MONTAGE ®
Technology

2022 Environmental, Social and Governance (ESG) Report
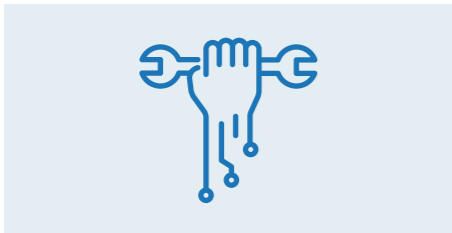
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MONTAGE TECHNOLOGY

STOCK CODE：688008.SH

Content

About This Report

Overview

Montage Technology Co., Ltd., together with its subsidiaries (hereinafter "the Company", "we" or "Montage Technology") is here to release the first environmental, social and governance report (hereinafter the "Report" or "ESG Report"), which aims to expound the Company's management measures and work results in respect of environmental, social and governance (hereinafter "ESG"), and objectively disclose the Company's management and achievements in sustainable development to respond to the concerns of stakeholders and the public.

Scope and Boundary of the Report

This report involves the information and data from January 1, 2022 to December 31, 2022 (hereinafter "the reporting period" or "this year"), with some of them traced back to and before 2021, or extended to 2023. This report covers the relevant information and data of Montage Technology and its subsidiaries. For details of the Company's business, please refer to the 2022 Annual Report.

Basis of Preparation

This report is prepared with reference to the *GRI Sustainability Reporting Standards* (hereinafter "GRI Standards") released by Global Sustainability Standards Board (GSSB), and the United Nations' Sustainable Development Goals (SDGs).

Source and Reliability Assurance

The information and data disclosed in the Report derive from the statistical reports and formal documents of the Company, which have been reviewed by relevant departments. The Company confirms that there is no misstatement or misleading representation contained in the Report and takes responsibility for the truthfulness, accuracy and completeness of the contents of the Report. Unless otherwise stated, all the monetary amounts in the Report are denominated in CNY.

Report Preparation Process

The contents of the Report have been determined in accordance with a systematic procedure. The relevant procedures include: forming working groups, identifying key stakeholders, conducting interviews with the stakeholders, identifying and prioritizing material ESG-related issues, establishing a KPI assessment system, deciding the scope of ESG Report, collecting relevant materials and data, determining the framework, preparing and designing report, reviewing by department leaders and senior management group, etc.

Acknowledgement and Approval

This Report has been confirmed by the management and approved by the board of directors on April 27, 2023.

Report Access and Contact

This report is published in electronic format and is available on the Shanghai Stock Exchange website (http://www.sse.com.cn) and the Company's website (https://www.montage-tech.com/). If you have any comments or suggestions on the Company's environmental, social and governance disclosures and performance, please contact us in the following ways:

Tel：021-5467 9039

Email：ir@montage-tech.com

*This is translated from the Chinese version of the ESG Report. If there is any conflict between the Chinese and English versions, the Chinese version shall prevail.

Letter from
Our Chairman ▶▶▶ Adhering to the spirit of craftsmanship and driving extraordinary growth with constant innovation

Facing the complex and severe external environment in the past year, Montage Technology has always adhered to the corporate culture of "accelerating with focus and innovation" and the corporation mission "to make data transfer more efficient and data computing more secure", and has been deeply engaged in the two fields of interconnect chips and data-processing chips. With continuous product innovation, business expansion, and substantial growth in business performance, Montage Technology has evolved from a champion in a niche market to a world-leading data-processing and interconnect IC design company.

In the field of interconnect chips, our product selection is expanding and increasingly competitive. On the one hand, we continue to consolidate our position as a global industry leader in our areas of expertise and take the lead in developing international standards for DDR5 memory interfaces, and was the first to release several new-generation products of DDR5 memory interface chips. On the other hand, Montage Technology leads the way in cutting-edge technology of Compute Express Link™ (CXL™) and released the world's first CXL Memory eXpander Controller (MXC) in May 2022. What makes us especially proud is that MXC was released at the most difficult time, when the epidemic was raging in Shanghai and the project team was stationed at the Company for two months and overcame many challenges. The product was later adopted by Samsung Electronics and SK hynix for the development of CXL memory products. In addition, in the past year, we have also released engineering samples of DDR5 CKD and PCIe 5.0/CXL 2.0 Retimer, which is regarded as a significant milestone of the Company. The interconnect chip product line achieved a revenue of CNY 2,734 million in 2022, setting a new record.

In the field of data-processing chips, we have made important progress in the layout of two strategic products: Jintide® CPU and AI chip. At present, the Company has released the 4th Gen Jintide® CPU. In 2022, the sales revenue of the related product line reached CNY 940 million, maintaining a steady growth. Our first-generation AI chip adopted the "near-memory computing" architecture, which is the most complex product developed so far. The R&D team grasped the opportunity, completed the tape-out and successfully lit it up.

Montage Technology's achievements rely on the joint efforts of all employees. In the past three years, the Company's headcount has grown steadily, nearly doubling from 334 at the end of 2019 to 641 at the end of 2022. Meanwhile, we are pleased to see that the senior staff are gaining more experience, while the new employees are also growing rapidly. In addition, many of the young graduate employees have become key members of our team.

With such an excellent workforce as the foundation, we will be able to achieve an "acceleration" in business performance naturally as long as we identify the proper strategic course, insist on "focus", and embrace "innovation". In addition, the Company adheres to the development strategy of independent innovation. In the past five years, the Company has developed rapidly and achieved substantial growth in business performance. The operating revenue and net profit have both reached a new record high. Among them, the operating revenue increased from CNY 1.2 billion in 2017 to CNY 3.7 billion in 2022. Especially in the last three years, the operating revenue of the Company was respectively CNY 1.8 billion, CNY 2.6 billion and CNY 3.7 billion, showing a strong momentum of annual growth. In addition, the net profit of 2022 was CNY 1.3 billion, 3.7 times that of 2017.

The Company upholds the spirit of excellence in ingenuity, regards innovation as the driving force, and is committed to providing customers with high-performance and low-power chip solutions, in order to better suit the customers' demands and support the Company's extraordinary growth. Meanwhile, the Company is committed to the interests of the stakeholders, and takes adherence to business ethics and compliance with laws and regulations as the basic guidelines for business operations. The Company establishes a compliant and harmonious operating environment, and constantly strengthens business risk management to ensure the healthy and sustainable development of the Company's business.

Our employees are strategic resources to realize enterprise innovation and development. We give full play to Montage's strengths, establish a sound talent management system, and adhere to the promotion of talent globalization. The Company has built a three-dimensional training system for management and employees at all levels and strives to provide professional training courses and career development opportunities to enhance the competitiveness of employees.

In terms of the environment, the Company keeps up with the national development strategy and helps achieve the "dual carbon goals". Based on the concept of green development, we control emissions in the process of office operation, reduce the impact on the environment, and promote green and low-carbon sustainable development. As an IC design enterprise, the Company reduces the energy consumption of the industry through R&D innovation, contributing to the goal of a "Green Earth". To achieve the Company's coordinated and sustainable development with society and environment, we exercise our social responsibility by giving back to society and organizing various voluntary activities, such as establishing a charitable foundation, engaging in a wide range of charity services like education, blood donation, and fighting against epidemics.

Looking ahead to 2023, the digital economy will boom. As an IC design enterprise that provides hardware support for the digital economy infrastructure, the Company will focus on the field of data-processing and interconnect chips, and provide high-performance, high-security, and high-reliability products for the digital infrastructure through continuous R&D innovation. Montage Technology will be dedicated to the contribution of the high-quality development of the global digital economy!

Dr. Howard Yang
Chairman of the Board/CEO of
Montage Technology

About Montage Technology

Founded in 2004, Montage Technology is a leading data-processing and interconnect IC design company dedicated to providing high-performance and low-power IC solutions for cloud computing and artificial intelligence markets, and has two primary product lines—interconnect chips and Jintide® server platform. The Company was listed in July 2019 among the first batch of companies on SSE STAR Market (Stock code: 688008.SH). Heaquartered in Shanghai, the Company has branches in Kunshan, Beijing, Xi'an, Macau, the USA and South Korea.

Headquartered In

China

Shanghai

Branches In

China

Kunshan   Beijing   Xi'an   Macau

Overseas

US   Korea

Milestones of Montage Technology

May 2004
Founded

Jan 2006
Achieved mass production of its first chip

Jun 2006
Received its first granted invention patent

Jun 2008
DDR2 Advanced Memory Buffer (AMB) chips were certified

Aug 2011
DDR3 Register Buffer and Memory Buffer chips were certified

Since its cumulative profit turned positive in 2011, Montage Technology has been profitable for 12 consecutive years

Oct 2013
DDR4 Registering Clock Driver (RCD) and Data Buffer chips were certified

Oct 2014
Won GSA Award for Best Financially Managed Semiconductor Company

Jan 2016
Collaborated with Tsinghua University and Intel on development of a new general-purpose processor

May 2019
Achieved mass production of 1st Gen Jintide® CPU

Jul 2019
Listed as one of the first batch of companies on the SSE STAR Market

Sep 2020
Achieved mass production of its PCIe 4.0 Retimers

2021
Recognized as Single Champion Model Enterprise in Manufacturing Industry and National Technological Innovation Demonstration Enterprise

Sep 2021
The cumulative shipped quantity of Jintide® CPU exceeded 100,000 pcs

Oct 2021
Achieved the mass production and shipment of Gen1 DDR5 memory interface chips and module supporting chips

May 2022
Released the world's first CXL™ Memory eXpander Controller (MXC)

Pioneered trial production of Gen2 DDR5 RCD

Sep 2022
Released the world's first engineering sample of Gen1 DDR5 Clock Driver (CKD)

Oct 2022
3rd Gen Jintide® Server has passed the compatibility certification of VMware

Dec 2022
Released the world's first engineering sample of Gen3 DDR5 RCD

Business Field

The Company has been deeply engaged in the two fields of interconnect chips and data-processing chips. It is committed to providing high-performance and low-power chip solutions for cloud computing and artificial intelligence.

RCD/DB
SPD/PMIC/TS
CKD

Memory interface related

Interconnect Chips

"Fast" Chips

PCIe related

CXL related

PCIe Retimer

MXC

Jintide® CPU

Data Processing

"Big" Chips

AI Chips
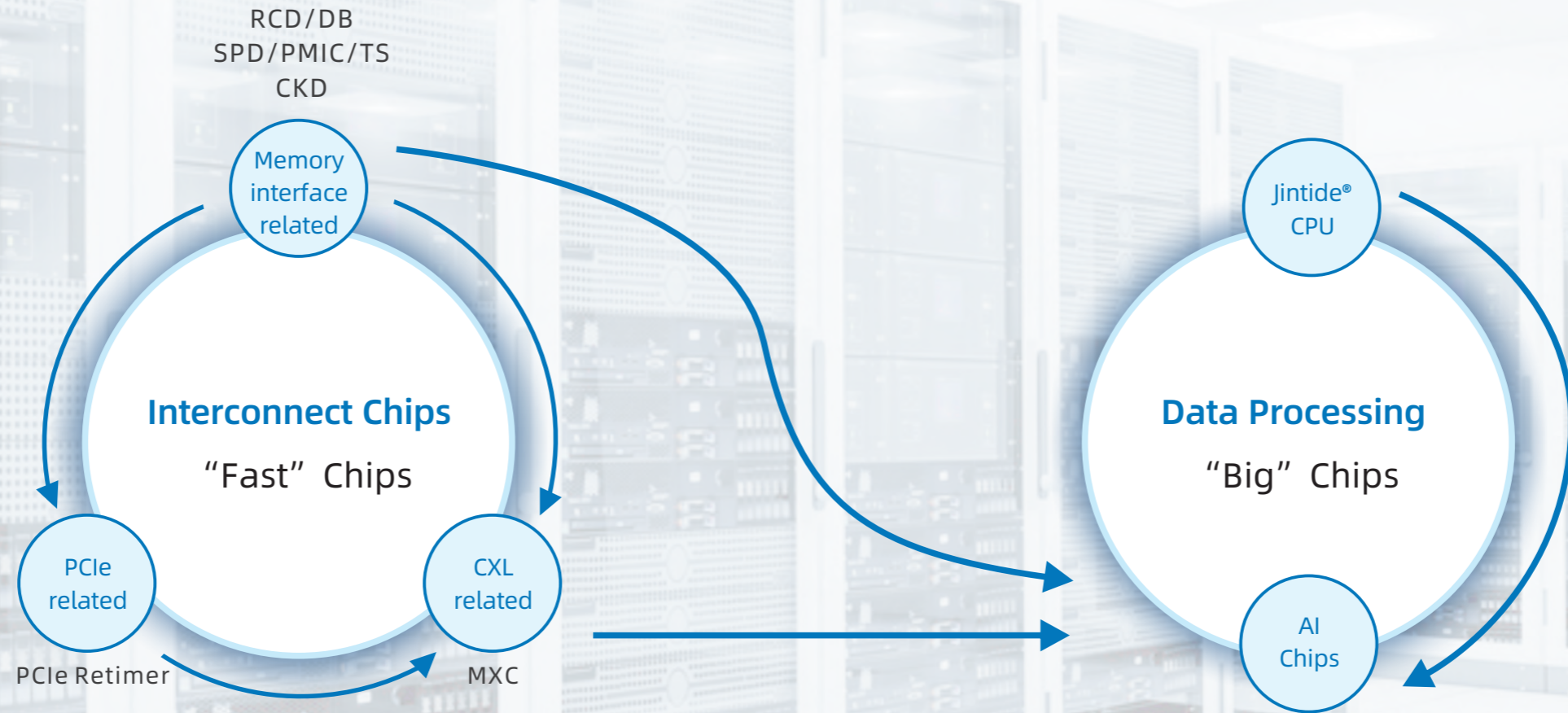
Focusing on high-speed interconnect and high-performance data-processing related technologies

Product Catalogue
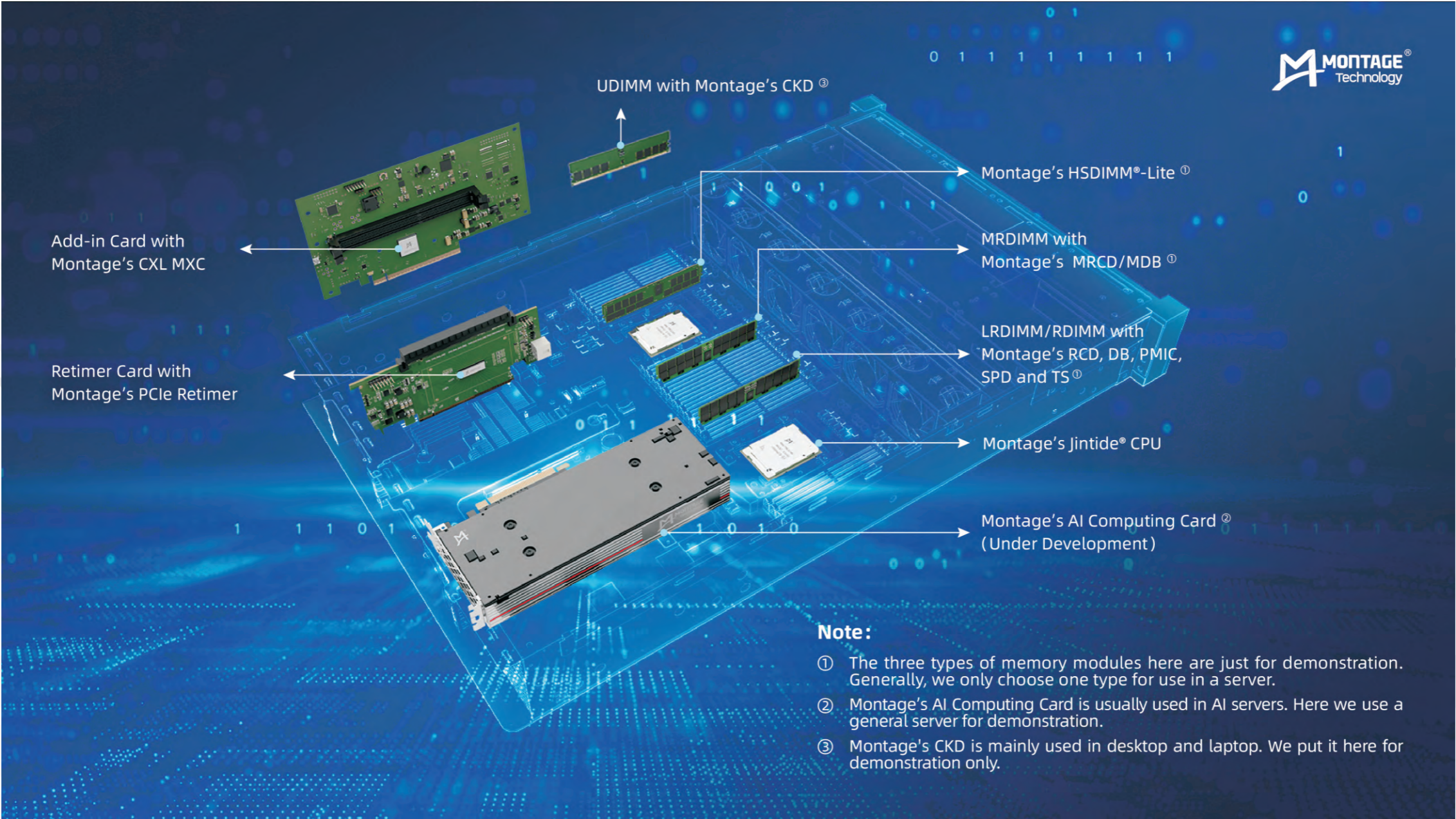
Major Products

Interconnect Chips Product Line

Memory Interface

As the core logic devices of server memory modules, memory interface chipsare are mainly used to increase the speed and stability of memory data access. The Company has successfully launched DDR2–DDR5 memory interface chips.

