

2023

Environmental, Social and Governance (ESG) Report



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About This Report

Report Introduction

This report is the fifth Environmental, Social and Governance (“ESG”) report released by Guangzhou Shiyuan Electronic Technology Company Limited (hereinafter referred to as “CVTE, “the Company” or “we”) (it was also called the “Social Responsibility Report” in previous years). Based on the principles of objectivity, standardization, transparency and comprehensiveness, this report truly reflects the Company’s management strategies, practices and performance in areas such as environment, society and governance in 2023. It aims to communicate effectively with all stakeholders and respond systematically to their expectations and demands.

Report Scope

This report is an annual report covering the results of the Company’s work on ESG during the period from January 1, 2023 to December 31, 2023 (hereinafter referred to as “during the reporting period”, “this year” or “2023”). In order to enhance the comparability of this report, some contents will be extended as appropriate.

The organizational scope of this report is CVTE and its subsidiaries within the scope of consolidated statements.

Preparation Basis

Global Sustainability Standards Board’s Sustainability Reporting Standards (GRI Standards)

UN 2030 Sustainable Development Goals (SDGs)

International Organization for Standardization’s *ISO 26000: Guidance on Social Responsibility (2010)*

China National Standard *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*

SASAC of the State Council’s *Guiding Opinions on Better Fulfillment of Social Responsibilities by State-Owned Enterprises*

Shenzhen Stock Exchange’s *No. 1 Self-Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange - Standardized Operation of Listed Companies on the Main Board*

Information Source

The data sources used in this report include public data from government departments, relevant internal statistical statements of CVTE, third-party documents and reports, etc.

Data Description

The data and cases in this report are mainly derived from official documents and statistical reports of CVTE, and have been audited by relevant departments. Unless otherwise noted, all currencies mentioned in this report are RMB.

Report Acquisition

You can download the Chinese and English versions of this report from the official website of CVTE (<http://www.cvte.com/>) and CNINFO (<http://www.cninfo.com.cn/>). If you have any questions or suggestions about this report, please send an email to shiyuan@cvte.com, or you can call 020-32210275.

This report has been reviewed and approved by the Board of Directors, and no false records, misleading statements or material omissions have been found in the content.



In 2023, CVTE has steadily passed its eighteenth year since its establishment. Along the way, we have experienced ups and downs, seen beautiful scenery, and gained heavy harvests. In the face of fierce market competition and endless challenges, we always uphold the spirit of innovation and flexibly respond to market changes. We deeply implement the concept of sustainable development, actively implement the “carbon peaking and carbon neutrality strategy”, and promote the realization of sustainable development goals with scientific and technological innovation as the engine.



Zhou Kaiqi

Vice Chairman and CEO

Growing along the way, we insist on facing challenges head-on and forging ahead in an innovative and enterprising spirit.

On the road of scientific and technological innovation, we continue to explore cutting-edge technologies in the industry and promote product innovation. Our LCD main control board business and household appliances business are committed to bringing a more energy-saving and smarter life experience to families around the world. As a pioneer in the interactive intelligent flat panel category, seewo has been focusing on the digital transformation of education in China. We released the seewo large teaching model in 2023, proposing the concept of “innovation as method, application as king”, hoping to solve practical problems faced by the education industry through AI empowerment and build a new digital education ecosystem. MAXHUB focuses on the field of smart collaboration. We actively promote the development of “AI + Conference” and reshape the conference experience through the integrated application of large AI models and high computing power, injecting new vitality into enterprise efficiency.

Growing along the way, we pursue excellent quality and continue to strive. Quality and service are the core links between us and our customers.

We always take the customer as the center, seek development by quality, seek efficiency by management, and seek quality by process. We have established a strict quality control system and strictly implement international and national quality standards throughout the entire life cycle from R&D, design, production to after-sales. We conduct comprehensive qualification audits during the supplier admission stage to ensure that all links in the supply chain meet high quality requirements. In terms of customer service quality, we have established a more complete customer feedback mechanism and rapid response system with the assistance of digital tools. The closed-loop handling rate of customer complaints has reached 100%, continuously improving service quality and efficiency.

Nowadays, more and more technology enterprises, including many of our customers at home and abroad, are paying more attention to low-carbon emission reduction. “Lucid waters and lush mountains are invaluable assets” has become the consensus of many enterprises. As a technology enterprise, we have been committed to reducing energy consumption in the product life cycle through technological innovation, promoting the use of environmentally friendly materials, and creating more environmentally friendly product solutions.

In 2023, mainstream models in the interactive intelligent flat panel category and QSTECH's full range of LED products have successively undergone carbon footprint assessment and certification, established a carbon footprint system, and promoted multi-dimensional carbon reduction from product R&D, production to scenario applications. At the same time, we participated in the formulation of the *Display Energy Efficiency Limit Values and Energy Efficiency Levels* standard drafted by the National Technical Committee for Standardization of Energy Foundation and Management (TC20). We expect to launch more transformative green and low-carbon technologies and products and lead the progress of green manufacturing.

Growing along the way, we pay attention to lucid waters and lush mountains, and forge ahead.

Growing along the way, we never forget our original intention to start a business and take on our responsibilities.

Since the beginning of our business, we have made an entrepreneurial oath that "because of our presence, more people have successful careers and happy lives." In the development of the enterprise, we have always been committed to improving the urban-rural education gap and sharing the development results with everyone. Taking advantage of our own technology and products, we have continued to carry out the "seewo public welfare activity" project over the years. Through material donations, teacher training and other measures, we have built an information-based teaching environment for rural schools, enhanced digital teaching capabilities, and promoted the balanced development of urban and rural education, so that children in mountainous areas can also feel the beauty of information-based education. Up to now, the "seewo public welfare activity" has donated information-based teaching equipment to 946 schools, benefiting more than 45,000 teachers and 63,600 students.

In terms of employee charity, the "Vitamin C Healthy Dinner Plan" launched by CVTE Charity in 2023 has been successfully implemented. We hope to do our best to improve the nutrition and health of rural children and integrate charity into the children's three meals a day. We have also seen more and more colleagues voluntarily participate in public welfare volunteer activities such as tree planting, wind and flood prevention, and blood donation. Currently, the total number of people participating in volunteer activities exceeds 9,000.

While practicing sustainable development, we attach great importance to ESG governance and compliance construction. In 2023, we established an ESG work management structure and clarified the management system with the Board of Directors, Strategy Committee and ESG Working Group as the core; we benchmarked the UN Sustainable Development Goals (SDGs) and actively explored the impact and direction of action of our own value chain activities on the SDGs; we formulated system statement documents such as the *Business Ethics Code of Conduct*, *Statement on the Protection of Labor Human Rights*, and *Supplier Code of Conduct*, and strictly abide by them in daily work.

Our goals for starting a business are grand yet simple. We are only willing to live up to the ardent expectations of all shareholders, partners and people from all walks of life who care about the growth of CVTE, and use practical efforts to fulfill the initial entrepreneurial oath that "because of our presence, more people have successful careers and happy lives." We sincerely thank each and every one of our partners. Your trust and support have given us the strength to face challenges and overcome difficulties, so that we can move forward firmly in wind and rain.

Looking forward to the future, we will keep up with the pace of the times and work with friends from all walks of life to explore the road of innovation. On this road, we will continue to pursue excellence with a firmer belief and a more persistent spirit, and provide users with better products and services. At the same time, we know that the growth of enterprises cannot be separated from the support and love of society. With a more open attitude and a more sincere heart, we will actively fulfill our social responsibilities and contribute our strength to promoting the sustainable development of human society. We are willing to work with friends from all walks of life to use our wisdom and strength to create a better and more prosperous future.



ESG Highlights Performance



Product Innovation

- The R&D investment was **1.437 billion yuan** with a year-on-year increase of **12.17%**
- Over **2,000** new patent applications have been filed, and the total number of valid patents exceeds **9,000**, including **over 2,000** valid invention patents
- It has accumulated more than **4,000** copyrights of computer software and works
- seewo large teaching model and large leading smart conference model have been released successively, and the filing of "CVTE Large Model (Independently Developed)" has been completed¹ to help the intelligent development of the industry



Customer Satisfaction

- The user satisfaction was **99.89%**, and the customer complaint settlement rate was **100%**
- Obtained national five-star after-sales service certification and twelve-star after-sales service integrity certification
- Conducted over a thousand advertising and marketing reviews and found no non-compliance
- Obtained the ISO 27001 Information security management system certification, and ISO 27701 Privacy information security management system certification, covering 100% of IT infrastructure

¹The filing of "CVTE Large Model (Independently Developed)" was completed on March 28, 2024, with the filing number of "Guangdong-shiyuan-20240314".



Environmental Protection

- CVTE and several subsidiaries have obtained **ISO 14001 Environmental management system certification**
- A number of products have obtained “cradle to grave” **product carbon footprint certification**
- QSTECH has launched the LED “carbon” exploration plan to create a “green full link”
- The total amount of greenhouse gas emissions was **22,630.19 tons** of carbon dioxide equivalent, and the emission density was **1.12 tons** of carbon dioxide equivalent/million yuan of revenue



Employee Development

- The physical examination coverage rate of employees was **100%**, providing comprehensive health management services for employees and their families
- The employee training coverage rate was **100%**, with a total of **more than 8,000** trainings organized and a total training time of more than **440,000 hours**
- Women accounted for more than **30%** of internal managers at the vice president level and above
- 14 trade unions have been established, and the membership rate of agencies with established trade unions was **100%**



Public Welfare

- The seewo public welfare activity has donated information-based teaching equipment to **946** schools, benefiting more than **45,000** teachers and **630,000** students
- seewo has supported more than **900,000** teachers to participate in teaching ability improvement training, trained more than **1,600** Xingtian tutors, and fully assisted teacher development
- CVTE Charity's Vitamin C Healthy Dinner Plan was successfully launched to help rural children grow up healthily
- A total of more than **9,000** employees participated in volunteer activities



Corporate Governance

- **No** business ethics violations occurred, and the Business Ethics Code of Conduct has been formulated to create a fair and honest working environment
- **No** case of integrity issue of supply chain employees occurred, and the supplier's Integrity Commitment signing rate was 100%
- Integrity education and training have **covered all employees**
- Obtained the highest rating of A for information disclosure in 2022-2023



About CVTE

Company Profile

CVTE, founded in 2005, is a provider of intelligent electronic products and solutions with display, interactive control and connectivity technologies as the core. It has always been committed to improving user experience through R&D design and product innovation, and continuously creating value for customers. Since its establishment, relying on hardware and software technology accumulation in audio and video technology, signal processing, power management, human-computer interaction, application development, system integration and other fields, the Company has carried out technological innovation and product development for multiple application scenarios, constantly enriched and extended the product structure, and gradually achieved a leading position in the market segment through product and resource integration capabilities. At present, the Company's products and integrated solutions have been widely used in the consumer electronics field and commercial electronics field. Specifically, it can be divided into component business, education business, enterprise service business, overseas business, etc.



Business Layout



Component Business

The Company's component business focuses on the design of electronic products and supply chain services in the global consumer and commercial fields. The main products are LCD main control board, which has been the leading position in the global LCD TV main control board industry for many years.

At the same time, the Company continues to explore new business development directions. We provide variable frequency controllers, intelligent display modules, human-computer interaction solutions, etc. for household electrical appliances, helping domestic and foreign household electrical appliance brands to further improve the differentiated innovation capabilities of their products; we actively deploy our automotive electronics business and provide a complete set of solutions integrating software and hardware around the intelligent cockpit market.



Education Business

seewo is positioned as a provider of educational digital application tools and services. Centering on "teachers, classrooms, teaching and students", seewo combines advanced technologies such as communication, big data, Internet of Things, artificial intelligence and cutting-edge theoretical research results in the field of education digitalization to provide users with professional educational information application tools and regular application training services. As the pioneer of interactive intelligent flat panel category in China, seewo has held the market share of interactive intelligent flat panel industry in China for 12 consecutive years (2012-2023). It has entered more than 2.6 million classrooms across the country, and its teaching application have covered 8 million teachers.



Enterprise Service Business

MAXHUB is committed to enhancing the efficiency of corporate meetings, office collaboration and digital operations to help enterprises with digital transformation. Relying on smart collaborative terminals such as interactive intelligent conference flat panels, commercial display equipment, audio and video conference terminals, and commercial office terminals, MAXHUB is equipped with an integrated service platform software that integrates conference management systems, integrated control systems, and cloud screen messaging systems, and provides full-scenario collaborative solutions from conference spaces, office spaces to public spaces to help enterprises achieve digital transformation. MAXHUB has maintained the first place in the domestic conference flat panel market share for 7 consecutive years.



Overseas Business

The Company adheres to the strategy of "focusing on global brands + local top customers". While ensuring the technological leadership and product competitiveness of mainstream product lines in overseas ODM business, the Company continues to promote the construction of overseas independent brands and continuously enriches the product matrix. At present, we have established global subsidiaries in the United States, India, the Netherlands, etc., established product, marketing and market localization teams in 18 countries and regions including Australia, the Middle East, Southeast Asia, Japan, South Korea, and Latin America, and provided education, commercial display, and audio and video solutions to more than 140 countries and regions around the world.



New Business Development

The Company continues to strengthen the cultivation and expansion of new businesses and seeks new performance growth points for medium- and long-term development, including LED display business, computing equipment business, power electronics business, robot business, etc.

Corporate Culture

● Business Philosophy

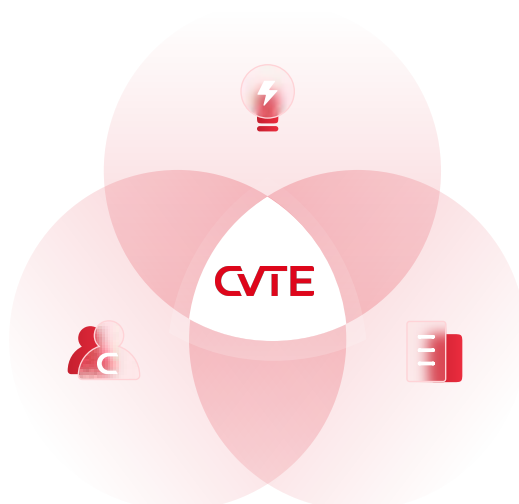
"Experience", "Efficiency", "Creation", "Win"

● Organizational Climate

"Freedom", "Equality", "Inclusiveness", "Sharing", "Enterprising"

● Corporate Mission

"Because of our presence, more people have successful careers and happy lives"



Honor Recognition

No.	Subject	Honorary title	Issuing authority
1	CVTE	Top 500 Private Manufacturing Enterprises in China in 2023	All-China Federation of Industry and Commerce
2		Top 500 Creditworthy Listed Companies in China in 2023 Top 100 Creditworthy Manufacturing Enterprises in China in 2023 Top 500 Creditworthy Enterprises in China in 2023	China Enterprise Reform and Development Society, China Cooperative Trade Enterprises Association
3		Top 100 Chinese Large Enterprises in Innovation in 2023	China Enterprise Confederation, China Entrepreneurs Association
4		Top 500 Digital Economy Enterprises	China Enterprises Evaluation Association
5		Top 100 Enterprises in Guangzhou with Innovative Influence in 2023	Guangzhou Daily, Digital Research Institute (GDI Think Tank)
6		Top 100 Electronic Information Competitiveness Enterprises in 2023	China Information Technology Industry Federation
7		Quality Technology Award from the Guangdong Association for Quality	Guangdong Association for Quality
8		The 24th China Appearance Design Silver Award	China National Intellectual Property Administration
9		The 10th Guangdong Patent Gold Award	Guangdong Administration for Market Regulation
10		NFuture College Students' Favorite Employers in 2023	nowcoder.com
11		Healthy China Innovation Practice Cases in 2023	people.cn · People's Health

No.	Subject	Honorary title	Issuing authority
12	Shirui Electronics ²	The 24th China Patent Excellence Award	China National Intellectual Property Administration
13		The 10th Guangdong Patent Award (Silver Award)	Guangdong Administration for Market Regulation
14		German Red Dot Design Award in 2023	German Design Association
15		Smart Campus Product Practice Innovation Award in the Education Industry in 2023	edu.hczyw.com
16		Digital audiovisual industry in 2023: Top 10 Influential Brands Intelligent Flat Panel · Top 10 Outstanding Brands Top 10 Outstanding Brands of LED Small Spacing Top 10 Outstanding Brands of Digital Signage	m.itavcn.com
17		The 20th People's Ingenuity Award - "Ingenuity Brand Award"	people.cn
18		"Scientific and Technological Innovation Contribution Award" of the High-Quality Economic Development Summit in 2023	Guangzhou Daily
19		The 10th Guangdong Patent Award (Excellence Award)	Guangdong Administration for Market Regulation
20	Shizhen Information ³	The 10th Guangdong Patent Award	Guangdong Administration
21		German Red Dot Design Award in 2023	German Design Association
22		Digital audiovisual industry in 2023: Top 10 Influential Brands Intelligent Flat Panel · Top 10 Outstanding Brands	m.itavcn.com
23		Top 100 Electronic Information Competitiveness Enterprises in 2023	Information Industry Competent Department
24	Shikun Electronics ⁴	CEIA Best Intelligent Conference Flat Panel Provider in 2023	China Enterprise IT Awards Jury
25	QSTECH ⁵	Top 10 LED Screen Application Projects	ledp.hczyw.com
26		Most Influential Product Award in 2023	Hangjiashuo Display, Hangjiashuo Industrial Research Center

²Shirui Electronics is a subsidiary of CVTE, its full name is Guangzhou Shirui Electronics Co., Ltd.

³Shizhen Information is a subsidiary of CVTE, its full name is Guangzhou Shizhen Information Technology Co., Ltd.

⁴Shikun Electronics is a subsidiary of CVTE, its full name is Guangzhou Shikun Electronics Co., Ltd.

⁵QSTECH is a subsidiary of CVTE, its full name is Xi'an Qingsong Optoelectronic Technology Co., Ltd.

ESG Honors

Top 50 Excellent ESG Cases of Chinese Enterprises in 2023

China Enterprise Reform and Development Society, Banyuetan Magazine

Guangdong Provincial Glorious Career Contribution Award

Guangdong Provincial Committee of the Communist Party of China, Guangdong Provincial People's Government

Top 10 ESG Rated Listed Companies in the Guangdong-Hong Kong-Macao Greater Bay Area

CCXGF, phtv.ifeng.com

Guangdong Provincial May Day Labor Certificate

Guangdong Federation of Trade Union

List of Top 100 ESG Listed Companies in China

Securities Times

The Second Batch of Pilot Institutions in Guangdong to Improve the Quality of Life of Employees - Happy Enterprise Pilot Institution

Guangdong Federation of Trade Union

Social Responsibility Five-Star Gold Award for Listed Manufacturing Companies in China in 2023

Forty People Forum Think Tank of esg100.org.cn

"Annual Case Award" of the 18th People's Enterprise Social Responsibility Award

people.cn

Top 500 Charitable Private Manufacturing Enterprises in China in 2023

Charitable Forum for Chinese Enterprises

China's Carbon Neutrality Commitment Demonstration Institution in the Bidding Field

cecbid.org.cn

Top 20 Corporate Governance of Listed Companies in the Greater Bay Area in 2023

Shenzhen Research Association of Corporate Governance

Hainuo Award - Green Development Contribution Model in 2023

The 4th Brand Innovation and Development Conference

Top 30 Guangzhou Sustainable Innovation and Development Enterprises in 2023

Guangzhou Daily, Digital Research Institute (GDI Think Tank)

Guangzhou Labor Relations AAAA Enterprise

Guangzhou Municipal Human Resources and Social Security Bureau, Guangzhou Federation of Trade Unions, Guangzhou Enterprise Federation, Guangzhou Federation of Industry and Commerce

ESG Governance

CVTE adheres to its corporate mission that “because of our presence, more people have successful careers and happy lives”, continuously optimizes and improves the Company’s ESG governance system, and deeply integrates ESG concepts with corporate governance to lay a solid foundation for sustainable development.

Response to SDGs

CVTE has never forgotten its corporate social responsibilities, actively implemented the concept of sustainable development, and promoted the coordinated development of the upstream and downstream industry chains. As a responsible corporate citizen, we benchmark against the UN Sustainable Development Goals (SDGs), actively explore the impact of our own value chain activities on SDGs and the direction of action, focusing on key areas such as corporate governance, R&D and innovation, product quality, customer services, supply chain, employees, environment and social welfare, and listen to and respond to the concerns of various stakeholders on the Company’s ESG issues. The following is our SDGs response status and response actions:

01

Innovation driven: Pursuit of excellent quality



Material issues involved	Our actions
R&D and innovation	<ul style="list-style-type: none"> Establish an innovative organization of “three institutes and one station” Continue to increase investment in touch control, high-definition display, artificial intelligence and other fields Launch large AI models to empower industry development Formulate and implement the Academic Reward Measures to stimulate enthusiasm for innovation
Intellectual property protection	<ul style="list-style-type: none"> Formulate and implement relevant systems for intellectual property management, and participate in system certification Launch an intellectual property management information system to strengthen compliance management capabilities Carry out intellectual property-related training to enhance employee awareness
Product quality and safety	<ul style="list-style-type: none"> Obtained the ISO 9001 Quality management system certification Launch a product life cycle management system to digitize the quality management process
Chemical management	<ul style="list-style-type: none"> Improve and implement the Regulations on the Management of Hazardous Substances, and strictly control the use of hazardous chemicals Obtained multiple certifications such as QC 080000 certification for hazardous substance process management system and EU RoHS. Formulate and implement the Green Procurement Procedure, and conduct regular audits and assessments.

