turnover rate	%	2.73	1.06	3.51	1.10	1.64	0.87
Annual employee turnover rate by region							
China, including Hong Kong, Macao and Taiwan	%	2.73	1.06	3.51	1.10	1.64	0.87
Annual employee turnover rate by age							
< 30	%	1.28	0.20	1.56	0.24	0.66	0.35
30-50	%	1.44	0.87	1.93	0.86	0.97	0.52
> 50	%	0.00	0.00	0.02	0.00	0.02	0.00
Annual employee turnover rate by gender							
Male employees	%	1.61	0.72	2.20	0.75	1.03	0.61
Female employees	%	1.12	0.34	1.30	0.35	0.61	0.26
Average number of years an employee has worked	year	2.82	0.49	3.74	1.62	4.05	1.86
Average number of years a female employee has worked	year	2.75	0.48	3.60	1.62	4.03	1.91
Average number of years a male employee has worked	year	2.87	0.49	3.83	1.62	4.07	1.71

Health and Safety

Indicators	unit	2021	2022	2023
Annual work-related fatalities (Worldwide)	times	0	0	0
Annual Employee Injuries (Global)	person	0	0	0
The number of work-related injuries with serious consequences	person	0	0	0
Proportion of work-related injuries with serious consequences	%	0	0	0
The number of injuries can be recorded	person	16	9	11
Percentage of recordable injuries	%	0.29	0.34	0.39
Safety drill activities	times	19	28	36
Number of safety trainings	times	67	96	161
Number of employees participating in health and safety training	person	1,648	1,039	1,324
Employee safety training coverage	%	100	100	100
Number of suppliers participating in health and safety training	person	370	326	430
Supplier health and safety training coverage	%	97.50	99.00	99.50

Training and Development

Indicators	unit	2021	2022	2023
Number of training attendance by employees	attendance	-	17,012	20,677
Number of training attendance by gender				
Male employees	attendance	-	12,246	15,286
Female employees	attendance	-	4,766	5,391
Number of hours of training for all employees	hour	-	25,743.00	40,491.75
Number of hours of training by gender				
Male employees	hour	-	18,949.00	30,168.35
Female employees	hour	-	6,794.00	10,323.40
Number of hours of training by type of position				
R&D personnel	hour	-	2,420.00	5,688.90
Production personnel	hour	-	21,948.50	30,849.60
Administrative personnel	hour	-	1,212.50	3,391.25
Marketing and customer service personnel	hour	-	162.00	562.00
New employee training attendance	attendance	4,926	1,751	2,157
Number of training sessions for new employees	session	386	212	307
Lecture training hours for new employees	hour	9,232.00	5,272.50	7,389.50
Total employee training expenditures	Yuan	353,028.19	471,399.66	901,968.64

Supply Chain Management

Indicators	unit	2021	2022	2023
Number of material suppliers	/	101	102	100
Number of material suppliers by region				
Asian regions	/	101	102	100
Number of equipment suppliers	/	73	63	42
Number of equipment suppliers by region				
Asian regions	/	72	62	42
European regions	/	1	1	0
Number of CSR audits for new suppliers	/	0	9	5
Number of CSR audits of existing suppliers	/	33	24	33
Number of suppliers participating in CSR training	/	33	24	33

Customer Service

Indicators	unit	target	2021	2022	2023
Customer Satisfaction	%	91	94.84	95.63	95.29

Product Quality

Indicators	unit	2021	2022	2023
Number of external quality system audits	/	59	71	199
The first-time pass rate of external quality system audits	%	99	100	100

Innovation & R&D

Indicators	unit	2021	2022	2023
The cumulative number of patents filed worldwide	case	192	262	339
The cumulative number of granted patents worldwide	case	81	131	170
The total amount of annual R&D investment	10,000 yuan	9,258	11,510	12,059 ³

Social Welfare

Indicators	unit	2021	2022	2023
Number of public welfare projects	piece	1	2	2
Organize and carry out various public welfare activities	times	1	0	1
Donation of funds for public welfare projects	Yuan	80,463	8,152	97,473

³ The total amount of annual R&D investment is not audited.