Montage Technology started producing Gen2 DDR5 RCDs in May 2022 and delivered the world's first Gen1 DDR5 Clock Driver (CKD) engineering sample.

Memory Module Supporting Chips

The DDR5 memory module requires three supporting chips, namely Serial Presence Detect (SPD) EEPROW with Hub, Temperature Sensor (TS) and Power Management IC (PMIC).

The Company has successfully developed the DDR5 memory module supporting chips working with partners and achieved the mass production and shipment.

PCIe Retimer

As an ultra-speed Retimer chip meeting the PCIe high speed data transmission protocol, the PCIe Retimer mainly solves the problems such as misaligned timing, large loss and poor integrity when data is transmitted at high speed or over long distances in a data center.
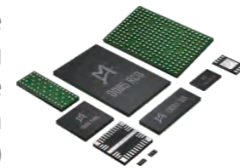
The Company has successfully mass produced PCIe 5.0/CXL 2.0 Retimer, providing stable and reliable high-bandwidth and low-latency interconnect solutions.

MXC

Montage Technology delivered the world's first Compute Express Link™ (CXL™) Memory eXpander Controller (MXC), which enables significant expansion of memory capacity and bandwidth to meet the growing demand for high-performance computing, artificial intelligence and other data-intensive applications.

CKD

Montage Technology delivered the industry's first engineering sample of Gen1 DDR5 CKD, which supports data rates up to 6,400MT/s and low-power management modes for next-generation desktop and laptop memory, in order to provide memory vendors with comprehensive and superior memory interface solutions.

Jintide® Server Platform Product Line

Jintide® CPU

Montage Technology's Jintide® CPU is an x86 processor family with Pre-check (PrC) or Dynamic Security Check (DSC) functions for use on Jintide® or other general server platforms.

The Company has already mass-produced 3rd Gen Jintide® CPU and has released a new 4th Gen Jintide® CPU. By continuously deepening its expertise in Jintide® CPU, the Company enables surging computing power for cloud computing, enterprise applications, artificial intelligence and high-performance computing.

Hybrid Security DIMM

Hybrid Security DIMMs are DIMM devices built with Montage proprietary Mont-ICMT® (Inspection & Control on Memory Traffic) technology to provide a more secure and reliable memory solution for server platforms.

To meet different application needs, the Company has launched two series of products: Hybrid Security DIMM (HSDIMM®) and Hybrid Security DIMM-Lite (HSDIMM®-Lite).

AI Chips

The Company is currently developing an AI chip, which adopts a near-memory computing architecture and is designed to solve the bottlenecks of AI computing such as limited CPU bandwidth, performance, and GPU memory capacity in inference applications with high data throughput, therefore providing customers with a low-latency and high-efficiency AI computing solution.

Industry Status

As a leader in industry innovation, the Company has great technical advantages and industry status, and is actively engaged in the establishment and development of industry-related standards and systems through international industry standard organizations to jointly promote the healthy and stable development of the industry.

Market Position

One of the world's three major companies providing DDR4 memory interface chips

One of the world's two major companies providing complete solutions for DDR5 memory interfaces and module supporting chips

The Company's DDR4 and DDR5 memory interfaces have successfully entered the international mainstream memory, server, and cloud computing markets, occupying **significant market shares worldwide**

One of the world's three companies that mass-produce PCle 4.0 Retimers

The second company in the world to mass produce PCIe 5.0/CXL 2.0 Retimer

The first company in the world to release CXL Memory eXpander Controller (MXC)

The world's first company to deliver DDR5 CKD engineering samples

Industry Associations

Member of the Board of Directors of Joint Electron Device Engineering Council (JEDEC) Solid State Technology Association, a global organization in developing open standards for the microelectronics industry

Actively serves as **chairman** of three JEDEC committees and sub-committees, and has a strong voice in product standard developing in relevant niches

Dr. Howard Yang, Chairman and CEO of the Company, is the first recipient of the JEDEC Distinguished Executive Leadership Award and promoted as IEEE Life Fellow by the Institute of Electrical and Electronics Engineers (IEEE)

Industry Standards

Leads the development of international standards for DDR5 Gen1, Gen2 and Gen3 memory interface chips, Gen1 MDB memory interface chip, and other products

Actively participates in the standard formulation of the Gen1 DDR5 CKD chips and DDR5 memory module supporting chips

Montage-invented "1+9" distributed buffer memory subsystem framework was adopted by JEDEC as an international standard for DDR4 products, and evolved into the "1+10" framework in DDR5 generation, which continues to be an international standard for LRDIMMs and as the basic architecture further derivates an international standard for MRDIMMs

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One of
the world's Top 2
DDR5 memory
interface chip vendors

The world's 2nd
company to mass
produce PCIe 5.0/CXL2.0
Retimer

**Member of the
Board of Directors**
of JEDEC

The world's 1st
company to deliver
CXL Memory eXpander
Controller

The world's 1st
company to deliver CKD
engineering sample

Corporate Culture

$$a = f \cdot i$$ ®

accelerating with focus & innovation

"止为潭渊深 动作涛澜起"

Verses by Su Zhe, a poet of Song Dynasty

Corporate Vision

To become an innovative international IC design company focusing on data-processing and interconnect chips

Corporate Mission

To make data transfer more efficient and data computing more secure

Corporate Culture

Accelerating with focus and innovation

Adhering to the spirit of craftsmanship

Driving extraordinary growth with constant innovation

Milestones in 2022

May

Released the world's first CXL Memory eXpander Controller (MXC)
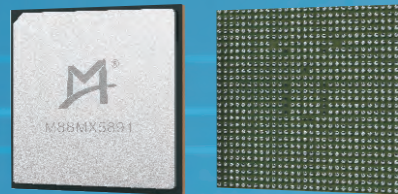
Pioneered trial production of Gen2 DDR5 Registering Clock Driver (RCD)
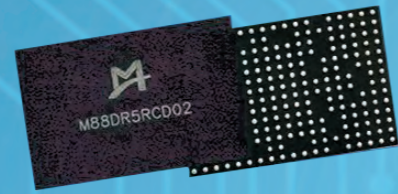
Partnered with Samsung Electronics to deliver CXL™ memory products

Aug

Received two important honors at World Semiconductor Conference

Sep

Released the world's first engineering sample of Gen1 DDR5 Clock Driver (CKD)

Oct

3rd Gen Jintide® CPUs passed VMware compatibility certification
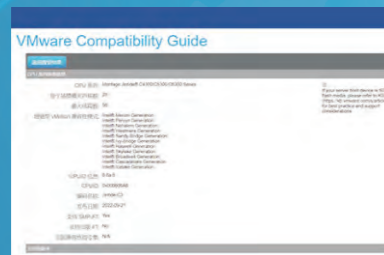
Nov

Dr. Howard Yang delivered a speech at the World Internet Conference

Dr. Howard Yang was promoted as IEEE Life Fellow

Won two awards on Micron Supplier Day 2022

Dec

Released the world's first engineering sample of Gen3 DDR5 RCD

Financial Performance

In 2022, dedicated in the fields of data-processing and interconnect chips, Montage Technology steadily carried out various works around its strategic objectives and business plan, and achieved satisfactory results in product R&D and business development, resulting in significant growth in operating achievements. In 2022, the Company's operating revenue, net profit, and sales revenue of the interconnect chips product line hit a new record again.

Operating revenue
3,672million
with a year-on-year increase of
43.33%

Operating revenue Unit: 100 Million CNY

25.62 (2021)
36.72 (2022)
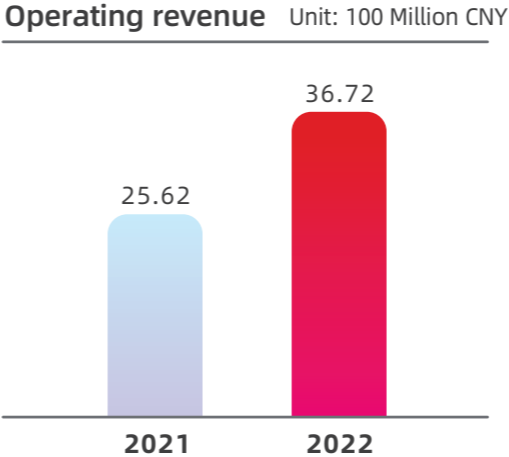
Net profit
1,299million
with a year-on-year increase of
56.71%

Net profit Unit: 100 Million CNY

8.29 (2021)
12.99 (2022)
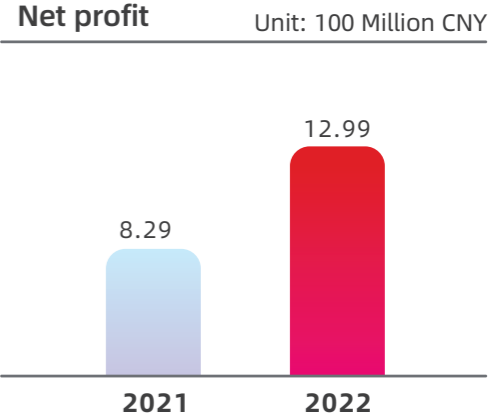
Total sales revenue of interconnect chips
2,735million
with a year-on-year increase of
59.30%

Unit: 100 Million CNY

17.17 (2021)
27.35 (2022)
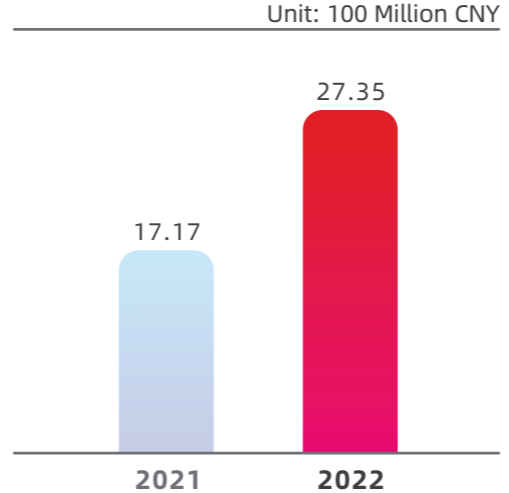
Total sales revenue of Jintide® server platform
937million
with a year-on-year increase of
10.80%

Unit: 100 Million CNY

8.45 (2021)
9.37 (2022)
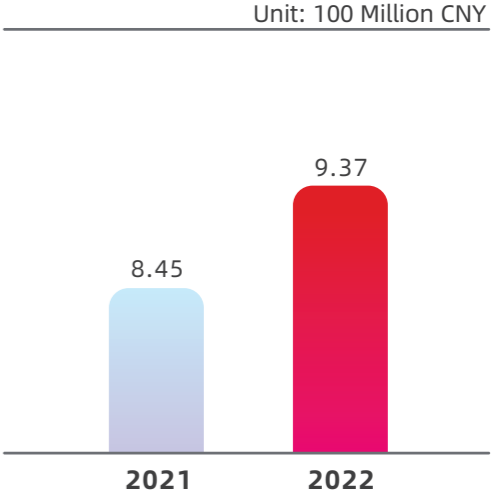
2022 ESG Highlights

Economic Performance

Revenue

CNY **3,672** million

increased by **43.33%** YOY

Net profit

CNY **1,299** million

increased by **56.71%** YOY

Governance Performance

- **36%** of Directors, Supervisors, and Senior Executives were females
- **100%** attendance of Directors, Supervisors, and Senior Executives at the General Meeting, Board of Directors Meeting and Supervisory Board Meeting
- **100%** of new employees participated in cyber security training

Innovation

- A total of **468** R&D staff, accounting for **73%** of the total workforce
- CNY **563** million was invested in R&D, accounting for **15%** of the operating revenue
- **Four products** made their world debut, among which CXL MXC is a pioneer in the industry

Green Technology

- The Gen2 **DDR5** memory interface products consumed **5%-10%** less power than the Gen1 products
- For the same amount of computing tasks, the power consumption of the 4th Gen Jintide® CPU was nearly **9%** lower than the 3rd Gen
- Annual GHG emission per employee was **3.11** tCO_2e

Product Quality

- Customer satisfaction was higher than **90%**
- **0** quality accidents
- **100%** suppliers responsible minerals sourcing audit coverage rate

Community Engagement

- **6** volunteer activities were organised
- Donated goods and cash worth more than CNY **0.6** million

Employee Care

- **100%** labor contract signing rate and commercial insurance coverage rate
- **100%** employee training coverage rate
- **94%** equity incentive comprehensive coverage rate
- **29%** female employees
- **117** employees won patent awards

Honours

National Intellectual Property Advantage Enterprise

China National Intellectual Property Administration

Chairman of the Board was promoted as IEEE Life Fellow

Institute of Electrical and Electronics Engineers

The 23rd China Patent Excellence Award

China National Intellectual Property Administration

Outstanding Performance Award Outstanding Quality Award

Micron Technology

Second Prize of the Fourth Shanghai Intellectual Property Innovation Award

Shanghai Municipal People's Government

2022 First Annual Excellent Security and Trustworthy Solution

Z-TCIA

2022 China Chip Award of Annual Significant Innovation and Breakthrough Product

China Center for Information Industry Development

2021-2022 China High-Speed Interconnect Chip Technology Leader Award

World Semiconductor Congress and Nanjing International Semiconductor Expo

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Corporate Governance

Montage Technology adheres to the responsibilities to all parties and operates on the principles of honesty and integrity. The sustainable development of the Company can be achieved by continuously improving the governance structure, strengthening internal control and risk management, safeguarding business ethics and enhancing information disclosure and information security.

- Business Ethics and Compliance
- Economic Performance
- Information Disclosure and Transparency
- Stakeholder Communication and Collaboration
- Risk Management
- ESG Governance
- Network Security and Data Privacy

8 DECENT WORK AND
ECONOMIC GROWTH

Governance Structure

Montage Technology is in strict compliance with the requirements of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, and other relevant laws and regulations. The Company has improved the corporate governance system, with clear responsibilities and standardized operations among the decision-making bodies, supervisory bodies and management.

The Company has established a corporate governance structure consisting of a Shareholders' Meeting, a Board of Directors, and a Board of Supervisors. Under the Board of Directors, the Company has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee. The Company has established a relatively sound corporate governance system to ensure sound operation.