Material issues involved	Our actions
Customer communication and services	<ul style="list-style-type: none"> • Unimpeded customer communication mechanism, and establish a high-quality customer service team combining online + offline • Develop after-sales service system to improve service efficiency and quality • Conduct regular training and improvement of customer service personnel's service capabilities
Data and privacy security	<ul style="list-style-type: none"> • Obtained the ISO 27001 Information security management system certification and ISO 27701 Privacy information security management system certification • Establish the personal information protection committee and privacy protection team • Conduct regular privacy compliance reviews and rectifications
Responsible marketing	<ul style="list-style-type: none"> • Formulate and implement internal systems related to compliance marketing and conduct responsible marketing audits • Conduct responsible marketing training



Protect greenery: Build a green home



Material issues involved	Our actions
Response to climate change	<ul style="list-style-type: none"> • Improve measures in four aspects: governance, strategy, risk management, indicators and goals with reference to the climate information disclosure recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
Green products	<ul style="list-style-type: none"> • Use greener materials and processes to create products that are more beneficial to the environment • Carry out carbon footprint certification for multiple products, and continue to improve the environmental attributes of products
Clean technology opportunities	<ul style="list-style-type: none"> • Increase exploration and investment in new energy fields such as power electronics business • Photovoltaic panels are installed in the Fifth Industrial Park, with an estimated annual power generation of 2.2 million tons
Energy management	<ul style="list-style-type: none"> • Continue to improve the energy management system and promote green office awareness
Water resource management	<ul style="list-style-type: none"> • Continue to improve the efficiency of water resource use, and strengthen the daily management and maintenance of water use
Waste management	<ul style="list-style-type: none"> • Recycle non-hazardous waste • Compliant disposal of non-reusable non-hazardous and hazardous waste

Material issues involved	Our actions
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Emission management	<ul style="list-style-type: none"> • Handle volatile organic compounds (VOCs) in compliance with regulations to ensure that they meet emission standards • Compliant discharge of domestic sewage and industrial wastewater
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03
**Work hand in hand:
 Create a prosperous ecosystem together**



Material issues involved	Our actions
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Sustainable supply chain	<ul style="list-style-type: none"> • Establish and implement the Supplier Code of Conduct with reference to the Responsible Business Alliance (RBA) • Incorporate environmental and social responsibility performance into supplier admission and regular audit and assessment processes
Controversial procurement	<ul style="list-style-type: none"> • Conduct due diligence on the source and chain of custody of conflict minerals in products produced by suppliers to 100% avoid the use of conflict minerals
Protection of employee rights and interests	<ul style="list-style-type: none"> • Formulate the Statement of Human Rights following the content of the 7 core conventions of the International Labor Organization (ILO) that China has ratified • Sign a collective agreement with employees to fully protect their basic rights and interests
Equality, inclusion and diversity	<ul style="list-style-type: none"> • Adhere to the principle of equal employment, and prohibit any form of discrimination • Create a diversified talent structure, and encourage outstanding female employees to participate in R&D, technology and management-related positions
Talent attraction and retention	<ul style="list-style-type: none"> • Provide salary and incentive mechanisms and diversified welfare guarantees covering all employees • Establish a sound system and mechanism for employee career development and promotion • Provide diversified and personalized training courses for all employees
Employee health and safety	<ul style="list-style-type: none"> • Set up an EHS management organization, implement the employee health and safety management responsibilities • Strengthen the daily safety prevention and management of the operation site • Carry out safety education and emergency drills to improve employees' emergency response and accident prevention capabilities
Community and charity	<ul style="list-style-type: none"> • Continue to increase public welfare investment and donations in education and other fields to narrow the urban-rural education gap • Launch a variety of public welfare activities to improve the living standards of rural children



Material issues involved	Our actions
Corporate governance	<ul style="list-style-type: none"> Continuously improve the corporate governance system Maintain close communication with stakeholders
Compliance and risk management	<ul style="list-style-type: none"> Continuously improve the Company's risk control compliance system Establish the "three lines of defense" of the risk control system to implement compliance business objectives Regularly identify emerging risks that have significant potential impact on the Company and develop plans and measures to deal with them
Business ethics	<ul style="list-style-type: none"> Improve the anti-corruption management system and form an effective supervision mechanism Conduct business ethics audits Open reporting channels and strictly protect whistleblower information Carry out business ethics education and create an atmosphere of integrity

ESG Management System

In order to better deploy and implement ESG-related work and ensure the standardization and effectiveness of the Company's ESG management, CVTE has clarified the division of responsibilities and management processes, established a top-down three-level ESG management structure, and formed a comprehensive ESG management system including the Board of Directors, Strategy Committee and ESG Working Group.



CVTE's ESG Management Structure

Stakeholder Communication

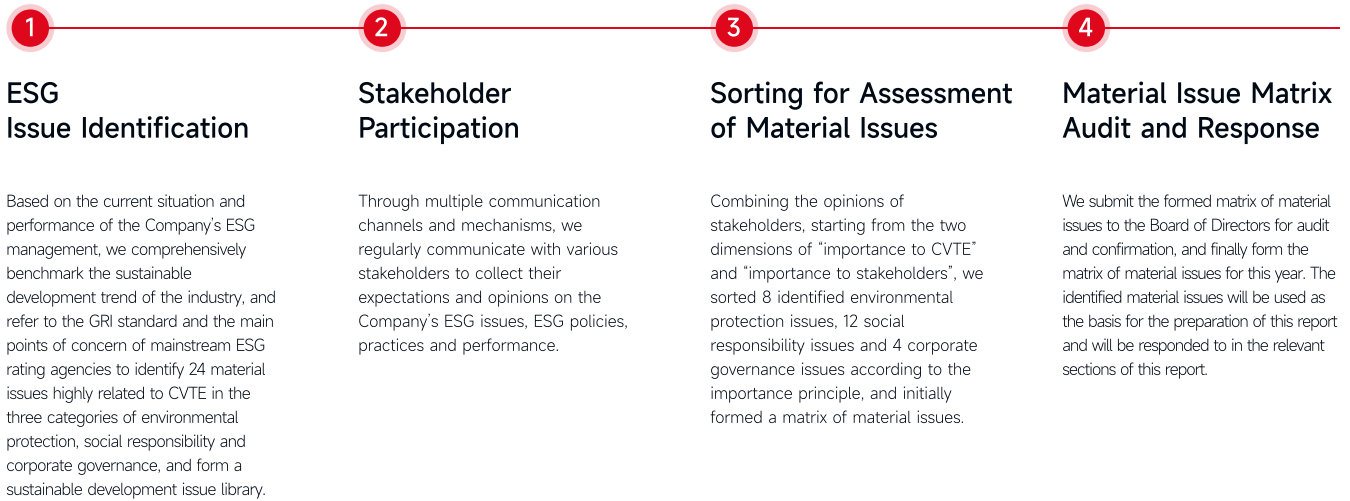
CVTE has always paid attention to the demands of all stakeholders, and is committed to building a diversified and effective communication mechanism to fully understand and respond to the stakeholders' expectations for the sustainable development of CVTE, consolidate the long-term mutual trust and cooperation relationship established with all stakeholders, and work together to achieve the sustainable development of the enterprise and create value for all parties.

In 2023, the Company sorted out and responded to the expectations and demands of various stakeholders as follows:

Stakeholders	Communication channels	Expectations and demands	Our response
Shareholders and investors	<ul style="list-style-type: none"> Shareholders' meeting Company announcement Performance briefing/roadshow Phone and email Site survey 	<ul style="list-style-type: none"> Sustainable management Return on investment Technological innovation 	<ul style="list-style-type: none"> Establish and improve compliance management system and improve ESG strategy Provide reasonable investment returns and strengthen communication with investors Increase investment in R&D and innovation
Government and regulatory authorities	<ul style="list-style-type: none"> On-site inspection Phone and email Policy consultation feedback Special meeting or report 	<ul style="list-style-type: none"> Compliant operation Promote economic development and corresponding national strategies Climate change and energy conservation and emission reduction Provide employment opportunity 	<ul style="list-style-type: none"> Implement compliance supervision policies Carry out business activities in line with the needs of industry and regional economic development Identify climate risks and opportunities and take practical actions to promote low-carbon emission reductions Actively assume social responsibilities
Customer	<ul style="list-style-type: none"> Customer satisfaction survey Customer complaints and return visits Offline and online communication platform 	<ul style="list-style-type: none"> Product quality Innovative research and development Customer relations and services Customer privacy protection Product environmental attributes 	<ul style="list-style-type: none"> Strengthen all-round quality control Product iteration innovation Provide excellent services Strengthen customer data security and privacy protection Use harmless and environmentally friendly materials and green production processes
Supplier	<ul style="list-style-type: none"> Open tendering Supplier conference Supplier training and empowerment On-site inspection and audit 	<ul style="list-style-type: none"> Mutual benefit and win-win Integrity and cooperation Open and transparent tendering Response to climate change and energy conservation and emission reduction 	<ul style="list-style-type: none"> Establish an open and transparent tendering process Improve supplier assessment and management system Supplier empowerment Create a sustainable supply chain
Employee	<ul style="list-style-type: none"> Trade Union feedback applet Trade Union mailbox Satisfaction survey Club activities 	<ul style="list-style-type: none"> Operating environment Occupational health and safety Compensation and benefits Career development 	<ul style="list-style-type: none"> Create an open, equal and inclusive workplace atmosphere and eliminate discriminatory behavior Sound health management and safety production guarantee Provide market-competitive compensation and benefits Provide smooth career promotion channels and provide diversified training opportunities
Community and public	<ul style="list-style-type: none"> Information disclosure Official website and social media platforms Community activities 	<ul style="list-style-type: none"> Environmental protection Community public welfare 	<ul style="list-style-type: none"> Reduce negative impact on the environment at the operational level Carry out rural revitalization, empower education informatization, and encourage employees to participate in volunteer services

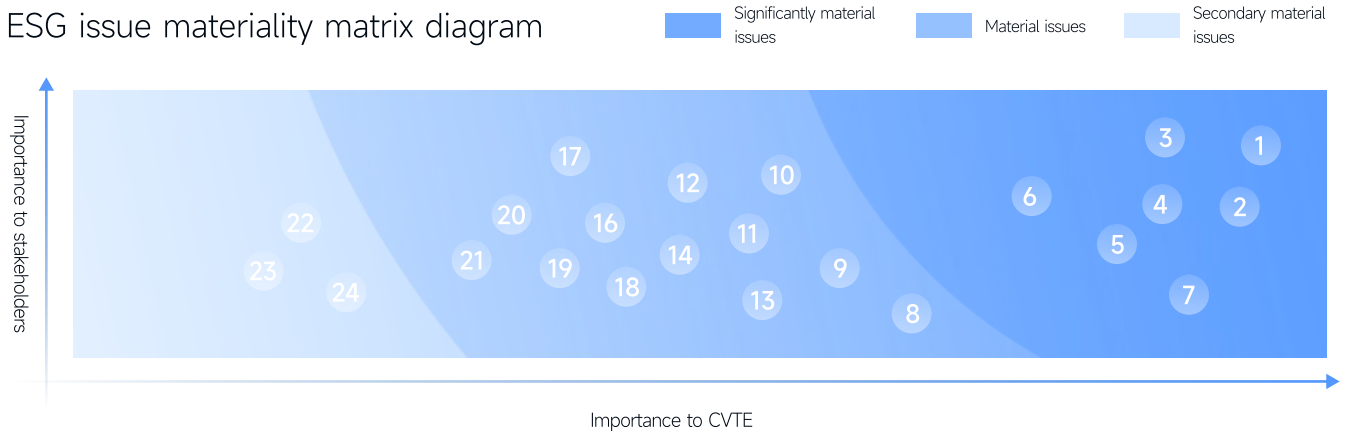
Importance Assessment

Importance Assessment Process



Materiality Assessment Results

ESG issue materiality matrix diagram



Environmental Protection

- 02 Response to climate change
- 06 Green products
- 11 Energy management
- 13 Waste management
- 14 Clean technology opportunities
- 17 Chemical management
- 19 Emission management
- 23 Water resource management

Social Responsibility

- 01 Product quality and safety
- 03 Protection of employee rights and interests
- 04 Customer communication and services
- 05 R&D and innovation
- 07 Talent attraction and retention
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01

Innovation Driven Pursuit of Excellent Quality



CVTE takes the pursuit of excellent quality and the creation of lean products as its mission, and promotes product innovation through technological innovation and design optimization to enhance user experience. We attach great importance to product quality and safety and establish an effective product quality management system to ensure product reliability and safety. At the same time, we continue to improve customer satisfaction and establish long-term cooperative relationships with customers by strengthening communication management with customers and optimizing service experience.



Innovation-Driven Development

Innovation is an inexhaustible driving force for enterprises to achieve sustained growth. CVTE adheres to the development idea of “taking science and technology as the guide and innovation as the driving force”, builds and improves the innovative scientific research system, and builds the “three institutes and one station” internally, i.e., Academia Sinica, Chinese Academy of Engineering, Innovation Design Institute and Postdoctoral Workstation, to continuously improve the Company’s basic R&D capabilities, actively explore cutting-edge technologies in the industry, and pursue a path of high-quality development. At the same time, the Company attaches great importance to the protection of intellectual property rights, strengthens the protection of scientific research results through effective mechanism construction, and maintains the Company’s core competitiveness.



- During the reporting period, the R&D investment was **1.437 billion yuan**, with a year-on-year increase of **12.17%**;
- There were over **2,000** new patent applications, of which invention patents and utility model patents accounted for over **49%**;
- It has accumulated more than **9,000** valid patents, including over **2,000** valid invention patents
- It has accumulated more than **4,000** computer software copyrights and work copyrights.

The Company and its subsidiary Guangzhou Shirui are the national intellectual property demonstration enterprises assessed by the China National Intellectual Property Administration. Guangzhou Shizhen and Guangzhou Shikun are the intellectual property demonstration enterprises in Guangdong Province.

Technological Innovation

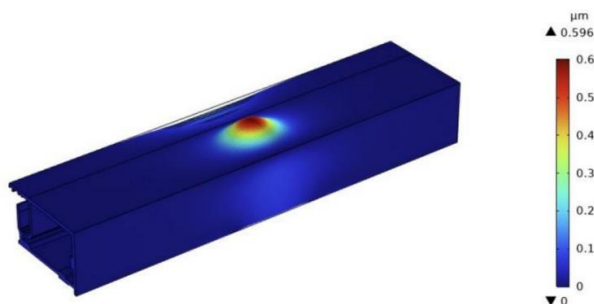
We continue to explore technical fields such as display technology, tactile sensing, artificial intelligence, heat dissipation, and materials to lay the technical foundation for creating innovative, environmentally friendly, high-quality products. In 2023, we successively released the seewo large teaching model for the education field, and the large leading smart conference model for the entire conference management process. At present, the Company has completed the filing of “CVTE Large Model (Independently Developed)” in accordance with the requirements of the Interim Measures for Generative Artificial Intelligence Service Management on March 28, 2024, with the filing number of “Guangdong-shiyuan-20240314”, to further promote the digital and intelligent development of the industry.

In terms of external technical exchanges, we provide cutting-edge topics for open competitions, lead the direction of innovation, and actively cooperate with various ecological partners to shorten the R&D cycle and improve the R&D quality through in-depth study of practical application scenarios. In addition, we have published many academic papers or technical blog posts, covering many fields such as vision, speech, data mining, etc., to share technological innovation progress with industry colleagues and lead the development of the industry.

Research on tactile feedback technology

Focusing on tactile feedback technology, we create a real tactile experience for users through actions such as force and vibration to better perceive and interact with the outside world. In 2023, we focused on breaking through technologies such as pressure-sensitive solid buttons, metal narrow-framed virtual sliding buttons, and electrostatic force-based tactile feedback, and optimized product tactile design through material structure improvement, simulation technology verification, algorithm optimization and deployment, etc., to achieve more realistic, finer and richer touch feedback and interactive functions.

In the solid button project, we innovatively used actuators such as piezoelectric ceramics and linear motors for the first time in the industry to achieve a real mechanical button experience, avoid structural noise caused by vibration transmission, and eliminate additional drilling processes for the outer frame. The button is small in size, easy to assemble, and can reduce manufacturing material loss. At the same time, the service life of components has also been increased from 1 million times to 5 million times, which is of great significance to improving the environmental performance of products.



Solid button: Finite element simulation of local vibrations

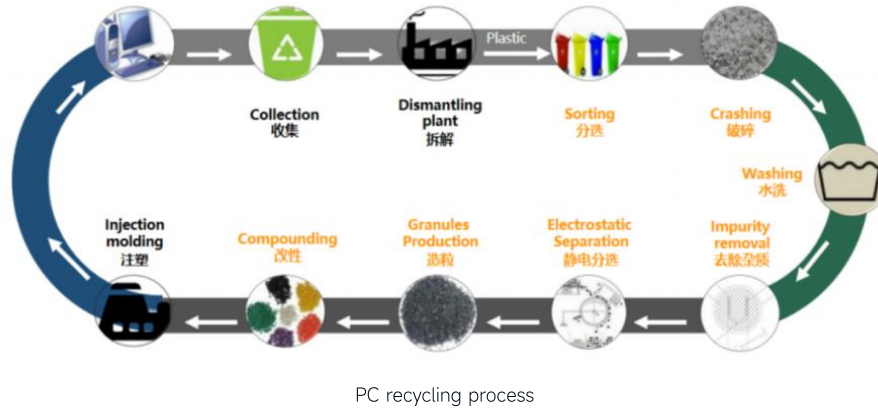
Research on efficient heat dissipation technology for electronic products

We continue to conduct systematic research on the heat dissipation technology of electronic products, update and iterate existing technologies from multiple perspectives, and achieve all-round optimization and upgrade of product performance, material usage and energy consumption:

- **Performance improvement:** On the basis of multi-stage heat dissipation load decoupling, we research and adopt efficient cooling components to achieve improved cooling performance on the premise that the product has fans of the same size.
- **Material consumption:** From the perspective of basic design, we conduct in-depth research on the conjugate heat transfer problem of closed systems and explore the maximum heat dissipation optimization problem in conjugate heat transfer. The raw material consumption of the heat dissipation solution is reduced by more than 15%, and the heat sink material consumption is reduced by more than 10%. In addition, we also combine the shape characteristics of the heat sink to optimize the production process to reduce manufacturing complexity, reduce production process energy and mold material consumption.
- **Energy consumption:** In the design stage, we strive to improve the accuracy of digital heat dissipation design and study simulation reduction methods. At present, the heat dissipation simulation efficiency of electronic products has increased by 25% year-on-year, the average number of heat dissipation tests for a single project has been reduced by 5%, and the energy consumption of the design process has also been reduced. During the product assembly stage, we use simple connection methods as much as possible to reduce energy consumption during the assembly process.

Research on PC recycling process

PC recycling refers to the production of recycled materials with good performance, safety and reliability after recycling, separation, cleaning, drying and other processes of discarded PC materials. We continue to conduct in-depth research on the high performance and application of PC recycling, and try our best to improve the performance of PC recycling to more than 80% of new PC materials, thereby expanding the application scenarios of PC recycling, truly promoting the innovative development of circular economy, and alleviating environmental pollution caused by PC waste.



Product structure design optimization

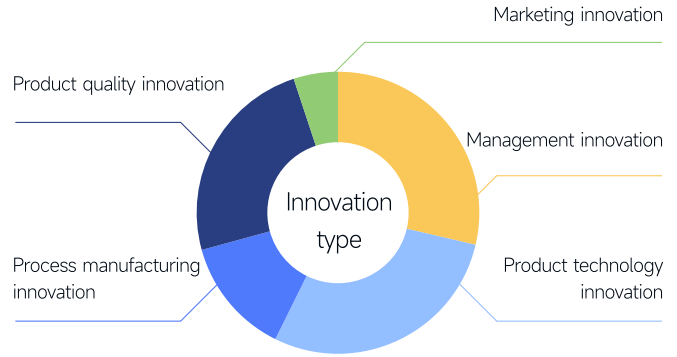
CAE simulation technology and basic mechanical analysis are used to optimize the structural design of multiple products and components to reduce material waste while ensuring product performance. In 2023, we have carried out dozens of related structural design optimization projects for our own products, and at the same time assisted industry partners in carrying out related projects.

