

2023

2023 Environmental, Social and Governance (ESG) Report



NOVOSENSE

Suzhou Novosense Microelectronics Co., Ltd.

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About This Report

Report Overview

This represents the second Environmental, Social and Governance (ESG) Report released by Suzhou Novosense Microelectronics Co., Ltd. It is compiled based on the company's specific efforts in bolstering corporate governance, safeguarding employee interests, and prioritizing R&D and innovation throughout the year 2023. Its aim is to showcase the company's ESG approach and its commitment to fulfilling corporate social responsibility for the year.

Reporting Period

January 1, 2023 to December 31, 2023. Some contents are backdated to previous years or extended to subsequent years, as appropriate, to enhance the comparability and forward-looking nature of this report.

Reporting Scope

Unless otherwise specified, the scope of this report is consistent with the scope of the company's annual report.

Abbreviations

For ease of presentation, the following abbreviations are used in this report:

Full Name

Suzhou Novosense Microelectronics Co., Ltd.
Suzhou NAXIWEI Semiconductors Co., Ltd.

Abbreviation

NOVOSENSE/company/we
Suzhou NAXIWEI

Data Sources

The data and examples cited in this report are all from the official working documents, financial reports and statistical data of NOVOSENSE and its major subsidiaries, and have been reviewed and confirmed by the relevant departments of the company to ensure that there are no false records, misleading statements or material omissions. In case of any discrepancy between this report and the company's annual report, the latter shall prevail.

Unless otherwise specified, the currency involved in this report is RMB and all amounts in this report are denominated in RMB.

Reference Standards

Rules of the Shanghai Stock Exchange for Stock Listing on the STAR Market (Revised in August 2023)
Guidelines No.1 of the Shanghai Stock Exchange for Self-regulation of Listed Companies on the STAR Market - Standardized Operation
Guidelines No.2 of the Shanghai Stock Exchange for Self-regulation of Listed Companies on the STAR Market - Voluntary Information Disclosure
Global Reporting Initiative: Sustainability Reporting Standards (GRI Standards) (2021 Edition)
Hong Kong Exchanges and Clearing Limited: Environmental, Social and Governance Reporting Guide
Research Center for Corporate Social Responsibility, Academic Division of Economics, Chinese Academy of Social Sciences: China CSR Reporting Guidelines (CASS-ESG 5.0)

Access to the Report

You can download the electronic version of this report from the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>) or the website of Suzhou Novosense Microelectronics Co., Ltd. (<https://www.novosns.com/>) for more information of the company.

Feedback

If you have any opinions or suggestions on the sustainable development of the company, please provide your feedback in the following ways to help us make continuous improvement.

Tel: +86-512-62601802

Email: pr@novosns.com

Chairman's Message



Wang Shengyang

Chairman of NOVOSENSE Microelectronics

Dear friends,

The past 2023 has been a challenging year. Despite the daunting market environment, NOVOSENSE has maintained its pace and continued to make progress in product layout, business expansion, and organizational development. This success is due to the wisdom and hard work of our employees, the unwavering trust and collaboration of our customers, and the invaluable support and assistance of our partners. On behalf of the Board of Directors, I would like to express my sincere gratitude to all of you for your continued concern and support for NOVOSENSE.

"Robust, Reliable, Keep Learning, Persist in Long-term Value" are core values that we pride ourselves on practicing. We prioritize enduring value over short-term gains, ensuring our decisions are guided by long-term goals. These values transcend mere slogans, serving as the fundamental measures, deeply ingrained in our company's strategy and business ethos. They act as guiding lights, propelling us forward on a journey of innovative, sustainable, and high-quality development.

Always adhering to our core values, NOVOSENSE is clearly positioned to provide chip-level solutions to link the digital world and the real world. We stay ambitious, courageous and determined to move forward, and insist on integrating the sustainable development philosophy into our business development.

Strive to improve management comprehensively

In 2023, we revised and released a number of company standards, systematically advancing the implementation of multiple business systems, and further enhancing all facets of the company's management. Regarding ESG, we are steadfast in establishing a robust ESG governance framework, overseen by the Board of Directors, championed by management, and effectively executed by each department within their respective ESG-related responsibilities. While solitary journeys may be swift, companionship ensures greater distance traveled. As a company committed to long-term value, we actively engage our supply chain partners in understanding the ESG approach through training, audits, and the adoption of a supplier code of conduct. By fortifying our supply chain resilience, we deliver superior performance products and enhanced services to our customers.

Put people first at the core

The chip design industry thrives on wisdom, making people the paramount driving force behind NOVOSENSE's development. We invest substantial energy and resources into the selection, recruitment, training, and retention of talent. Our aim is to foster an environment that ignites employees' self-fulfillment, promotes career longevity, and honors expertise and individuality. Alongside competitive compensation, benefits, and employee well-being initiatives, we prioritize continuous growth through bespoke training programs like the "XINYUNJIHUA", "XINHUOJIHUA", and "XINKONGJIHUA", supported by a robust training infrastructure. Furthermore, we offer diverse career paths, including managerial, professional, and horizontal job rotations, enabling employees to chart their own way towards more career opportunities.

Insist on quality assurance and technology innovation

In the midst of global changes, we remain unwavering in our commitment to quality assurance and technology innovation, forging collaborative ties with both upstream and downstream entities in the value chain. Our aim is to foster mutual prosperity and achieve shared success, solidifying our position as a trusted partner throughout the industry. Guided by our dual R (Robust & Reliable) quality policy, we not only pledge but actively embody these principles in all our actions. With quality as the core and innovation as the driving force, we keep pushing the industry forward and shaping a more sustainable future for generations to come.

Always implement a green development philosophy

It's our mission to "Sense and Drive the Future: Build a Green, Smart and Connected World with Semiconductors". We implement a green development philosophy, practice low-carbon, environmental protection, energy conservation and consumption reduction in company operations, and create a good atmosphere for energy conservation and consumption reduction. At the business level, we are developing green, smart and connected "chip" products around key areas of energy conservation such as new energy vehicles and pan-energy¹. Against the backdrop of global climate change, we are developing our business to accelerate the reduction of GHG emissions for the whole society and contribute to China's carbon peaking and neutrality goals.

The road to sustainability never ends. We hope to make further progress in our ESG efforts by persisting in and delivering long-term value.

As spring arrives, the landscape transforms with lush vegetation and verdant mountains in view. Amidst the chilling winter of the semiconductor industry, we strive towards an ambitious goal: empowering the green development of society as a whole. Guided by a people-centric approach, we remain steadfast in our commitment to technological innovation, fostering continual growth to establish a sturdy foundation. With unwavering belief, we hold onto the certainty that spring will inevitably dawn upon us.

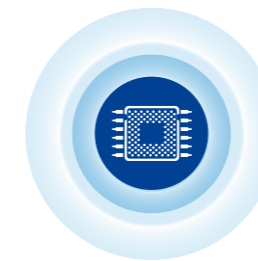
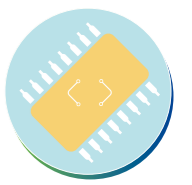
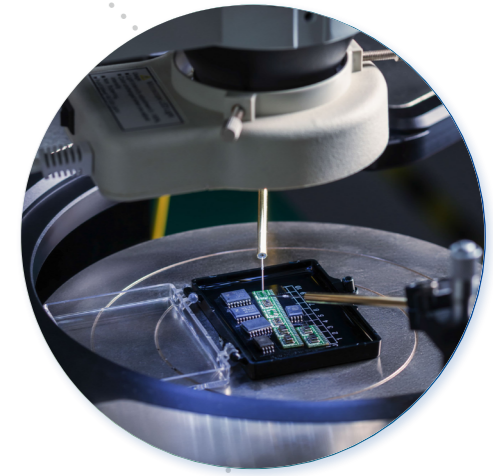
¹ The pan-energy field mainly refers to industrial applications around the energy system, from power generation to transmission and distribution and then to all aspects of consumption, including PV, energy storage, modular power supply, industrial control, power electronics, white appliances, etc.