Shareholders' Meeting

Board of Supervisors

Board of Directors

Audit Committee

Remuneration and Appraisal Committee

Nomination Committee

Board of Directors Office

General Manager (Operation Team)
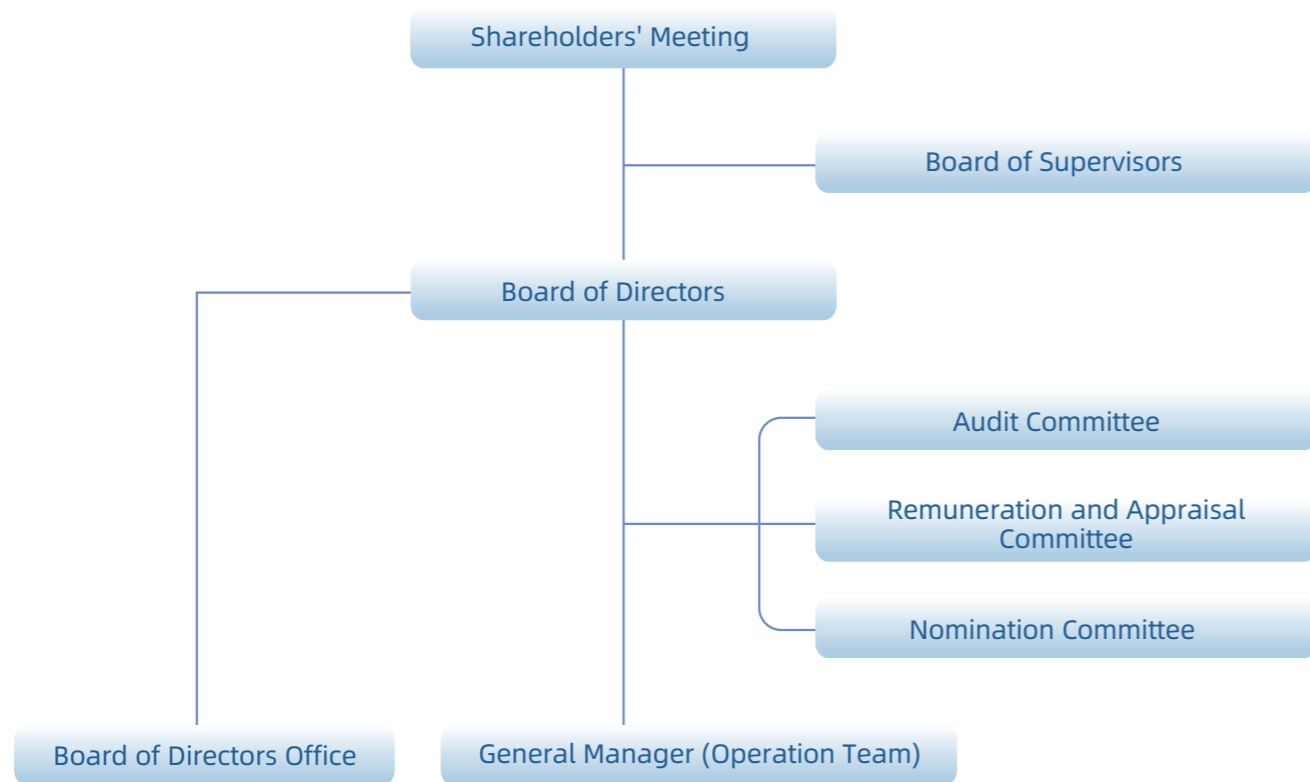
Shareholders and General Meetings

To safeguard the legitimate rights and interests of the shareholders of the Company, especially the small and medium-sized shareholders, Montage Technology convened the general meeting in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and other laws and regulations and the relevant provisions of the Articles of Association of the Company to ensure that shareholders can participate in the shareholders' meeting in time to vote and exercise their relevant rights.

During the reporting period, Montage Technology held 3 general meetings, including 1 annual general meeting and 2 extraordinary general meetings, convened by the Board of Directors. The three general meetings were all held on-site and online and a total of 10 motions were audited. Meanwhile, at the annual shareholders' meeting, the Company presented the 2021 business performance and industry development report to investors, and communicated with shareholders about their concerns.

Directors and the Board of Directors

The 2nd session of the Board of Directors of Montage Technology consists of 9 members, and the board includes 4 independent directors, accounting for more than 44%, to give full play to the role in safeguarding the interests of shareholders, especially the small and medium-sized investors and the Company. The board includes one female director. The board members' specialties cover various fields such as industry, investment, finance and law, facilitate the board's effort to guarantee the Company's decision-making level with a more comprehensive and integrated perspective and concept.

Board Age Diversity

11%
11%
22%
56%
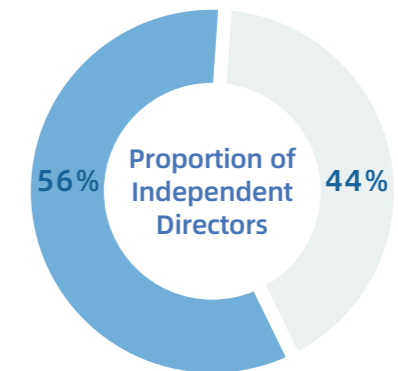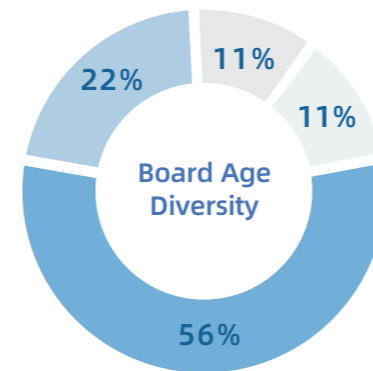
40 and below | 40-50 | 50-60 | 60 and above

Proportion of Independent Directors

56%
44%

Independent Directors | Non-independent Directors

The Board of Directors has three committees, including the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. The members are all directors and most of them are independent directors. Each committee, in accordance with the provisions of the *Articles of Incorporation and the Bylaws*, gives full play to the professional advantages in accordance with duties and authority, and makes professional opinions and recommendations in financial accounting business operation and risk management, so as to provide strong support for the scientific decision-making of the Board of Directors.

Position	Name	Gender	Types of Committees		
			Audit Committee	Remuneration and Appraisal Committee	Nomination Committee
Chairman	Howard Yang	Male			√
Employee Directors	Stephen Tai	Male			
	Yi Shi	Female			
Non-Employee Directors	RongXin Li	Male			
	Brent Young	Male			
Independent Directors	ZhiYao Yin	Male			√
	ChangJiang Lv	Male	√	√	
	JingDong Liu	Male	√	√	√
	Bo Yu	Male	√	√	

During the reporting period

7
board meetings

100%
attendance of directors

5
audit committee meetings

100%
attendance of audit committee members

3
remuneration and appraisal committee meetings

100%
attendance of remuneration and appraisal committee members

1
nomination committee meeting

100%
attendance of nomination committee members

Supervisors and Board of Supervisors

Montage Technology strictly abides by the *Company Law of the People's Republic of China* and other laws and regulations. The Board of Supervisors was established to independently exercise the power of supervision in accordance with the law, and it shall protect the rights and interests of shareholders and the Company and supervise the daily operation activities. During the reporting period, the Company's 2nd Board of Supervisors was composed of three supervisors, with 67% being female. The members of the Supervisory Board include two representatives of non-employees and one representative of employees, ensuring that the Board of Supervisors has the ability to communicate extensively with shareholders and employees, and can safeguard the rights and interests of all shareholders.

Position	Name	Gender
Chairman of the Board of Supervisors	XiaoYan Xia	Female
Supervisor	XiaoHong Cai	Male
Employee representative	ZhouJie Fang	Female

During the reporting period

6
supervisory meetings

100%
attendance rate of supervisors

Gender-Diversified in Directors, Supervisors, and Senior Executives

Montage Technology is committed to building an inclusive work environment with equal opportunity while maintaining the professionalism and diversity of directors, supervisors, and senior executives. During the reporting period, females accounted for 36% of the Company's directors, supervisors and senior executives, 67% of the Board of Supervisors, and 50% of senior managers.

High Education Distribution of Directors, Supervisors, and Senior Executives
35.7% 35.7% 28.6%

Genders in Directors, Supervisors and Senior Executives
36% 64%

Educational Background in Directors, Supervisors, and Senior Executives
14.3% 14.3% 14.3% 57.1%

Ages in Directors, Supervisors, and Senior Executives
7.1% 14.3% 14.3% 21.4% 42.9%

Doctor Master Bachelor

Male Female

Industry Investment
Legal Finance and accounting

20-30 50-60
30-40 Above 60
40-50

Risk Management

Montage Technology attaches great importance to risk management and internal control, and has formulated policies, like the *Internal Control Management Manual*, to address various identified potential risks related to operations covering the internal control, operation, finance, legal and marketing fields. The Company strengthens its internal control system, clarifies internal control processes, operations, supervision and evaluation, improves internal control self-assessment management norms and work mechanisms to reduce various risks and ensure compliant operation of the enterprise. The Company adopts a three-level risk management architecture to clarify the scope of responsibilities at each level, striving to balance flexibility, moderation, and efficiency while guarding against risks.

Board of Directors

Audit Committee

Reporting line

Department of Internal Audit

Structure of Montage Technology Internal Audit and Risk Management System

R&D Risk | Supplier Risk | Quality Risk | Consumer Concentration Risk

Main Risks

Talent Loss Risk | Technology Leaks Risk | IP Risk | ......
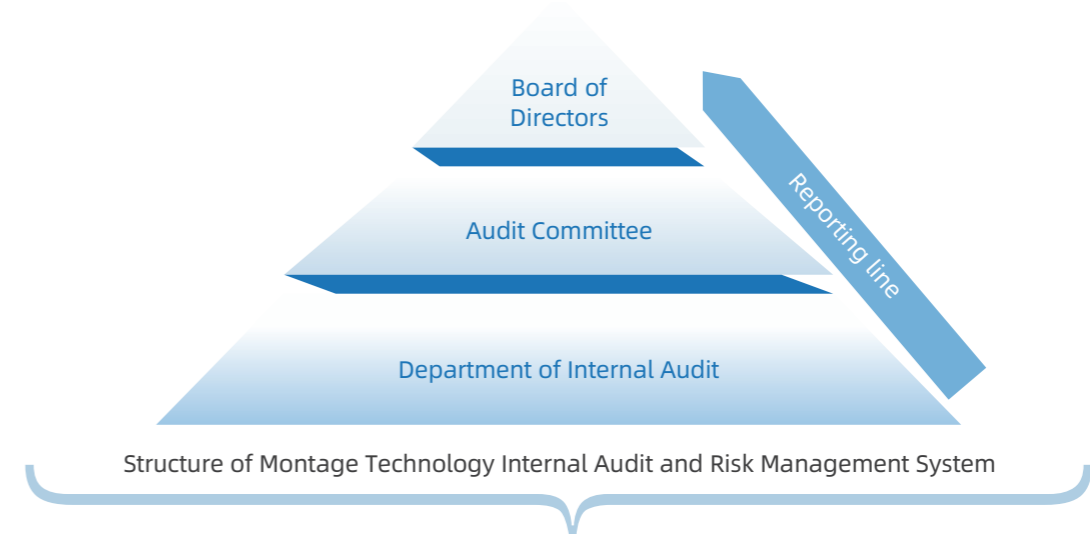
Structure of Montage Technology Internal Audit and Risk Management System

- **Level 1:** As the highest responsible party for internal control and risk management, the board of directors provides overall management of the risk management and internal control system, plays an upper-level role and oversees the implementation of the results of the comprehensive risk management system and internal control system.
- **Level 2:** The Audit Committee is responsible for supervising the internal risk management and supervision mechanisms and is responsible to the Board of Directors.
- **Level 3:** The Department of Internal Audit performs the responsibilities of internal control and risk control, actually implements various internal control systems within the Company, monitors the progress of internal control and risk control, and assists the Board of Directors and the Audit Committee to fulfill their responsibilities including
  - Reviewing and evaluating the reliability, effectiveness and integrity of the Company's internal monitoring mechanisms
  - Reviewing and assessing the appropriateness of the Company's organizational structures, systems and procedures
  - Reviewing and evaluating the security and integrity of assets
  - Understanding and evaluating the possibility of significant risks to the Company, and helping the Company to improve risk management, etc.

Development of annual plan for internal audit

Pre-audit investigation of the auditee

Implementation of the audit

Compilation of audit files based on relevant materials

Follow-up audit on the implementation of rectification measures

Submission to the Company's audit committee or the board of directors for review

Compilation of internal audit report based on audit opinions or decisions

Internal Audit Procedure

During the reporting period, Montage Technology conducted one internal control self-assessment and three special audits. After the internal control self-assessment and inspection and supervision, there were no major internal control deficiencies within the Company. For the general internal control defects found, the Company adopted a "discover and rectify immediately" strategy and instructed relevant departments to formulate rectification plans to rectify the issues in a timely manner. As of the end of the reporting period, all identified issues have been corrected, with a completion rate of 100%.

The board of directors issued the 2022 Internal Control Assessment Report, and Ernst & Young Hua Ming issued the Internal Control Audit Report for the Company.

2022 Internal Control Assessment Report

Based on the identification of significant deficiency of internal control over financial reporting, there were no significant deficiencies in the internal control over financial reporting as at the base date of the Internal Control Assessment Report. The board believes that the Company has maintained effective internal control over financial reporting in all major aspects in accordance with the requirements of the internal control standard system and related regulations.

Based on the identification of significant deficiencies in the internal control over non-financial reporting, there were no significant deficiencies in the internal control over non-financial reporting as at the base date of the Internal Control Assessment Report.

From the base date to the issue date of the Internal Control Assessment Report, there were no significant changes that may impact the assessment of the effectiveness of the internal control.

Business Ethics

Business Ethics Management

Montage Technology strictly abides by laws and regulations such as the *Law of the People's Republic of China against Unfair Competition, Interim Provisions on Prohibition of Commercial Bribery* and other accepted business ethics. The Company has set business ethics regulations, such as *Anti-corruption Management Policy*, to clarify the system of responsibilities demonstrating the Board of Directors is responsible for supervising the management in establishing an anti-fraud culture environment. The Audit Committee, as the body responsible for the relevant issues, is responsible for guiding the General Manager's Office to establish a sound internal anti-fraud mechanism, identify sensitive positions and carry out audit checks accordingly.

In terms of internal management initiatives, Montage Technology requires relevant employees, from departments with high potential fraud risks, to sign an *Anti-Fraud Pledge*. The Company strictly investigates internal corruption, bribery, fraud, money laundering, improper trading and other business ethics incidents. In terms of industry cooperation, the Company also attaches great importance to business ethics protection in the supply chain. In addition to the relevant supplier background investigations, the Company has incorporated anti-bribery clauses such as the *Anti-Bribery Statement* into standard contract templates and required anti-bribery clauses to be signed in relevant business cooperation. During the reporting period, no business ethics incidents occurred in the Company.

Business Ethics Reporting Mechanism

In response to any potential business ethics incidents, Montage Technology has established a convenient and efficient complaint and reporting channel in accordance with the relevant provisions of the *Anti-Fraud Management Policy*. Employees at all levels of the Company or external social parties can report business ethic issues to the General Manager's Office in real name or anonymously through reporting hotlines, emails, letters, and other means. The relevant reported information will be reported to the Company's general manager within 10 working days, and the investigation results or handling results will be notified to the reporter within three months (only for real-name reporting). If it is hard to notify the reporter before the deadline, the reason will also be explained to the reporter.

The Company promises to strictly protect the whistleblowers' information, prohibit illegal discrimination or retaliation against the whistleblowers, and take serious action against those who violate the rules by leaking the whistleblowers' information or retaliating against them. The Company has established strict regulations for the confidentiality requirements of accepting, recording, transferring, verifying, discovering, prosecuting, and filing whistleblower information. At the same time, the Company will record reporting information to facilitate timely tracking of related information processing progress and improve the Company's anti-fraud management level.

Business Ethics Training

In order to better promote the concept of business ethics, Montage Technology actively carries out all kinds of anti-corruption training and education in the form of system publicity and specialized training. This will help further strengthen employees' awareness of integrity, enhance their sensitivity to fraud problems, and help them find and identify daily fraud incidents.

Employee Business Ethics Training

In 2022, the Company's legal department organized six training sessions for employees on potential insider trading, fraud, and other business ethics issues, providing detailed information on the Company's relevant policies and helping employees identify red-line events in their daily work through examples. At the same time, corresponding online tests were conducted after the training to further consolidate the training effect.

Information Disclosure

The Company attaches great importance to the management of information disclosure and specifies that the chairman of the board is the principal responsible person for information disclosure. The Company has formulated policies, for instance *Information Disclosure Policy, Business Management Policy on Postponement of and Exemption from Information Disclosure and Insider Registration and Management Policy*, to standardise and refine the requirements related to information disclosure.

Montage Technology adheres to the principles of "truthful, accurate, complete, timely, fair, concise and clear, easy to understand" for information disclosure. The Company has designated the disclosure channel of website and press, including the Shanghai Stock Exchange (www.sse.com.cn), Shanghai Securities News and Securities Times, to ensure stakeholders have fair access to information about the Company. At the same time, we carry out effective communication with shareholders and institutional investors through performance briefing, the Shanghai Stock Exchange interactive platform, the investor relations column on the Company's official website, investor email box, investor hotline, investor on-site visit and other forms. We value maintaining investor relations, improve the transparency of the Company's information and protect the legitimate rights and interests of all shareholders, especially the small- and medium-sized shareholders.

In accordance with the relevant requirements of the *Insider Registration and Management Policy*, the Company took measures to keep the number of insiders to a minimum and registered the insiders that have access to the unreleased insider information during the reporting, transmission, preparation, review, disclosure, and other processes.