For example, through simulation calculations and multiple verifications of multiple design features of the back panel of the commercial display machine, we output optimized size parameters to increase the compressive stiffness of the center of the back panel by 4 to 10 times, while also reducing the thickness of the back panel from 1.0mm to 0.8mm, reducing material usage by more than 20%, and achieving a lightweight commercial display machine. The application of this technology can greatly improve the performance of the commercial display machine and effectively reduce the consumption of materials.

Innovation Incentives

In order to stimulate employees' enthusiasm for innovation, we have established a systematic innovation incentive mechanism to encourage employees to explore and bring forth new ideas. We have formulated and implemented the Academic Reward Measures to clarify the academic achievements, objects, conditions, standards and implementation details that need to be rewarded. In addition, we uphold the principles of openness, fairness and impartiality, encourage collectives and individuals who promote technological innovation, fully mobilize the creative enthusiasm of employees, and promote the output of landmark results. At the same time, we listen to employees' suggestions on innovative incentive rules with an inclusive and open attitude, and fully consider and assess every employee's opinions.

In 2023, we promulgated the CVTE Micro-Innovation Award and Innovation Award Selection Plan to encourage all employees to continue innovating from multiple dimensions such as product technology, process manufacturing, product quality, and operation management, and continue to enhance organizational competitiveness. The micro-innovation award selection activities are carried out on a quarterly basis, covering employees' micro-improvements and small innovations in their daily work; the innovation award selection activities are carried out on an annual basis, with the purpose of setting a benchmark for innovation and efficiency improvement in the Company. Since the launch of the activity, a total of 1,781 projects have been submitted, with more than 2,500 participants, and a total of 552 award-winning projects with bonuses worth millions of yuan.



Intellectual Property Protection

CVTE strictly abides by the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations. It has formulated and implemented a series of internal systems such as Intellectual Property Management Manual and Administrative Measures for Intellectual Property, clarified intellectual property management requirements and rules, continuously improved the construction of intellectual property management system, and obtained GB/T 29490-2013 intellectual property management system certification. In 2023, we formulated process documents related to intellectual property protection such as Quality Inspection Scoring - Point Deduction Rules for Case Review, and IPR and Supervisor Scoring - Invention and Utility Model Rating to guide employees to carry out relevant work in a standardized manner and implement intellectual property protection into daily operations.



Intellectual Property Management System Certification

Our intellectual property protection measures include but are not limited to:

<p>Life cycle management system for intellectual property</p>	<ul style="list-style-type: none"> • Launch a life cycle management system for intellectual property (including patent control platform) and purchase a patent search database, realize the life cycle management of patent application, review, authorization, maintenance and transformation with the help of intellectual property information technology, ensure the real-time compliance control of the Company's intellectual property rights, and continue to strengthen the compliance management capabilities of intellectual property protection.
<p>Risk management system for intellectual property</p>	<ul style="list-style-type: none"> • Establish a comprehensive risk control mechanism for intellectual property in R&D, Sales and other business departments, and integrate risk control for intellectual property into business processes to safeguard the Company's stable development.
<p>Patent Award System</p>	<ul style="list-style-type: none"> • Establish an incentive mechanism for inventors to reward employees who have made outstanding contributions in patent application and authorization, implementation of patented technology and transformation of patent results; • Organize annual patent award selection and award activities to commend individuals and groups that have made outstanding contributions to patent work and set an outstanding example for patent work.
<p>Patent knowledge training</p>	<ul style="list-style-type: none"> • Provide professional intellectual property protection-related training for business groups, covering patent drafting, overseas patent layout, life cycle management of intellectual property, etc.
<p>Protection against infringement</p>	<ul style="list-style-type: none"> • Establish an infringement protection mechanism. For external plagiarism of CVTE patents and infringement of the Company's intellectual property rights, we will promptly protect the intellectual property rights by issuing letters, applying for temporary injunctions, and filing lawsuits.

Strict Control of Product Quality

Adhering to the quality management policy of “customer-oriented, seeking development by quality, seeking efficiency by management, and seeking quality by process”, CVTE always puts product quality in the first place, continuously improves the construction of quality management system, strictly standardizes the product quality control process, enhances the product responsibility awareness of employees, strengthens the Company’s product quality management level, and creates safe, high-quality and reliable products for users.

Quality Management System

The Company comprehensively implements refined management of product quality, formulates internal quality management regulations such as Product Design and Development Control Procedure, Production Equipment Control Procedure, Internal Audit Control Procedure, etc., and standardizes the life cycle quality management process of products from R&D to after-sales services to ensure product safety and reliability. The Company has built a product life cycle compliance protection system covering product access, design and development, mass production consistency and other dimensions, carried out product compliance spot checks under the supervision and guidance of the Compliance Technical Committee, built a problem-oriented routine compliance spot check mechanism, and constantly strengthened product quality management capabilities.

The Company has continuously assessed the effectiveness of the quality management system by carrying out project improvement activities such as quality improvement teams (QC teams) and 6Sigma, rectified and improved the defects and loopholes of products and processes in the first time, actively participated in a number of system certifications of the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC), and continuously improved the quality management system.

In addition, the Company empowers quality management by digital means, and launches product life cycle management system and quality management system and other information systems to realize visual and dynamic monitoring of the quality management process, reduce quality errors caused by manual operation, and make quality control more accurate and efficient. In 2023, the Company introduced advanced digital technology and data analysis tools, and built a company-level BI indicator Kanban to achieve real-time and accurate monitoring and assessment of product quality indicators, help relevant personnel identify, analyze and solve quality problems in the first time, and improve product quality level by digital means.

The Company’s Jingce Laboratory has obtained a number of national and international laboratory qualifications, such as CNAS national laboratory qualification, CMA national inspection and testing agency qualification, CB laboratory certification (CBTL), A2LA American laboratory accreditation, and International Safe Transit Association (ISTA) certification. The Company has the ability to conduct third-party evaluation, and can carry out product safety and reliability testing on various electronic products to meet high standards of industry requirements.



CNAS laboratory qualification certificate



CMA qualification certificate



CB laboratory certification



A2LA American laboratory accreditation certificate



ISTA certification

During the reporting period, CVTE passed ISO 9001 quality management system certification and won the first prize of the Quality Technology Award from the Guangdong Association for Quality for the first time. This means that the Company's work in product quality management has been externally recognized and affirmed, and it also encourages us to continue to make breakthroughs in quality management to create higher quality and more assured products for users.



Whole-Process Quality Management

The Company has established a quality management system covering the entire process, covering R&D quality, supplier quality, product quality and other aspects. By applying quality operations and research results, the Company continues to optimize product quality control measures and provide strong guarantee for whole-process quality control. In every key link, we implement strict quality inspection procedures, including regular inspections such as incoming quality control (IQC), input process quality control (IPQC), outgoing quality control (OQC), ongoing reliability test (ORT), etc., to ensure normalized quality management in product R&D and design, raw material procurement, production and manufacturing, shipping and other links. In addition, the Company has also established a responsible product recall mechanism to implement timely recalls when products have any problems, and conduct root cause analysis as soon as possible to trace, analyze and rectify related problems.

“Two Management” of Product Quality Assurance

<p>Quality management of processing plant</p>	<ul style="list-style-type: none"> • Process control: Implement product quality testing, auditing and real-time exception handling to ensure that quality control of the production process is effectively implemented; • Objective incentive: Establish clear quality objectives and provide incentives to relevant personnel based on the actual achievement of the objectives to ensure efficient achievement of the objectives.
<p>Reliability management</p>	<ul style="list-style-type: none"> • Data platform: Establish multiple data platforms including reliability testing, failure analysis and reliability data to provide digital support for material selection, design optimization, manufacturing and other links; • Production abnormality interception: Through reliability testing during the production process, production abnormalities caused by materials and processes are identified, and abnormal products are intercepted in a timely manner.

“Two Capabilities” of Product Quality Assurance

<p>Testing capability</p>	<ul style="list-style-type: none"> • Professional laboratories: There are many professional laboratories under the Jingce Laboratory, such as electromagnetic compatibility laboratory, chemical laboratory, OTA radio frequency laboratory, etc., which can complete various product quality testing such as communication quality testing, hardware performance testing, testing of restricted chemical substances in electronic products, etc.
<p>Certification capability</p>	<ul style="list-style-type: none"> • Compliance and safety certification: Ensure that products have obtained CCC certification (China Compulsory Certification), CB certification of International Electrotechnical Commission, CE certification of EU, and other product qualification certifications and marks, to ensure product compliance and safety.

Hazardous Substance Management

CVTE has established and continuously improved the hazardous substance management system, strengthened the management of hazardous substances by suppliers, strictly controlled the hazardous substances involved in products, and ensured that the hazardous substance content of production materials, production processes and products meets legal and regulatory requirements.

Hazardous substance control system

CVTE strictly abides by the laws and regulations of China and the European Union such as Regulations on Registration, Assessment, Authorization and Restriction of Chemicals (REACH Regulations), Regulations on Persistent Organic Pollutants (POPs) (EU) 2019/1021, EU Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS Directive), and EU Directive on Waste Electrical and Electronic Equipment (WEEE), as well as the requirements of customers' regulations on the restriction of hazardous substances, and constantly revises internal systems such as Management Specifications for Hazardous Substances to include relevant hazardous chemical substances within the scope of restrictions. The Company integrates industry standards and the latest legal and regulatory requirements, integrates the latest applicable environmental/health standards into product design, material procurement, manufacturing, shipping and other processes, and strengthens the control capabilities of hazardous substances throughout the product life cycle.

As of the end of 2023, CVTE has clarified the ban on multiple hazardous substances including tetrabromobisphenol A, hexabromocyclododecane, chlorinated paraffins, polychlorinated phenols (PCPs) and their derivatives, etc. in the Management Specifications for Hazardous Substances. We have stipulated a total of 69 restricted substances in products, 18 restricted substances in packaging materials and 14 declared substances. In the future, we will continue to benchmark against the environmental protection requirements of various countries and dynamically update the Company's list of restricted substances and their limit values to meet increasingly stringent environmental protection requirements.

69 restricted substances in products

18 restricted substances in packaging materials

14 declared substances

In addition, we track various laws and regulations and customer requirements in real time, update the list of restricted substances, and promote the construction of hazardous chemical substance management systems in each subsidiary company and production line to implement the control of hazardous substances. During the reporting period, CVTE and a total of 11 of its subsidiaries obtained QC 080000 certification, EU RoHS, EU REACH, China RoHS and other certifications for hazardous substance process management systems.



Substitution and reduction of hazardous substances

The Company continues to move towards the objective of Hazardous Substance Free (HSF), formulates a hazardous substance reduction plan, and proactively looks for alternative materials to reduce and eliminate the use of hazardous substances. In accordance with the IEC 61249-2-21:2003 standard, the Company advocates the use of halogen-free (using only chlorine and bromine compounds) materials and reduces reliance on halogen flame retardants in products. In addition, the products sold by the Company comply with lead-free standards.

In order to continue to promote the HSF objective, the Company proactively takes the following measures:

Harmless green design	In the product design stage, environmentally friendly materials and processes are selected, and the use of hazardous substances such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBBs), and polybrominated diphenyl ethers (PBDEs) is strictly restricted.
Supply chain management	Work with suppliers to ensure that raw materials and components in the supply chain comply with hazardous substance restrictions to trace and control supplier use of hazardous substances.
Production process optimization	Optimize production processes and techniques to reduce emissions of hazardous substances.
Awareness raising	Carry out hazardous substance management and environmental awareness training to improve employees' environmental awareness.
Product identification	Clearly identify hazardous substances in products and provide customers with complete product environmental protection information.
Regular review	Regularly review the Company's use of hazardous substances and continue to seek the latest harm reduction technologies and improvement methods.

Suppliers' hazardous substance management

Efficiently controlling the use of hazardous substances by suppliers is an important part of CVTE's efforts to achieve the HSF objective. In order to urge suppliers to carry out effective management of hazardous substances, the Company has formulated and implemented the Green Procurement Procedure, which clearly requires that production materials must be purchased from environmentally certified suppliers or environmentally friendly plants to ensure that all parts meet environmental protection requirements from the source. At the same time, the Company stipulates that the parts provided by suppliers, including materials, parts and components, must comply with the Company's standards for hazardous chemical substances. The Company signs agreements with all suppliers that include quality assurance and hazardous substance management terms, clarifies hazardous substance management requirements, and strengthens supplier-related responsibilities. At the beginning of the business launch, the Company appointed environmental engineers to conduct a comprehensive inspection and assessment of the suppliers' hazardous substance management measures to ensure that the hazardous substance control measures were effectively implemented in the procurement process.

Hazardous chemical substance control requirements for CVTE suppliers (core terms)

Establish a management system for hazardous substances	<ul style="list-style-type: none"> Establish a comprehensive hazardous substance management system in accordance with the requirements of IECQ QC080000:2017, including but not limited to POPs regulations, China RoHS Directive, EU RoHS2.0, WEEE, REACH regulations and other standards into the system construction.
Establish a list of qualified suppliers	<ul style="list-style-type: none"> Establish a list of qualified upstream suppliers, and sign HSF-related agreements with upstream suppliers to clearly implement the control standards of hazardous substances and environmental labeling requirements of incoming materials; Incorporate HSF-related audit items into the introduction audit of upstream suppliers, and conduct HSF audits on qualified high-risk suppliers on a regular basis.

<p>Establish a change audit mechanism</p>	<ul style="list-style-type: none"> Establish an environmental protection audit mechanism for the introduction of new parts and material changes to ensure that incoming materials from suppliers meet environmental protection requirements.
<p>Establish testing plans for incoming materials and finished products</p>	<ul style="list-style-type: none"> Prepare the material HSF risk assessment form; Must have the ability to test high-risk materials such as 4 categories of o-benzene substances DEHP, BBP, DBP, and DIBP; Conduct RoHS 2.0 project testing on the materials constituting the product at least once a year.
<p>Comply with HSF-related requirements</p>	<ul style="list-style-type: none"> IQC incoming materials shall be confirmed with the HSF mark; HSF-related training must be provided to all employees, and training must be provided at least once a year, including RoHS2.0, REACH, etc.; Internal audits, management reviews and treatment goal setting must cover HSF-related content.

In 2023, we updated the Supplier Code of Conduct to clarify the regulations on the restriction of hazardous substances for suppliers, requiring suppliers to identify, label and manage chemicals, waste and other materials that pose a danger to humans or the environment, and ensure that they are safely handled, moved, stored, used, recycled or reused, and disposed of.

For different business development stages, we have put forward targeted hazardous substance management requirements for suppliers, promoted suppliers to implement hazardous substance control responsibilities, established a mechanism to deal with issues related to hazardous substances, and ensured the safety and compliance of the production process.

 <p>Development stage</p>	<ul style="list-style-type: none"> Suppliers are required to sign agreements such as the Quality Assurance Agreement and Environmental Management Substance Guarantee; Suppliers are required to provide a third-party Hazardous Substance Test Report; Suppliers are required to provide the material composition table or material safety data sheet (MSDS) of the parts to clarify the chemical composition of the constituent materials and additives in the parts.
 <p>Mass production stage</p>	<ul style="list-style-type: none"> Suppliers are required to confirm and ensure that the parts supplied during mass production are exactly the same as those provided during the development stage; Suppliers are required to apply in advance in accordance with the provisions of the Quality Assurance Agreement when the production conditions of any mass-produced products change; Suppliers are required to update the third-party test report (e.g., RoHS report) every year during the continuous supply of materials.
 <p>In the event of hazardous substances exceeding the standard</p>	<ul style="list-style-type: none"> Suppliers are required to carry out cause analysis for over-standard incidents and conduct retrospective investigations on the scope of impact (for example: production quantity, shipment batch number, etc.); Suppliers are required to take appropriate improvement measures and future preventive actions, and provide rectification reports; Suppliers are required to conduct hazardous substance testing for each batch of parts that exceed the standard and provide a Hazardous Substance Test Report after testing.

Quality Management Training

Management is regarded as the basis, and awareness comes first. By carrying out diversified quality management training, the Company strengthens the quality awareness and control ability of employees, and is committed to creating a value chain culture that puts product quality first. The training content covers the seven QC techniques, QC team (QCC), 6Sigma methods and tools (GB, BB), etc. In addition, the Company continues to improve the quality risk control capabilities of engineers in the product development and production process. It trains engineers on tools such as Failure Mode and Effects Analysis (FMEA) and Design of Experiments (DOE) to cultivate their ability to accurately identify potential risks.

Quality Month activities

In order to strengthen the construction of quality management culture, in 2023, we held a series of "Quality Month" activities, including quality knowledge competitions, quality experience sharing meetings, and quality innovation proposal competitions, etc., to strengthen employees' awareness of product quality responsibility, and create a cultural atmosphere in which all employees participate in quality management.



6Sigma professional training

In 2023, we invited external experts to hold two professional 6Sigma training sessions for various functional engineers and relevant management to enhance employees' professional skills. The total training time was 24,360 hours, and nearly a hundred 6Sigma green belt engineers and black belt engineers were trained at the same time.

Quality Lecture

We held a series of highly professional and targeted "Quality Lecture" courses, covering four major modules, i.e., organizational operation capabilities, process management capabilities, professional and technical management, and basic quality knowledge. In 2023, more than 400 core quality personnel participated in such training courses, with a total training time of more than 6,400 hours, effectively cultivating and reserving a large number of quality management talents for the Company's various business lines.



organizational
operation
capabilities



process
management
capabilities



professional and
technical
management



basic quality
knowledge

400

core quality personnel
participated in such
training courses,

6,400

total training time



Providing Excellent Services

CVTE is committed to providing users with efficient and convenient services, continuously improving the customer service system, strengthening marketing management, and continuously improving the use value of products. In addition, we pay attention to the protection of customers' rights and interests, fully implement key measures for information security and privacy protection, and implement the principles of responsible marketing to ensure that customers' legitimate rights and interests are fully protected.

Customer Services and Satisfaction

CVTE continues to improve the customer service and communication management mechanism, comprehensively strengthen the construction of service standards, build a high-quality customer service team, carry out customer satisfaction research, ensure that customers' demands are responded to in a timely manner, and enhance customer satisfaction with high-quality products and services. We have obtained the national five-star "after-sales service certification" and twelve-star "after-sales service integrity certification" for many years, and obtained "4PS contact center international standard management system certification" and "CCCCS customer contact center operation performance standard system certification".

Customer service guarantee

CVTE adheres to the service concept of "high-quality technical services and after-sales support to create excellent service experience for users", and provides customers with whole-process customer services. The Company has formulated the Service Policy Statement for each of its brands to clarify the service methods, standards and timeliness requirements under different service needs, and formulated systems such as Business and Service Standards and Complaint Handling Rules and Standards to standardize after-sales work handling rules to ensure the effectiveness of handling customer complaints and set up a clear and effective problem escalation mechanism. In addition, in order to ensure that every requirement and standard is implemented, we continue to improve the monthly evaluation mechanism for customer service personnel, including evaluation of customer satisfaction, service timeliness and other dimensions, strengthen the standardized management of after-sales services, and provide consumers with comprehensive and powerful service guarantees.



After-sales service certification - Five-star



After-sales service integrity certification - Twelve-star

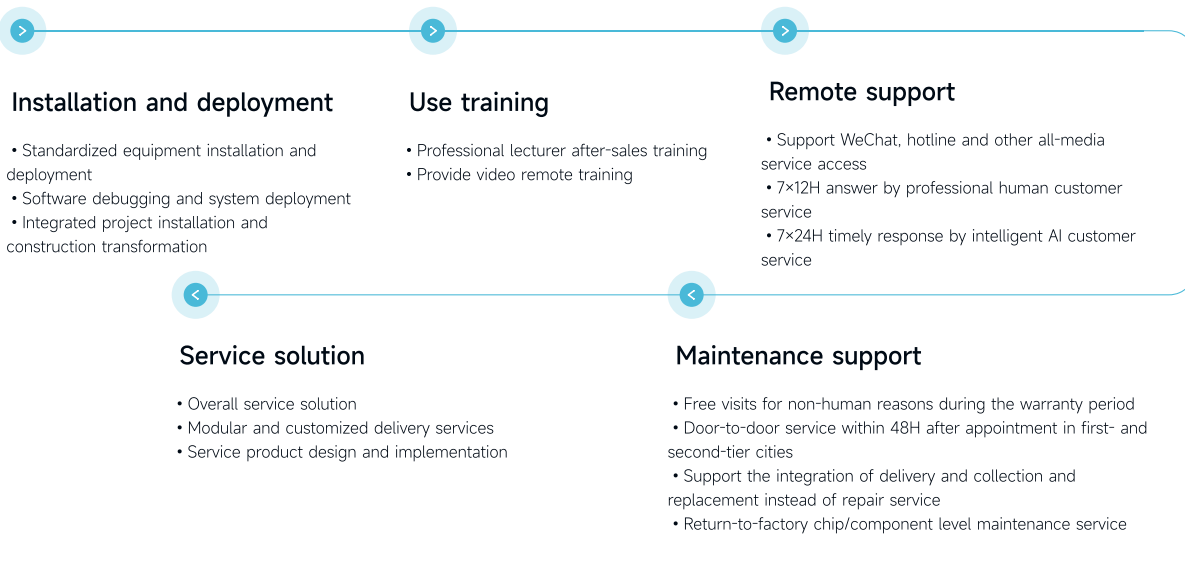


4PS contact center international standard management system certification



CCCCS customer contact center operation performance standard system

CVTE whole-process customer service system



Customer communication channels

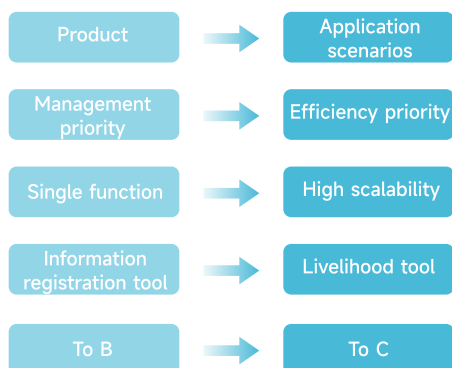
CVTE has established multiple and smooth customer communication channels online and offline. On the online side, customers can contact customer service personnel for feedback in a timely manner through various methods such as telephone, official account, official website and APP. On the offline side, we set up a field application engineer (FAE) team of more than 60 people, aiming to provide customers with on-site product installation, maintenance, commissioning and other services; collect product usage feedback to promote quality and R&D improvements; handle customer complaints from the market, maintain good customer relationships, and ensure the reputation of brand services.