GRI 2021 Index

Statement of use ▶ Delton Technology (Guangzhou) Inc. has reported the information cited in this GRI content index for the period January 1, 2023, through December 31, 2023, with reference to the GRI Standards.

GRI used ▶ GRI 1: Foundation 2021

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 2: General Disclosures 2021			
2-1	Organizational details		3
2-2	Entities included in the organization's sustainability reporting		1
2-3	Reporting period, frequency and contact point		1
2-4	Restatements of information		1
2-5	External assurance		-
2-6	Activities, value chain and other business relationships		3
2-7	Employees	SDG-8, SDG-10	58-66
2-8	Workers who are not employees	SDG-8	-
2-9	Governance structure and composition	SDG-5, SDG-16	14-16
2-10	Nomination and selection of the highest governance body	SDG-5, SDG-16	15
2-11	Chair of the highest governance body	SDG-16	15

	GRI Standard Indicator Contents	Sustainable Development Goals	Where to Find
2-12	Role of the highest governance body in overseeing the management of impacts	SDG-16	16
2-13	Delegation of responsibility for managing impacts		16
2-14	Role of the highest governance body in sustainability reporting		10
2-15	Conflicts of interest	SDG-16	-
2-16	Communication of critical concerns	SDG-16	9
2-17	Collective knowledge of the highest governance body		10
2-18	Evaluation of the performance of the highest governance body		-
2-19	Remuneration policies		63
2-20	Process to determine remuneration		63
2-21	Annual total compensation ratio		-
2-22	Statement on sustainable development strategy		2
2-23	Policy commitments	SDG-16	11

	GRI Standard Indicator Contents	Sustainable Development Goals	Where to Find
2-24	Embedding policy commitments		17 18 21 53-57 59
2-25	Processes to remediate negative impacts		60 22
2-26	Mechanisms for seeking advice and raising concerns	SDG-16	60
2-27	Compliance with laws and regulations		18-20
2-28	Membership associations		3 6
2-29	Approach to stakeholder engagement		9
2-30	Collective bargaining agreements	SDG-8	-
GRI 3: Material Topics 2021			
3-1	Process to determine material topics		9
3-2	List of material topics		9
3-3	Management of material topics		9
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	SDG-8, SDG-9	3
201-2	Financial implications and other risks and opportunities due to climate change	SDG-13	-
201-3	Defined benefit plan obligations and other retirement plans		66
201-4	Financial assistance received from government		-

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	SDG-1, SDG-5, SDG-8	-
202-2	Proportion of senior management hired from the local community	SDG-8	-
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	SDG-5, SDG-9, SDG-11	25
203-2	Significant indirect economic impacts	SDG-1, SDG-3, SDG-8	3
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	SDG-8	-
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	SDG-16	17-19
205-2	Communication and training about anti-corruption policies and procedures	SDG-16	17-19
205-3	Confirmed incidents of corruption and actions taken	SDG-16	17-19
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SDG-16	-
GRI 207: Tax 2019			

GRI Standard Indicator Contents		Sustainable Development Goals	Where to Find
207-1	Approach to tax	SDG-1, SDG-10, SDG-17	22
207-2	Tax governance, control, and risk management	SDG-1, SDG-10, SDG-17	22
207-3	Stakeholder engagement and management of concerns related to tax	SDG-1, SDG-10, SDG-17	22
207-4	Country-by-country reporting	SDG-1, SDG-10, SDG-17	-
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	SDG-8, SDG-12	-
301-2	Recycled input materials used	SDG-8, SDG-12	49
301-3	Reclaimed products and their packaging materials	SDG-8, SDG-12	49
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	SDG-7, SDG-8, SDG-12, SDG-13	69
302-2	Energy consumption outside of the organization	SDG-7, SDG-8, SDG-12, SDG-13	-
302-3	Energy intensity	SDG-7, SDG-8, SDG-12, SDG-13	-
302-4	Reduction of energy consumption	SDG-7, SDG-8, SDG-12, SDG-13	42-45