Information Disclosure Procedure

The internal responsible people review and submit the information

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The secretary of the board conducts compliance checks and writes announcements

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Relevant review procedures

↓

Disclosure
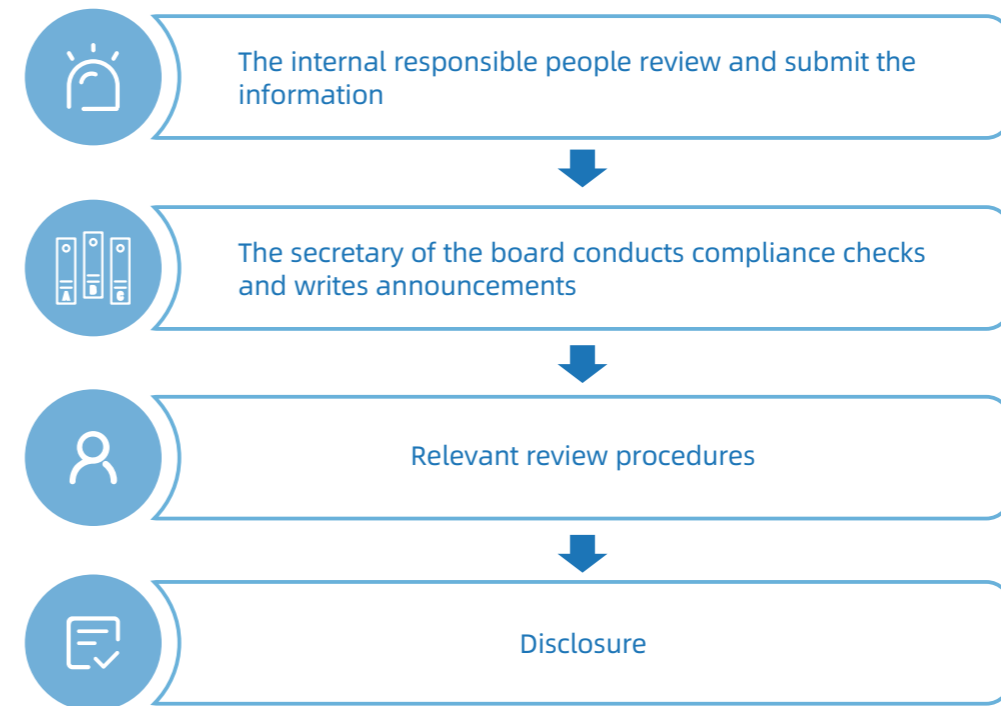
During the reporting period

The Company has

disclosed		held	hosted	a total of	disclosed a total of	responded to a total of
67	**4**	**3**	**122**	**792**	**12**	**74**
interim announcements	regular reports	result presentations	investment institutions	times	investor relations activity record forms	SSE interactive questions

Information Security

Montage Technology strictly abides by relevant laws and regulations such as the *Cybersecurity Law of the People's Republic of China* and has formulated a series of system documents such as *Network Division Management*, *Terminal Equipment Network Access Control*, *High Security Data Access Policy*, *Document Access Control Policy*, and *Emergency Plans for Power Outages and Fire Alarms in Various Data Centers*. The IT department is responsible for the Company's information security management.

The Company has taken a series of measures in the identification and prevention of information security risks to ensure that resources, technology, management, and other factors related to information security are under control. It would help to protect IT assets from unauthorized access or attacks and minimize IT-related risks.

Enhance permission management

- The permission application process is clarified, following the "minimum permission" principle, and strictly limiting permission

Deploy network security devices

- Various network security devices are used to prevent leakage of important design data and network intrusion

- The heterogeneous firewall architecture is used to minimize external ports. The Company deploys encryption, firewall authentication, and dual-factor VPN authentication is necessary for protocols that do need to be developed

- The software is set up to automatically update server and regularly apply security patches to the server

- Various functions of the firewall, including malicious code filtering, virus protection, attack prevention, and regular automatic update, are enabled

- Relevant protection function modules are enabled for the mail server to filter malicious code emails and phishing emails

- Anti-virus functions are enabled for the server and non-essential high-risk ports are disabled to prevent the spread of computer worms

Implement internal network isolation

- According to the definition of security levels of information system assets, data access rules and VLAN network segments with different security levels are designed and planned, and mutual access is prohibited by default between different network segments

- Firewall is used to restrict users' access to high-security level network resources

- Only certain terminals are allowed to access the systems that store sensitive information, and data transfer is strictly restricted

Early warning and emergency plan

- The IT system operation monitoring system has been established to alert via emails and prompts when related equipment malfunctions occur

- The *Data Backup Policy* has been established and data backups are conducted regularly to prevent data loss

- We establish and follow emergency plans including *Network Interruption Emergency Plan, IT Server Room Emergency Plan, and Power Power Supply Emergency Plan*, clearly indicating the emergency response process in order to quickly restore system operation and avoid data leakage and loss

Highly sensitive data protection

- For highly core data departments such as the R&D department, we formulate special policies to protect core data, and use secure access terminals and virtual terminals to indirectly access sensitive data. Meanwhile, we set strict access control for special documents and strengthen file transfer control

- Indirect connected secure access terminals and virtual terminals are used to indirectly access sensitive data

In addition, the Company's IT department conducts monthly internal audits of the information system covering relevant account permissions, data center access logs, system operation logs, firewall logs, and other information. The security issues found are rectified in a timely manner, and test conclusions are recorded. The Company also conducts regular external audits and cooperates with third-party auditors.

Furthermore, the Company promotes cybersecurity awareness to all employees by regularly sending phishing email examples as warnings, while combining with regular training to convey the precautions for using the office network, secure management of passwords and important data files, virus prevention, and other security measures and awareness.

During the reporting period

External audits	Supplier audits	Information security training coverage rate	Information security training time
2	5	100%	100 hours

ESG Governance

Undertaking social responsibility and adhering to sustainable development are important components of Montage Technology's development strategy. The Company integrates ESG management and sustainable development concepts and incorporates them into the business management system.

ESG Governances Structure

In order to continuously consolidate the leadership role of the Board of Directors in ESG governance matters and clarify its accountability in related matters, the Company has developed ESG work management mechanism and established a three-tier ESG governance structure to lay the foundation of the organizational structure for the implementation of the Company's sustainable development actions to meet the communication needs of shareholders, investors, customers and other stakeholders.

The Board of Directors is responsible for formulating Corporate Social Responsibility-related strategies and objectives, approving and monitoring ESG-related matters, as well as strengthening the Board's supervision of ESG governance matters and promoting the implementation of ESG management policies and strategies. The Corporate Social Responsibility Working Group, comprised of senior managers and managers from all relevant functional departments, is responsible for guiding the implementation of ESG strategies and managing ESG-related issues, providing sustainable development advice to the Board of Directors, and formulating ESG objectives and action paths while considering the concerns of various stakeholders and the international community. The Board of Directors Office, the lead department, will work with the Company's business lines and other functional departments to promote the implementation of ESG work, and will continue to establish and optimize relevant risk management mechanisms to ensure close communication and cooperation with stakeholders.

Board of Directors

Approval and Monitoring

Proposal

ESG Working Group

Guidance and Monitoring

Report

Board of Directors Office
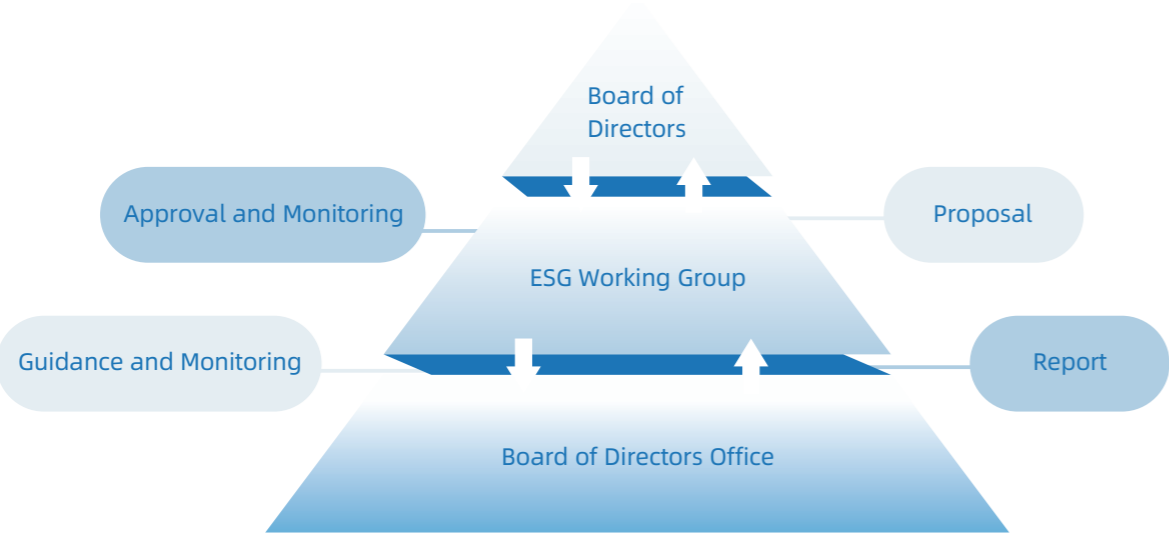
Montage Technology ESG Governance Structure

Stakeholder Engagement

Montage Technology attaches great importance to the communication with stakeholders and maintains close contact and interaction with them. We actively listen to the opinions and suggestions from stakeholders and take measures to respond reasonably to their concerns. During the reporting period, the Company did not receive any objections from stakeholders to Montage Technology's business activities.

Stakeholders	Expectation and Demands	Response	Channels
Shareholder & Investor	• Product Quality • Innovation and IP • Business Ethics and Compliance • Economic Performance	• Ensure Stable Product Quality • Focus on Technology Development • Improve Profitability • Optimize Internal Control and Risk Management	• Shareholders' Meeting • Earnings Release • Information Disclosure • Roadshow
Government & Regulators	• Economic Performance • Product Quality • Innovation and IP • Business Ethics and Compliance	• Pay Taxes in Full and on Time • Anti-corruption Management • Proactive Implementation of Relevant Policies • Proactive Social Responsibility • Contribute to Technological Development of the Industry	• Information Disclosure • Reception of Research • Document Exchange • Policy Implementation
Customer	• Industry Cooperation • Product Quality • Stakeholder Communication and Collaboration • Green Product	• Industry Cooperation • Ensure Stable Product Quality • Improve the Confidentiality of Customer Data • Optimize Product Design • Carry out Full Lifecycle Management	• Customer Visits • Customer Service Feedback • Online Communication

Stakeholders	Expectation and Demands	Response	Channels
Employee	• Human Capital Development • Employee Benefits and Welfare • Occupational Health and Safety • Business Ethics and Compliance	• Comprehensive Career Advancement Mechanism • Competitive Salary and Welfare Guarantee • Implementation of Health and Safety Management System • Equal Communication and Appeal Mechanism	• Employee Conference • Employee Activities • Employee Training
Partner & Supplier	• Customer Service • Business Ethics and Compliance • Innovation and IP • Supply Chain Management	• Promote Daily Communication • Implement Project Collaboration • Eliminate Supply Chain and Business Ethics Issues • Fulfill Contracts in Accordance with the Law • Conduct Supplier Assessments • Focus on Technology Development	• Industry Seminars • Supplier Conferences • Supplier Training • Supplier Assessments
Community & Public	• Community Engagement • Environmental Advocacy and Cooperation • Industry Cooperation	• Commit to Charity • Adhere to Green Operation • Promote Social Progress • Share the Outcome of Development	• Community Activities • Public Welfare Projects

Materiality Assessment

Montage Technology is committed to actively listening to the opinions and suggestions of all stakeholders and integrating the core demands of stakeholders into the entire process of company decision-making and operation, in order to accurately grasp the direction of the Company's sustainable development. During the reporting period, in order to better identify ESG materiality issues, the Company comprehensively sorted out important issues related to the Company's sustainable development, with reference to the GRI Standards, industry ESG issues concerning the MSCI ESG Ratings, and feedback from internal and external stakeholder research. We identified a total of 25 issues relevant to Montage Technology, including 9 issues of high importance, 10 issues of medium importance and 6 issues of low importance.

9 issues of high importance

10 issues of medium importance

6 issues of low importance

Montage Technology Materiality Assessment Process

Identification of Topic Issues	Through the analysis of disclosure requirements of the guidelines, policy analysis and benchmarking capital market concerns, 25 potential materiality issues were screened out to form a list of ESG materiality issues
Stakeholder Communication	Develop stakeholder communication plan, conduct 18 in-depth interviews with internal functions, and distribute ESG materiality questionnaires to stakeholders to understand the priority issues of each stakeholder
Confirming Material Topics	Analyze each issue in two dimensions: importance to stakeholders and importance to Montage Technology's sustainable development, and confirm the level of impact of each issue with the Board of Directors
Materiality Matrix	Compile into a matrix of materiality, representing high-, medium-, and low-importance

Montage Technology Materiality Matrix

01 Business Ethics and Compliance
02 Product Quality
03 Human Capital Development
04 Innovation and IP
05 Economic Performance
06 Information Disclosure and Transparency
07 Stakeholder Communication and Collaboration
08 Customer Service
09 Industry Cooperation
10 Supply Chain Management
11 Risk Management
12 Labor Management
13 Green Products
14 ESG Governance
15 Network Security and Data Privacy
16 Occupational Health and Safety
17 Employee Rights and Benefits
18 Diversity and Inclusion
19 Conflict Minerals
20 Waste and Hazardous Substance Management
21 Environmental Advocacy and Cooperation
22 Water Resources and Effluents Management
23 Energy Management
24 Climate Change and GHG Management
25 Community Engagement

02
Innovation Empowerment and Quality Service

Montage Technology upholds the craftsmanship spirit of excellence, and is dedicated to providing customers with high-performance and low-power IC solutions, with innovation as the driving force to better suit the customers' demands and support the Company's extraordinary growth.

- Product Quality
- Innovation and IP
- Customer Service
- Green Products

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Innovation Orientation

As a technology-intensive IC design enterprise, Montage Technology continues to practise the corporate culture of "accelerating with focus and innovation". In the project establishing and planning phases of each product, requirements are put forward for Intellectual property (IP), the number of patents submitted and other product development related achievements. At the end of the project, the implementation of each phase of evaluation is incorporated into the project management quality score, to identify matters to be improved and continuously promote product innovation, and to realize the product innovation system of "Technological Reserves - R&D - Mass Production".

Montage Technology R&D Process

1. Project Establishment Marked by the Signing of the NPA
2. System Architecture, Modules, Integration and Layout Design
3. Prototype Tapeout and Packaging
4. Sample Testing and Verification
   Return to the design phase (the second phase) if there are design defects
5. Reliability Assessment and Risk-based Pilot Production
6. Quality Certification
7. Official Mass Production

Montage Technology R&D Process

During the reporting period, Dr. Howard Yang, Chairman of the Board and CEO of Montage Technology, was promoted as IEEE Life Fellow by the Institute of Electrical and Electronics Engineers (IEEE) in recognition of his prominent contributions to the field of IC design over the years.

In 2022, the Company continued to increase investment in R&D and invested a total of CNY **563** million in R&D, increasing by **52.36%** year on year, and accounting for **15.34%** of the revenue.

Montage Technology's R&D Investment
(Unit: 100 million CNY)

2020	2021	2022
3.00	3.70	5.63
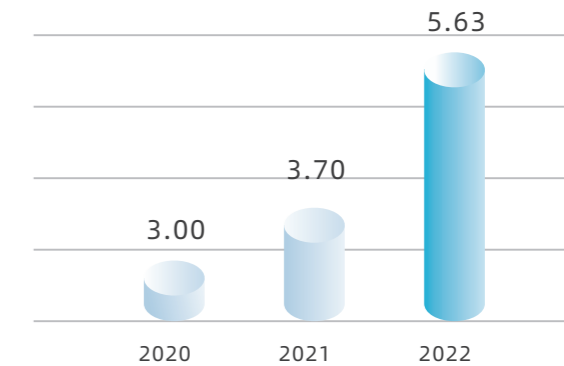
In 2022, the Company put into use the headquarters building in Shanghai to provide resources for the future R&D scale growth. Meanwhile, the Company recruits and trains R&D engineers annually based on R&D needs and carries out cooperation between enterprises and universities according to the evaluation of product characteristics and R&D strength, so as to provide talent guarantee for R&D and promote product development and industry development.

By the end of 2022, the number of Company's R&D technical staff was **468**, accounting for **73%** of the total employees, an increase of **2%** from 2021. Among them, R&D technicians with master's degree or above accounted for **63%**, representing the continuous expansion of the Company's R&D technical team.