Customer complaint handling

In order to ensure that customers' service requests can be timely and effectively handled, CVTE has formulated the complaint handling standard of "immediate response, solutions provided within 2 hours, and 100% closed-loop handling" to ensure that customer complaints can be handled quickly and effectively. After customer complaints are handled, we analyze and summarize the entire complaint handling process through systematic file creation and closed-loop tracking, and formulate preventive actions to prevent such problems from recurring. In 2023, we accepted a total of 176 valid customer complaints, and the customer complaint settlement rate was 100%.

Digital customer services

CVTE empowers business development through digitalization and informatization to optimize and improve customer services. In 2023, we developed an APP specifically for after-sales service engineers, i.e., Shirong Cloud Service. It integrates new AI technology and can realize functions such as intelligent form filling, intelligent search, fast recording, automatic data analysis, and automatic generation of order response reports, which greatly improves the efficiency and work quality of engineers, allowing them to meet customer needs more efficiently.



Customer service capability building

CVTE continues to improve the professional capabilities of its customer service team and formulates the Customer Service Access Specifications and Engineer Certification Order Acceptance Specifications. It requires every customer service personnel to obtain relevant certificates and qualifications, and encourages customer service personnel to participate in the national engineer star and service capability certification to improve their professional skills and service levels.

In order to further improve the professionalism of our customer service team, we continue to improve the customer service training mechanism and carry out a variety of special training projects, such as service experience training, new product after-sales training, and major abnormality on-site handling guide training, to comprehensively enhance the professionalism of customer service personnel. In addition, we hold various customer service ability competitions to enhance customer service technical level and teamwork ability, and further improve the practical operation ability of customer service personnel. In 2023, we carried out a total of 172 special customer service training activities, with a total training time of 451 hours, covering all service network engineers.

Improve customer satisfaction

CVTE focuses on customer needs, continuously optimizes customer experience and improves product and service satisfaction through high-quality services and innovation capabilities. The Company has implemented a systematic customer feedback mechanism and regularly conducts comprehensive satisfaction surveys covering customer service, work order processing, sales services and dealer relations to fully understand customer needs.

In addition, the Company has built a user satisfaction model, analyzed and summarized the survey results of user satisfaction, formulated improvement plans for services, products, quality and other related parts, and implemented regular monitoring to ensure that improvement measures are effectively implemented to ensure that products and services meet or even exceed customer expectations.

In 2023, the Company set an annual goal of user satisfaction reaching 99.90%, which actually reached 99.89%, agent satisfaction reached 95.1%, and work order satisfaction reached 99.42%.

User satisfaction survey results from 2020 to 2023				
Year	2023	2022	2021	2020
User satisfaction	99.89%	99.80%	99.90%	99.66%

Information Security and Privacy Protection

CVTE attaches great importance to information security and user privacy data protection, fully respects and protects the legitimate rights and interests of users. The Company strictly abides by the Cybersecurity Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China, and the Data Outbound Security Assessment Measures and other national information security-related laws and regulations, as well as overseas information security and privacy protection laws and regulations involved in business operations. It has formulated a series of internal management specifications, established and improved the data security and privacy protection management system, improved employees’ security awareness through systematic training, and ensured that information security and privacy data protection is effectively implemented.

At the same time, the Company continues to promote external information security and privacy protection system certification. As of the end of 2023, the Company and many subsidiaries have obtained the ISO 27001 Information security management system certification, and ISO 27701 Privacy information security management system certification, covering 100% of IT infrastructure.

Information security

CVTE has formulated and implemented the Information Security Management Strategy, established an efficient and orderly information security management organizational structure and established an Information Security Department, which is fully responsible for the enterprise’s information security construction, planning, risk assessment, security incident handling, awareness publicity and training, and security attack defense. The Company’s director and general manager is responsible for the overall supervision and decision-making of the Company’s information security protection.

At the same time, the Company has formulated internal management specifications such as Information Security Management Manual, Information Security Risk Assessment Control Procedure, etc., to clarify information security management requirements, information security responsibility allocation and risk response measures, so as to standardize the information security management of each business department and ensure the orderly progress of information security management.

Information security management initiatives	
Human resource security management	<ul style="list-style-type: none"> • Prior to the official appointment of personnel, clarify the security responsibilities of new employees, contractual personnel and third parties that match their job roles to reduce the risk of unauthorized use and abuse of information assets.
Asset management	<ul style="list-style-type: none"> • Establish an information assets accountability system, identify all information assets, establish asset list and use rules, and clearly define who is responsible for information assets and their responsibilities. Software assets are uniformly managed in the CMDB (configuration management database), and risk assessment, vulnerability scanning, and penetration testing are performed on assets on a regular basis.
Physical and environmental security	<ul style="list-style-type: none"> • Delineate a physical security zone to prevent unauthorized physical access, damage, and interference with the workplace and information. Protect equipment from physical and environmental threats, and prevent information equipment from being lost, interfered with, destroyed, and harmed by environmental risks, so as to avoid the loss of information assets and the interruption of business activities.
Access control	<ul style="list-style-type: none"> • Establish access control rules based on business requirements to control access to information, information processing facilities, and business processes based on business and security requirements. Establish procedures for the implementation of user access rules to ensure that only authorized users can access the system and prevent unauthorized access to the information system.

<p>Prevention of data breaches</p>	<ul style="list-style-type: none"> • Protect the Company's information security in terms of pre-prevention and post-response. In terms of pre-prevention, the Company hires third-party agencies to conduct vulnerability scans every year, including simulating hacker attacks. It also conducts emergency drills for cybersecurity, and simulates 17 risk scenarios, including network interruption, core paralysis and key equipment downtime, so as to improve the information and data security management capabilities of all employees. In terms of post-response, the Company has formulated and implemented the Information Security Incident Handling Process to clarify incident classification standards as well as reporting and handling processes, so as to provide clear handling guidelines for information security incidents. In 2023, we had no data breaches.
<p>Supervision and review</p>	<ul style="list-style-type: none"> • The Company conducts strict supervision and review of the entire information management process every year, and holds management reviews in which the CEO and management representatives participate to evaluate the Company's network security strategy and review operational effects.
<p>Awareness enhancement</p>	<ul style="list-style-type: none"> • The Company regularly conducts information security awareness training for all employees and suppliers to improve information security and privacy protection management levels. In 2023, the Company held 6 training courses, including Software Security Design Series Training, Employee Security Awareness Training, and Management Security Awareness Training, with 1,200 participants. Among which, the Software Security Design Series Training covers the key aspects of software design to development, testing, operation and maintenance. In addition, the Company has put forward information security requirements for employees in accordance with the Information Security Reward and Punishment Control Procedure, and adopted reward and punishment measures to ensure that these requirements are effectively implemented.

Privacy protection

CVTE has established a Personal Information Protection Committee, with the director and general manager responsible for the overall supervision and decision-making of the Company's personal information protection. To improve the efficiency of privacy security management, the Company has established a dedicated privacy protection working group to lead, implement and review internal privacy protection policies and operations.

The Company has formulated and continuously implemented internal management specifications such as the Personal Information Protection Management Manual, Control Procedure for Internal Audit of Personal Information Protection Management System, and Personal Information Protection Baseline to ensure that the Company's personal privacy protection is carried out in a clear and standardized manner. We have formulated and published the CVTE Privacy Policy to clearly express the Company's firm position and commitment in the protection of personal information.

We have formulated corresponding privacy policies for different products to ensure that all business products involving personal information are covered. We clearly display the relevant privacy policies to our customers and only collect necessary customer information with their explicit consent, fully respecting and protecting their privacy rights.

Summary of the main contents of CVTE's privacy policy

<p>01</p>	<p>Clearly inform customers of the type, nature, purpose, etc. of collected information, and fully respect customer rights, including the ability to opt out, transfer personal data to other service providers, correct data, delete data, etc.</p>
<p>02</p>	<p>We provide customers with a convenient way to exercise their personal information rights. Users can directly modify personal information, modify permissions, etc. in the product, and set up a dedicated personal information protection email to solve customer problems.</p>
<p>03</p>	<p>During data storage, personal privacy information will be protected by encryption, access control, usage approval and other measures according to the data classification control policy, and the information security level protection will be authenticated.</p>

04	After the purpose of processing is achieved, the personal information will be deleted or anonymized.
05	When it is necessary to provide personal information to third parties (such as government agencies, public entities), personal information impact assessment is required in advance, and personal information is provided without infringing on the rights of customers or violating relevant laws and regulations.
06	Enter into confidentiality agreements with personnel and suppliers who come into contact with personal information.

Confidentiality Agreement

We further protect customers' privacy and information security by signing the Confidentiality Agreement with our employees and suppliers.

- We sign confidentiality agreements with onboard employees, with a coverage rate of **100%**.
- When it comes to important projects, we sign confidentiality agreements with members of the project team.
- When introducing suppliers, we sign confidentiality agreements with our suppliers, with a coverage rate of **100%**.

We attach great importance to the data security requirements of overseas markets, hire professional overseas lawyers to provide compliance advice for overseas products, and build overseas servers and store overseas customer data in overseas regional servers permitted by law to meet regulatory requirements related to overseas privacy data security management.

At the same time, in order to ensure the effective implementation of the Company's privacy protection rules, the Company conducts internal personal information protection compliance reviews every year at the stages of product design, launch and post-launch to confirm the privacy policy compliance of each business group, department and subsidiary, and puts forward scientific rectification suggestions based on the review results to continuously optimize the level of privacy protection.

Privacy Compliance Review

In 2023, we conducted **245** compliance reviews, **14** compliance tests, and supervised and rectified **164** issues with potential compliance risks in advance.

In addition, we continue to strengthen training on personal information protection and continuously improve employees' awareness and emphasis on personal information protection. In 2023, we carried out the following personal information protection training:



New employees

Conduct personal information protection training for newly hired R&D, product managers and other positions involving customers' personal information to ensure that relevant employees have an awareness of personal information protection during the product design and development stage, thereby effectively reducing personal information violations.



AIGC technology

For the application of AIGC (Artificial Intelligence Generated Content) technology, we carry out the compliance key points training of AIGC technology, covering R&D, product and other key positions, to ensure that relevant employees are familiar with the compliance requirements to be complied with during the use of AIGC technology, including personal information protection, information content security and other aspects.

Responsible Marketing

CVTE strictly abides by the Advertising Law of the People's Republic of China, Administrative Measures for Internet Advertising and other laws and regulations related to publicity and marketing, and has formulated the Self-inspection Matters for External Publicity and other specifications to ensure that the content of external publicity is true and accurate, and does not contain any exaggerated, untrue or biased content. In 2023, we continued to improve the responsible marketing management system and established an advertising notes library to achieve systematic recording and management of advertising content.

Core provisions of the Self-inspection Matters for External Publicity:

- Advertisements must not contain false information and must be true, accurate and clear;
- Advertisements must not contain absolute terms, such as national, world-class, superlative, etc.;
- The data used in advertisements shall be accurate; financial data or market data appearing in the copy must indicate the time dimension; if quoted, the source of the data must be indicated;
- There is no absolute guarantee of product effects, as product effects vary from person to person;
- The description of social phenomena or the judgment of the market shall provide the basis; if it is a quotation, the source shall be noted;
- If you use another person's portrait in an advertisement, you must obtain a portrait authorization.



Self-audit

We compile a responsible marketing self-audit form, deeply interpret the requirements and legal responsibilities of the Advertising Law of the People's Republic of China, clarify the key points of compliance, and provide case guidance to avoid illegal activities and ensure the legality of marketing activities.



Review

The Company's Legal Department implements comprehensive monitoring, including pre-review, process supervision and post-audit, to prevent improper marketing practices. In 2023, the Company's Legal Department conducted more than 1,000 reviews of advertising and marketing to all business groups and subsidiaries of the Company. No non-compliance was found.



Training

We continue to strengthen responsible marketing training and enhance employees' awareness of compliant marketing. In 2023, we held a total of 4 responsible marketing trainings, including key points of advertising compliance and knowledge sharing, to strengthen employees' compliance operations in advertising.

02

Protect Greenery: Build a Green Home



As a responsible listed company, CVTE actively fulfill our environmental responsibilities and attaches great importance to environmental and ecological protection work. The company has improved its environmental management system, formulated and implemented climate change response measures, continuously improved the efficiency of energy and water use, and strengthened waste disposal to reduce its impact on the environment, thus contributing to achieving the “carbon peaking and carbon neutrality” goals.

Environmental Management System

CVTE strictly abides by laws and regulations such as Environmental Protection Law of the People's Republic of China and Environmental Impact Assessment Law of the People's Republic of China and industry environmental protection regulations, formulates and implements internal environmental management systems such as Control Procedures for Identification and Evaluation of Environmental Factors, and regularly carries out identification of important environmental factors and environmental risk assessment to ensure effective monitoring and improvement of environmental risk events to continuously improve the effectiveness of the environmental management system. Currently, CVTE and its subsidiaries Shirui Electronics, Shizhen Information and Shiyuan Ruichuang Electronics have obtained ISO 14001 Environmental management system certification.



ISO 14001 Environmental management system certification

The Company's EHS engineers are responsible for the identification and assessment of environmental factors, and supervise the environmental management of each business division and functional departments; each business division has part-time safety and environmental protection personnel who are responsible for assessing the environmental performance of the department and supervising and rectifying unqualified projects; each functional department ensures the normal operation of environmental protection facilities in daily operations and keeps operational records, and regularly inspects, maintains and repairs relevant equipment in a timely manner.

At the same time, the Company conducts regular reviews of environmental management indicators such as waste discharge in all parks in accordance with ISO 14001 environmental management system requirements and relevant regulations. During the reporting period, the Company received no environmental complaints, violated environmental protection laws and regulations, or was punished by regulatory authorities.

Green Products

CVTE is committed to creating product solutions that are more beneficial to the environment and society. It uses greener materials as much as possible in the design and production stages to promote material recycling and improve usage efficiency to reduce the negative impact on the environment:

Glue material: We use colorless and odorless silicone glue instead of acrylic glue to reduce harmful gas emissions produced by acrylic acid during the manufacturing process. For educational blackboard series products, we have reduced the amount of glue used for laminating them by 40%. The amount of glue used per unit product has been reduced from 2.5 kg/piece to 1.7 kg/piece. It is expected that the use of glue can be reduced by 40 tons per year.

DOP material: We reduce product energy consumption by improving the light efficiency of DOP materials. In 2023, we increased the average light efficiency of DOP materials by 3%, which means that we can save 3% of energy consumption year-on-year with the same brightness of the product.

At the same time, we continue to optimize product design and production plans to reduce unnecessary waste of materials and energy:

New energy efficiency design plan: We have updated and iterated the new energy efficiency design plan for the seventh generation full range of educational interactive intelligent flat panels, with a product upgrade coverage of 50%. Taking the 86-inch model as an example, each device after iteration can save approximately 160 kilowatt-hours⁶ of power consumption per year. In addition, we have also pioneered the use of flip-chip LED technology in commercial display equipment to improve the optical efficiency of our products.

Optimize the product structure: For the 86-inch model, we canceled the rubber frame design and thinned and upgraded the back panel. On the basis of ensuring product stability, each piece of equipment can reduce approximately 0.4kg of plastic parts and 20% of sheet metal to reduce the consumption of plastics and non-renewable metals.

Optimize the production process: By using low-temperature silver paste, we successfully reduced the baking temperature of the production line by 30%, thereby significantly reducing the energy consumption required for production heating. It is estimated that each production line can reduce electricity consumption by 2,874 megawatt-hours per year, which is equivalent to reducing carbon dioxide emissions by 1,637 tons. At the same time, we have upgraded the FF86EA product without spraying. Plastic raw materials with added metal particles are directly injected into finished products, saving the spraying process and the use of paint. While ensuring product stability, the emission of harmful gases caused by the spraying process is reduced.

The Company conducts product carbon footprint accounting and certification in accordance with ISO 14067, PAS 2050 and other standards to assess the potential impact of the product life cycle on the climate and environment. In 2023, the Company has completed the carbon footprint assessment and certification of QSTECH's full range of LED products and mainstream interactive intelligent flat panel models (CE55, CE65, CE75, CE86 series, etc.). According to the Company's marketing data in 2023, the operating income corresponding to interactive intelligent flat panel products accounts for approximately 40% of the Company's total annual operating income.



Carbon footprint certificate for QSTECH's full range of LED screen products

Carbon footprint certificate for CE55 display screen products

Carbon footprint certificate for CE65 display screen products

Carbon footprint certificate for CE75 display screen products

Carbon footprint certificate for CE86 display screen products

⁶Calculated based on 8 hours of use per day

QSTECH has launched the LED “carbon” exploration plan to create a “green full link”

In 2023, QSTECH, a subsidiary of the Company, officially launched the LED “carbon” exploration plan, established a carbon footprint system, and promoted and carried out carbon footprint monitoring covering all stages from R&D to use, creating a “green full link” covering the entire product life cycle. Taking the data of the previous year as an example, the full range of LED display products saved approximately 12.73 million kilowatt-hours of electricity throughout the year, which is equivalent to saving 3,946.3 tons of coal, or planting 13,022 hectares of broad-leaved forests for the earth.

In addition, the Company and QSTECH jointly participated in the preparation of the Display Energy Efficiency Limit Values and Energy Efficiency Levels standard drafted by the National Technical Committee for Standardization of Energy Foundation and Management (TC20) in 2023, leading the progress of green manufacturing.



LED “carbon” exploration plan

Response to Climate Change

CVTE continues to pay attention to issues related to climate change, attaches great importance to climate change risk management, and actively responds to stakeholders’ concerns about business development under climate change scenarios. The Company continues to strengthen its overall ability to resist climate change. It has established a three-level ESG governance structure of “Board of Directors - Strategy Committee - ESG Working Group” to supervise, manage and implement the Company’s ESG-related matters, including climate change risks, and the Board of Directors is responsible for supervising the Company’s ESG and climate change risk management and performance.

Strategy

The Company actively carries out the identification of climate risks and opportunities, assesses the risks of climate change from the short-term (within 3 years), the medium-term (3-5 years) and the long-term (more than 5 years) risk impact time ranges, develops risk response measures, and at the same time grasps the opportunities of climate change.

Climate change risks and responses

Risk classification	Time range	Risk description and impact	Risk response measures	
Entity risk	Acute	Short-term	<p>The CVTE headquarters office area and several industrial parks are located in Guangdong Province in the coastal region of South China, which is susceptible to extreme weather such as typhoons and heavy rainfall every summer. Possible risks:</p> <ul style="list-style-type: none"> • Extreme weather may affect the supply chain, causing disruptions in logistics and transportation, thereby affecting product production and delivery, and increasing operating costs; • The personal safety of employees is affected, and injuries lead to reduced production efficiency. 	<ul style="list-style-type: none"> • Plan multiple modes of transportation, and formulate and optimize transportation plans in advance based on weather warnings; • Formulate emergency plans, including special emergency plans for extreme weather such as typhoons and heavy rains, and stipulate specific emergency preparation and response procedures; • Develop multi-regional suppliers of the same category to ensure the supply of raw materials; • Develop alternative material mechanisms, spot supply mechanisms, and seasoning mechanisms between factories to ensure material reserves and inventories; • Regularly carry out extreme weather emergency drills and training to enhance employees' safety awareness and capabilities.
	Chronic	Long-term	<ul style="list-style-type: none"> • The increase in average temperatures caused by long-term climate change will increase the need for cooling to protect equipment from overheating and for daily office cooling, leading to higher electricity costs; • Rising temperatures will expose employees to heat-related health risks, which will directly impact labor productivity; • Rising sea levels caused by rising temperatures may affect production operations and the stability of supply chains. 	<ul style="list-style-type: none"> • Continue to pay attention to sea level rise trends; • Consider the impact of sea level rise when selecting operational locations; • Track changing climate conditions, conduct regular climate change risk assessments, and incorporate climate change risks into risk management and strategic planning.