About NOVOSENSE

Company Profile

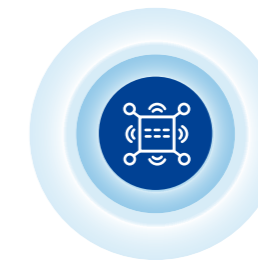
NOVOSENSE Microelectronics (NOVOSENSE, SSE: 688052) is a highly robust & reliable analog and mixed signal chip company. Since its establishment in 2013, the company has been focusing on sensor, signal chain, and power management, providing comprehensive semiconductor products and solutions such as magnetic sensor, pressure sensor, temperature/humidity sensor, sensor signal conditioning IC, isolator, interface, industrial/automotive ASSP, amplifier, data converter, voltage reference, gate driver, motor driver, LED driver, power supply, and power path protection. By the end of 2023, the company has been able to offer more than 1,800 product parts for sale, which are widely used in automotive electronics, energy and power, industrial automation and consumer electronics markets. With excellent automotive chip development capabilities and rich experience in mass production and quality control, the company has actively developed chip products for automotive electronics and successfully entered the mainstream automotive supply chain for extensive application.



All-category mixed digital-analog chip provider



Leader among China automotive chip providers



Leader among digital isolator and sensor providers

Global Presence



R&D Layout


- Shanghai
- Suzhou
- Shenzhen
- Beijing
- Chengdu
- Tianjin

Sales Layout

- Suzhou
- Shanghai
- Shenzhen
- Beijing
- Chengdu
- Nanjing
- Hangzhou
- Hefei
- Qingdao
- Wuhan

- Japan
- South Korea
- Germany
- United States

Corporate Culture

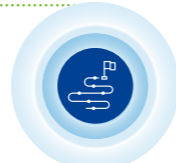



Positioning

Providing chip-level solutions to link the digital world and the real world

Sense and Drive the Future: Build a Green, Smart and Connected World with Semiconductors

Mission and Vision





Values

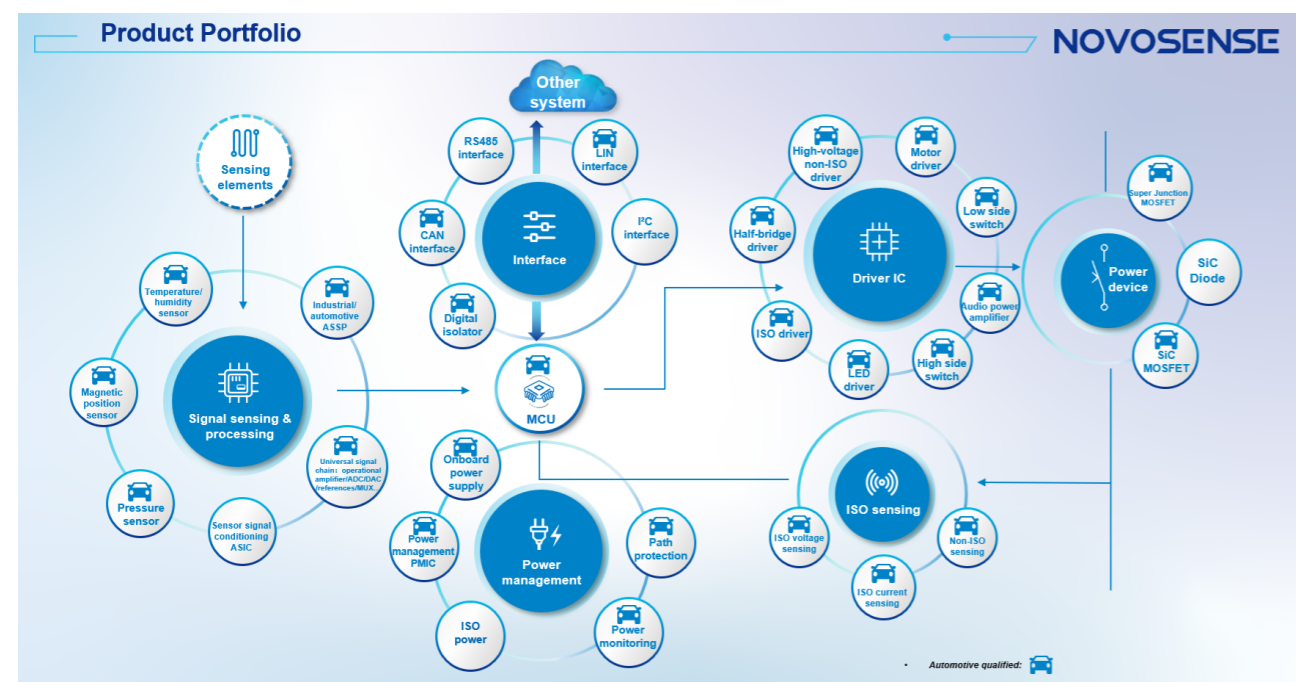
Robust Reliable Keep Learning Persist in Long-term Value

Core Business

Product Layout

NOVOSENSE always adheres to the core values of "Robust, Reliable, Keep Learning, Persist in Long-term Value" to provide robust products and reliable services to customers.

We have extensive semiconductor product lines covering sensor, signal chain, isolator, interface, power, driver, and power management. By the end of 2023, we have been able to offer more than 1,800 product parts for sale. The company's specific product layout is as follows:



Market Application

NOVOSENSE has been expanding its product categories around different applications to provide complete solutions for automotive electronics, pan-energy, and consumer electronics markets. The main downstream market applications are as follows:



Automotive Electronics

- ICV/driving/cabin
- Body control and lighting
- Chassis and safety
- Fuel/hybrid powertrain
- Inverter/powertrain
- BMS
- OBC/DC-DC/PDU
- Thermal management system



Pan-energy

- PV and wind power
- Smart grid
- Energy storage system
- User energy storage PCS
- Charging pile
- Uninterruptible power supply
- Server power supply
- Communication power supply
- Industrial motor driver



Consumer Electronics

- White goods and home appliances
- Mobile phones, pads and peripherals
- Health and care (portable medical equipment)
- Portable electronic products
- Data storage
- Computers and peripherals
- Audio and video entertainment

Amidst the surge in automotive electrification and intelligence, the demand for automotive chips is on a continuous incline. Since 2016, NOVOSENSE has been at the forefront of developing automotive chip products, boasting a proven track record of successful development and mass production. The company presents a full range of semiconductor solutions, spanning new energy vehicle OBC/DCDC/PDU, thermal management, body electronics and lighting, automotive infotainment and instrumentation, fuel vehicle powertrain and fuel supply system.

NOVOSENSE provides one-stop semiconductor solutions with small size, high reliability, and high integration, including a rich product portfolio of power devices, drivers, digital isolators, isolated interfaces, and sensors. We are committed to further advancing renewable energy systems and industrial automation through more integrated, reliable and cost-effective semiconductor solutions.

In response to the burgeoning demand for enhanced convenience and intelligence in consumer electronics, the market is witnessing rapid iterations in chip technology, accompanied by heightened expectations for precision and integration. With this in mind, NOVOSENSE is ahead of the curve, offering a comprehensive array of sensors, signal conditioning chips, motor drivers, isolated drivers, isolated interfaces, and more. These solutions cater to diverse applications across home appliances, wearable devices, and other sectors.

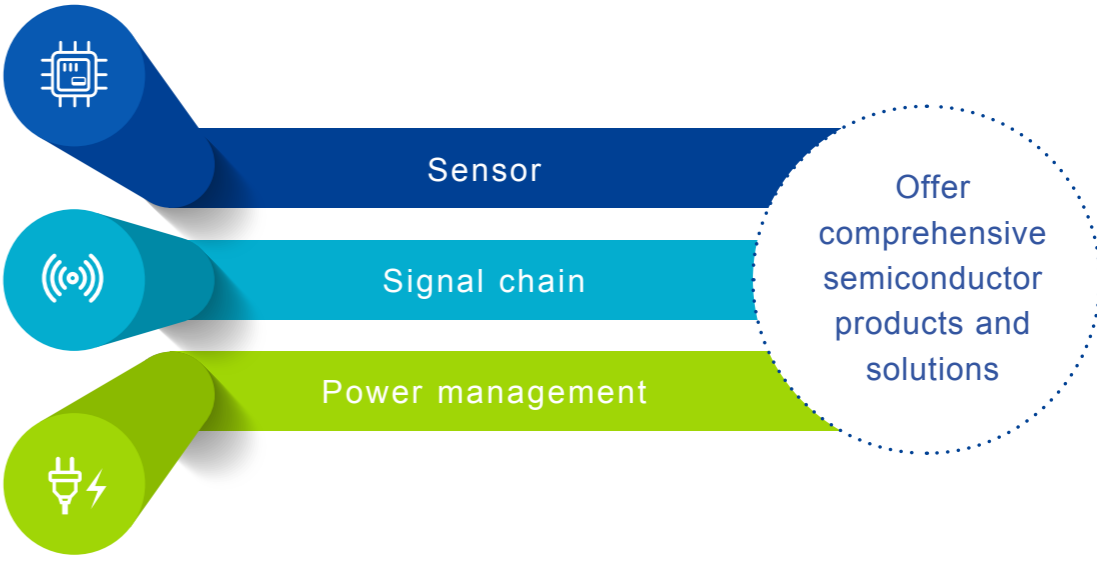
History

| Year | Milestone |
|------|--|
| 2013 | Founding of NOVOSENSE |
| 2014 | Launch of the first 3-axis accelerometer SSC ASIC |
| 2015 | Launch of the first pressure sensor SSC ASIC |
| 2016 | First certification as a national high-tech enterprise |
| 2016 | Launch of the first automotive chip |