The Proportion of R&D Personnel

	2020	2021	2022
Number of personnel in other positions	140	154	173
Number of R&D personnel	317	373	468
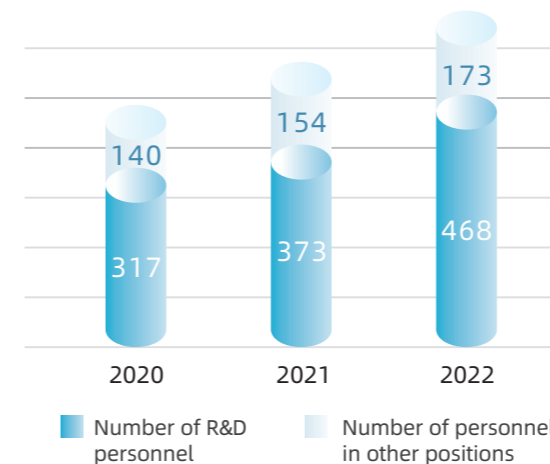
R&D Team by Age in 2022 (Unit: person)

- 29 and below: 135
- 30-39: 213
- 40-49: 97
- 50-59: 20
- 60 and above: 3
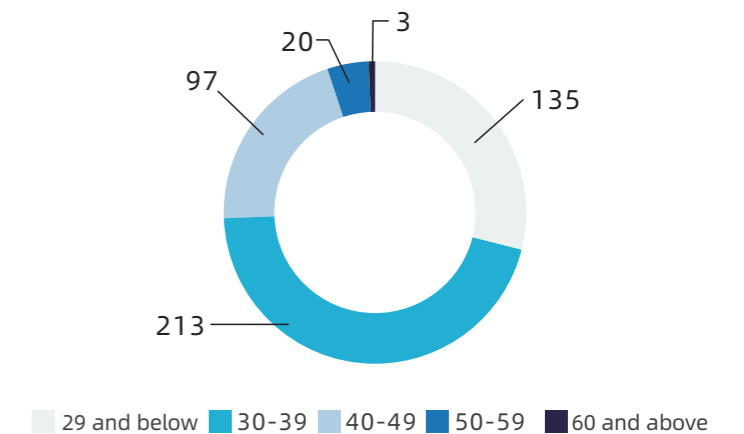
In 2022, Montage Technology took the lead in cutting-edge technology of interconnect IC area with intensive release of new products:

CXL™ Memory eXpander Controller (MXC)

In May 2022, the Company released the world's first Compute Express LinkTM (CXL™) Memory eXpander Controller (MXC), which can enable significant expansion of memory capacity and bandwidth to meet the growing demand for data-intensive applications such as high-performance computing and artificial intelligence.

Gen2 DDR5 RCD Chip

In May 2022, the Company pioneered the trial production of Gen2 DDR5 RCD chip, which supports data rates up to 5,600 MT/s, a 16.67% improvement over Gen1 RCD, and supports multiple power-saving modes, to continuously provide efficient memory solutions for the development of data-intensive computing applications.

Gen1 DDR5 Clock Driver (CKD) Engineering Samples
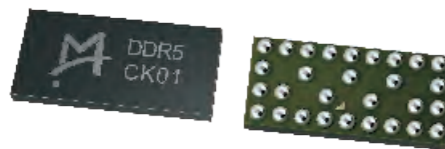
In September 2022, the Company delivered the industry's first engineering sample of Gen1 DDR5 CKD, which supports data rates up to 6,400 MT/s and low-power management modes, designed to help customers develop new-generation memory products for PC.

Gen3 DDR5 Registering Clock Driver (RCD) Engineering Samples

In December 2022, the Company released the industry's first engineering sample of Gen3 RCD, which supports data rates up to 6,400 MT/s, a 14.3% improvement over Gen2 and 33.33% improvement over Gen1, thus realizing constant update for memory interface products.

Remote and Automated Testing to Improve Testing Efficiency

In 2022, to alleviate the impact of working at home due to the pandemic and improve testing efficiency, the Company introduced remote testing by using the existing server as a relay server to enable remote operation of test equipment and machines in both Shanghai and Kunshan laboratories.

Meanwhile, the Company realized automation of testing and data analysis through programming language to control instruments and boards and analyze testing data. The Company developed automated testing to solve the problems of manual testing such as time-consumption, labor-cost, and fallibility, while realizing functions including power switches control, chip operation monitoring, log files recording, and test results judgment, which significantly improved testing efficiency.

Corporate Governance | Innovation Empowerment and Quality Service | Supply Chain Management and Industry Cooperation | Employment Management and Harmonious Workplace | Green Development and Social Contribution

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Quality Management

The Quality Management Department of Montage Technology is responsible for the formulation of quality-related policies and objectives, regular review of the effectiveness of the quality management system and annual management review to further improve the overall product quality management of the Company on the basis of meeting relevant statutory and regulatory requirements and customer expectations. Montage Technology has formulated the *Quality Manual*, *New Product Development Procedure* and other documents, which clearly stipulate the quality management methods covering the design, development, outsourcing, mass production and sales and other phases of ICs to standardize the whole process of quality management.

To ensure product quality, the Company has established *Reliability Qualification Requirement*, which defines the quality assessment at the product certification phase regarding production processes/product packaging, etc., such as reliability assessment based on the JEDEC standard. Meanwhile, during the product testing and mass production phases, the Company constantly improves product quality by regularly collecting indicators in key processes, establishing product testing procedures, conducting failure analysis, etc.

In 2022, the Company did not have any quality incidents.

GB/T 19001-2016 / ISO 9001:2015
Standard Quality Management System Certification

To enhance the staff's awareness of quality assurance and related work ability, Montage Technology conducts employee trainings regarding various topics including quality management system, quality management responsibilities, quality acceptance procedure and other related contents.

Meanwhile, Montage Technology carries out the quality management of its business partners. The Company achieves standardized management of subcontractor product quality by establishing policies and systems regarding the selection of subcontractors, quality requirements for subcontractors such as wafers and assemblies, and plastic packaging qualification procedures, etc. In addition, the Company establishes and updates the list of banned substances from time to time for raw materials to meet the international/domestic environmental requirements and requires suppliers to provide relevant environmental testing reports regularly to ensure that products comply with environmental regulations and to reduce the environmental impact of products.

The Company has maintained a high level of quality management since founded, and is highly recognized by customers.

The Company received the
Outstanding Quality in Assembly & Test Materials and Semiconductor Components
Award from Micron Technology

Examples of Specific Measures for Quality Assurance during Product Testing and Mass Production

Solve the problems of high-speed signal transmission and impedance matching between the test system and the chip under test through self-designed high-speed test board and test program.

Eliminate random errors of test instruments by multiple sampling in mass production testing to ensure high quality of products, while optimizing test time and saving test costs with the customized high-speed self-test function inside the chip.

Correct chip parameters in mass production by designing the calibration circuit inside the chip to improve the product yield and reduce the material loss.

Clean Technology

Montage Technology values the product energy efficiency performance in all stages of product development, and "low-power" is also one of the core features and advantages of the Company's product development strategy. For example, in the product definition stage, the balance between performance and power consumption is emphasized; in the product design stage, sleep and standby modes are added to comprehensively improve product energy efficiency performance.

Optimal Management of Product Energy Consumption

Product Design Phase

System-level energy management

Realize multiple system-level power management through CPU multi-frequency switching, dynamic low-power (CKE shutdown mode) power management, clock suspend mode, extremely low-power mode, etc.

Innovative circuit-level power management

Achieve fine-grained management of power consumption through circuit design techniques such as clock gate control, power gate control, dynamic power supply replenishment, and multi-threshold voltages.

Reasonable Selection of Product Technology Process

With the advanced circuit process, Gen2 DDR5 memory interface products consume 5%-10% less power than Gen1 products at the same rate.

Energy Management for Customers

Defining low power consumption and introducing low power consumption design indirectly reduce downstream customers' requirements for heat dissipation and power supply capability, raw material requirements, etc., which in turn contributes to the lower energy consumption, smaller investment in ambient temperature control systems, and lower material consumption of the Company's major products when applied to servers.

The New 4th-Gen Jintide® CPU Delivers Multi-dimensional Energy Savings

The Company launched the new 4th Gen Jintide® server processor (CPU) to provide strong computing power for cloud computing, enterprise applications, artificial intelligence and high-performance computers. The product adopts multi-dimensional energy-saving technologies to continuously improve product energy efficiency.

Improved Performance per Watt ratio

- Taking the floating-point performance LINPACK as an example, the 4th Gen Jintide® CPU consumes nearly 9% less power than the 3rd Gen Jintide® CPU for the same amount of computing task.

Optimized power management design

- Upgrade the "Active Idle" mode to reduce power consumption by lowering the Mesh frequency within interconnecting cores.
- Add Package C6 low power mode to reduce CPU power consumption during idle time.

Corporate Governance | Innovation Empowerment and Quality Service | Supply Chain Management and Industry Cooperation | Employment Management and Harmonious Workplace | Green Development and Social Contribution

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Intellectual Property

Montage Technology has always attached great importance to the protection of intellectual property rights to support the R&D strategy of independent innovation and promote the long-term development of the Company. To strengthen the management of intellectual property rights and enhance the core competitiveness, the Company has established an Intellectual Property Committee consisting of the heads of R&D departments and an Intellectual Property Management Department with specialists, in which the specialists are responsible for handling relevant matters and reporting to the Intellectual Property Committee. Meanwhile, the Company has established comprehensive intellectual property management policies including *Patent Management Measures, Technology Confidential Management Measures, Integrated Circuit Layout Design Management Measures, Patent Application Process, Intellectual Property Training Measures* , etc., to ensure the timely and effective protection and management of the Company's intellectual property achievements.

In addition, the Company purchases professional intellectual property management software and patent search platform services, which facilitate the intellectual property management department to conduct the necessary patent searches to understand the current status of intellectual property and development needs of the proposed technology when the project is established, and search existing technologies before applying for patents to avoid repeated applications, thereby realizing the information management of intellectual property rights. For R&D personnel, the Company provides subscription to IEEE journals and China National Knowledge Infrastructure membership services.

To promote the output of intellectual property achievements, the Company has formulated the *Measures for the Formulation and Assessment of Annual Patent Application Plan* , which clearly sets the patent application KPIs for the R&D department to be assessed every six months, and the KPIs are refined to individual employees and taken into consideration in the performance assessment of relevant employees. To encourage employees' self-innovation, the Company has formulated the *Intellectual Property Incentive Program*, which clearly rewards the inventors of patent applications and the proposers of innovative technical solutions. Meanwhile, the Company selects outstanding patent solutions to actively participate in patent competitions to encourage inventors to keep pace with continuous innovation.

During the reporting period

the Company was awarded the **"National Intellectual Property Advantage Enterprise"**, the patent "Voltage and Timing Calibration Method for Memory System" (ZL201110443575.7) won the **23rd China Patent Excellence Award**, and the patent "Device and Method for Clock Signal Loss Detection" (ZL201410307669.5) won the **4th SMPG Shanghai IP Innovation Award (Second Prize for Patent)**.

1. National Intellectual Property Advantage Enterprise

2. The patent "Voltage and Timing Calibration Method for Memory System" won the 23rd China Patent Excellence Award

3. The patent "Device and Method for Clock Signal Loss Detection" won the 4th SMPG Shanghai IP Innovation Award (Second Prize for Patent)

Intellectual Property Rights of Montage Technology

	Patents for invention (pieces)	Layout design rights (pieces)	Software copyrights (pieces)
Application during the Reporting Period	47[1]	11	1
Authorization during the Reporting Period	18	11	2
Cumulative Applications	116[2]	67	9
Cumulative Acquisitions	144	67	9

Note:
1. Including 2 international applications under the Patent Cooperation Treaty (PCT)
2. Including 4 international applications under the Patent Cooperation Treaty (PCT)

To avoid intellectual property rights disputes, Montage Technology has signed the *Employee Confidentiality, Non-competition and Invention Right Attribution Agreement* with employees, and clearly established the IPR Infringement Reporting Award in the *Intellectual Property Incentive Program*. Employees can report relevant clues or evidence to the Intellectual Property Management department by phone, letter or email to help the Company discover third-party intellectual property rights infringement timely.

In addition, Montage Technology has formulated the *Intellectual Property Training Measures* and combined internal and external training to conduct employee orientation training and special IP training. For new employees, the Company sets a test session in the training, and provides flexible advanced training according to the task characteristics of each department and the actual needs of IP management to enhance employees' awareness of IP protection and related skills.

IP Training for New Employees in 2022

During the reporting period

the Company organized

6

employee IP trainings

held **1** online training related to patent search for the project department

total of **132** people participated in IP protection-related trainings

User Experience

Montage Technology strives to deeply understand and closely cooperate with customers' needs. Thus, the Company's quality management team regularly conducts customer satisfaction surveys covering the five dimensions: quality, technology, service, price and delivery every six months, and conducts tracking and analysis of client failure rate and customer satisfaction. Among them, for the quality-related feedback from customers, the Company standardizes the handling according to internal policies on customer feedback and complaint handling, failure analysis, correction and improvement, etc., to improve quality in a timely manner and ensure that customer demands are effectively responded to.

In addition, the Company conducts responsible marketing management. In terms of brand management, the Company follows the corporate Visual Identity (VI) media communication system manual and designs various combinations of corporate brands to ensure that information can be clearly and accurately conveyed, and the corporate visual image can be kept unified in different situations. In terms of trademark management, the Company ensures the correct use of relevant trademark information with clients in product promotion activities through requirements such as signing the *Commitment to Use the Company Logo*.

Montage Technology achieved a customer satisfaction rate over **90**%

Customer complaint closure rate was **100**%

03

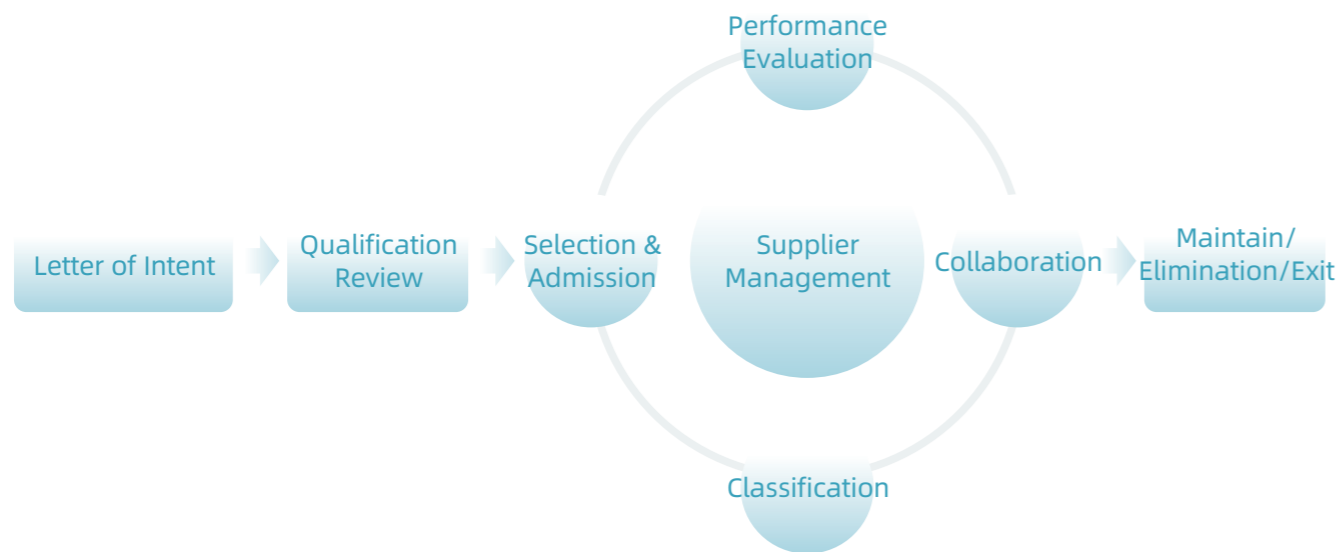# Supply Chain Management and Industry Cooperation

Establishing a responsible industrial chain is a crucial strategy for Montage Technology to achieve sustainable development. This shared goal and responsibility extends to our industrial chain partners. We actively fulfill our commitment to supply chain sustainability by enhancing supply chain management, clarifying supply chain management requirements, implementing responsible mineral sourcing, and deepening our cooperation with suppliers, industry organizations, and other stakeholders.

- Supply Chain Management
- Industry Cooperation
- Conflict Minerals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

Supply Chain Management

Montage Technology is committed to continuous optimization of the supplier management system and management process, which includes the implementation of comprehensive internal policies such as the *Supplier Management Policy*. We maintain stringent control over the entire supplier life-cycle, from admission to elimination/exit. Regular supplier audits are conducted to ensure the sustainability and performance of our supply chain. Our aim is to foster a supply chain environment characterized by fair competition, integrity, transparency, and robust traceability.

Supplier Management Process

Basic Survey
- Business License
- Certifications of ISO 9000 or ISO14000
- Qualification Certificate
- Safe Production License

Agreement Signed
- Contracts
- Anti-Bribery Statement

Audit Review
- On-site investigation
- Interview survey
- Regular Meeting

Supplier Selection and Admission Process

During the supplier selection and admission stage, the Company collects information on a range of ESG indicators such as business operations, quality control, production technology, environmental management, business ethics, and employee health and safety for potential suppliers. This process also includes on-site inspections. In addition, the Company requires suppliers to sign relevant declarations on business ethics and product quality, which serves to practise responsible sourcing and enhance our sustainable supply chain management.