Transition risk	Policies and laws	Short- and medium-term	<p>Policies and regulations related to carbon emission management at home and abroad are becoming stricter, which may cause companies to face more stringent supervision in terms of carbon emissions and product processes, resulting in an increase in the Company's carbon emission compliance costs:</p> <ul style="list-style-type: none"> • The trend of import and export carbon taxes in international trade is obvious; • A series of energy-related policies introduced after the country released the "carbon peaking and carbon neutrality" goal and the dual energy consumption control goal proposed in the "14th Five-Year Plan" have placed restrictions on energy use in the production process. 	<ul style="list-style-type: none"> • Pay attention to the dynamics of carbon emission policies and regulations in the locations where we operate, and continue to improve carbon emission management systems and systems; • Strengthen carbon reduction throughout the entire production and operation process, use green electricity, adopt energy-saving technologies, explore new environmentally friendly technologies and develop green products.
	Technology	Short- and medium-term	<p>The development of low-carbon trends requires increased investment in energy-saving technologies, but investment in low-carbon technologies and the replacement and iteration of existing equipment will increase operating costs.</p>	<ul style="list-style-type: none"> • Promote cost reduction and efficiency enhancement, analyze energy efficiency, and conduct cost-benefit analysis and planning.
	Market	Medium- and long-term	<p>Consumers are becoming more aware of environmental protection and are more inclined to choose green and low-carbon products. As a result, market demand for low-carbon products increases, and existing products may no longer meet consumers' future needs, resulting in reduced sales.</p>	<ul style="list-style-type: none"> • Insight into consumer demands, strengthen the R&D of green products, and develop green products that meet customer requirements; • Actively understand the market demands, actively invest in and develop clean technologies, and prioritize the use of environmentally friendly raw materials; • Reduce product energy consumption and full life cycle carbon emissions through technological innovation, and actively promote energy conservation and emission reduction measures.
	Reputation	Medium- and long-term	<p>Investors and the public are paying attention to the Company's sustainable development performance, and have increased requirements for the Company's proactive response to climate change. If the Company fails to respond effectively, it may have a negative impact on the Company's performance in the capital market and public impression, leading to damage to the Company's reputation and affecting the rating results.</p>	<ul style="list-style-type: none"> • Strictly comply with relevant standards for information disclosure, actively carry out stakeholder communication, promote multi-party cooperation, and improve the Company's reputation.

Climate change opportunities

Opportunity type	Opportunity description and impact	Response strategy
Green technology innovation	<ul style="list-style-type: none"> As global demand for sustainable development and low-carbon living increases, the electronic equipment industry has opportunities to meet market demand by developing and promoting green technologies. This includes more energy-efficient products, equipment using environmentally friendly materials, and recyclable product designs. 	<ul style="list-style-type: none"> Develop more efficient energy management and energy-saving technologies; Increase investment in business directions with direct green and environmental attributes, such as power electronics business, LED display business, etc. Use recyclable materials and design products to improve material utilization; Develop intelligent systems to optimize energy use and reduce waste.
Renewable energy utilization	<p>The electronic equipment industry can reduce its dependence on fossil fuels, lower its carbon footprint, and improve energy security by integrating renewable energy sources such as solar and wind. Specific influences include:</p> <ul style="list-style-type: none"> Reduce dependence on traditional energy and reduce energy costs; Reduce greenhouse gas emissions and improve the Company's environmental image; Enhance the market competitiveness of enterprises through the use of clean energy. 	<ul style="list-style-type: none"> Continue to reduce fossil fuel use; Install photovoltaic power generation equipment at production bases and office facilities; Explore energy storage solutions and improve energy efficiency.
Digital and intelligent transformation	<p>Leveraging information and communications technology (ICT) to drive digital and intelligent transformation can help enterprises improve operational efficiency, reduce energy consumption, and develop new low-carbon services and solutions. Specific influences include:</p> <ul style="list-style-type: none"> Improve efficiency by optimizing production processes and reducing waste; Use data analytics and predictive maintenance to reduce equipment failures and energy waste;; Develop new business models and services such as remote monitoring and intelligent energy management. 	<ul style="list-style-type: none"> Implement intelligent factories and intelligent logistics to improve the efficiency of production and distribution; Leverage Internet of Things (IoT) and Artificial Intelligence (AI) technologies to monitor energy use; Develop and promote technology solutions that can help other industries reduce carbon emissions.

Greenhouse Gas Emissions

The Company continues to improve its carbon emission management measures and plans to gradually establish reasonable and enforceable quantitative carbon emission targets to continuously reduce carbon emissions. In 2023, we counted the greenhouse gas emissions (Scope 1 and 2) of a total of 9 industrial parks including Guangzhou First Industrial Park, Second Industrial Park, Third Industrial Park, Fourth Industrial Park, Fifth Industrial Park, Hefei Industrial Park, Suzhou Industrial Park, Xi'an Industrial Park and Beijing Industrial Park. Compared with 2022, the carbon emissions of Beijing Industrial Park were increased. The details are as follows:

Greenhouse gas categories		2023	
Scope	Main emission sources	Emissions (Tons of carbon dioxide equivalent)	Emission density (Tons of carbon dioxide equivalent/million yuan of revenue)
Scope 1: Direct greenhouse gas emissions	Fossil energy used in company-owned vehicles, backup generators, and canteens	1,835.31	0.09
Scope 2: Indirect greenhouse gas emissions from input energy	Purchased electricity used by electrical equipment	20,794.88	1.03
Total	/	22,630.19	1.12



Improvement of Resource Usage Efficiency

The Company has advocated the concept of resource conservation and environmental friendliness, continuously strengthened the management of energy and water resources, strictly controlled waste and sewage discharge, actively created a green office environment, and protected the lucid waters and lush mountains with every action.

Energy Management

The Company adheres to the concept of “improving energy utilization efficiency and rationally utilizing renewable resources”, actively practices green office and low-carbon environmental protection, and adopts a variety of energy-saving technologies and measures to reduce the negative impact on the environment, and promote the Company’s green and low-carbon transformation. In 2023, we implemented a number of energy-saving actions from the operational level, for example:

- Add centralized control to the air conditioner, set up a timer switch, and conduct daily inspections.
- Elevators are managed for energy conservation, and some elevators are closed at night to reduce power consumption.
- New energy charging piles are set up in the park to encourage green and low-carbon travel.
- Promote the use of public transportation and encourage carpooling and shuttles.
- Paste posters on energy conservation and emission reduction to enhance employees’ awareness of energy conservation.
- To promote paperless office, the Company uses information systems and electronic materials to handle various affairs.

The Company fully integrates environmental protection concepts during the construction stage of the industrial park to improve energy efficiency and reduce negative impacts on the environment.

Build an intelligent green manufacturing base and practice ESG environmental protection concepts

In 2023, the Company continued to promote the intelligent manufacturing base project for interactive intelligent display and control products (Fifth Industrial Park). At present, the project has started trial production. The planning, design and construction process of the project follow the national intelligent manufacturing standards, and fully consider the green environmental factors, such as the use of building information modeling (BIM) tools, the use of environmentally friendly construction technology, environmentally friendly materials, green construction, etc., while achieving the plant assembly rate of 70.2%. At present, the Company has built photovoltaic panels in the Fifth Industrial Park, with an estimated annual power generation of 2.2 million kilowatt-hours, which can reduce carbon emissions by more than 2,000 tons and other exhaust gases by about 700 tons.



Aerial view of the Fifth Industrial Park (1)



Aerial view of the Fifth Industrial Park (2)

In 2023, the Company's energy consumption is as follows:

Energy consumption indicator	Institution	2023
Direct energy consumption	KWH	8,246,741.34
Indirect energy consumption	KWH	36,463,062.70
Comprehensive energy consumption	KWH	44,709,804.04
Comprehensive energy consumption intensity	KWH/RMB 10,000 revenue	22.16

Water Resource Management

The Company adheres to the scientific management principle of "determining demand based on supply and acting with water", pays attention to the rational use of water resources in production and daily management, and formulates and implements internal water use and conservation management system, such as Water Conservation Management Regulations, Water Conservation Management Post Responsibility System, Water Conservation Target Responsibility System and Assessment System, and Regulations on the Management of Water Rewards and Punishments, according to the Opinions of the State Council on Implementing the Strictest Water Resource Management System, Notification of Guangzhou Water Authority on Further Promoting the Construction of Water-saving Enterprises (Institutions), Administrative Measures for Urban Planned Water Use in Guangzhou City, and other relevant laws and regulations. At the same time, in order to effectively strengthen the organization and leadership of the Company's water conservation management, the Company has established a water conservation leading group to be responsible for the overall management of water conservation throughout the Company.

The Company's water source comes from municipal water supply, and there are no problems in obtaining suitable water sources. In order to further strengthen the scientific management of the Company's water use, the main water-saving measures we have taken include:

Category	Measures
Cooling equipment maintenance	<ul style="list-style-type: none"> Strengthen the maintenance of water-cooled cooling towers and increase the reuse rate of circulating water.
Daily maintenance and management	<ul style="list-style-type: none"> Repair water supply facilities in a timely manner and replace water-saving appliances regularly to prevent waste of water resources.
Pipe network transformation	<ul style="list-style-type: none"> Renovate old pipe networks to control water loss rates.
Equipment updates	<ul style="list-style-type: none"> Eliminate high water consumption equipment and introduce water-saving water appliances.
Measurement and instrument replacement	<ul style="list-style-type: none"> Replace water metering and sanitary ware flushing devices in batches to achieve 100% water-saving use.
Basic management and monitoring	<ul style="list-style-type: none"> Revise the water-saving plan, standardize ledgers, and strengthen water-saving monitoring and management.
Performance appraisal	<ul style="list-style-type: none"> Develop water use assessment indicators, analyze water consumption, and take corrective actions.
Office water saving	<ul style="list-style-type: none"> Reduce the water pressure of all wash basin faucets by 50%; Direct drinking water wastewater is collected for fire water replenishment; The food in the employee canteen has been changed from thawing in cold running water to thawing naturally at low temperature in advance.
Water saving in public facilities	<ul style="list-style-type: none"> The frequency of water change in the swimming pool is changed from once a week to once every two weeks; Greening water spraying is changed from once a day to once every three days.

In 2023, CVTE's water consumption statistics are as follows:

Water consumption indicator	Institution	2023
Water consumption	Ton	396,293.00
Water consumption intensity	Tons/RMB 10,000 revenue	0.1965



Reduction of Environmental Burden

The Company strictly abides by the Environmental Protection Law of the People’s Republic of China, Law of the People’s Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People’s Republic of China on Prevention and Control of Water Pollution and other national and local laws and regulations related to environmental protection, establishes an environmental management system in compliance with ISO 14001, and continues to strengthen the management of waste and emissions to protect the ecological environment in and around the place of operation.

Waste Management

The Company has formulated and implemented the Waste Management System to standardize the management of solid waste, promote waste recycling and reuse, and avoid major impacts on the environment due to operational activities. In 2023, we set and achieved the following waste management goals:

- The waste discharge compliance rate reaches 100%;
- The ratio of hazardous wastes to be recycled and treated by qualified institutions is 100%.

The waste generated by the Company in its production operations is mainly general industrial waste, domestic waste and hazardous waste. The Company adopts corresponding pollution prevention and control measures, including waste collection, storage, transfer and disposal, and emergency management, to reduce the impact of waste on the environment.

For industrial hazardous waste, the Company strictly abides by the relevant regulations on solid waste management, regularly reports waste transfers on the Guangdong Provincial Solid Waste Management Information Platform, and hires third-party agencies with hazardous waste processing qualifications for compliant disposal; for non-hazardous waste, the Company hands over recyclable solid waste to waste recycling companies for recycling and processing; other domestic waste is regularly cleared and transported by the environmental sanitation department.

In 2023, the Company’s emission data in solid waste management are as follows:

Solid waste indicator	Institution	2023
Recycled non-hazardous waste weight	Ton	86.50
Weight of non-hazardous waste disposed of -Disposal method: Incineration (100% used for bioenergy power generation)	Ton	1,437.16
Total weight of non-hazardous waste	Ton	1,523.65
Total weight of hazardous waste - Disposal method: Recycling	Ton	70.10

Emission Management

Exhaust gas emission management

The exhaust gases generated during the Company's operations mainly come from sulfur oxides (SOx) and nitrogen oxides (NOx) produced by daily burning of fossil fuels in official vehicles, as well as volatile organic compounds (VOCs) generated by the manufacturing process of the intelligent manufacturing plant in the Fifth Industrial Park. In 2023, the intelligent manufacturing plant in the Company's Fifth Industrial Park began trial operation. It introduces catalytic combustion, dust removal with fiber filter cotton, activated carbon adsorption and other equipment to treat VOCs, and assigns dedicated personnel to monitor the exhaust emissions of specific processes to ensure that VOCs exhaust emissions meet standards.

Exhaust gas emission indicator	单位	2023
VOCs	Ton	0.70
NOx	Kilogram	353.40
SOx	Kilogram	6.36

Sewage discharge management

The Company strictly abides by the Law of the People's Republic of China on Prevention and Control of Water Pollution, Urban Drainage and Sewage Treatment Regulations and other laws and regulations, and strengthens the monitoring and management of wastewater. The Company regularly monitors and analyzes wastewater discharge, actively controls wastewater pollution discharge, and ensures wastewater discharge compliance. The sewage generated by the Company mainly comes from domestic sewage and industrial wastewater generated by the construction of the park. For industrial wastewater, we use appropriate sewage treatment processes to treat the sewage up to standards before discharging it into a nearby sewage treatment plant. Domestic sewage is discharged directly into the municipal sewage pipe network.



Permit for urban sewage to be discharged into the drainage pipe network

Practice of Ecological Protection

To achieve harmonious coexistence with the natural ecosystem, the Company actively identifies the impact of its operations on the ecosystem and is committed to minimizing it. During the operation and production process, the Company adopts a series of energy conservation, carbon reduction and resource recycling measures, and is committed to avoiding or reducing the damage to forests and biodiversity caused by production and operation activities, and protecting the integrity of the natural ecology. Currently, none of the Company's industrial parks are located in biodiversity-sensitive areas, and no incidents have occurred that have had an adverse impact on the surrounding ecological environment and biodiversity.

At the same time, the Company focuses on the existing business of recycling electronic products such as commercial display equipment and IT equipment, and actively works with industry partners to continue to explore new opportunities in the circular economy. Shirong Information, a subsidiary of the Company, has obtained the general solid waste treatment service enterprise qualification certificate, the electronic data shredding service enterprise qualification certificate and the renewable resource recycling service enterprise qualification. Our electronics recycling service uses three main recycling pathways. We have set up multiple collection and storage warehouses across the country, and users can drop-off their old products to be recycled to designated recycling points; we can also provide door-to-door recycling services according to customer needs, and our service personnel can carry out door-to-door disassembly and recycling; in addition, for electronic products that are easy for users to disassemble by themselves or are suitable for mailing, we also support users to recycle them by mail, such as laptops, online learning machines and other small products.

In 2023, we mainly recycled old items for commercial display equipment, laptops and related peripheral products, repaired the appearance and functions of the products through maintenance, and conducted secondary sales. For products that cannot be repaired or are scrapped, we cooperate with companies with relevant environmental protection qualifications for resale.



Shirong Information has obtained multiple qualifications in product recycling service enterprises

Developing a new track for electronic and electrical recycling

In September 2023, CVTE and China Resources and Environment Co., Ltd (CRE) reached a strategic cooperation agreement in Beijing. This strategic cooperation focuses on the fields of offline recycling of electronic and electrical appliances, environmental protection disposal, disposal of scrap materials, etc., to enhance the efficiency of electronic and electrical recycling and renewable resource utilization of CVTE products through strong alliances, help the electronic and electrical industry achieve green transformation and help the national "carbon peaking and carbon neutrality" strategy through technological innovation and model innovation.



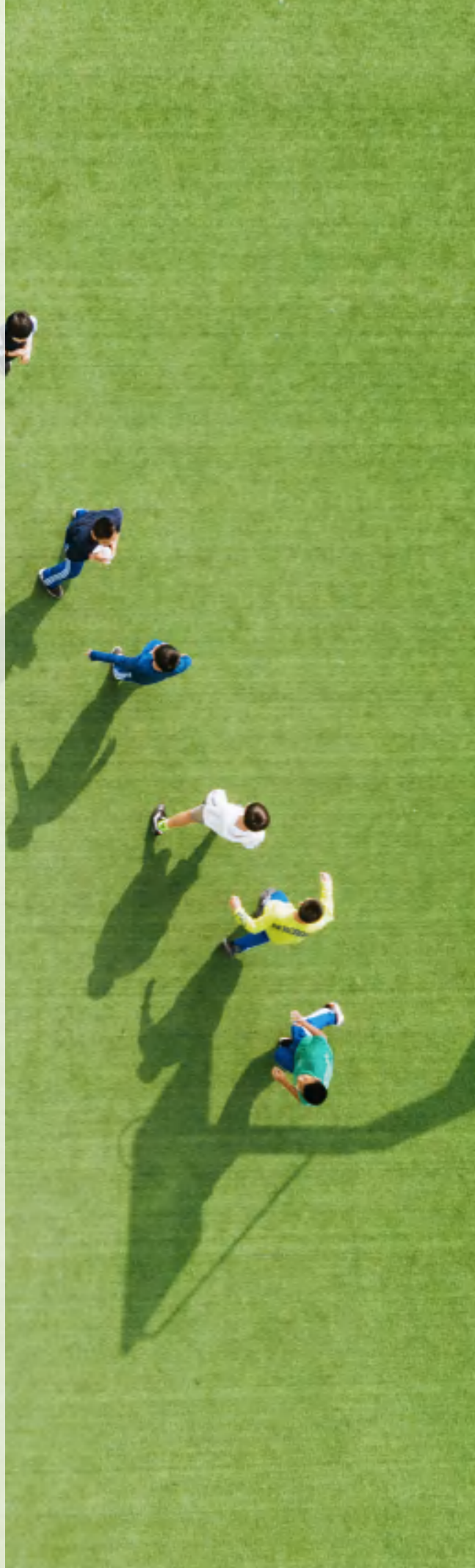
On-site photo of the strategic signing ceremony between CRE and CVTE

03

Work Hand in Hand: Create a Prosperous Ecosystem Together



In pursuing multi-party integration and common prosperity, CVTE adheres to the concept of jointly building a responsible supply chain, and actively builds mutually beneficial partnerships with suppliers. We adhere to a people-oriented approach, fully protect the rights and interests of our employees, and are committed to creating a harmonious and efficient working environment. In addition, we truly care about people's livelihood and well-being, continue to support the development of education informatization, and use practical actions to contribute to the construction of a harmonious society.





Joint Building of a Responsible Supply Chain

CVTE focuses on the effective management of the sustainable development performance of the supply chain, continuously improves the supply chain management system, and fully implements responsible procurement. At the same time, the Company actively joins hands with peer enterprises and industry associations to discuss industry norms and academic trends, assist the in-depth development of the industry, seize industry development opportunities timely, and achieve a win-win industrial chain ecology for all parties.

Supplier Management

The Company has established and improved the supply chain management system, and continuously improved a series of internal supplier management systems such as Supplier Introduction Process Specifications and Supplier Performance Evaluation Management Specifications to clearly guide and standardize supplier management. In 2023, we continued to improve our supplier management system and develop a Supplier Code of Conduct based on internationally recognized human rights standards, which clearly regulates the conduct of suppliers in a number of key areas such as labor standards, occupational health and safety, environmental protection and business ethics.

Main Issues Covered by the Supplier Code of Conduct

Labor standards

- Forced labor
- Child labor
- Operating conditions
- Anti-discrimination
- Anti-harassment
- Freedom of association

Healthy and safety

- Occupational safety
- Emergency preparedness
- Work-related injuries and illnesses
- Healthy and safety communication

Environmental protection

- Pollution prevention
- Resource efficiency
- Biodiversity
- Energy consumption and greenhouse gas emissions

Business ethics

- Unfair competition
- Anti-corruption
- Responsible mineral sourcing
- Information security and privacy protection

In addition, the Company uses the supply chain collaboration platform (SRM system) to track the implementation of supplier admission, performance assessment, routine audits and other stages to achieve integrated, standardized and refined management of suppliers.