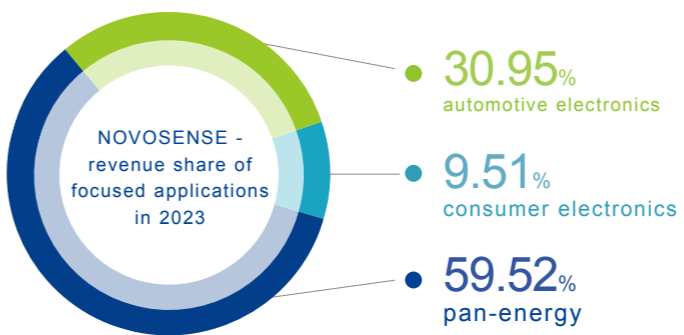
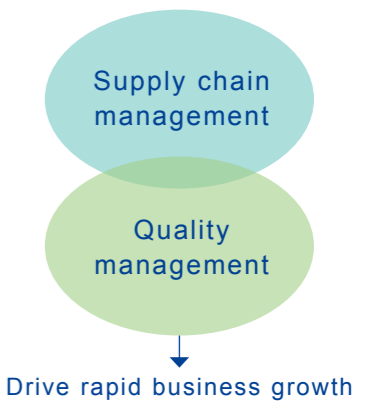


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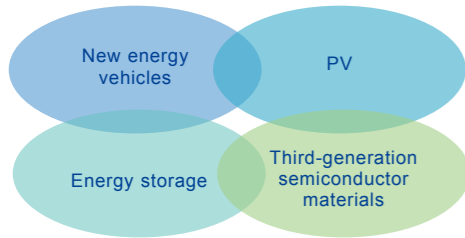
Focus on Sustainable Business and Build a Green and Smart World



Targeting automotive and pan-energy markets, NOVOSENSE develops products around downstream applications with its focus on sensor, signal chain, and power management, providing comprehensive semiconductor products and solutions. NOVOSENSE also taps the sustainability potential of products to broaden its product offerings. During the reporting period, the company continued to increase resource investment in R&D, market development, supply chain system, quality management, team building, etc. We focused on technological innovation, further strengthened R&D system and team building, and expanded our presence to product categories such as magnetic sensor, non-isolated driver, and power management. We went deep into core markets such as automotive and pan-energy, erected competitive barriers, and launched a global presence strategy. By optimizing supply chain management and quality management, we drove rapid business growth.



In 2023, among focused applications, pan-energy and automotive electronics contributed to 59.52% and 30.95% of NOVOSENSE's revenue, respectively.



Under the dual drive of "dual carbon goals" and "energy crisis", energy conservation and emission reduction are imminent. NOVOSENSE regards new energy vehicles, PV, energy storage, and third-generation semiconductor materials as key fields for energy conservation and emission reduction. We prioritize pan-energy and new energy vehicles, and fully leverage our technological advantages to empower application systems to save energy, reduce emissions and improve energy efficiency, contributing to green and sustainable development.

Automotive Electronics

Focusing on the field of automotive electronics, NOVOSENSE has been enriching its automotive product categories and improving its product coverage in automotive electronics applications since the launch of its first auto brake pressure sensor in 2016, aiming to provide one-stop semiconductor solutions for the development of electrification and intelligence in automobiles.

Electrification and intelligence are the core mega-trends driving the growth of automotive chips:



NOVOSENSE has a rich product portfolio of traction inverter, BMS, DC-DC, OBC, PDU and thermal management system for new energy vehicles.

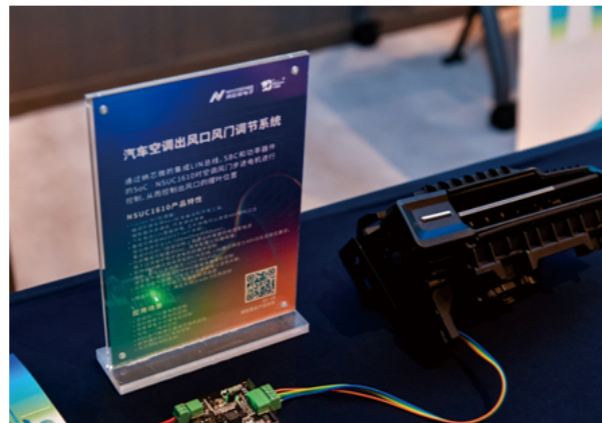


NOVOSENSE already has a proven portfolio across the fields of body electronics, car lighting, door and window control, seat control, and intelligent cabin, and will further expand its product types.

Featured product

NOVOSENSE's thermal management system solution for new energy vehicles

Different from the heat exchange method of traditional fuel vehicles based on internal combustion engines, new energy vehicles based on electric energy require a more intelligent and efficient thermal management system to coordinate and manage the temperature of the battery, engine, air conditioning, other related components and system, so as to obtain a longer endurance and service life while ensuring the functional safety of vehicles.



Currently, thermal management systems are transitioning from distributed architectures to more efficient integrated architectures. System designs that use domain controllers with large computing power to control multiple BLDC motors at the same time are gaining popularity, while the design of replacing domain-controlled MCUs with intelligent BLDC pre-drivers integrating curing algorithms is gradually coming to the forefront due to cost reduction considerations. NOVOSENSE's highly integrated small motor driver SoC, NSUC1610, realizes efficient, real-time control of small motor applications by integrating an ARM core MCU, a 4-way half-bridge driver, and a LIN interface on a single chip. It is widely used in applications such as electronic expansion valves, AGS, and electronic air vents in thermal management systems. With a comprehensive product layout in the direction of sensors, signal chain and power management, NOVOSENSE provides one-stop solutions for intelligent, safe and efficient thermal management systems.

Pan-energy

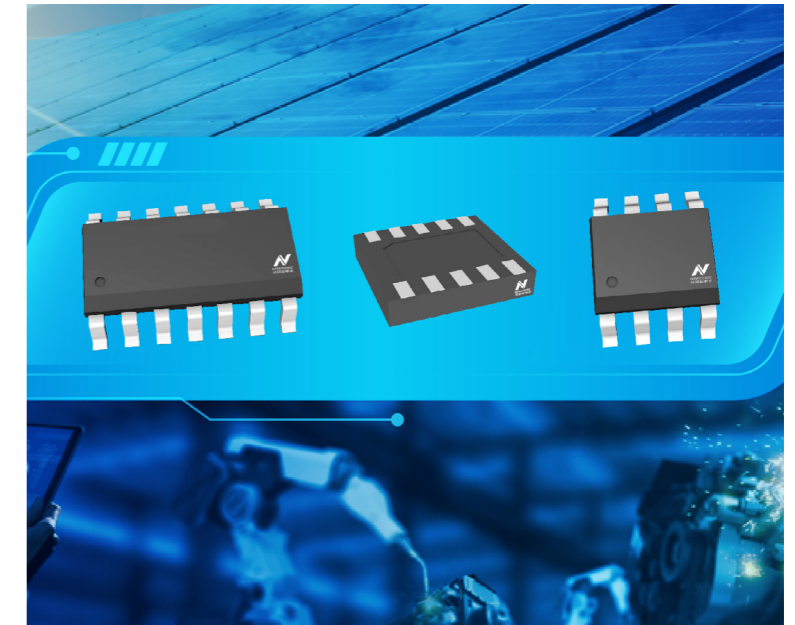
Under the influence of multiple factors such as global consensus on carbon neutrality and geographical conflicts, countries around the world are escalating their demands for new energy development. This surge in demand presents significant opportunities for the rapid expansion of the renewable energy market.