In terms of supplier supervision and evaluation, Montage Technology conducts comprehensive performance evaluations on suppliers on a quarterly basis. These evaluations cover various aspects such as quality, technology, delivery timeliness, and service. The performance records are stored in our data analysis system, which integrates the original manufacturing data from suppliers. Through consistent monitoring and analysis of supplier performance, we constantly refine our supplier management system.
- For suppliers with excellent performance, the Company implements incentive measures such as strengthening cooperation with them.
- For underperforming suppliers, the Company provides improvement guidance.
- For suppliers with poor performance, the Company reduces cooperation or even cancels their supplier qualifications.

Regarding supplier empowerment, Montage Technology maintains open lines of communication with suppliers through face-to-face interviews, real-time email communication, daily/weekly reports, online meetings, and quarterly supplier conferences and other means for business improvement, quality control, etc. These interactions facilitate timely identification and resolution of any issues and ensure stable supply chain operations.

During the reporting period

the Company
carried out performance

7

evaluations on ___ core suppliers
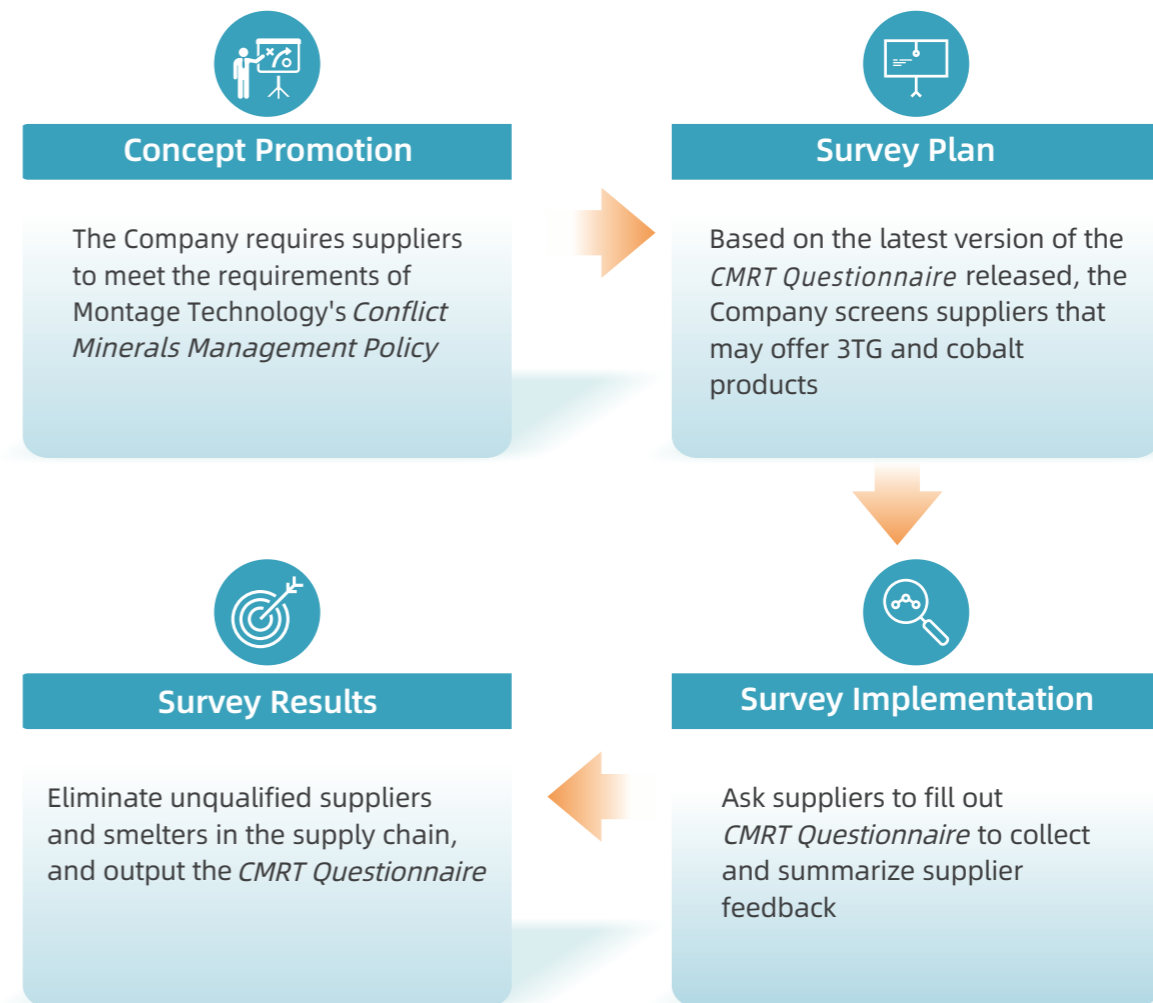
Responsible Minerals Sourcing

Montage Technology is committed to promoting responsible mineral procurement. In line with this commitment, we have established a risk-based responsible mineral management system and a well-structured governance mechanism that align with the *Due Diligence Guidance for Responsible Supply Chains of Minerals* issued by the Organization for Economic Cooperation and Development (OECD). Our Quality Control Department is entrusted with the tasks of gathering, organizing, and evaluating conflict minerals standards and creating the *Conflict Minerals Management Policy* . This policy details explicit requirements for the identification and management of conflict minerals. Furthermore, we provide our *Conflict Minerals Sourcing Policy* to our clients, pledging to collaborate with our supply chain to foster a responsible mining environment.

As a fabless company that doesn't directly source minerals, we try our best to ensure that our suppliers adhere to conflict-free minerals sourcing, as part of our commitment to responsible sourcing. We have implemented various measures to ensure that our products do not contain minerals from conflict areas, including:

- Suppliers involved in manufacturing are mandated to strictly follow our *Conflict Minerals Management Policy*. The Company performs reasonable due diligence in our supply chain to ensure that sourced minerals are from smelters that comply with the *Responsible Minerals Assurance Program (RMAP) Certification*.
- The Company annually identifies and reviews relevant suppliers of conflict minerals, specifically tin, tantalum, tungsten, gold (3TG), and cobalt by using the *Conflict Minerals Reporting Template (CMRT) Questionnaire*.
- The Company requires our suppliers to conduct mineral traceability investigations at each level to identify the source smelters. These smelters are prohibited from using minerals from conflict-affected and high-risk areas (CAHRA). If necessary, the Company requires smelters that have not yet passed RMAP certification to pass it in a timely manner.

During the reporting period, the Company has completed the conflict minerals investigation for **100%** of suppliers in all production process, and no supplier was found to be involved in conflict minerals.
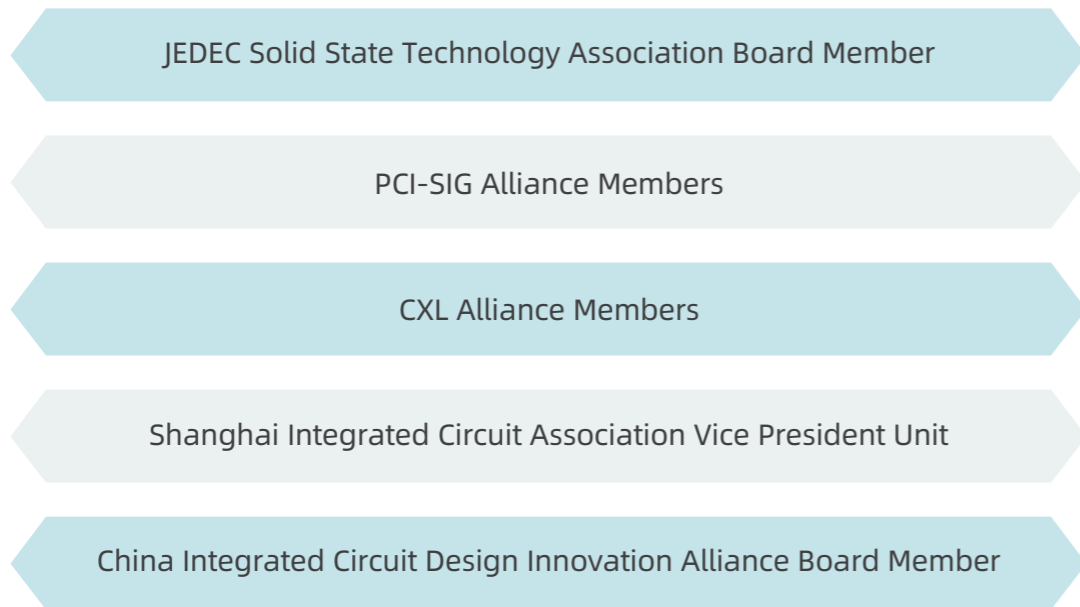
Concept Promotion

The Company requires suppliers to meet the requirements of Montage Technology's *Conflict Minerals Management Policy*

Survey Plan

Based on the latest version of the *CMRT Questionnaire* released, the Company screens suppliers that may offer 3TG and cobalt products

Survey Results

Eliminate unqualified suppliers and smelters in the supply chain, and output the *CMRT Questionnaire*

Survey Implementation

Ask suppliers to fill out *CMRT Questionnaire* to collect and summarize supplier feedback

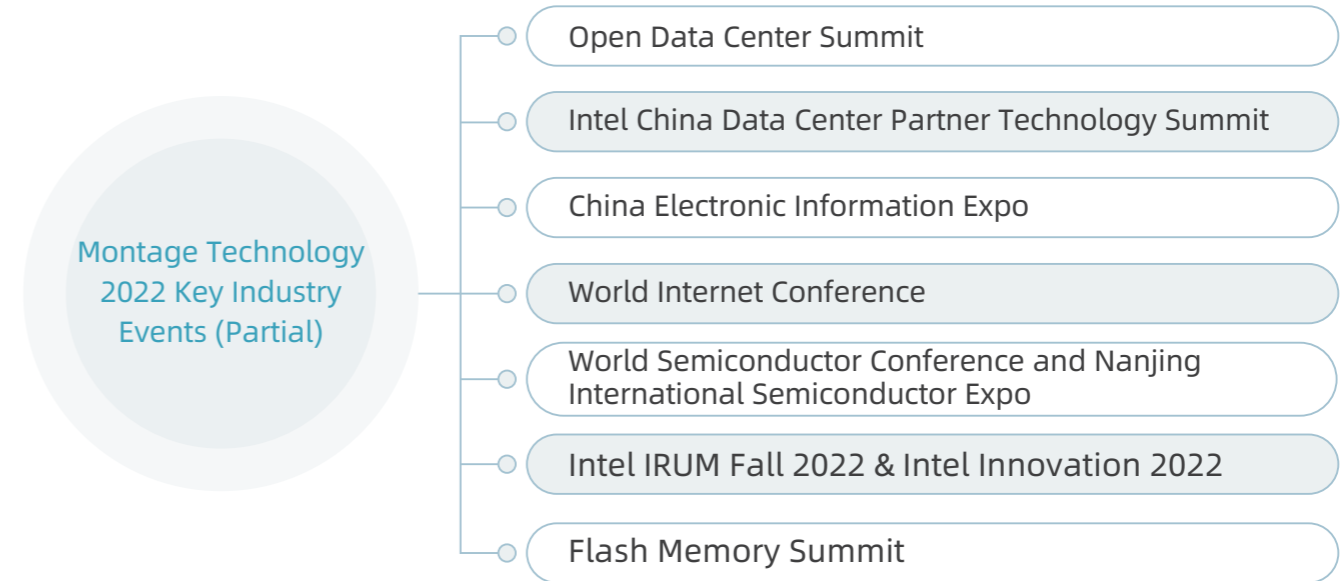Conflict Minerals Management Process

Industrial Synergy

As a leading company in the design of data-processing and interconnect chips, Montage Technology plays a pivotal role in advancing, reforming, and developing the entire industry. Since its inception, Montage Technology has established effective cooperation, sharing, and growth mechanisms with partners in the industry chain, thereby contributing to a vibrant, efficient, and internationally competitive semiconductor industry ecosystem.

Open Ecosystem

Leveraging cutting-edge technology, Montage Technology collaborates with various parties to develop solutions for industry intelligently upgrading. At the same time, we share innovative ideas with our partners through active participation in exchange seminars, joint innovation, and other ways, thereby promoting industrial technology innovation and application.

Montage Technology 2022 Key Industry Events (Partial)

- Open Data Center Summit
- Intel China Data Center Partner Technology Summit
- China Electronic Information Expo
- World Internet Conference
- World Semiconductor Conference and Nanjing International Semiconductor Expo
- Intel IRUM Fall 2022 & Intel Innovation 2022
- Flash Memory Summit

JEDEC Solid State Technology Association Board Member

PCI-SIG Alliance Members

CXL Alliance Members

Shanghai Integrated Circuit Association Vice President Unit

China Integrated Circuit Design Innovation Alliance Board Member

Industry Association Participation

Dr. Yang Attended the World Internet Conference and Delivered a Speech

On November 9, 2022, the Wuzhen Summit of the World Internet Conference 2022 (WIC 2022), themed "Building a Networked World and Creating a Digital Future", took place in Wuzhen, Zhejiang Province. Dr. Howard Yang, Chairman and CEO of Montage Technology, was invited to deliver a speech. He emphasized that the thriving digital economy had become a vital engine for national economic and social development, and that consolidating the base of the digital economy and providing high-performance, high-security and high-reliability chips for the digital infrastructure was exactly the cause for which Montage Technology had been striving for years.

Dr. Yang delivered a speech at the conference

Partner Empowerment

Montage Technology is committed to fostering industry integration and leveraging its resources in the industry chain to stimulate industry development through investments and value-added services. During the reporting period, the Company invested in Credo Technology and DIOO, both of which have successfully gone public.

Credo Technology

Founded in 2008, Credo (NASDAQ: CRDO) is a globally leading semiconductor design company. It specializes in the development of SerDes, a physical layer high-speed communication technology. Credo provides low-cost, low-power, state-of-the-art, ultra-high-speed, single-channel 112G/56G/28G commercial solutions catering to mobile Internet, cloud computing, big data, 5G, and AI applications.

DIOO

DIOO Microcircuits Co., Ltd. Jiangsu (DIOO, stock code: 688381) is an integrated circuit and chip design enterprise specializing in the R&D, design, and sales of high-performance analog chips. Currently, the company boasts over 1,200 product models of signal chain analog chips and power management analog product. DIOO owns many leading products in the industry including USB2.0/3.1 components, ultra-low power consumption and high-precision operational amplifier components, LED lighting semiconductor components, and high-efficiency power management components.

04

Employment Management and Harmonious Workplace

Employees are the most vital asset of Montage Technology and the primary driving force for the Company to achieve sustainable development. The Company adheres to a people-oriented principle, upholds fair recruitment practices, safeguards the fundamental rights of each employee, and places a strong emphasis on occupational health and safety. Simultaneously, we prioritize talent cultivation and development and establish a robust training and development system to enhance our employees' professional competencies, skills, stimulate their vitality and creativity. We encourage employees to grow along with us.