Supplier access

The Company conducts a comprehensive qualification review of suppliers during the access stage, including necessary items such as system certification, operational risks, and safety requirements, as well as reference review items such as supplier industry reputation, upstream resources, and production capacity scale, to fully explore suppliers that meet the best needs in production, quality, delivery, service, cost, etc. In 2023, we continued to optimize supplier access standards and processes, set quantitative indicators in assessment dimensions such as supplier system certification, and further standardize supplier sourcing standards.

Supplier performance assessment

The Company has developed a complete supplier performance assessment and incentive system to provide clear guidance for suppliers' performance assessment, incentive measures, coaching and elimination plans. In 2023, we further optimized the implementation standards and execution cycles of supplier performance assessment incentives to strengthen the supplier incentive effect; and added an assessment mechanism for supplier withdrawal and group blacklisting to improve the traceability of the supplier elimination process.

Supplier audit

The Company regularly screens and audits suppliers according to their risk levels, and conducts on-site reviews of direct suppliers (including final product assembly and component suppliers) and raw material suppliers that are assessed as high risk. The review content covers multiple areas, including but not limited to environmental management system, hazardous substance control, product quality and safety, occupational health and safety, etc. According to the audit results, if there are any missing items, the supplier will be required to make corrections and improvements within the specified time.

In 2023, the Company assessed nearly 400 suppliers on site. After assessment, 10% of suppliers have potential negative impacts, and 95% of them have taken corrective actions or improvement plans; nearly 100 suppliers have participated in capacity building projects.

Responsible Supply Chain

The Company attaches great importance to environmental and social risk management in the supply chain, requires suppliers to strictly abide by our requirements for environmental protection, business ethics, conflict minerals, etc., accelerates the construction of a responsible supply chain management system, and strives to create a resilient and sustainable supply chain.

Supplier Environmental Risk Management

- Require suppliers to strictly abide by environmental-related requirements, and ensure that the raw materials of the products they provide and the emissions of pollutants (wastewater, exhaust gas, solid waste, noise, etc.) during the production process comply with national and local standards;
- Encourage suppliers to prioritize the use of non-polluting or low-polluting production processes and equipment and properly dispose of waste;
- For inflammable and explosive or toxic and harmful hazardous goods, suppliers are required to properly keep and take preventive measures to avoid environmental pollution caused by fire, explosion or leakage accidents;
- Require suppliers to abide by relevant laws and regulations applicable to hazardous substances, and ensure that the parts (materials, parts and components, etc.) provided do not contain substances that have significant hazard and impact on ecology and the environment;
- Suppliers shall implement a water management plan to record, classify and monitor water resources, their use and discharge;
- Encourage suppliers to set greenhouse gas emission reduction targets, and explore ways to improve energy efficiency and minimize energy consumption and greenhouse gas emissions.
- Formulate and implement the Green Procurement Procedure, strictly restrict the selection of suppliers that do not meet the Company's environmental standards, and require suppliers to sign and comply with relevant commitments on hazardous substance management requirements to ensure that environmental pollution is reduced from the source.

Supplier Social Risk Management

- Formulate and issue the Partner Environmental and Occupational Health and Safety Notification, require suppliers to abide by the relevant national regulations on safety production, and emphasize that special types of work must be certified and labor protection equipment must be worn, and personnel working at heights must use safety belts, etc.;
- Urge suppliers to provide necessary environmental and occupational health and safety education to their employees, improve their safety awareness, and ensure that employees can properly use personal protective equipment;
- Sign the Integrity Agreement with suppliers, and resolutely resist any form of commercial bribery, commercial fraud and unfair competition;
- Require suppliers to comply with the regulations on conflict minerals (tantalum, tungsten, tin, gold, and cobalt) in the Management Specifications for Hazardous Substances, and conduct secondary supplier traceability investigations to ensure the legitimacy of raw material sources and prevent any conflict minerals from being put into use.
- Require suppliers to commit to upholding the human rights of all workers in accordance with internationally recognized standards;
- Suppliers shall uphold standards of fair business, advertising and competition;
- Suppliers are required to commit to protecting the personal information of all persons with whom they do business, and when collecting, storing, processing, transmitting and sharing personal information, suppliers shall comply with the requirements of laws and regulations related to privacy and information security.

The Company strictly limits the use of conflict minerals, and fully implements conflict minerals management in accordance with Responsible Business Alliance (RBA) standards. The Company requires suppliers to commit not to purchase or use metals or products from conflict minerals or areas that violate human rights, and conducts due diligence on the source and chain of custody of tantalum, tungsten, tin, gold, and cobalt in its products to reasonably ensure that the source of product raw materials complies with the Organization for Economic Co-operation and Development (OECD)'s Due Diligence Guidance for Mineral Supply Chains from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework. At present, the Company has not found any violations of conflict mineral regulations by its suppliers.

Supplier Communication

The Company actively builds supplier communication channels, and efficiently delivers procurement needs through supplier conferences, supplier QBR meetings, supplier annual planning meetings and other forms to promote resource optimization and integration of both sides, aiming to build a win-win and mutual trust strategic partnership with suppliers.

Partner appreciation meeting in 2023

In March 2023, the Company held a partner appreciation meeting at its Guangzhou headquarters. About 420 supplier representatives participated in this meeting. At the meeting, we proposed the policy of "safety and reliability, efficiency and agility, cost leadership and global presence" and made clear requirements for suppliers' improvement directions and assessment indicators; had a thorough discussion around digital collaboration, product standardization, delivery cycle and cost competitiveness; and also shared the Company's sunshine procurement requirements and look forward to working with all partners to build a clean business environment.



Promotion of Industry Development

In 2023, the Company continued to maintain good and effective industry communication and technical exchanges with its peers, jointly discuss the sustainable development of the industry, and actively organize or participate in the formulation of industry standards to contribute to the development of the industry.

<p>1</p> <p>newly released national standard</p>	<p>14</p> <p>newly released group standards</p>	<p>A total of 9</p> <p>national standards have been released</p>	<p>A total of 8</p> <p>industry standards have been released</p>	<p>A total of 60</p> <p>group standards have been released</p>
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At the same time, the Company actively participated in industry exchange activities such as academic seminars and international forums, shared the Company's innovative scientific and technological achievements, and continued to track the industry's cutting-edge academic achievements.

CVTE appeared at 2023 World Manufacturing Conference

In September 2023, CVTE, with its MAXHUB, seewo and other brands, debuted in the integrated circuit and new display exhibition area of the 2023 World Manufacturing Conference, shared the theme of smart business display empowering digital economy at the "2023 China New Display Industry Conference", shared the Company's product innovation results with industry colleagues, and explored important issues in the future of manufacturing. The Company's MAXHUB conference flat panel, IOT intelligent system, seewo recording and broadcasting system, industrial control PC and other products exhibited at this conference were widely praised by the audience.



2023 World Manufacturing Conference event site

CVTE was invited to participate in the 2023 China International Mini/Micro-LED Industry Ecology Conference

In June 2023, CVTE was invited to participate in the third 2023 China International Mini/Micro-LED Industry Ecology Conference and gave a keynote speech on the Company's plans and gains in the Mini/Micro LED industry. CVTE shared the Company's exploration of commercial display, medical display and other application scenarios in the field of Mini/Micro LED, which aroused resonance and heated discussions among the guests present.



2023 China International Mini/Micro-LED Industry Ecology Conference site



Employee Care and Training

The Company regards its employees as an important cornerstone and valuable asset for its stable and long-term development. We adhere to the people-oriented concept, effectively protect the legitimate rights and interests of employees, attach importance to employee growth, and build a healthy operating model in which corporate development and employee growth promote each other.

Protection of Employee Rights and Interests

The Company strictly abides by the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China and other laws and regulations related to the protection of workers' rights and interests. It has formulated and implemented internal systems such as the Employee Handbook, Incentive System, and Welfare System, continues to standardize employment management, continuously optimize the talent structure, actively smooth communication channels, establish a diversified salary and welfare system, and is committed to safeguarding the rights and interests of all employees. In 2023, the Company won the honorary title of "Guangdong Province Happy Enterprise Pilot Institution" issued by the Guangdong Federation of Trade Union, highlighting our leading role in improving the quality of employees' lives and our firm commitment to building harmonious labor relations.

Labor standards

The Company abides by domestic and foreign labor-related laws and conventions such as the Prohibition of Child Labor, International Labor Standards, and core conventions of the International Labor Organization (ILO), and formulates and strictly implements management specifications such as the Human Resources Management System. In 2023, the Company formulated the CVTE Statement on the Protection of Labor Human Rights, which clearly prohibits child labor, forced labor, workplace discrimination or harassment, and other work requirements to protect labor human rights.

In 2023, the Company signed labor contracts with 100% of its employees, and there were no incidents of child labor, forced labor, workplace discrimination or harassment. In the past three years, there have been no employee collective strikes, major layoffs, or any major mergers, acquisitions or reorganizations that have affected employees.

At the same time, the Company continues to optimize the construction of its talent team. In 2023, CVTE won the "NFuture – 2023 College Students' Favorite Employers", "Zhaopin - 2023 China's Best Employer • Top 50 Best Employers in Guangzhou City", "Liepin - 2023 Guangdong Extraordinary Employer of the Year" and many other employer honors.

Talent structure

The Company adheres to the fair and equitable employment philosophy, resolutely puts an end to all forms of discrimination and prejudice such as gender, race, religious beliefs, age, nationality, health status, etc., and strives to create an inclusive, diverse and harmonious working environment. The Company recruits talents openly through channels such as campus recruitment and social recruitment, and tries emerging recruitment models such as "live streaming" to promote the formation of a diversified talent echelon and inject continuous momentum into the Company's development. As of the end of the reporting period, the total number of CVTE employees was 6,780. For more detailed talent structure information, please refer to the appendix Key Performance Indicator Table.

Employee category		Number of employees (people)	Proportion
By gender	Female	1,938	28.25%
	Male	4,842	71.42%

At the same time, the Company is committed to building an inclusive and diverse culture and giving every employee equal employment and promotion opportunities. As of the end of the reporting period, women accounted for 25.22% of CVTE's junior management, 19.47% of middle management, and 30.30% of internal managers at the vice president level and above; the number of women holding STEM-related positions was 570, and the number of women holding management positions with revenue-generating functions was 88.

Salary and welfare

The Company provides market-competitive salaries and incentives for all employees, effectively guarantees employee welfare, continuously improves employees' sense of happiness and gain, and shares the results of corporate development with employees.

Compensation and performance

The Company continues to optimize and implement internal salary management and performance appraisal systems such as the Salary Management System and Incentive System, and clarifies that employee compensation covers basic salary, position salary, performance bonus, housing subsidy, seniority subsidy and other categories. At the same time, we have implemented a regular salary adjustment mechanism and regularly evaluate employees' personal performance based on their contribution to the overall business, work output and personal growth to ensure that employees receive deserved salary and performance incentives. The Company's Human Resources Department regularly reviews the evaluation and payment of performance bonuses for each department to ensure fair and reasonable remuneration.

In terms of long-term incentives, the Company has launched equity incentive plans many times since its listing, and at the same time continues to improve the Administrative Measures for Supporting Innovation and Entrepreneurship to grant equity incentives to employees who have made significant contributions to the Company's development. Moreover, the Company encourages qualified innovative businesses to implement employee stock ownership to further stimulate employees' innovation motivation and entrepreneurial enthusiasm, and effectively promote the common development of the Company and employees.

Employee welfare

The Company provides all employees with a multi-dimensional employee welfare security system to enhance their happiness and sense of belonging. The Company complies with laws and regulations such as the Law of the People's Republic of China on the Protection of Women's Rights and Interests, Special Provisions on Labor Protection of Female Workers, etc., and ensures that all female employees enjoy statutory benefits such as maternity leave, breastfeeding leave, and half-day leave for Women's Day.

In terms of employee welfare, we provide the following care measures:

 Catering and transportation:	<ul style="list-style-type: none"> • Buffet meals and shuttle services are provided.
 Leisure and sports:	<ul style="list-style-type: none"> • The Company has facilities such as coffee shop, book bar, swimming pool, gym and cinema.
 Health security:	<ul style="list-style-type: none"> • The Company has built its own professional medical center to provide employees with comprehensive health examinations twice a year and provide employees' spouses and parents with comprehensive health examinations once a year. Our health protection work cases have been selected into the featured corporate health management cases organized by the China Enterprise Confederation for two consecutive years, and have won a number of honors related to employee health management and practice.
 Mental health:	<ul style="list-style-type: none"> • Each park continues to upgrade psychological consultation rooms, and carries out online and offline psychological knowledge popularization and various types of mental health care activities. In 2023, the Company carried out a total of 761 EAP psychological counseling services.
 Vacation system:	<ul style="list-style-type: none"> • In addition to statutory holidays, the Company also provides additional paid leave such as psychological leave, menstrual leave, parent-child leave, and paid personal leave.
 Child care services:	<ul style="list-style-type: none"> • The Company provides loving care and childcare services.
 Work-life balance:	<ul style="list-style-type: none"> • The Company has set up early childhood centers, employee bookstores and other facilities to help employees balance work and life.
 Caring for female employees:	<ul style="list-style-type: none"> • The Company maintains and updates the parking spaces for pregnant mothers, the "Caring Mother's Cabin" pregnant mother lounge (awarded 5A-level honor in Guangdong Province), lactation room, and pregnant mother restaurant, carries out health knowledge sharing and online early childhood education activities for female employees, and provides female employees with childcare knowledge sharing as well as loving care and childcare services.
 Assistance for employees in need:	<ul style="list-style-type: none"> • The Company implements the Administrative Measures for Assistance and Relief of Difficulties. In 2023, a total of 98 hospitalized employees were provided with care subsidies and 19 families in need were assisted.
 Emergency rescue:	<ul style="list-style-type: none"> • The Company continues to strengthen the construction of the first aid team under the "Vitamin C Volunteer Service Team", and invites the Red Cross Society of China Guangzhou Branch to conduct training and assessment for employees. As of the end of 2023, we have 263 employees with certificates on duty, and our emergency rescue team continues to grow.

Enriching employees' lives

In 2023, the Company actively organized a variety of employee activities. The CVTE Community Federation and the Company's trade union organized more than 1,000 activities, with nearly 10,000 participants; in addition, the Company also held 7 small- and medium-sized evening parties, with a total of 2,190 participants, effectively promoting communication and cooperation among colleagues and enhancing friendly relations.

TechDay Hardware Technology Day

In March 2023, the Company's trade union held the annual "TechDay Hardware Technology Day" event with the theme of "hardcore strength, innovative future", invited internal and external technical experts to share hardware technical knowledge, organized technical personnel to carry out hardware knowledge competitions and welding skills competitions, and showcased the latest technological achievements to further enhance the professional skills and quality of the technical team.



"Gathering Upward Power • Enjoying a Healthy Life" themed month activity

In August 2023, the Company launched a series of themed activities of "Gathering Upward Power • Enjoying a Healthy Life", and held multiple activities such as fitness themed workshops, sports and fitness fairs and sports leagues, including sports knowledge popularization, fun sports experiences and other scientific sports directions, calling on employees to pay attention to their own health and actively participate in scientific sports.



Themed month activity site

Mid-Autumn Festival Family Open Days activities

In September 2023, the Company's trade union held Mid-Autumn Festival Family Open Days in Guangzhou, Beijing, Xi'an, Suzhou, and Hefei, attracting more than 3,500 employees and family members. This activity combines elements such as family happiness, traditional culture, and striving to pursue dreams, sets up exhibition halls and park visits, and organizes traditional folk activities such as guessing lantern riddles, focusing on the high-quality life needs of employees, creating a warm and happy journey for the whole family, and constantly enhancing the sense of gain and happiness of employees.



Family Open Days activity site

“1024 Software Technology Day” and skills competition

In October 2023, the Company’s trade union held the “1024 Software Technology Day” and a series of skills competitions with the theme of “endless creation, create the future by encoding”, including activity modules such as hackathon skills competition, new technology and product achievement exhibition, new technology online route, technology sharing by internal and external experts, etc., to provide employees with opportunities to share knowledge, display skills and products, and stimulate the labor enthusiasm and innovation and creativity of GF employees.



Skills competition results exhibition site



Opening ceremony of 1024 Software Technology Day

Democratic communication

We are committed to building a diverse, open and convenient democratic communication mechanism, smoothing communication channels for employees, and resolutely protecting employees’ rights to make opinions and suggestions on the Company’s daily operations and management, salary and benefits, etc.

In 2023, the Company’s trade union actively organized employee representative meetings, chairman’s reception days, feedback symposiums and other employee communication activities to promptly understand employees’ demands, fully listen to their voices, and solicit female employees’ needs and suggestions for childcare and care through symposiums. A total of 14 trade unions have been established, and the membership rate of institutions with established trade unions is 100%.

At the same time, the Company conducts employee satisfaction surveys through questionnaire surveys and interviews, with a questionnaire recovery rate of 98%. The survey results showed that employee vitality and organizational support were 4.36 and 4.29 respectively (5 points is a full score), which has improved compared with the previous year. The Company has formulated improvement plans based on employee satisfaction survey results, covering areas such as process efficiency, resource tools, compensation and performance, and continues to follow up on the improvement results.



CVTE trade union president reception day

Employee Training and Development

The Company provides strong support for the capability improvement and career development of all employees, formulates and implements internal talent training and promotion systems such as the CVTE Rank System, and continues to improve the training system to help employees grow and become talents.

Career development channel

Based on business needs and employees' personal circumstances, we have set up dual promotion channels to provide managers and professionals with different career development paths, ensuring that employees in different positions enjoy equal development opportunities. In order to better meet and support the growth of internal staff, employees can apply for internal job transfers according to their own career plans and give full play to their strengths in areas of interest. In 2023, more than 1,100 employees received promotions in terms of their rank and capabilities. At the same time as they were promoted, they jointly developed an individual development plan (IDP) with their managers to provide important guidance for the next step of capability improvement and growth.



Education and training

The Company attaches great importance to the selection, education, use and retention of talents. It has set up a complete training mechanism including basic quality training, professional skills training, on-the-job training and management quality training, and set up a training center and management training module to take full responsibility for the training of all employees. It regularly carries out training activities through a combination of online and offline methods, and actively introduces external training resources.

We encourage mutual teaching and learning. Currently, the Company has more than 1,000 certified instructors and has attracted more than 700 experienced and outstanding employees to register as lecturers on the "C Knowledge" learning platform, creating a strong and positive learning atmosphere. In terms of management talent training, we carry out management training in the form of training camps such as Qide Class for potential talents, Mingde Class for new managers, Xingde Class for new directors, general manager training camp, and chairman and president training camp, and provide multi-dimensional and rich courses such as business management, team management, and self-management to promote the growth of management at all levels of the Company.

In 2023, CVTE training coverage reached 100%. All employees participated in different forms of learning and examinations, with a total of more than 8,000 trainings organized and a total training time of more than 440,000 hours. For detailed training-related data, please refer to the appendix Key Performance Indicator Table.

At the same time, the Company encourages all employees to conduct on-the-job education to improve their academic qualifications. A total of 19 employees pursued further studies in 2023 to obtain bachelor's degrees in administration, computer science and technology, and business administration.

New employee induction training

In 2023, we regularly organized training for new employees recruited from school and society to help them understand the Company's operations, corporate culture, rules and regulations, etc., so as to quickly adapt to the new working environment and enhance their sense of organizational identity.



Job development training

In 2023, based on the work nature and work needs of different positions, we launched a number of professional and technical trainings such as the “Xingqi Plan”, the “Talent Scout Plan”, and the “Good Teachers and Good Classes Project”. We also relied on the “C Knowledge” online learning platform to provide rich learning content, covering product, marketing, supply chain, quality, legal affairs, intellectual property, finance and other related courses, and provide a rich case library to help employees improve their skills level and practical ability.

Preparatory class for future corporate leaders

In 2023, we organized a one-year preparatory class for future corporate leaders. This preparatory class is aimed at the core management of the Company’s business, focusing on the goal of “unifying context, mastering basic principles, avoiding low-level mistakes, and establishing emotional connection”. A total of 78 offline courses were conducted, covering 17 topics such as finance, marketing, human resources, strategy and goal management, and technology, to further cultivate students’ diversified management capabilities.

Carry out a learning and improvement project for all employees

In February 2023, the CVTE trade union and CVTE training center launched a “learn knowledge, increase experience, and practice skills” learning and improvement project for all employees. By encouraging and supporting employees to spontaneously form learning groups, the above-mentioned institutions carried out extensive learning sharing activities to create a learning atmosphere that emphasizes labor and values skills. Currently, the Company has established nearly 100 learning groups, covering nearly 3,000 people. Each learning group carried out a total of 538 learning activities in various forms, including study trips and themed skills competitions, with a total of 1,067 hours of learning.



Protecting Health and Safety

The Company attaches great importance to the occupational health and safety of its employees, continuously improves the safety management system, enhances safety management capabilities, and is committed to providing employees with more protection and care, and creating a harmonious and beautiful working environment.