As a high-performance, high-reliability analog and mixed-signal chip company, NOVOSENSE regards PV as an important starting point for practicing green sustainability and a key link in its energy and power business, providing solutions such as PV inverters, energy storage converters, PV arrays/optimizers, and BMS. With the increasing complexity of electronic systems, market dynamics are evolving from single-device functionality towards holistic system performance. A prominent trend in the analog IC industry is the drive for "integration," wherein diverse analog design components are integrated into a single chip to enhance performance, reduce costs, and expedite development. NOVOSENSE aligns with this trend, which has already demonstrated its efficacy across various markets. This year, we have continued close collaboration with leading companies in the PV industry to provide reliable products and services. In terms of industrial automation, NOVOSENSE has been committed to working with industry-leading customers to discuss system development trends and plan new products to accelerate industry development based on our existing products.

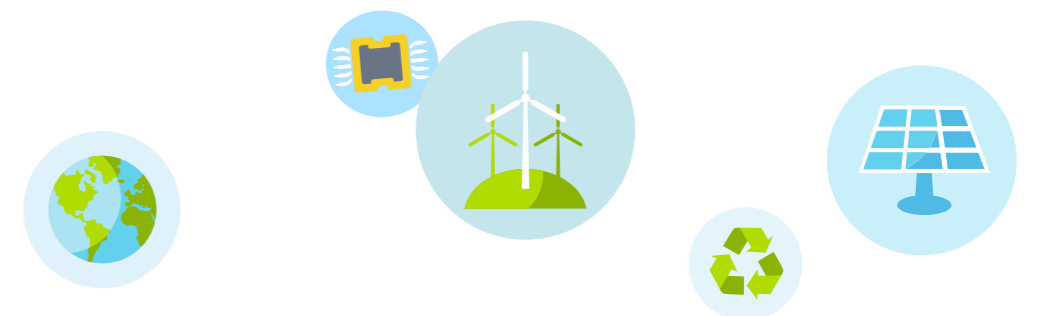
Featured product

NOVOSENSE's non-isolated high-voltage half-bridge driver

To meet the voltage resistance and driving delay requirements of traditional high-voltage half-bridge drivers with wide-bandgap technologies, NOVOSENSE has innovatively applied isolation technology to high-voltage half-bridge drivers and introduced the non-isolated high-voltage half-bridge driver chip NSD1624. The driver chip replaces the level shifter scheme with the capacitive isolation scheme to realize high-side drive signal transmission, enabling the high voltage output side to withstand up to 1,200V DC voltage and gaining popularity in many fields such as PV, energy storage, high-efficiency and high-density industry, communication, and server power.



In the future, we will continue to strengthen our internal strength by "deepening our understanding of market applications and systems, expanding our customer base, and building a comprehensive technical team".





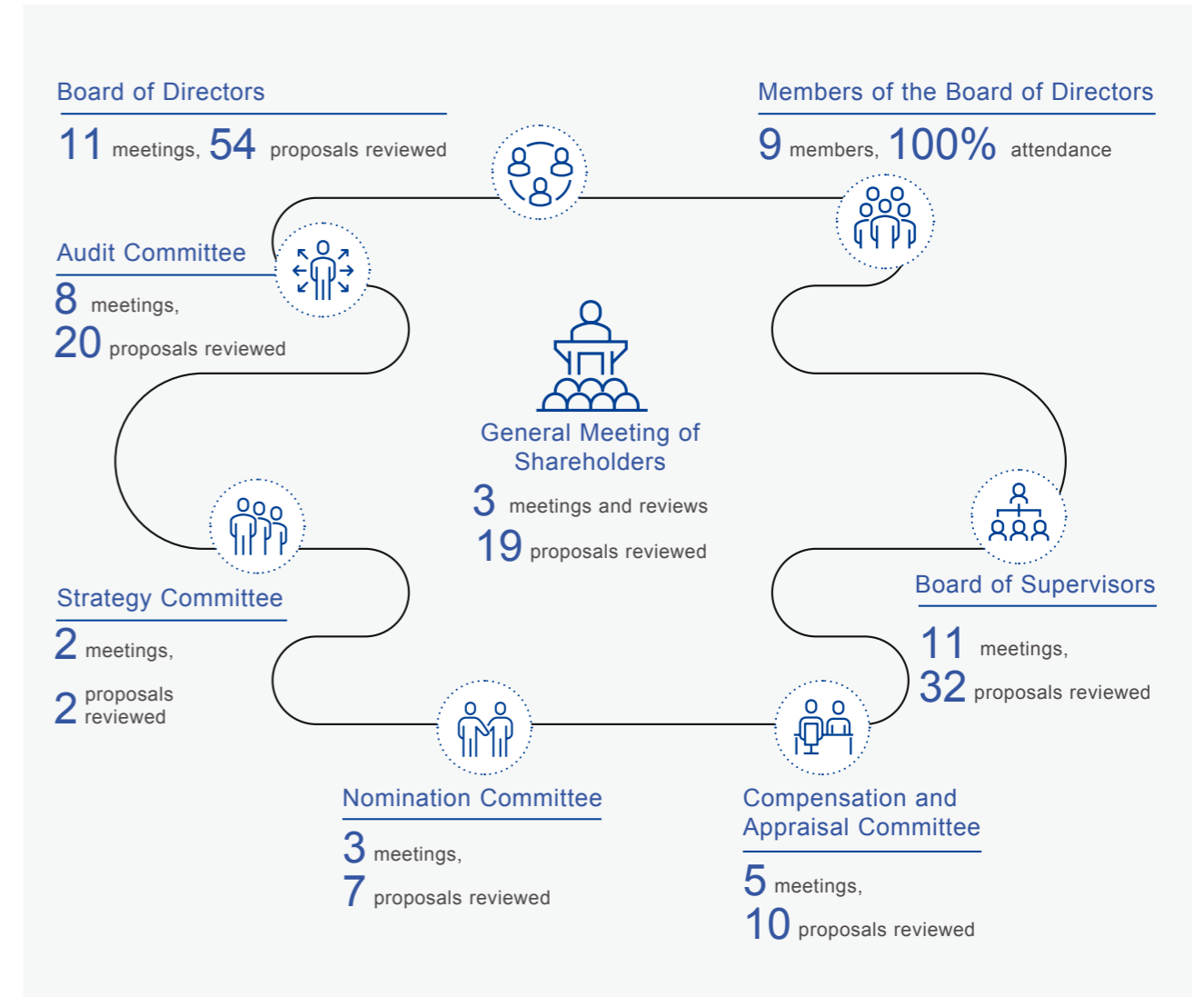
Compliance Governance

Corporate Governance

Corporate Governance

NOVOSENSE places significant emphasis on modern governance systems, continuously enhancing its management standards. The company has instituted robust rules and regulations, meticulously outlining the powers and responsibilities of key entities such as the general meeting of shareholders, the Board of Directors and its specialized committees, the Board of Supervisors, management, and various functional departments. This clarity and efficiency ensure that each entity exercises decision-making, executive, and supervisory functions in alignment with their prescribed roles. This concerted effort fosters the establishment of a scientific, well-regulated, harmoniously balanced, and efficiently operated governance framework.

In 2023, NOVOSENSE held meetings as follows:



01

Well-planned Strategy: Safeguard Sustainable Development

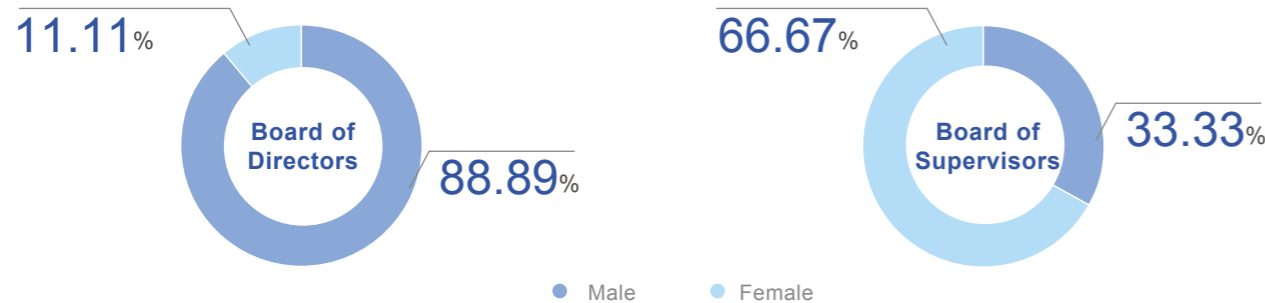
Good corporate governance is an essential top-level design for sustainable development, contributing to our long-term development and everlasting success. NOVOSENSE actively responds to the United Nations Sustainable Development Goals 5, 12, and 16, continuously improves corporate governance, and empowers corporate sustainable development with ESG.