- Human Capital Development
- Labor Management
- Occupational Health and Safety
- Employee Rights and Benefits
- Diversity and Inclusion

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

Talent Attraction

Montage Technology adheres to equal and compliant employment practices, enhances a reasonable and diversified compensation mechanism, safeguards employees' human rights and other interests, cares for their physical and mental health, and boosts their enthusiasm and team cohesion.
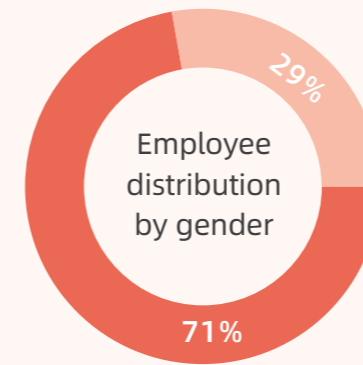
Diversified Hiring Practices

Montage Technology strictly complies with relevant laws and regulations such as *the Labor Law of the People's Republic of China* and *the Labor Contract Law of the People's Republic of China*, along with labor policies and regulations applicable in our operational locations. We have also formulated internal regulations including the *Employee Handbook and Recruitment Policy* to comprehensively protect the legitimate rights and interests of employees in recruitment, promotion, salary and benefits, collective negotiation, and other aspects. We uphold the principles of fairness and justice, steadfastly eradicate discrimination based on nationality, age, ethnicity race, gender, or religion and discrimination due to illness, psychological and physical disabilities, and provide equal employment opportunities for all. During our operations, we strictly prohibit any form of child labor and forced labor, and strictly prohibit behaviors such as corporal punishment, intimidation, harassment, abuse, and discrimination against employees. During the reporting period, Montage Technology maintained a **100%** labor contract signing rate and commercial insurance coverage rate.
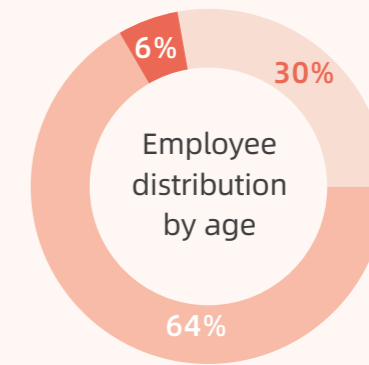
The Company conducts regular recruitment demand forecasting and actively establishes talent pools through various channels such as social recruitment, campus recruitment, and academia-industry joint training.
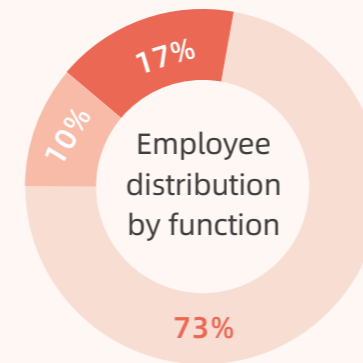
As of the end of the reporting period, the Company had a total of **641** employees, divided by gender, age, function and education degree as follows.
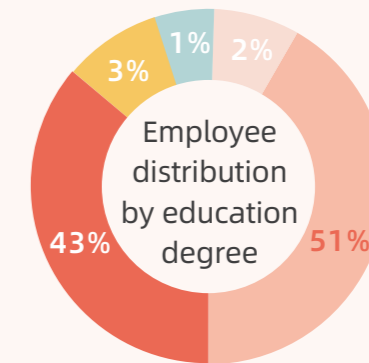
Employee distribution by gender
- 29% Female
- 71% Male

Employee distribution by age
- 6% / 30% — 30 and below
- 64% — 31-50
- 51 and above

Employee distribution by function
- 17% — R & D
- 10% — Marketing
- 73% — Management and supporting

Employee distribution by education degree
- 2% — Doctorate degree
- 51% — Master's degree
- 43% — Bachelor's degree
- 3% — Junior college degree
- 1% — High school degree and below

Compensation and Incentives

Montage Technology has established a compensation and incentive system that aligns with the Company's strategic development goals and offers differentiated and competitive compensation packages for employees at various positions and levels. Beyond the base salary, Montage Technology provides equity incentives, special bonuses, and other compensation incentives to attract and retain talent, fostering mutual growth and development of both the employees and the Company.

Intellectual Property Incentive

Recognizing employees' innovative contributions, Montage Technology directly links innovation to income, enabling employees involved in innovation to share the benefits of technological advancements fairly and reasonably.

During the reporting period

the Company issued a total of

117 patent awards

Equity Incentive

To ensure employees partake in the Company's developmental accomplishments, we have launched two restricted stock incentive plans for employees since 2019.

During the reporting period, a total of **338** incentive recipients were allocated restricted stocks under the 2019 restricted stock incentive plan, representing **52.73%** of the total number of employees at the end of the reporting period. By the end of the reporting period, a total of **264** incentive recipients were granted restricted stocks under the restricted stock incentive plan, accounting for **41.19%** of the total number of employees at the end of the period.

During the reporting period

the comprehensive coverage rate of the Company's equity incentives was

94%

Talent Development

Montage Technology places high value on the growth and development of each employee. To unleash their potential and foster self-improvement, the Company provides clear and diverse development paths and talent advancement channels. The Company has also set up tailored and varied training courses to empower employees in all aspects and promote their career planning and development.

Performance Management

The Company has established the *Performance Management Policy*, which mandates each department to develop an assessment plan based on job characteristics. Employees are assessed on parameters such as job performance and task completion to ensure the fairness and effectiveness of the evaluation. To maintain the objectivity of the assessment process, the Human Resources Department conducts a unified review of the assessment results and makes them public. Based on the performance appraisal results, the Company provides incentives like salary adjustments, promotions, and equity distribution to employees.

Moreover, the Company has established a performance feedback and improvement mechanism. On one hand, if employees have concerns about their performance results, they can provide timely feedback to the Human Resources Department. On the other hand, department leaders and the Human Resources Department can communicate with the evaluated employees in a timely manner, offering past performance summaries, future work guidance, and psychological counseling, thereby helping employees improve their work abilities and qualities.

During the reporting period

the coverage rate of performance and career development assessment for employees was

100%

Through performance management, the value of each employee is objectively and fairly assessed, their work enthusiasm is stimulated, and talents are attracted and retained.

Talent Advancement

To reinforce the development of our talent pipeline, Montage Technology has clearly defined the promotion path and process for employees, strengthened the management of job promotion and internal transfer, and established multiple promotion channels. Employees can apply for other positions through performance evaluation, recruitment competition, department head recommendation, and other methods, thereby with ample growth space and development opportunities for all employees.

Employee Training

Montage Technology is committed to fostering a learning culture and providing a multi-dimensional training plan for all employees, so as to support the development of our talent pool. The Company has devised targeted training programs for different groups, including fresh graduates, new hires, existing employees, and managers at all levels. These training programs cover a wide spectrum of areas such as general knowledge, professional skills, and leadership, aiding in enhancing their professional competence and capabilities, and facilitating their growth and development. During the reporting period, Montage Technology independently developed and organized a total of 87 courses (spanning product knowledge, technology, management, and general skills), with an average training time of 22.75 hours per person, achieving a 100% training coverage rate.

87
Training courses

Average training time
22.75
hours per person

100%
Training coverage rate

Talent Training System

Montage Star Program
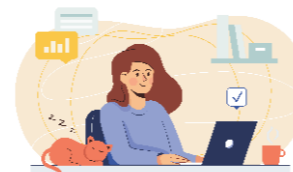A 6-month training program for fresh graduates

Montage Freshmen Program
Training program for new employees

Montage Chip Program
Training program for managers

Montage Youth Program
Internal technology and project experience learning and sharing program

Montage Star Program - Training for Fresh Graduates

The Company has launched the Montage Star Program, specifically designed for fresh graduates, to help them transition smoothly from academia to the professional world within a span of 6 months. The program encompasses: a one-week immersive orientation (covering company culture, roles and responsibilities of various departments, introduction to company products, exhibition hall and laboratory visits, training exams, reading activities kick-off, CEO symposium, team-building activities, target communication seminars, etc.), job skills and general ability training, as well as mid-term and final assessments among other components.

Corporate Governance | Innovation Empowerment and Quality Service | Supply Chain Management and Industry Cooperation | **Employment Management and Harmonious Workplace** | Green Development and Social Contribution

41

Academia-Industry Collaboration

Montage Technology keeps deepening its academia-industry partnerships. The Company has jointly established the "Integrated Circuit Design Frontier Technology Joint Laboratory" with Shanghai Jiao Tong University, which has become a critical platform for collaboration between the two entities. Since its inception in 2020, oriented toward scientific research and talent cultivation, the laboratory has been dedicated to fostering the comprehensive development of integrated circuits and artificial intelligence fields.

Diverse Training Initiatives

During the reporting period, Montage Technology offered rich courses tailored to the needs of employees at various levels and in different positions.

Group	Course content
Management Level	Management awareness, execution ability, business strategy, business trend, and communication capability
Business Department	Technical skills, business goal setting, sales techniques, communication skills, innovation awareness, intellectual property protection, and information security
New Employees	Company administration, finance, legal, intellectual property, quality management system, company culture, and product knowledge

Health and Safety

Health and safety are paramount in all our business operations. Montage Technology is committed to preventing workplace accidents, reducing occupational hazards, and maintaining a safe and comfortable working environment. We strictly adhere to the relevant mandates, such as the *Occupational Disease Prevention and Control Law of the People's Republic of China* and *Guidelines for Occupational Health and Safety Management Systems*. We persistently improve our internal regulations and systems for occupational health and safety management. Regular supervision and inspection are conducted, and we cultivate a culture of safety awareness among employees through ongoing training and assessments, thereby promoting a healthy work environment. Moreover, Montage Technology has established stringent safety management requirements for outsourced contractors in the infrastructure department, enforced through contracts, and has also engaged supervisory companies to bolster on-site safety and civil construction management.

- We mandate that construction contractors have a robust safety management system, including a safety responsibility system, safety technical delivery system, safety education system, safety inspection system, special operators account and licensing system, safety assurance plan, emergency plan, and special construction program.
- The supervisory company is primarily responsible for site safety and civil construction management. They must uphold the relevant safety management system and oversee the entire project process in strict compliance with pertinent laws and regulations. If any safety hazards are identified, Montage Technology must be notified promptly, and the project must halt for immediate rectification. The implementation of the rectification plan is monitored until all the safety risks have been eliminated.

Montage Technology requires outsourcing companies to conduct self-inspection of safety management and continually oversee safety management review work through standardized inspection methods such as weekly safety meetings, daily inspections, special inspections, seasonal inspections, irregular spot checks, and flight inspections. In addition, we are constantly enhancing the management and improvement of construction sites and personnel by placing construction notices and safety signs, implementing on-site safety protection measures, managing high-altitude operations, reinforcing training (including three-level safety training for newly recruited employees before assuming their roles, training for special operation personnel, etc.), and conducting training and drills for emergency rescue.

During the reporting period

0	0	0	0%
Work-related incidents	Work-related fatalities	Lost work hours for work-related injuries	Absence rate

Employee Care

Montage Technology places a significant emphasis on the welfare and satisfaction of each of its employees. We actively seek their feedback, continue to augment our employee care services, and endeavor to enhance their feelings of fulfillment, accomplishment, and contentment.

Employee Communication

Montage Technology has established robust channels for employee feedback and maintains a consistent and fruitful dialogue with the employees. We foster an open atmosphere for communication by holding regular employee meetings and promoting cross-hierarchical interaction, ensuring we are always attuned to our employees' needs.

Additionally, the Company provides various avenues for reporting grievances and complaints to safeguard the rights and interests of the employees. Discrimination and harassment are strictly forbidden under our zero-tolerance policy. If such situations arise, employees can report incidents through the Company's dedicated complaint email box or during employee meetings. The Company firmly protects the privacy of those who come forward and vigilantly prevent any form of retaliation.

Workplace Environment

In 2022, Montage Technology relocated its headquarters to a new office, offering a more spacious and comfortable office environment for the employees.

Employee Benefits

The Company has implemented a comprehensive benefits system focusing on the holistic quality of our employees' work-life balance. The Company provides non-compensatory benefits, such as holiday allowances, social insurance, additional commercial insurance, and regular health check-ups for all employees.

Holiday Benefits

Employees are entitled to all statutory holidays, paid annual leave, personal time off, paid sick leave, marriage leave, maternity and paternity leave, breastfeeding leave, bereavement leave, and public holidays. Montage Technology further supplements these with additional welfare leaves, to ensure our employees maintain a healthy work-life balance.

Insurance Benefits

In accordance with the needs of our employees, Montage Technology provides supplementary commercial insurance for them and their children, which includes coverage for major illnesses, accidents, and medical care, thereby ensuring comprehensive protection for our employees' families.

Festival Benefits

Montage Technology acknowledges major festivals with celebratory activities and provides additional allowances to all employees on these occasions.

Mental Health

Understanding the importance of mental health, we have officially initiated the "Employee Care Project (EAP)" to offer professional mental health services to our employees.

Maternal Benefits

Montage Technology has established a dedicated mother-and-baby room and provides maternity leave in accordance with regulations.

Corporate Governance | Innovation Empowerment and Quality Service | Supply Chain Management and Industry Cooperation | **Employment Management and Harmonious Workplace** | Green Development and Social Contribution

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Employee Activities

Montage Technology strongly encourages employees to enrich their daily lives even during work hours. We organize a diverse range of activities aimed at promoting both physical and mental health among our workforce. Through these initiatives, we aim to foster a sense of belonging and identity within our employees and to enhance their connection to the Company.

Club Activities	Employee birthday party	Team activities
Badminton club Basketball club Tennis club Yoga club	Monthly employee birthday party to celebrate the birthdays of employees who have birthdays that month	Annual travel Fun sports meeting

Diverse Clubs

Montage Technology organizes a variety of sports clubs for employees to foster an active and healthy lifestyle. These include a badminton club, a basketball club, a tennis club, and a yoga club, among others.

Basketball Club

Yoga Club

Badminton Club

Pandemic Care

During the Shanghai pandemic in 2022, the Company was concerned with the health and safety of all employees. We actively collected supplies and provided epidemic gift packages to employees who were confined at home due to the epidemic, helping to solve the material difficulties and making employees feel the care and warmth of the Company.

Corporate Governance | Innovation Empowerment and Quality Service | Supply Chain Management and Industry Cooperation | Employment Management and Harmonious Workplace | Green Development and Social Contribution

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05

Green Development and Social Contribution

Montage Technology is actively engaged in achieving carbon neutrality, practising green and low-carbon concepts, and implementing sustainable operational practices, including energy conservation and emission reduction. Concurrently, we maintain a strong focus on social welfare, actively fulfill our social responsibilities, and strive for a harmonious and sustainable co-development of our company, society, and the environment.

- Waste and Hazardous Substance Management
- Environmental Advocacy and Cooperation
- Water Resources and Effluents Management
- Energy Management
- Climate Change and GHG Management
- Community Engagement

3 GOOD HEALTH AND WELL-BEING

6 CLEAN WATER AND SANITAION

11 SUSTAINABLE CITIES AND COMMUNTIESW

13 CLIMATE ACTION

Climate Change Mitigation

Aligning with national strategies, Montage Technology actively addresses climate change issues and integrates environmental protection principles into the daily operation and management practices.

Green Office

Montage Technology adheres stringently to laws and regulations such as the *Environmental Protection Law and the Energy Conservation Law of the People's Republic of China, among other relevant statutes*. In the course of our operations, we endeavor to cultivate a heightened awareness among our employees about the importance of energy conservation and emissions reduction. Our goal is to minimize resource waste and jointly foster an efficient, energy-saving, and environmentally friendly office environment.

KPI	2022	Unit
Energy Use[a]		
Gasoline	2,888	Liter
Purchased electricity	3,225.78	MWh
Total energy consumption [b]	3,251.38	MWh
Direct energy consumption	25.60	MWh
Indirect energy consumption	3,225.78	MWh
Comprehensive Energyintensity	5.57	MWh/Person

Notes:

a. The Company's main direct energy source is gasoline, and the main indirect energy source is purchased electricity.

b. Total energy consumption is calculated in accordance with the conversion factors of the *General Principles for Calculation of Comprehensive Energy Consumption (GB/T2589-2020)* of the national standard of the People's Republic of China.

Energy Conservation and Consumption Reduction

- Upgrading the intelligent management of office air conditioning to achieve energy saving through online remote device management

- Standardizing the use of office lighting and turning off lights in the corresponding area under good natural light during the day

- Turning on the lights and air conditioning only in the corresponding work area during overtime work to avoid energy waste caused by large-scale use of air conditioning or lighting

- Launching printing and copying equipment with sleep mode which could automatically reduce power usage when not in use

- Suggesting that the employees turn off electrical devices such as air conditioning, computers, and fans when leaving the office for a long time

Green Initiative

- **Electricity and water saving:** The posters and signs are posted in the office, and we encourage employees to turn off lights and taps when leaving, thus promoting resource conservation.
- **Paperless office:** Employees are encouraged to adopt sustainable printing practices, such as double-sided printing and using black and white mode, to reduce paper consumption. Moreover, the use of second-hand paper for printing internal documents is advocated to minimize paper waste.
- **Garbage sorting:** The Company has dry and wet waste recycling bins in the tea rooms on each floor. Coupled with the display of waste sorting advocacy signage, we aim to ensure the effective implementation of waste segregation and to contribute to our broader environmental conservation efforts.

Greenhouse Gas Emission Reduction

The predominant source of greenhouse gas emissions within Montage Technology stems from energy consumption during our operational processes. We are steadfast in our adherence to relevant industry energy-saving laws and standards within our operational areas, proactively conducting energy management and monitoring initiatives, and promoting meticulous energy use management. In addition, we are committed to improving our energy structure through the renovation and upgrade of energy-consuming equipment and the active exploration of renewable energy sources to enhance our energy utilization efficiency. During the reporting period, the Company's greenhouse gas emissions were as follows.

Greenhouse Gas (GHG) Emissions [a]	2022	Unit
GHG emissions (Scope 1)	6.52	tons of CO_2e
GHG emissions (Scope 2)	1,808.66	tons of CO_2e
Total GHG emissions (Scope 1 + Scope 2)	1,815.18	tons of CO_2e
Total GHG emissions intensity	3.11	tons of CO_2e/person

Notes:
a. Greenhouse gas emissions from various Montage Technology operating locations are calculated in accordance with the rules applicable to the specific country where the office operates. For instance, our China office computes its greenhouse gas emissions in line with the *Guidelines for Calculating and Reporting Greenhouse Gas Emissions of Other Industries (Trial)* issued by the National Development and Reform Commission of the People's Republic of China and the *Notice on Management of Greenhouse Gas Emission Reporting for Power Industry Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China. Meanwhile, our US office calculates its greenhouse gas emissions using the *Emission Factors for Greenhouse Gas Inventories* issued by the US Environmental Protection Agency.