Safety management system

The Company strictly abides by occupational health and safety laws and regulations such as Law of the People’s Republic of China on Work Safety, Law of the People’s Republic of China on Prevention and Control of Occupational Diseases, etc., and has formulated and implemented safety management systems such as Safety Management Specifications for Gas, Safety Management Specifications for Hot Work, Safety Management Specifications for Electricity Use, etc. to clarify safety management operating procedures and effectively standardize the Company’s daily safety management.

The Company has established an organizational structure for employee health and safety management, focusing on strengthening the construction and improvement of the three elements of “people, materials, and management” and has implemented the safety concept of “full participation, continuous improvement, and safety first” throughout its safety work. Furthermore, the Company continues to carry out health and safety-related hidden danger investigations. In 2023, many of the Company’s subsidiaries obtained ISO 45001 Occupational health and safety system certification.

Safety accident investigation

The Company adopts a combination of qualitative and quantitative methods to assess the risk level of production operations, and establishes a sound occupational health and safety accident investigation procedure, assesses the severity level of on-site accidents, analyzes the causes of accidents according to the assessment results, draws up corresponding rectification measures, and issues accident reports in time. At the same time, we require the responsible department to report on the accident system within 2 hours after the accident occurs. If serious safety incidents such as fatal accidents and first-level fire accidents occur, it is required to report them immediately to the public security bureau, fire brigade and emergency management authority.

CVTE Hazard Level Classification Standard Table

Risk score (D)	≥320	≥160 ~ 320	≥70 ~ 160	≥20 ~ 70	<20
Risk degree	Extremely dangerous, cannot continue to operate	Highly dangerous and immediate rectification is required	Significantly dangerous and rectification is required	Potentially dangerous and attention is required	Slightly dangerous, which is acceptable

Safety education

In 2023, the Company organized a total of 126 safety trainings of various types including employee safety training, management safety awareness training, gas safety training, construction safety training, driving safety, electrical safety, and fire safety training. The total number of participants exceeded 8,000, the total time exceeded 10,000 hours, and the safety training coverage rate reached 100%.

Firefighting equipment use training

In November 2023, the Company organized training on the use of firefighting equipment in various industrial parks. Firefighters demonstrated fire extinguishers, firefighting suits and other firefighting equipment to employees on site, and explained in detail how to use various firefighting tools, as well as the structure of firefighting trucks and the use of related equipment, allowing employees to learn and understand fire protection in an all-round and multi-angle manner, and further enhance their emergency self-rescue capabilities.



Fire extinguisher use training



Fire escape training



Firefighting truck use training



Group photo of trainees

Emergency management

In 2023, the Company further improved its emergency plan, regularly carried out various special inspections on electrical, safety, fire protection, gas, construction, flood control, etc., covering various industrial parks, parks under construction, leased office spaces etc., and promptly discovered and rectified nearly a thousand hidden dangers.

Heatstroke prevention and first aid training drill

In 2023, the Company's trade union organized a heatstroke prevention and first aid training drill, simulating a sudden health accident in a high-temperature environment, and introduced employees to the knowledge of heatstroke prevention and cooling emergency self-rescue, as well as the use skills of professional first aid equipment such as AED, improving the self-protection and emergency response capabilities of front-line employees in high-temperature working environments.



Heatstroke prevention and first aid training drill site



Public Welfare

The Company has always taken active social responsibilities as its responsibility and continued to create social value. In 2023, we continued to support the development of education informatization, work with employees to actively participate in volunteer activities, demonstrate corporate responsibility with practical actions, and contribute CVTE's strength to social development.

Public Welfare and Charity

Relying on its own technology and product advantages, the Company continues to delve into the field of education. Its brand seewo has adhered to the two-line assistance model of "material donation + teacher training" for many years to help rural schools create an information-based teaching environment and promote the balanced development of urban and rural education.

In 2023,

- the Company continued to promote the "seewo Teachers Digital Capability Improvement Program", which has covered 31 provinces and built 176 smart classrooms, benefiting 12,000 teachers and students;
- seewo Academy supports 900,000 teachers covering 1,300 districts and counties and 24,000 schools to participate in capability improvement training programs;
- seewo Academy launched more than 80 charity live broadcasts, with over 950,000 participants.

As of the end of this reporting period,

- "seewo public welfare activity" has donated educational information equipment to 946 schools, benefiting 45,000 teachers and 636,000 students, with a total investment of over 52.27 million yuan;
- seewo Academy actively cooperates with teaching and research/teacher development centers in many places, and has established an industry-university-research platform with 6 normal colleges. It has trained 1,600 Xingtian tutors to jointly promote collaborative education.



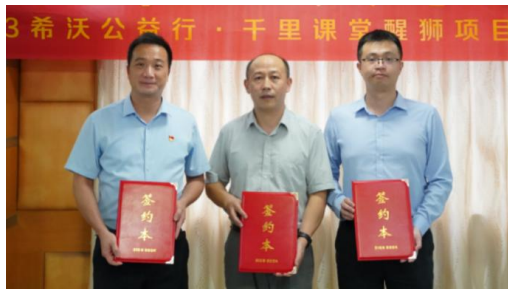
"seewo public welfare activity"
donates information-based equipment to rural schools



Rural school students use
information-based equipment donated by seewo to study

seewo helps teachers and students of two schools in Guangzhou and Xinjiang take a lion dance class together

In July 2023, seewo helped Guangzhou Xiuquan Foreign Language School and Xinjiang Shufu County No. 1 Middle School establish a normal curriculum assistance mechanism by donating digital teaching equipment. Through digital teaching equipment, Chinese culture classes with themes such as “Lion Dance Class” and “Dragon Dance Class” were held together to promote the sharing of educational resources.



seewo donated digital teaching equipment



Children from both schools attended a class together to learn lion dance movements

The Company established the CVTE Charity Foundation in 2017. The CVTE Charity Foundation adheres to the mission of “eliminating the digital divide and building a public welfare service platform for technology participation”, carries out a variety of public welfare activities, and encourages all employees to participate, practice public welfare for everyone, and empower social development.

In 2023, Guangzhou’s local finance and taxation departments jointly reviewed and announced a number of non-profit organizations that have obtained long-term tax exemption status. The CVTE Charity Foundation successfully obtained tax-free qualification certification from 2022 to 2026, providing a more solid foundation for the Foundation’s future project implementation and resource allocation. This is not only recognition of the Foundation’s past work, but also encouragement and motivation for future development.

“6·30” rural revitalization promotion activity

The Company actively responded to Guangdong Province’s call for rural revitalization and participated in Guangzhou’s “6·30” rural revitalization promotion activity. With the theme of “consolidating the results of poverty alleviation, and promoting rural revitalization”, this activity aims to thoroughly implement the decision of “high-quality development projects in hundreds of counties, thousands of towns and ten thousands of villages” and comprehensively promote the strategic work deployment of rural revitalization. CVTE Charity pledged 500,000 yuan in this activity to support rural revitalization projects and promote the development of rural revitalization with practical actions.



Site of 2023 “6·30” rural revitalization promotion donation pledge in Guangzhou

CVTE Charity's Vitamin C Healthy Dinner Plan was successfully launched to improve the nutrition and health of rural children

In 2023, CVTE Charity launched a public welfare project (Vitamin C Healthy Dinner Plan) for rural boarding schools to improve students' nutritious dinners, and improved the variety of dinners for boarding students through matching funds. The implementation period of this Vitamin C Healthy Dinner Plan is two years, and the overall donation amount is expected to be 216,000 yuan. It is hoped that through long-term assistance, the seeds of public welfare and health will be left in the local area, so that more boarding students can eat more nutritiously and healthily, to enhance students' physical fitness. As of the end of 2023, this Plan has supported a total of 283 rural children and provided 39,620 nutritious dinners.



Site survey of Vitamin C Dinner Plan



Trial operation of Vitamin C Dinner Plan



Caring volunteers check children's physical health

“Guarding the Jinyan, Love in Huangpu” Legal Education Project for Minors

In May 2023, the “Guarding the Jinyan, Love in Huangpu” project jointly organized by the Yunpu Street Mission Work Committee, Yunpu Street Youth Work Committee, and Guangzhou Qingteng Social Work Service Center was launched and the Yunpu Street minors' law popularization and self-protection voluntary fair was held at the Yunpu Street community party and mass service. CVTE Charity donated legal education promotional kits to this activity and participated in charity fairs to advocate social attention to legal education for minors and help more minors know the law and avoid harm.



“Guarding the Jinyan, Love in Huangpu”
Legal Education Project for Minors

Volunteer Activities

Travel with good intentions and build a warm society together. CVTE closely integrates internal employee care with external public welfare, and provides “CVTEr [CVTEr refers to all CVTE employees.]” with a path to participate in social welfare through the concept of “public welfare for everyone” to inspire the goodwill of every “CVTEr”.

CVTEr refers to all CVTE employees.



Group photo of the CVTE trade union's Vitamin C Volunteer Service Team

CVTE officially established the Vitamin C Volunteer Service Team in 2022, and continues to carry out volunteer activities such as tree planting, wind and flood prevention, and blood donation. As of the end of 2023, the Vitamin C Volunteer Service Team has 2,500 registered volunteers and 263 certified first aid team members. It has carried out a total of 109 internal and external volunteer service activities, with 9,239 volunteers participating.

The first aid team members passed the Red Cross assessment and jointly established an employee first aid system

In 2023, after professional training from the Red Cross Society of China Guangzhou Branch, 263 first aid members of the Vitamin C Volunteer Service Team had passed the assessment and were certified to work. Combined with the SOS emergency response system and AED defibrillator deployed by the CVTE trade union, the Company's administrative center, and CVTE Health in the park, the employee first aid system and the "golden four minutes" effective rescue channel were jointly built, adding a "safety lock" for the life and health of employees. This project was successfully awarded with the Guangzhou Trade Union Employee Service Station Demonstration Project.

CVTE trade union launched a series of activities with the theme of "respect life, learn first aid" World First Aid Day

In September 2023, the CVTE trade union and CVTE Health cooperated to carry out training activities with the theme of improving employees' first aid awareness. Through interesting activities such as the "First Aid Flying Chess" interesting first aid knowledge competition, AED equipment experience, Heimlich maneuver, and on-site CPR teaching, employees were guided to actively participate in learning first aid knowledge, attracting more than 2,000 employees to participate on-site. 260 employees signed up to join the first aid team to further improve employees' ability to respond to emergencies, gain the best time for treatment of the sick and wounded, and prevent and reduce injuries caused by accidents to the greatest extent.



On-site CPR teaching



"First Aid Flying Chess" interesting first aid knowledge competition

Warming Shouxing Nursing Home, the Vitamin C Volunteer Service Team visited the elderly

In July 2023, with the theme of “continuing the red bloodline, and passing on the passion of respect for the elderly”, the CVTE Party Committee and CVTE trade union arranged the Vitamin C Volunteer Service Team to visit the Longtoushan Shouxing Nursing Home to visit the elderly. The condolences activities included choir performances, red revolution questions and answers, DIY handmade flag making, birthday parties for the elderly, etc. The team sent heart-warming birthday wishes to the elderly who have their July birthday in Longtoushan Shouxing Nursing Home, and created a good atmosphere of “delivering care, respecting and caring for the elderly”.



Red revolution questions and answers session



Choir performance by the Vitamin C Volunteer Service Team



Group photo of the Vitamin C Volunteer Service Team

Sow seeds of public welfare and plant ecological lush mountains together

On the occasion of the Lei Feng Memorial Day and Arbor Day in 2023, the CVTE trade union organized employee representatives to carry out public welfare tree planting activities. At the tree planting event, everyone worked together to plant new greenery, fill holes with seedlings, and pile up ridges. They worked together in the tree planting process and worked together to plant the “CVTE Public Welfare Forest”.



Employees unite and work together to cultivate new seedlings



Group photo of 2023 CVTE trade union's tree planting event

04

Robust Governance: Build a Foundation of Trust



CVTE continues to optimize the corporate governance environment, strengthen compliance governance and risk management and control, and actively create a working atmosphere of integrity to build a solid foundation for the Company's high-quality development with high standards.

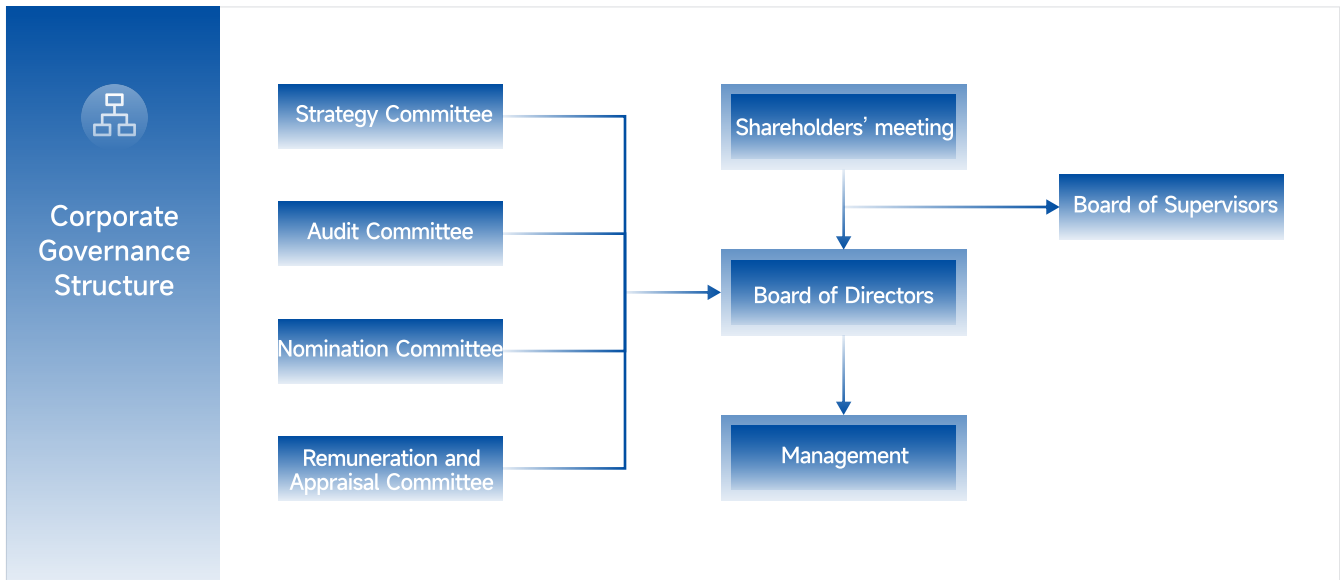


Improvement of Corporate Governance

CVTE strictly abides by laws and regulations such as the Company Law of the People’s Republic of China, Securities Law of the People’s Republic of China, Governance Guidelines for Listed Companies, Rules for Stock Listing of the Shenzhen Stock Exchange, etc., and continues to revise and improve internal systems such as the Articles of Association, Rules of Procedure of the Board of Directors, etc., optimize the governance structure, and strengthen the supervision and guidance of the shareholders’ meeting, the board of directors, and the board of supervisors on the Company’s major decisions, operation and management, etc.; timely discloses information and fully compliance with regulatory requirements, continues to strengthen and maintain investor relations, and effectively promotes the improvement of corporate governance levels of listed companies.

Governance Structure

CVTE has established a corporate governance structure with the general meeting of shareholders as the highest authority, the board of directors as the decision-making body, the board of supervisors as the supervisory body, and the management as the executive body, with clear powers and responsibilities at all levels, independent operation and mutual checks and balances, which can effectively guarantee the standardized operation of the Company.



The CVTE board of directors consists of the Strategy Committee, Audit Committee, Nomination Committee and Remuneration and Appraisal Committee. Each committee performs its own duties and jointly promotes the Company’s efficient and standardized operations. The Company’s directors attend shareholders’ meetings, board meetings and special committee meetings in accordance with laws and regulations, carefully review various proposals, and express professional opinions on major matters such as the Company’s business development and system construction.

There are 9 directors in total

3 independent directors

1 female director

2 directors have senior risk management experience

Information Disclosure

The Company strictly abides by regulatory requirements such as the Administrative Measures for Information Disclosure of Listed Companies, Rules for Stock Listing of the Shenzhen Stock Exchange, etc., and has formulated and implemented the Information Disclosure Management System, etc., making it clear that the board of directors is responsible for the unified leadership and management of the Company's information disclosure, the chairman is the first person responsible for information disclosure, and the secretary of the board of directors is responsible for managing information disclosure matters. The Company discloses relevant information truly, accurately, completely and timely through multiple channels such as the Shenzhen Stock Exchange's designated business platform and CNINFO to ensure that all shareholders have equal access to company-related information to fully protect the interests of investors and continue to improve the transparency of corporate information disclosure. According to the 2022-2023 Information Disclosure Evaluation Results of Main Board Listed Companies announced by the Shenzhen Stock Exchange, the Company continued to receive the highest rating of A for information disclosure in 2023.

Investor Relations

The Company attaches great importance to communicating with investors, and has established and implemented the Investor Relations Management System. The Company daily receives investor inquiries and listens to investors' suggestions and opinions through the investor hotline (020-32210275) and investor relations email (shiyuan@cvte.com); and carries out investor communication activities through on-site surveys, telephone conferences, strategy meetings, performance briefings and interactive platforms to provide investors with diversified channels to understand the Company's operating conditions, important developments and development strategies.



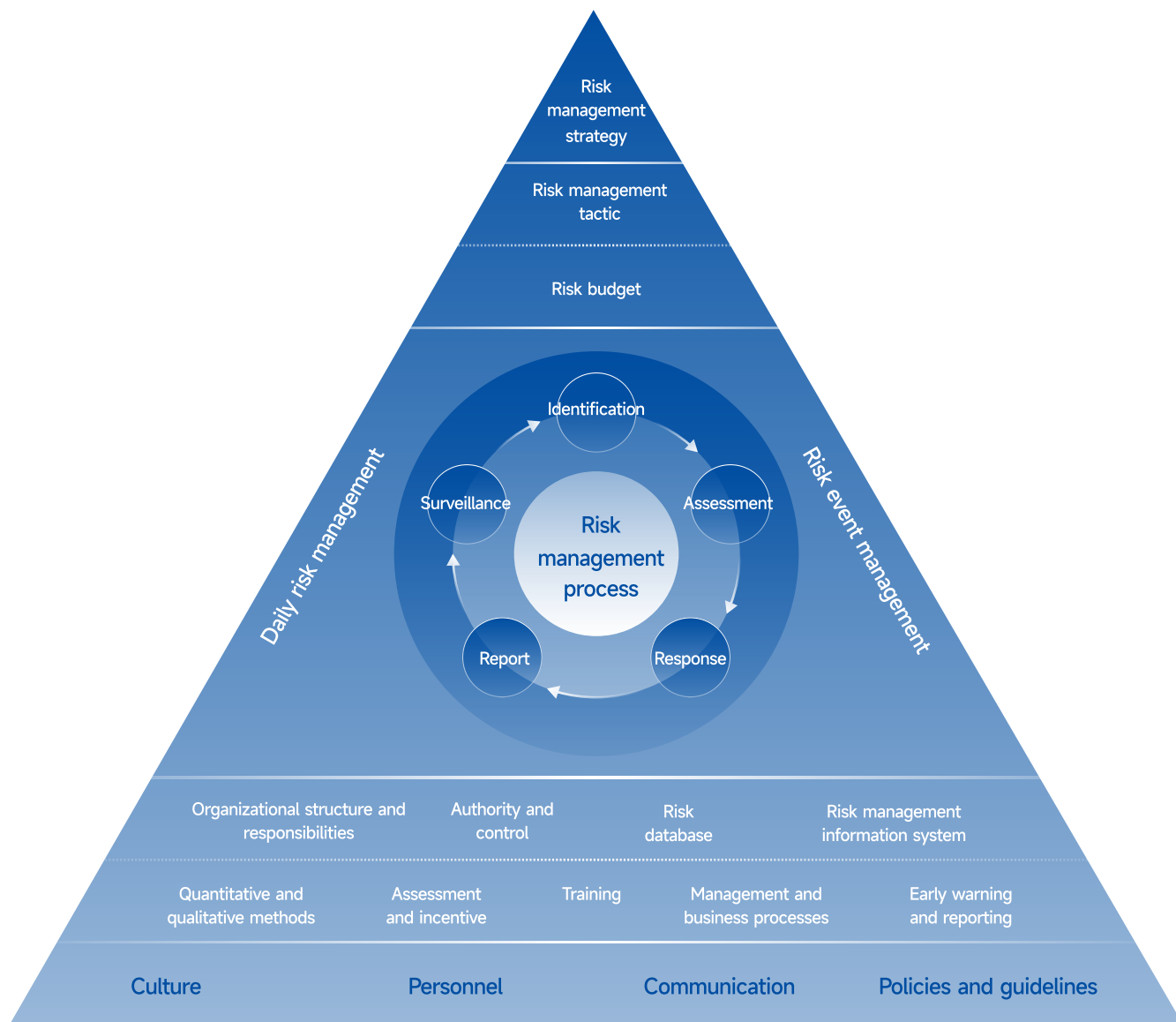


Strengthening Risk Management and Control


The Company continues to improve its risk compliance management system and regularly conducts compliance management-related work and training to further enhance the effectiveness of the Company's risk management and control.