Our Actions

- Operate with integrity, abide by business ethics, and organize business ethics training for all employees at least once a year
- Continuously promote gender diversity and support the development of women in STEM (science, technology, engineering, mathematics) fields
- Conduct stakeholder communication survey



As at the end of the reporting period, NOVOSENSE had 9 directors (including 3 independent directors), including 1 female member (accounting for 11.11% of total members) and 8 male members; and 3 supervisors (including 1 employee supervisor), including 2 female members (accounting for 66.67% of total members) and 1 male member.



Information Disclosure

NOVOSENSE diligently adheres to the stipulations outlined in the Administrative Measures for Information Disclosure of Listed Companies, alongside other relevant laws and regulations. We have formulated and implemented a comprehensive Information Disclosure Management System, meticulously organizing the information disclosure process. Additionally, we have compiled the Information Disclosure Manual for Securities Affairs of the company, facilitating effective management and execution of information disclosure responsibilities. Upholding the principles of truthfulness, accuracy, completeness, timeliness, and fairness, we ensure prompt disclosure of information that may significantly influence the company's operations, safeguarding investors' right to pertinent information.

While formulating a sound and effective information disclosure system, the company comprehensively regulates the behavior of insiders and information reporting procedures. We rigorously enforce the transmission, review, and disclosure processes for undisclosed information, while heightening the awareness of insider information confidentiality and registration among relevant personnel. These measures are implemented to eradicate instances of insider trading.

Investor Relations Management

NOVOSENSE focuses on establishing a long-term and stable good relationship with investors, actively carries out investor management based on the principles of compliance, equality, initiative, honesty and trustworthiness, and formulates the Investor Relations Management System in accordance with the Guidelines for Investor Relations Management of Listed Companies. We improve the level of investor relations management, build a two-way communication platform with investors, and promptly convey relevant information on business management and major decisions to investors, thereby enhancing investors' understanding and recognition of the company.

The company continues to improve its communication mechanism with investors and strengthen its investor relations management. Through diverse communication channels such as shareholders' meetings, SSE e-interactive platform, investor consultation hotlines, reception of institutional surveys, participation in brokerage strategy meetings, and performance briefings, the company maintains active communication with investors and potential investors, answers investors' questions, listens to investors' opinions and suggestions, and provides reference information for the company's decision-making based on its actual operation.



In 2023, the company: prepared and disclosed 4 periodic reports issued 185 other information disclosure documents



Received 150+ institutional surveys Published 17 minutes of investor relations activities More than 300 institutions attended the online performance briefings for the interim and third quarter reports Answered investor calls every day and responded to questions on the SSE e-interactive platform 21 times

Business Ethics

Business Ethics



NOVOSENSE joins the Enterprise Anti-Fraud Alliance as a member

NOVOSENSE operates with integrity, abides by business ethics, adheres to a "zero tolerance" attitude towards bribery and corruption, takes responsibility for any business behavior. We strive to establish an industry-leading management system, and insist on creating a culture of integrity and honesty in all aspects of daily work. We strictly abide by the relevant national and local policies, laws and regulations on integrity, self-discipline and business ethics, and have formulated relevant systems such as the Anti-Commercial Bribery Management and Operation Mechanism and the Code of Conduct against Commercial Bribery, which are regularly publicized across the company. In addition, NOVOSENSE has joined the China Enterprise Anti-Fraud Alliance.



NOVOSENSE is committed to ensuring integrity and transparency in business processes. We actively cooperate with customers to sign integrity agreements or commitments, and require distributors to sign the Code of Business Conduct for Business Partners of Suzhou Novosense Microelectronics Co., Ltd.

In 2023, the company's supply chain department and legal department jointly carried out supplier integrity training for major suppliers.

Featured event Supplier training video recording





In order to strengthen the company's compliance capacity building and establish robust and reliable partnerships, NOVOSENSE released the Code of Business Conduct for Business Partners of Suzhou Novosense Microelectronics Co., Ltd. in 2022, which establishes standards for suppliers' business conduct. To this end, we have specially recorded the video of NOVOSENSE's Supplier Integrity Training in order to more effectively convey NOVOSENSE's requirements on integrity and deepen suppliers' understanding of the code of conduct. The training video includes the following parts:

- 1) Introduction to NOVOSENSE's Code of Business Conduct for Business Partners;
- 2) Basic concepts of commercial bribery and relevant laws and regulations;
- 3) Analysis of key points of anti-commercial bribery.

After the training video, trainees are also required to complete the NOVOSENSE Supplier Integrity Training Quiz with a score of 80 points or above.



We have established a multi-channel reporting platform

-  Email: complaint@novosns.com
-  Address: Internal Audit Department, Suzhou Novosense Microelectronics Co., Ltd.
5F, Building C1, No.88 Jinji Lake Avenue, Suzhou Industrial Park, Jiangsu Province, China
-  Tel: +86-512-62601802 (ext. 812)
-  Postal Code: 215100

We are committed to building a clean and transparent corporate culture to ensure that our company strictly abides by laws and ethical standards in our business operations. To this end, we have intensified anti-corruption and anti-bribery training and awareness initiatives as part of our daily practices. Additionally, we regularly conduct education on business ethics to instill the values of integrity among our employees. Our commitment to ethical conduct is further reinforced through the integration of a code of ethics and business conduct into our new employee orientation and annual training programs. These programs cover various aspects such as ethical compliance, anti-corruption, protection of trade secrets, and upholding supplier integrity in operations and collaborations, thereby enhancing the understanding and consciousness of all NOVOSENSE employees. Throughout the reporting period, we conducted three such training sessions, utilizing both online and offline platforms.



Conduct training on business ethics for all employees at least once a year

Featured event Anti-bribery, anti-fraud and information security training

Anti-bribery, anti-fraud and information security training

In February 2023, the company conducted anti-bribery, anti-fraud and information security training for all employees, which lasted 1.5 hours; in August and November, the company held related trainings for subsidiaries and salespersons, which were attended by a total of 627 person/times.

The training content includes:

- The harm of commercial bribery and relevant laws and regulations;
- The company's requirements and good practices for anti-commercial bribery;
- The scope and classification of confidential information;
- The company's confidentiality requirements and case sharing;
- The company's reporting channels.

These training sessions aim to strengthen employees' awareness of information security and understanding of anti-bribery and anti-fraud, and further guide them to abide by laws and regulations in business activities.



Information and Privacy Security

We are committed to effectively protecting trade secrets and personal information of customers and employees, and strive to ensure information security in business activities. We strictly comply with the Cybersecurity Law, the Data Security Law, and other laws and regulations of the places where we operate.

To reduce potential risks related to information security, for confidential commercial information, the company:

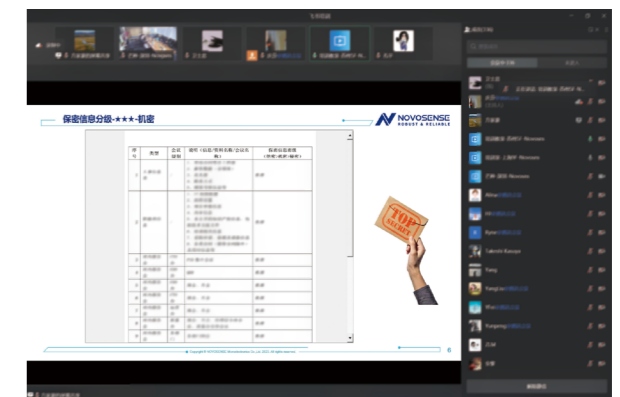
- Has formulated systems such as the Confidentiality System and the Confidentiality System Implementation Rules;
- Exercises access control over system customer data (including customer projects, prices and orders, etc.);
- Actively cooperates in executing a confidentiality agreement with customers upon request or in the event of important technical cooperation;
- Enters into the Employee Confidentiality Commitment with employees.

For personal information, we formulated the Personal Information Protection System and the Personal Information Impact Assessment (PIA) Operation Guide in 2023.

In accordance with the Information Security System, the company strengthens information security and privacy protection, and regularly organizes information security related training activities for all employees to improve the awareness of information and privacy security across the company.

Featured event Information security training

In November 2023, the company successfully carried out training on information security awareness and file security protection for all employees in an online+offline manner. The content covered the importance and meaning of information security, as well as threat prevention, file security and corresponding protection strategies. The company aimed to ensure that employees have information security awareness through a series of training activities, improve the overall level of information protection, and effectively respond to potential security risks. To consolidate the training effect, we issued examination tasks through the online training system to help all employees enhance their information security awareness.