Environmental Footprint Reduction

Montage Technology places great emphasis on monitoring resource consumption and waste generation throughout our operational processes. Our aim is to continually enhance resource utilization rates as part of our commitment to fostering sustainable and green operational practices and development.

Water Management

Montage Technology is firmly committed to the strict implementation of a water conservation system. We adhere to stringent water-saving management practices within our daily office environments and undertake a variety of water-saving measures. These include the optimization and upgrade of equipment, the intensification of wastewater treatment, and the recycling of water resources. In addition, we are dedicated to fostering a culture of water conservation among our employees.

During the reporting period
the total water consumption of the Company was
4,973.41ton
with the intensity figure of
8.52ton per person

Waste Management

Montage Technology stringently adheres to relevant laws and standards regarding pollutant disposal management. We advocate for the standardized treatment and discharge of solid, liquid, and gaseous wastes, and aim to bolster environmental awareness among all employees as part of our green operations initiative. Concurrently, we intensify our efforts towards waste recycling to achieve significant waste reduction.

Through the judicious recovery and disposal of waste, we strive to repurpose and derive value from what would otherwise be discarded, thereby effectively transforming waste into wealth and cultivating a more sustainable operational model.

Effluents	• Effluents are discharged into the municipal sewage pipeline and eventually enter the wastewater treatment plant • According to the monitoring results, the effluents discharged by the Company meet the compliance requirements of the operating area
Waste gas	• Waste gas mainly comes from automobile exhaust and diesel generators
Solid waste	• Solid waste mainly consists of domestic garbage generated by employees in the office • Waste sorting is actively carried out to promote resource recycling in all division offices • For hazardous waste such as batteries, the Company has a waste battery recycling box for unified recycling • At present, 100% of the Company's solid waste is handed over to the property management company for disposal

Social Welfare and Charity

The Company is committed to actively fulfilling its corporate social responsibility, offering steadfast support and assistance to societal and community development, and tirelessly striving to keep a harmonious balance between the Company and the society at large. Moreover, we design and implement pragmatic public welfare support plans led by our senior leadership to foster a culture of active participation among all our employees. During the reporting period, we sustained close-knit cooperation with public welfare foundations, bolstering our corporate image through generous donations, dedicated volunteer services, and altruistic blood donations.

We organized a total of **6** volunteer activities throughout the year

donated goods and cash worth more than

CNY **600,000**

Actively Fulfilling Social Responsibilities during the Pandemic

During the Shanghai 2022 pandemic periods, Montage Technology took proactive measures to fulfill the social responsibilities. A dedicated task force was established, leveraging the Company's geographically diverse layout to efficiently coordinate resources and procure essential pandemic prevention supplies. Through our liaison with the XuHui District Political Consultative Conference, we were able to donate a considerable quantity of these prevention materials to local communities. This contribution was instrumental in supporting the tireless efforts of front-line workers in their crucial pandemic prevention and control work.

Donation of pandemic prevention supplies

Special Fund to Support School Construction

During the reporting period, the Company inaugurated the "Montage Cultural and Educational Special Fund" under the auspices of the Shanghai Charity Foundation. This fund is exclusively earmarked for the construction of the comprehensive building project at Fengshan Elementary School, located in Baoxiu Town, Shiping County, in the Honghe Prefecture of Yunnan Province. The project is presently underway and making steady progress towards its completion.

Construction site of public welfare campus project

Voluntary Blood Donation

In 2022, the Company proudly hosted an annual employee blood donation drive, with our esteemed General Manager, Mr. Stephen Tai, setting an exemplary precedent by being the first to participate. Our employees demonstrated their unwavering commitment and enthusiasm by actively engaging in this noble cause. Through selfless blood donations and the expression of compassion, we not only embodied the essence of genuine human connection, but also effectively fulfilled our corporate social responsibility.

Montage Technology organized employees to participate in blood donation activities

Invitation Extended to Montage Technology's General Manager to Partake in the Torch Relay for Beijing 2022 Winter Olympics

Mr. Stephen Tai, General Manager of Montage Technology, was invited to be the 35th torchbearer in the Beijing Grand Canal Forest Park relay zone. On the afternoon of February 4th, Mr. Stephen Tai held the "Flying" torch and completed the handover of the torch with the previous torchbearer. With high spirits, he strode to the next relay point, handing over the torch with the Olympic spirit to the next torchbearer smoothly.

As the co-founder and General Manager of Montage Technology, Stephen Tai feels extremely proud to become a torchbearer. He said, "Like many chip companies, Montage Technology has always adhered to the craftsmanship spirit of excellence and innovation, which perfectly matches the Olympic motto of 'Faster, Higher, Stronger'. The relay of the Olympic torch will further inspire every Montage Technology employee to overcome difficulties, pursue excellence and contribute to the development of the IC industry! We wish the Beijing Winter Olympics a perfect success, and we wish China's IC industry will carry on the Olympic spirit, continue to move forward, and strive for a better future!"

Montage Technology 's General Manager participated in Winter Olympics Torch Relay

Appendix I: Key Performance Indicators

2022 Environmental Key Performance Indicators

Key Performance Indicators	Value	Unit
Energy Use[1]		
Gasoline consumption	2,888	Liter
Purchased electricity usage	3,225.78	MWh
Comprehensive energy consumption[2]	3,251.38	MWh
Direct energy consumption	25.60	MWh
Indirect energy consumption	3,225.78	MWh
Comprehensive energy consumption intensity	5.57	MWh/person
Greenhouse Gas Emissions[3]		
Total GHG emissions	1,815.18	Tons of CO_2e
Scope 1	6.52	Tons of CO_2e
Scope 2	1,808.66	Tons of CO_2e
GHG emissions intensity	3.11	Tons of CO_2e/person
Water Resources		
Total water consumption	4,973.41	Tons
Water consumption intensity	8.52	Tons/person

Key Performance Indicators	Value	Unit
Waste Disposal		
General solid waste generation	25.71	Tons
Paper consumption in office	35.07	Ten thousand sheets

Note:

1. The main direct energy source involved in the Company is gasoline, and the main indirect energy source is purchased electricity.

2. Comprehensive energy consumption is accounted for in accordance with the *General Rules for Calculating Comprehensive Energy Consumption* (GB/T 2589-2020) conversion factor of the National Standard of the People's Republic of China.

3. Greenhouse gas emissions from various Montage Technology operating locations are calculated in accordance with the rules applicable to the specific country where the office operates. For instance, our China office computes its greenhouse gas emissions in line with the *Guidelines for Calculating and Reporting Greenhouse Gas Emissions of Other Industries (Trial)* issued by the National Development and Reform Commission of the People's Republic of China and the *Notice on Management of Greenhouse Gas Emission Reporting for Power Industry Enterprises from 2023 to 2025* issued by the Ministry of Ecology and Environment of the People's Republic of China. Meanwhile, our US office calculates its greenhouse gas emissions using the *Emission Factors for Greenhouse Gas Inventories* issued by the US Environmental Protection Agency.

2022 Social Key Performance Indicators

Indicators	Value	Unit
Employment		
Signing rate of labor contracts	100	%
Commercial insurance coverage	100	%
Total number of employees	641	Person
Full-time and Part-time Employees		
Full-time employees	641	Person
Part-time employees	0	Person
Employee Ratio		
By Gender		
Male	70.83	%
Female	29.17	%
By Age		
30 years old and below	29.64	%
31 to 50 years old	41.12	%
51 years old and above	6.24	%
By Function		
R&D	73	%
Marketing	10	%
Management and supporting	17	%
By Education Degree		
Doctorate degree	2	%
Master's degree	51	%

Indicators	Value	Unit
By Education Degree		
Bachelor's degree	43	%
Junior college degree	3	%
High school degree and below	1	%
Health and Safety		
Number of work-related incidents	0	Cases
Number of work-related fatalities	0	Person
Lost work hours for work-related injuries	0	Hours
Absence rate	0	%
Employee Training		
Percentage of trained employees	100	%
Average training hours	22.75	Hours
Average training hours for male employees	24.96	Hours
Average training hours for female employees	10.45	Hours
Compensation Incentives		
Patent reward	117	Person
Comprehensive coverage of equity incentives	94	%
Performance and Career Development Reviews		
Percentage of employees receiving regular performance and career development reviews	100	%
Suppliers		
Supplier responsible mineral procurement survey coverage	100	%

Appendix II: GRI Content Index

Statement of use	Montage Technology has reported the information cited in this GRI content index for the period from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Chapter Index	Page
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	About Montage Technology	3
2-2	Entities included in the organization's sustainability reporting	About This Report	1
2-3	Reporting period, frequency and contact point	About This Report	1
2-4	Restatements of information	No information restatement	
Activities and workers			
2-6	Activities, value chain and other business relationships	Business Field	5
2-7	Employees	Talent Attraction	39-40
		Appendix I: Key Performance Indicators	50-51
Governance			
2-9	Governance structure and composition	Governance Structure	15-16
2-10	Nomination and selection of the highest governance body	Governance Structure	15-16
2-11	Chair of the highest governance body	Governance Structure	15-16

GRI Standard	Disclosure	Chapter Index	Page
Governance			
2-12	Role of the highest governance body in overseeing the management of impacts	Risk Management	17-18
		ESG Governance	23-25
2-13	Delegation of responsibility for managing impacts	Risk Management	17-18
		ESG Governance	23-25
2-14	Role of the highest governance body in sustainability reporting	ESG Governance	23-25
2-16	Communication of critical concerns	ESG Governance	23-25
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	ESG Governance	23-25
2-23	Policy commitments	Business Ethics	19
		Supply Chain Management	34
		Responsible Minerals Sourcing	35
		Talent Attraction	39-40
2-24	Embedding policy commitments	Business Ethics	19
		Supply Chain Management	34
		Responsible Minerals Sourcing	35
		Talent Attraction	39-40

GRI Standard	Disclosure	Chapter Index	Page
Strategy, policies and practices			
2-25	Processes to remediate negative impacts	Business Ethics	19
2-26	Mechanisms for seeking advice and raising concerns	Business Ethics	19
2-27	Compliance with laws and regulations	During the reporting period, there were no significant instances of non-compliance, no fines or non-monetary sanctions resulting from non-compliance	
2-28	Membership associations	Industrial Synergy	36-37
Stakeholder engagement			
2-29	Approach to stakeholder engagement	ESG Governance	23-25
2-30	Collective bargaining agreements	Talent Attraction	39-40
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	ESG Governance	23-25
3-2	List of material topics	ESG Governance	23-25
Economic			
GRI 201: Economic Performance 2016			
3-3	Management of material topics	Financial Performance	11
201-1	Direct economic value generated and distributed	Financial Performance	11
GRI 204: Procurement Practices 2016			
3-3	Management of material topics	Supply Chain Management	34
GRI 205: Anti-corruption 2016			
3-3	Management of material topics	Business Ethics	19

GRI Standard	Disclosure	Chapter Index	Page
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	19
205-3	Confirmed incidents of corruption and actions taken	Business Ethics	19
GRI 206: Anti-competitive Behavior 2016			
3-3	Management of material topics	Business Ethics	19
Environmental			
GRI 302: Energy 2016			
3-3	Management of material topics	Climate Change Mitigation	46-47
302-1	Energy consumption within the organization	Climate Change Mitigation	46-47
		Appendix I: Key Performance Indicators	50-51
302-3	Energy intensity	Climate Change Mitigation	46-47
		Appendix I: Key Performance Indicators	50-51
GRI 303: Water and Effluents 2018			
3-3	Management of material topics	Environmental Footprint Reduction	47
303-2	Management of water discharge-related impacts	Environmental Footprint Reduction	47
303-5	Water consumption	Environmental Footprint Reduction	47
		Appendix I: Key Performance Indicators	50-51
GRI 305: Emissions 2016			
3-3	Management of material topics	Climate Change Mitigation	46-47
305-1	Direct (Scope 1) GHG emissions	Climate Change Mitigation	46-47

GRI Standard	Disclosure	Chapter Index	Page
GRI 305: Emissions 2016			
305-1	Management of material topics	Appendix I: Key Performance Indicators	50-51
305-2	Energy indirect (Scope 2) GHG emissions	Climate Change Mitigation	46-47
		Appendix I: Key Performance Indicators	50-51
305-4	GHG emissions intensity	Climate Change Mitigation	46-47
		Appendix I: Key Performance Indicators	50-51
GRI 306: Waste 2020			
3-3	Management of material topics	Environmental Footprint Reduction	47
306-2	Management of significant waste-related impacts	Environmental Footprint Reduction	47
306-3	Waste generated	Appendix I: Key Performance Indicators	50-51
GRI 308: Supplier Environmental Assessment 2016			
3-3	Management of material topics	Supply Chain Management	34
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management	34
Social			
GRI 401: Employment 2016			
3-3	Management of material topics	Talent Attraction	39-40
401-1	New employee hires and employee turnover rate	Talent Attraction	39-40
		Appendix I: Key Performance Indicators	50-51
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Care	43-44

GRI Standard	Disclosure	Chapter Index	Page
GRI 403: Occupational Health and Safety 2018			
3-3	Management of material topics	Health and Safety	42
403-1	Occupational health and safety management system	Health and Safety	42
403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety	42
403-5	Worker training on occupational health and safety	Health and Safety	42
403-6	Promotion of worker health	Health and Safety	42
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety	42
403-9	Work-related injuries	Health and Safety	42
		Appendix I: Key Performance Indicators	50-51
403-10	Work-related ill health	Health and Safety	42
GRI 404: Training and Education 2016			
3-3	Management of material topics	Talent Development	40-42
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development	40-42
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Development	40-42
		Appendix I: Key Performance Indicators	50-51
GRI 405: Diversity and Equal Opportunity 2016			
3-3	Management of material topics	Talent Attraction	39-40
405-1	Diversity of governance bodies and employees	Talent Attraction	39-40

GRI Standard	Disclosure	Chapter Index	Page
GRI 406: Non-discrimination 2016			
3-3	Management of material topics	Talent Attraction	39-40
GRI 408: Child Labor 2016			
3-3	Management of material topics	Talent Attraction	39-40
GRI 409: Forced or Compulsory Labor 2016			
3-3	Management of material topics	Talent Attraction	39-40
GRI 413: Local Communities 2016			
3-3	Management of material topics	Social Welfare and Charity	48-49
GRI 414: Supplier Social Assessment 2016			
3-3	Management of material topics	Supply Chain Management	34
		Responsible Minerals Sourcing	35
414-1	New suppliers that were screened using social criteria	Supply Chain Management	34
		Responsible Minerals Sourcing	35
GRI 416: Customer Health and Safety 2016			
3-3	Management of material topics	Quality Management	29
416-1	Assessment of the health and safety impacts of product and service categories	Quality Management	29
GRI 417: Marketing and Labeling 2016			
3-3	Management of material topics	User Experience	32
417-1	Requirements for product and service information and labeling	User Experience	32

GRI Standard	Disclosure	Chapter Index	Page
GRI 418: Customer Privacy 2016			
3-3	Management of material topics	Information Security	21-22

Feedback and Suggestions

Dear Reader,

Thank you for reading the *2022 Environmental, Social and Governance (ESG) Report of Montage Technology*. In order to provide you and other stakeholders with more professional and valuable information regarding our ESG management, and to constantly improve the quality of the report and promote the company's management and practice capabilities in ESG, we sincerely invite your feedback on your true feelings and your enthusiastic suggestions. Please do not hesitate to give us your comments!

You can email or mail us your feedback. Our contact information is as follows:

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Email：ir@montage-tech.com

For Montage Technology, which of the following stakeholder types applies to you?

☐ Shareholder & Investor

☐ Consumer

☐ Partner & Supplier

☐ Government & Regulators

☐ Employee

☐ Community

Please rate the following on a scale of 1 to 5 (1 being the lowest and 5 being the highest score)

1. Please give your overall evaluation of this report. ☆ ☆ ☆ ☆ ☆

2. Please rate Montage Technology's performance on ESG responsibilities. ☆ ☆ ☆ ☆ ☆

3. Do you think this report can reflect the environmental significance of Montage Technology? ☆ ☆ ☆ ☆ ☆

4. Do you think this report can reflect the social significance of Montage Technology? ☆ ☆ ☆ ☆ ☆

5. Do you think this report can reflect the corporate governance of Montage Technology? ☆ ☆ ☆ ☆ ☆

6. Please rate the degree of information disclosure in this report. ☆ ☆ ☆ ☆ ☆

7. Please rate the design style of this report. ☆ ☆ ☆ ☆ ☆

Please provide your comments and suggestions for us to further improve our ESG disclosure and ESG management.

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