Risk control system

The Company has established a comprehensive risk control compliance system. It sets up a first-level risk structure from five dimensions of strategic risk, market risk, financial risk, operational risk and legal risk; carries out risk assessment on corporate governance risk, environmental protection risk, health and safety risk, climate change risk, human resources risk, intellectual property risk, confidentiality risk and other secondary risks; and identifies and refines third-level risks and provides pre-event, in-process and post-event risk monitoring mechanisms for major third-level risks.



In addition, the Company combines the risk control compliance system to continue to improve the “three lines of defense” of risk control management to ensure the effectiveness of the Company’s risk management. The chief risk control officer and head of internal audit regularly report risk control to the CEO and the board of directors to ensure that the management is aware of the Company’s risk management effectiveness and makes timely decisions.



“Three Lines of Defense” for Risk Control Management

01 The first line of risk defense **Each business group**

- Responsible for executing the risk control process and implementing risk control response measures.

02 The second line of risk defense **Risk Control Center**

- Responsible for promoting and supervising the effective implementation of risk control processes and risk control response measures.

03 The third line of risk defense **Audit Committee**

- Perform annual risk management activities;
- Identify internal and external risk factors that may affect the Company’s achievement of sustainable business goals;
- Assess the effectiveness of each risk level and related control activities;
- Responsible for promoting the construction of risk control system;
- Evaluate and improve the Company’s risk control management effectiveness through a systematic approach.

Risk control compliance management

The Company continues to optimize and improve the closed-loop risk control management mechanism, actively identifies emerging risks, conducts regular risk control and compliance training, and continuously strengthens the Company’s risk management and control capabilities.

Closed-loop Mechanism of Risk Control Management

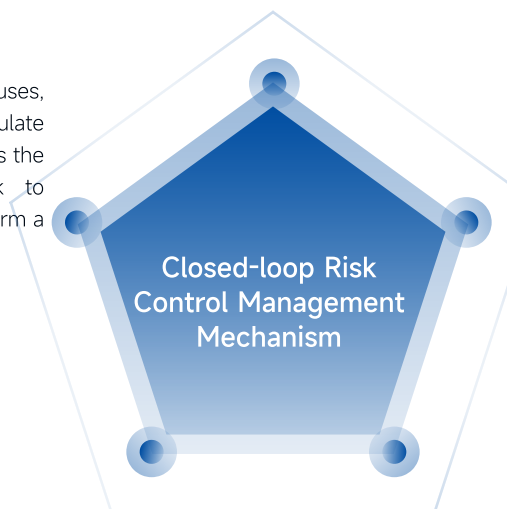
The Company has developed a closed-loop risk control management mechanism to ensure that risk management is carried out in an effective and orderly manner by identifying and assessing internal and external risks such as market, economic, environmental, regulatory and other risks faced in the business process, and taking timely measures to respond, report and supervise.

Risk assessment

Based on the risk list, we analyze risk causes, analyze existing control measures, calculate risk values and risk sensitivity, and assess the likelihood and impact of each risk to determine the risk level and ultimately form a company risk heat map.

Risk identification

Every year, based on the Company’s value chain, a risk list including five dimensions of strategy, market, finance, operation, and law is drawn through sorting out strategic objectives, value chain analysis, business process analysis, and classification analysis.



Risk response

Based on the risk assessment results, response strategies are matched according to different risk levels, and relevant responsible departments are urged to formulate rectification plans.

Risk report

Summarize the risk points, and form a report on the management status of the risk evaluation system; If significant risk deficiencies are discovered, the Audit Department will report directly to the Audit Committee or the Board of Directors.

Rectification supervision

The risk control center and the audit department jointly supervise the implementation of corrective measures by relevant responsible departments, and assist responsible departments to improve the risk control system;

The Company regularly analyzes the effectiveness and rationality of the developed risk response strategies and makes timely adjustments.

The Company regularly carries out risk control and compliance management in audit, job separation audit, subsidiary control, seal management, fund management and other aspects.

<p>Regular audit</p>	<p>The Audit Department regularly carries out special audit projects including but not limited to R&D, marketing, supply chain, expenses, assets, infrastructure and other fields. If internal control deficiencies are identified during the audit process, we will assist the Audited Department to jointly improve the internal control system. In addition, the Audit Department regularly conducts risk assessments for different business areas and promptly assists business departments in consolidating the risk control matrix in their areas.</p>
<p>Job separation audit</p>	<p>Cashiers are separated from the duties of auditing, keeping accounting archives, and registering claims and debts; the duties of the Internal Audit Department and the Finance Department are separated; the official seal, financial seal, legal person seal and bank account operation are kept and performed by employees of different positions respectively; the kinship between the seal management personnel and the actual controller, director, supervisor and senior executive is separated.</p>
<p>Subsidiary control</p>	<p>According to the Administrative Measures for Subsidiaries of Guangzhou Shiyuan Electronic Technology Company Limited and other systems, management and supervision are carried out on the rights and obligations of shareholders, operating policies and investment plans of subsidiaries, and the appointment and removal of key positions of subsidiaries.</p>
<p>Seal management</p>	<p>The Company adopts the authorization and hierarchical approval system for its official seal, and formulates the Seal Management System to stipulate the approval and registration processes of the seal.</p>
<p>Fund management</p>	<p>The Company continues to strengthen the review of capital accounts, approval and allocation of external funds, use of raised funds, use of idle funds, etc. to minimize risks related to fund management.</p>

Emerging Risks

Emerging risks are variables that may have a serious impact on enterprises in the current development era. In 2023, the Company carried out emerging risk identification and assessment, identified the following two long-term emerging risks that would have the greatest impact on the Company's future business, and formulated active response measures to mitigate the possible impact of related risks.

Emerging risks	Potential impact	Response measures
<p>International trade friction risk</p>	<p>Due to the geopolitical situation and the uncertainty of policy changes in various countries, international trade barriers have changed and commodity prices have risen. The Company may face challenges such as international logistics chaos, unstable supply of key raw materials and components, and export controls.</p>	<ul style="list-style-type: none"> • Diversified market strategy, diversifying risks and reducing reliance on a single market by expanding markets in different regions; • Optimize supply chains to ensure diversified sources of key components and raw materials to reduce the risk of supply disruptions caused by changes in trade policies in specific regions; • Compliance operations ensure that the Company's business activities comply with the laws and regulations of the target market and avoid trade restrictions or penalties due to violations; • Strengthen international cooperation and exchanges and pay close attention to policy trends.

<p>Emerging technology risk</p>	<p>Emerging technologies may have an impact on the Company's existing technologies and industries, leading to a decrease in demand for traditional products and services, thereby affecting the Company's revenue and profits; there is a high degree of uncertainty in the R&D and application process of emerging technologies, which may lead to R&D failure or low market acceptance, thereby affecting the Company's financial status and ability to continuously operating.</p>	<ul style="list-style-type: none"> • By flexibly adjusting the industrial structure and facing possible risks of technological substitution, the Company will timely adjust the industrial structure and cultivate talents who can adapt to the development of new technologies to maintain competitiveness; • Strengthen basic research and international cooperation to obtain necessary technical support and resources and enhance technological innovation capabilities; • Strengthen technology trend analysis and market research, pay attention to policy trends in a timely manner, and establish an effective risk management mechanism.
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Risk Control Compliance Training

In 2023, the Company continued to carry out compliance and risk control-related training for business departments such as R&D, quality, marketing, supply chain and company management, with topics covering personal safety, operations, intellectual property, legal affairs, fraud, etc., to further enhance the risk management awareness of all employees and the management's response capability to respond to risks, and avoid possible risk events in operations to the greatest extent.



Risk compliance training site



Practicing Business Ethics

CVTE always adheres to the principle of operating with integrity, constantly improves the anti-corruption system, and actively builds a culture of integrity; regulates the business behavior of employees, suppliers and other partners, and creates a fair and honest working environment.


Strengthening the Construction of Integrity

CVTE strictly abides by the Company Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China and other relevant laws and regulations in the place where it operates, has formulated and implemented the Integrity System, Employee Handbook, Employee Conflict of Interest Management System and other internal systems, and has worked with various stakeholders to clarify work requirements and codes of conduct in areas such as anti-corruption, anti-discrimination, anti-harassment, protecting information security, and reporting violations. The Company regularly conducts conflict of interest declarations covering all employees, core customers and suppliers, and comprehensively regulates the business behavior of all stakeholders.


In order to continuously improve the effectiveness of the anti-corruption system, the Company sets up a disciplinary inspection and supervision team to supervise and inspect the implementation of anti-corruption, and regularly reports the effectiveness of anti-corruption to the Board of Directors to ensure the effective implementation of business ethics management. In addition, the Disciplinary Inspection and Supervision Team regularly cooperates with the Risk Control Center, Legal Affairs, Audit and other departments to investigate and handle complaints and reports related to violations of business ethics in strict accordance with laws and regulations, to ensure that the Company's violations of business ethics are effectively handled.

In order to ensure the effective implementation of the Company's business ethics management-related systems, the Company regularly conducts business ethics audits, maintains reporting channels and optimizes whistleblower protection mechanisms to ensure the effectiveness of business ethics management. During the reporting period, the Company had no business ethics-related violations.

Public Reporting Channels

 Reporting hotline: (020) 8615 4552

 Reporting email: jicha@cvte.com

 Mailing information: CVTE Risk Control Center, No. 6, Yunpu 4th Road, Huangpu District, Guangzhou City (Received)

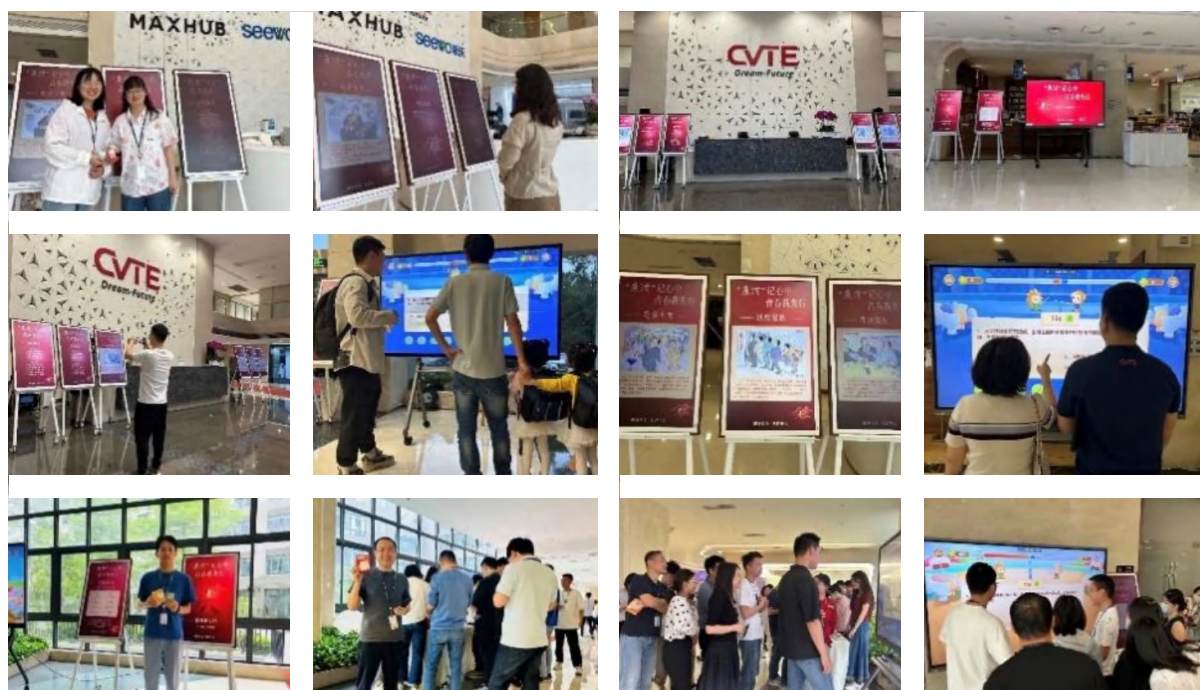
Creating an Atmosphere of Integrity

The Company actively creates a cultural atmosphere of honest work, regularly carries out anti-corruption training and anti-corruption culture publicity activities covering all employees, educates all employees on the bottom line of honest work such as not accepting bribes in any form, and guides all employees to strengthen integrity and self-discipline.

The Company actively joins the China Enterprise Anti-Fraud Alliance, the Guangzhou Guangdong-Hong Kong-Macao Greater Bay Area Federation for Enterprise Compliance and Anti-corruption and other organizations, and is committed to promoting the development of integrity culture and compliance construction. In 2023, the Company carried out a total of 51 activities such as integrity culture training, fraud risk training, integrity base learning and integrity answer PK, covering all employees and continuously strengthening the integrity awareness of all employees in the Company. During the reporting period, the Company had no problems related to employees violating integrity requirements.

Education and publicity activity with the theme of “integrity in the heart, youth first”

In May 2023, the Company’s Party Committee launched an education and publicity activity with the theme of “integrity in the heart, youth first”. The activities include on-site learning and question-and-answer interactions, where employees freely share their stance on adhering to the Company’s integrity system and commercial bribery cases they have encountered. This activity helps to promote employees to deeply understand the significance of working with integrity, consciously resist unhealthy tendencies, and strengthen the construction of a working environment where integrity is at heart.



Themed education and publicity activity site

Supplier Anti-bribery Management

Promoting business ethics in the supply chain can help build an honest and transparent business environment. The Company promotes the sunshine supply chain and continuously improves the Integrity Agreement, Management Specifications for Raw Material Supplier Introduction and other documents. It requires all suppliers to sign an Integrity Commitment when signing a contract and declare conflicts of interest to ensure that suppliers are aware of the Company’s business ethics management requirements. The Company regularly publishes tweets on the Sunshine Supply Chain public account to indicate to suppliers the Company’s stance and bottom line on business ethics. In addition, the Company has set up reporting channels for suppliers’ unfair interests. If any violation of integrity or laws and regulations occurs, the Company will be held accountable in accordance with the law.

Social Key Performance Indicators

Appendix

Employment						
Indicator		Institution	2023	2022	2021	2020
Total number of employees		Person	6,780	6,193	5,426	4,779
By gender	Male	Person	4,842	4,424	3,968	3,471
	Female	Person	1,938	1,769	1,458	1,308
Proportion of women among employees		%	28.58	28.56	26.87	27.37
By age	30 years old and below	Person	3,520	3,401	3,018	2,808
	31-50 years old	Person	3,222	2,766	2,383	1,945
	50 years old and above	Person	38	26	25	26
By rank	Senior management	Person	33	33	28	27
	Middle management	Person	113	88	90	90
	Junior management	Person	801	685	632	513
	Non-management	Person	5,833	5,387	4,676	4,149
By region	Mainland China	Person	6,757	6,180	5,408	4,759
	Hong Kong, Macao and Taiwan, China	Person	12	11	13	16
	Overseas	Person	11	2	5	4
By nationality	Han nationality	Person	6,496	5,940	5,194	4,571
	Other ethnic minorities	Person	284	253	232	208

Diversity, Equality and Inclusion

Indicator	Institution	2023
Number of women in junior management	Person	202
Proportion of women in junior management	%	25.22
Number of women in middle management	Person	22
Proportion of women in middle management	%	19.47
Number of women in senior management	Person	10
Proportion of women in senior management	%	30.30
Number of women in management positions in revenue-generating functions	Person	88
Proportion of women in management positions in revenue-generating functions	%	15.36
Number of women in STEM-related positions	Person	570
Proportion of women in STEM-related positions	%	15.58
Number of ethnic minority employees	Person	284
Proportion of ethnic minority employees	%	4.19

Employee Development

Indicator		Institution	2023
Number of trainings organized and conducted		Times	about 8,000
Total number of hours of training organized and conducted		Hours	about 447,000
Number of employees trained		Person	6,780
Average number of training hours for employees		Hours/person	65.93
By gender	Male	Person	4,842
	Female	Person	1,938
By employee category	Senior management	Person	33
	Middle management	Person	113
	Junior management	Person	801
	Non-management	Person	5,833
By age	30 years old and below	Person	3,520
	31-50 years old	Person	3,222
	50 years old and above	Person	38
By region	Mainland China	Person	6,757
	Hong Kong, Macao and Taiwan, China	Person	12
	Overseas	Person	11
By nationality	Han nationality	Person	6,496
	Ethnic minorities	Person	284
Total number of directors who have received anti-corruption training in 2023		Person	6
Total number of full-time employees who have received anti-corruption training in 2023		Person	5,805

Human Rights

Indicator		Institution	2023
Labor contract signing rate		%	100
Employee rights and interests	Number of people covered by the collective agreement	Person	3,642
	Collective agreement coverage rate	%	53.72
	Number of people covered by the trade union	Person	4,290
	Trade union coverage rate	%	63.27
Employee care	Number of employee activities organized and conducted	Times	722

Occupational Health and Safety

Indicator	Institution	2023	2022	2021	2020
Number of work injuries	Piece	2	4	5	3
Days lost due to work injuries	Day	105	226	257	116
Number of work-related fatalities	Person	0	0	0	1



Environmental Key Performance Indicators

Greenhouse Gas Emissions		
Indicator	Institution	2023
Scope 1: Direct greenhouse gas emissions	Tons of carbon dioxide equivalent	1,835.31
Scope 2: Indirect greenhouse gas emissions from input energy	Tons of carbon dioxide equivalent	20,794.88
Total greenhouse gas emissions	Tons of carbon dioxide equivalent	22,630.19

Energy Management		
Indicator	Institution	2023
Direct energy consumption	KWH	8,246,741.34
Indirect energy consumption	KWH	36,463,062.70
Comprehensive energy consumption	KWH	44,709,804.04

Water Resource Management		
Indicator	Institution	2023
Water consumption	Ton	396,293.00

Waste Management

Solid waste indicator	Institution	2023
Recycled non-hazardous waste weight	Ton	86.50
Weight of non-hazardous waste disposed of - Disposal method: Incineration (100% used for bioenergy power generation)	Ton	1,437.16
Total weight of non-hazardous waste	Ton	1,523.65
Total weight of hazardous waste - Disposal method: Recycling	Ton	70,100

Exhaust Gas Management

Indicator	Institution	2023
VOCs	Ton	0.70
NOx	Kilogram	353.40
SOx	Kilogram	6.36

Note:

1. The data collection time of this report covers January 1, 2023 to December 31, 2023. The scope of environmental data covers a total of nine CVTE industrial parks, including Guangzhou No. 1 Industrial Park, No. 2 Industrial Park, No. 3 Industrial Park, No. 4 Industrial Park, No. 5 Industrial Park, Hefei Industrial Park, Xi'an Industrial Park, Suzhou Industrial Park, and Beijing Industrial Park.

2. Due to the nature of its business, the Company's main air emissions are greenhouse gas emissions. Among which, the source of direct greenhouse gas emissions (Scope 1) is the fossil energy used by the Company's own vehicles, backup generators, and canteens, and the source of indirect greenhouse gas emissions (Scope 2) is the purchased electricity used by electrical equipment.



GRI Index Table

Report section		GRI content index
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Chapter 4 Robust Governance: Build a Foundation of Trust	Improvement of Corporate Governance	GRI 2-9、2-10、2-11、2-18
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	Consolidating the foundation of Party building	/



Reader Feedback Form

Dear readers

Thank you very much for taking time out of your busy schedule to read the 2023 Environmental, Social and Governance (ESG) Report of Guangzhou Shiyuan Electronic Technology Company Limited.

We look forward to further detailing CVTE's ESG vision and performance to you and other stakeholders in the future. To this end, we sincerely invite you to fill in the feedback form, and tell us your valuable comments on the Company's ESG performance and report, so as to help us further improve our ESG management capabilities.

You can contact us by phone or email below:

Contact Department: Office of the Board of Directors

Tel: 020-32210275

Email: shiyuan@cvte.com

Postal Code: 510530

Contact Address: No. 6, Yunpu 4th Road, Huangpu District, Guangzhou

1. Which of the following stakeholders do you belong to:

- Shareholders and investors Government and regulatory authorities Customers Suppliers
 Employees Community and public ESG practitioners Peer companies Others

2. What is your overall evaluation of this report:

- Very good Good Fair Poor Bad

3. What do you think of the quality of ESG information disclosed in this report:

- Very good Good Fair Poor Bad

4. What do you think of the structure of this report:

- Very good Good Fair Poor Bad

5. If you have any comments and suggestions on CVTE's ESG work and this report, please feel free to submit them here:

If you choose to send us feedback by email or mail, please include your contact information. At the same time, we guarantee not to disclose your personal information to any third party:

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