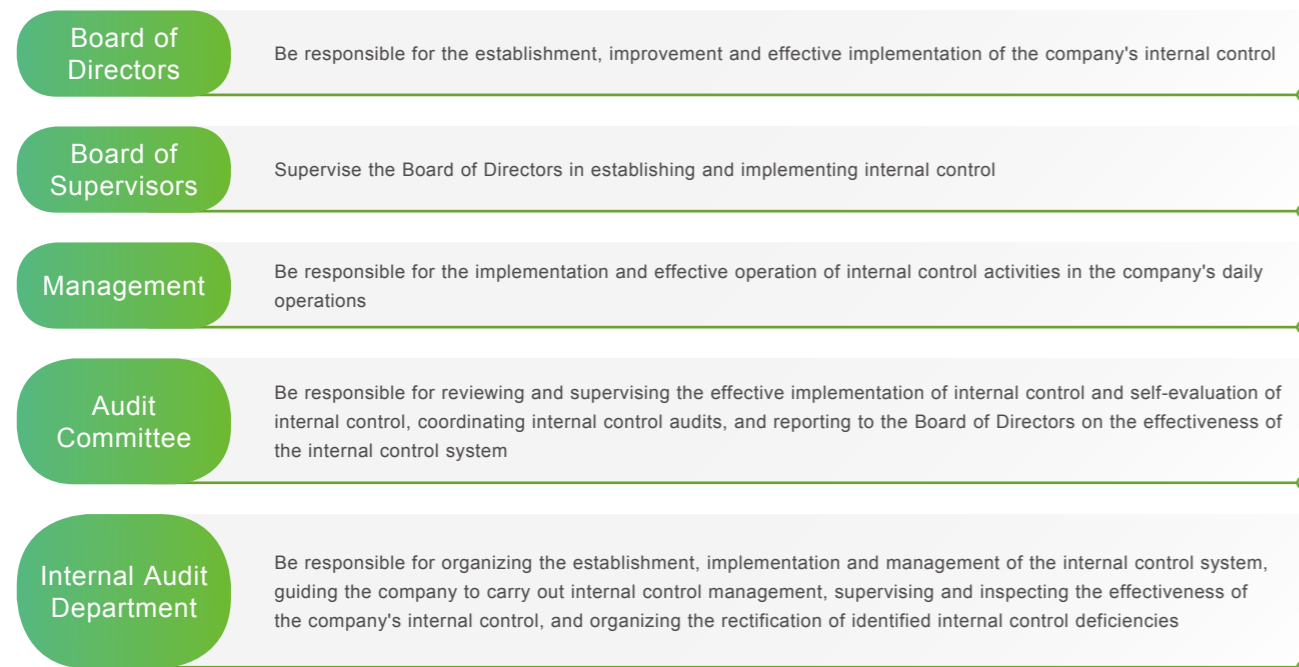


Internal Control and Compliance Management

Compliance with laws and regulations is the bottom line of NOVOSENSE's operation. We have incorporated compliance management into our development strategy planning, continuously built the compliance risk control mechanism and internal compliance governance system, established compliance management awareness, enhanced the company's risk management capabilities, and achieved healthy development of the company.

The Internal Audit Department under the Audit Committee of the Board of Directors of the company is a full-time internal audit organization. Under the leadership of the Audit Committee, it exercises its authority independently and objectively without interference from other departments or individuals. During the reporting period, we continued to consolidate the company's internal control foundation, strengthen internal control management, and further improve the internal control management mechanism, striving to build an all-round, multi-level and three-dimensional internal control management system.

Responsibilities of internal control related departments



Anti-monopoly and Anti-unfair Competition

We attach great importance to anti-monopoly and anti-unfair competition, and strictly abide by the Anti-monopoly Law, the Anti-unfair Competition Law, and other applicable laws and regulations. We have formulated internal policies such as the Administrative Measures on Anti-monopoly Compliance and the Anti-monopoly Compliance Manual to standardize relevant processes, conducted thematic training and publicity, followed up on regulatory developments, and handled anti-monopoly and anti-unfair competition cases and lawsuits.

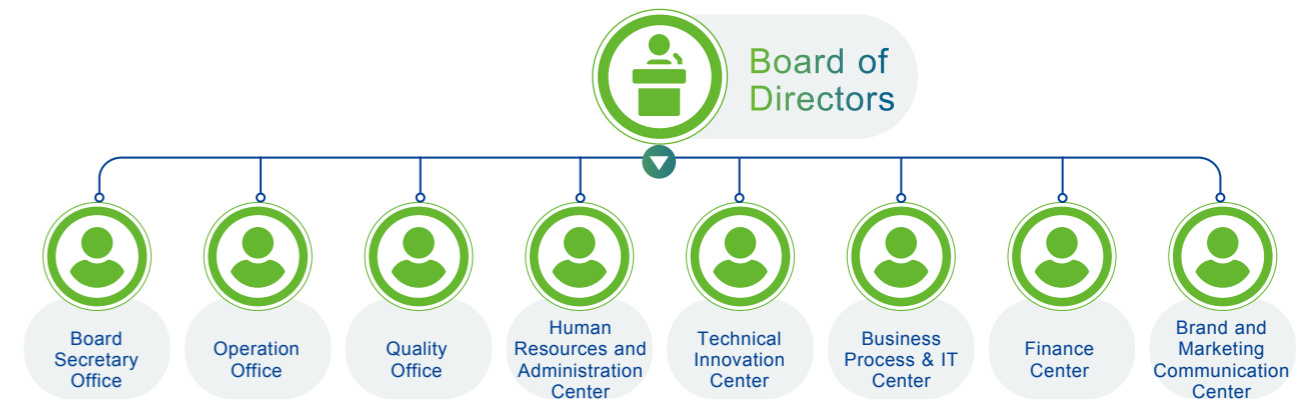
Transparent Tax Payment

Tax payment in good faith and in accordance with the law is the best embodiment of corporate credit. We strictly abide by relevant tax laws and regulations of the places where we operate, such as the Regulations of the People's Republic of China on the Implementation of the Enterprise Income Tax Law and the Announcement on the Relevant Policies for Deepening Value-Added Tax Reform, actively cooperate with the implementation of government tax policies, pay taxes to local governments in accordance with the law, and make due contributions to economic development. At the same time, we assess tax risks by combining regular and irregular assessments, disclose tax information in accordance with the law, and strictly prohibit tax evasion and tax avoidance.

ESG Governance

ESG Governance Structure

We are continuously enhancing our ESG governance capabilities. In practice, the Board of Directors and the company's senior management oversee decision-making and monitor the planning and actual outcomes of our sustainability management efforts. Furthermore, all departments, branches, and subsidiaries collaborate in promoting blueprint planning and operations concerning sustainability management. This includes studying relevant policies, refining internal systems, establishing robust protocols, conducting ESG practices, and gathering and assessing data. We actively solicit opinions and suggestions, disseminate, communicate, and implement specific measures and feedback on environmental and social governance to all departments, branches, and subsidiaries. In doing so, we provide a strong organizational framework to support the advancement of the company's sustainable development efforts.



The compensation of senior management is linked to ESG metrics, including customer satisfaction, invention patents, IP system, technology platform building, R&D capability building, supply chain system building, and organizational capability building.