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
302-5	Reductions in energy requirements of products and services	SDG-7, SDG-8, SDG-12, SDG-13	42-45
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	SDG-6, SDG-12	46-47
303-2	Management of water discharge-related impacts	SDG-6	46-47
303-3	Water withdrawal	SDG-6	69
303-4	Water discharge	SDG-6	69
303-5	Water consumption	SDG-6	69
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	SDG-6, SDG-14, SDG-15	-
304-2	Significant impacts of activities, products and services on biodiversity	SDG-6, SDG-14, SDG-15	-
304-3	Habitats protected or restored	SDG-6, SDG-14, SDG-15	-
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	SDG-6, SDG-14, SDG-15	-
GRI 305: Emissions 2016			

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
305-1	Direct (Scope 1) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	68
305-2	Energy indirect (Scope 2) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	68
305-3	Other indirect (Scope 3) GHG emissions	SDG-3, SDG-12, SDG-13, SDG-14, SDG-15	-
305-4	GHG emissions intensity	SDG-13, SDG-14, SDG-15	41
305-5	Reduction of GHG emissions	SDG-13, SDG-14, SDG-15	41
305-6	Emissions of ozone-depleting substances (ODS)	SDG-3, SDG-12	68
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	SDG-3, SDG-12, SDG-14, SDG-15	68
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	SDG-3, SDG-6, SDG-11, SDG-12	48
306-2	Management of significant waste-related impacts	SDG-3, SDG-6, SDG-8, SDG-11, SDG-12	48
306-3	Waste generated	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	48

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
306-4	Waste diverted from disposal	SDG-3, SDG-11, SDG-12	48
306-5	Waste directed to disposal	SDG-3, SDG-6, SDG-11, SDG-12, SDG-15	48
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers screened using environmental criteria		53-57
308-2	Negative environmental impacts in the supply chain and actions taken		53-57
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	SDG-5, SDG-8, SDG-10	70-72
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	SDG-3, SDG-5, SDG-8	66
401-3	Parental leave	SDG-5, SDG-8	66
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	SDG-8	-
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	SDG-8	63-64
403-2	Hazard identification, risk assessment, and incident investigation	SDG-8	64-65

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
403-3	Occupational health services	SDG-8	64-65
403-4	Worker participation, consultation, and communication on occupational health and safety	SDG-8, SDG-16	64-65
403-5	Worker training on occupational health and safety	SDG-8	64-65
403-6	Promotion of worker health	SDG-3	64-65
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	SDG-8	64-65
403-8	Workers covered by an occupational health and safety management system	SDG-8	64-65
403-9	Work-related injuries	SDG-3, SDG-8, SDG-16	64-65
403-10	Work-related ill health	SDG-3, SDG-8, SDG-16	64-65
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	SDG-4, SDG-5, SDG-8, SDG-10	73
404-2	Programs for upgrading employee skills and transition assistance programs	SDG-8	62
404-3	Percentage of employees receiving regular performance and career development reviews	SDG-5, SDG-8, SDG-10	-
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	SDG-5, SDG-8	59

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
405-2	Ratio of basic salary and remuneration of women to men	SDG-5, SDG-8, SDG-10	-
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	SDG-5, SDG-8	59
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	SDG-8	-
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	SDG-5, SDG-8, SDG-16	54
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SDG-5, SDG-8	5
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	SDG-16	-
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	SDG-2	-
GRI 413: Local Communities 2016			

GRI Standard	Indicator Contents	Sustainable Development Goals	Where to Find
413-1	Operations with local community engagement, impact assessments, and development programs		-
413-2	Operations with significant actual and potential negative impacts on local communities	SDG-1, SDG-2	-
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	SDG-5, SDG-8, SDG-16	55
414-2	Negative social impacts in the supply chain and actions taken	SDG-5, SDG-8, SDG-16	56
GRI 415: Public Policy 2016			
415-1	Political contributions	SDG-16	-
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories		34-35
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	SDG-16	-
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	SDG-12	-
417-2	Incidents of non-compliance concerning product and service information and labeling	SDG-16	-
417-3	Incidents of non-compliance concerning marketing communications	SDG-16	-
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SDG-16	-