ESG Goals

With the support of management, each department also sets systematic long-term goals, reviews their achievement annually, and proposes more specific implementation goals for the following year. Some of the goals are as follows:

| Responsible department | Goals |
|---|--|
| Human Resources and Administration Center | <ul style="list-style-type: none"> Continue to build cultural values to help the company gain cultural drive and employee recognition for ESG Make targeted continuous improvement based on employee satisfaction surveys Continue to build systematic talent development programs and channels Integrate corporate knowledge resources and build a knowledge-based organization |
| Board Secretary Office | <ul style="list-style-type: none"> Be responsible for publicity and implementation of anti-commercial bribery, including 1 training for all employees, 1 training for suppliers, and 1 training for senior management each year Implement the anti-commercial bribery compliance management process |
| Operation Office | <ul style="list-style-type: none"> 100% coverage of safety training 100% coverage of safety inspection 0 safety and environmental accidents throughout the year Ensure capital investment for production safety Enhance cooperation with car use platforms and use new energy vehicle services to continuously reduce carbon emissions |

Communication with Stakeholders

NOVOSENSE regards stakeholder communication as the cornerstone of sustainable development. By establishing a diversified and targeted multi-channel communication and feedback mechanism, NOVOSENSE collects and identifies the demands of various stakeholders, incorporates their ESG concerns into the company's strategic decisions, and deepens the participation of various stakeholders in ESG management, so as to enhance the company's sustainability performance in a targeted manner and effectively respond to the expectations of various stakeholders.

| Stakeholder category | Issues of concern | Communication methods and the company's responses | Countermeasures |
|---|--|--|---|
|  Company employees | <ul style="list-style-type: none"> Product quality management Product R&D and technology innovation Occupational health and safety | <ul style="list-style-type: none"> Leader interviews Job evaluation Symposiums | <ul style="list-style-type: none"> Conduct roundtables and townhall meetings Conduct annual employee satisfaction surveys Organize diverse employee training programs |
|  Suppliers | <ul style="list-style-type: none"> Information security and privacy protection Business ethics Supply chain management | <ul style="list-style-type: none"> Daily communication Special meetings Supplier exchange meetings | <ul style="list-style-type: none"> Adopt TQRDCESGS management dimensions Conduct annual audits on key suppliers |
|  Customers | <ul style="list-style-type: none"> Customer rights protection Product quality management Product R&D and technology innovation | <ul style="list-style-type: none"> Daily operation communication Professional service team/sales team Customer talks | <ul style="list-style-type: none"> Formulate the "Robust & Reliable" quality policy to ensure quality Conduct customer satisfaction surveys Establish a sound complaint handling mechanism |
|  Media | <ul style="list-style-type: none"> Information security and privacy protection Business ethics Product R&D and technology innovation | <ul style="list-style-type: none"> Release information to the public media Organize media meetings Accept media interviews | <ul style="list-style-type: none"> Conduct training on information security, business ethics, etc. Participate in interviews, talks and other media activities |
|  Investors or shareholders | <ul style="list-style-type: none"> Economic performance Product R&D and technology innovation Product quality management | <ul style="list-style-type: none"> Performance roadshows/briefings Investor research and communication Information disclosure | <ul style="list-style-type: none"> Conduct investor exchanges, meetings, roadshows, etc. Regularly publish announcements and disclose information truthfully, accurately and completely |
|  Industry associations | <ul style="list-style-type: none"> Clean energy and renewable energy use Resource and energy consumption management Product R&D and technology innovation | <ul style="list-style-type: none"> Industry association activities Daily communication Information disclosure | <ul style="list-style-type: none"> Strengthen strategic cooperation Conduct experience exchange Adhere to technology innovation, etc. |
|  Government or supervisory authorities | <ul style="list-style-type: none"> Risk control Resource and energy consumption management Product R&D and technology innovation | <ul style="list-style-type: none"> On-site inspection Project approval Work report/meeting discussion | <ul style="list-style-type: none"> Conduct daily communication and reporting Accept supervision and assessment Strengthen operation compliance management |
|  Non-profit or community organizations | <ul style="list-style-type: none"> Non-profit charity Employee care and rights Response to climate change | <ul style="list-style-type: none"> Cultural exchange Information disclosure | <ul style="list-style-type: none"> Take an active part in community charity activities Carry out multi-party cooperation to promote local employment |

During the Reporting Period, in addition to regular daily communication, we carried out various stakeholder communication activities, such as supplier conferences and media summits, to enhance communication with stakeholders.

NOVOSENSE attended the 2023 China Automotive Supply Chain Summit (CASCS)

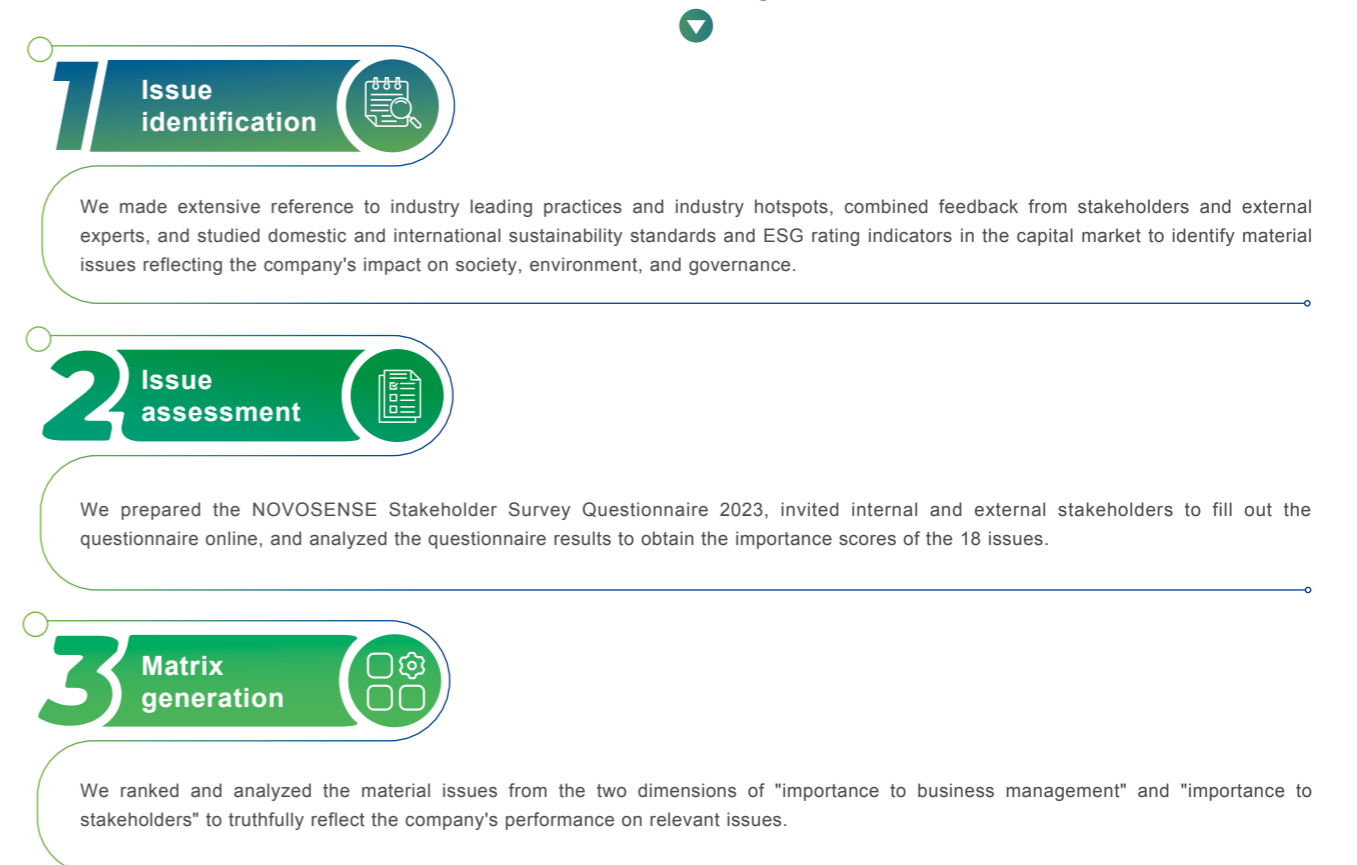


On November 10, 2023, Mr. Wang Shengyang, Chairman of NOVOSENSE, was invited to attend the 2023 China Automotive Supply Chain Summit. Under the theme "Reshape and Restructure", the summit placed significant emphasis on the pivotal topics of intelligence and electrification within the automotive sector. During his address, Mr. Wang highlighted two prominent trends shaping the automotive industry: the rapid evolution towards intelligent technologies and new energy, and the accelerating pace of new model development from R&D to mass production. Through engaging with industry leaders and experts, including car manufacturers and auto parts suppliers, we gained valuable insights into our customers' evolving needs and future challenges. This knowledge equips us to foster stronger collaborations.

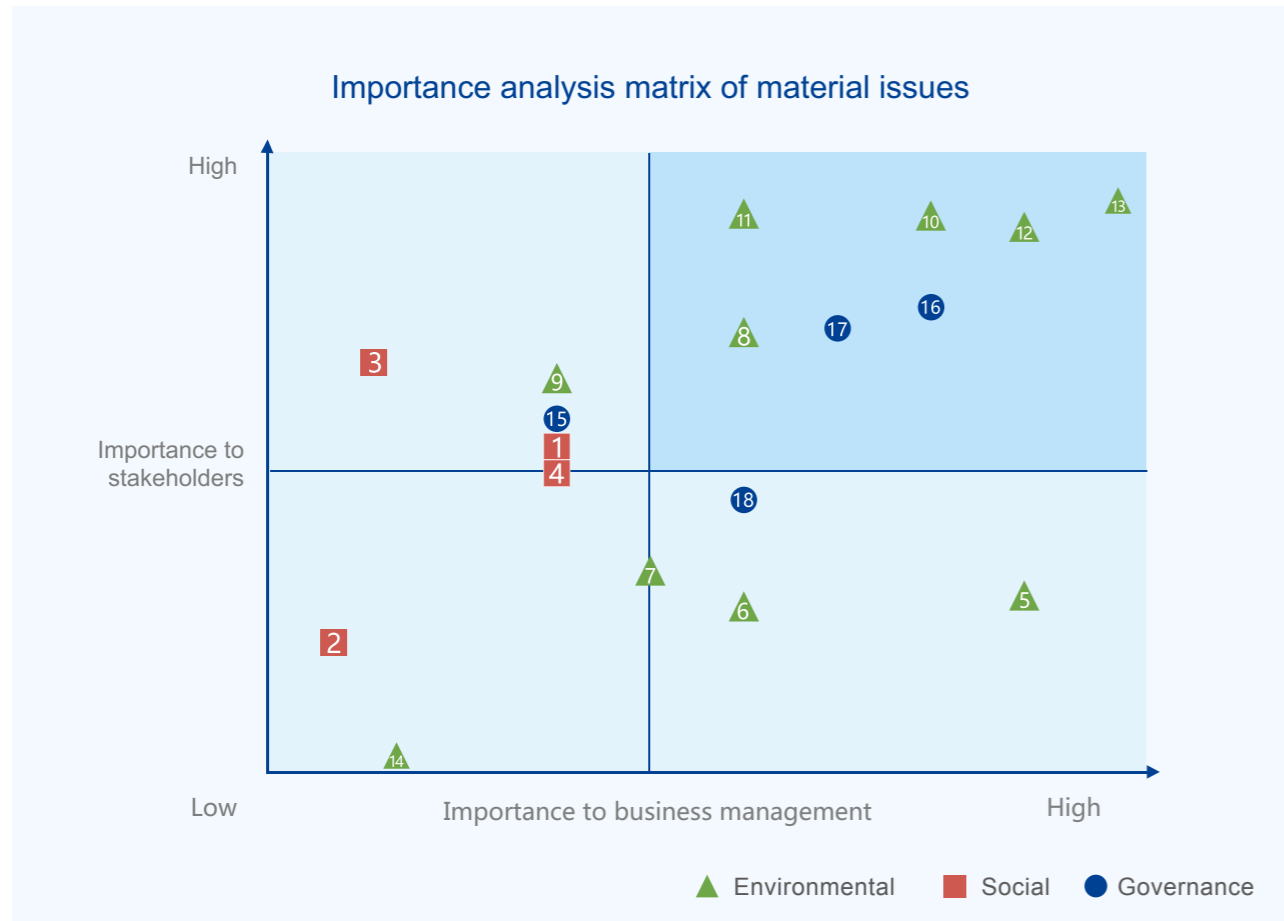
Analysis of Material Issues

We attach importance to the identification and management of ESG issues. Based on the industry and the company's operation management, we identified, assessed, and screened important sustainability issues, and on the basis created the 2023 ESG material issues library of NOVOSENSE. We sorted out the material issue matrix for this report in the form of interviews and questionnaires.

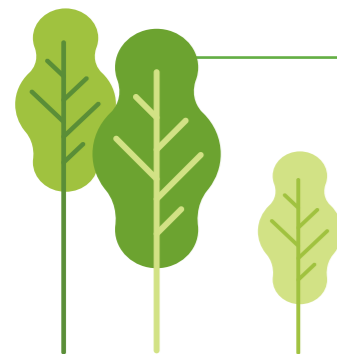
Critical Issue Analysis Process



The matrix categorized the materiality of issues into four tiers based on their importance to stakeholders and to business management, as follows:



- | | | |
|-----------------|--|---|
| Issue No./Issue | 1 Green operation | 10 Customer rights protection |
| | 2 Response to climate change | 11 Information security and privacy protection |
| | 3 Clean energy and renewable energy use | 12 Product quality management |
| | 4 Resource and energy consumption management | 13 Product R&D and technology innovation management |
| | 5 Occupational health and safety | 14 Charity |
| | 6 Human capital management | 15 Corporate governance |
| | 7 Career development and training | 16 Risk control |
| | 8 Employee care and rights | 17 Business ethics |
| | 9 Supply chain management | 18 Economic performance |



In the future, we will continue to pay attention to feedback from various stakeholders and update the issue library, and plan to expand the survey scale based on the original stakeholders participating in material issue assessment when conditions are ripe. Our aim is to better understand the demands of various stakeholders, thereby supporting the adjustment of business management strategies and the deepening of sustainable development efforts.



02 People First: Support Employee Growth



NOVOSENSE adheres to the people-oriented philosophy, actively responds to the United Nations Sustainable Development Goals 3, 4, 5, 8, and 10, and recruits and retains employees by providing a safe and comfortable working environment and creating a career platform for shared growth for company and employees.



Our Actions

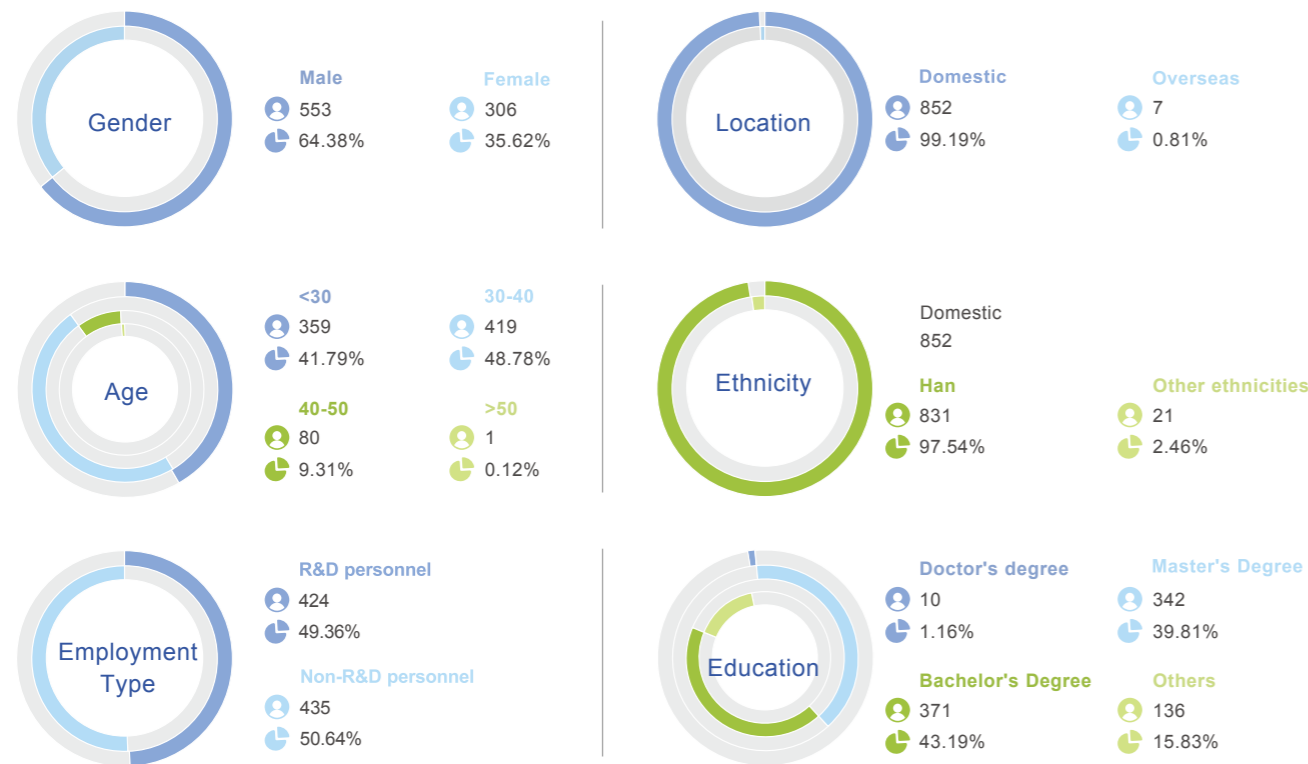
- Ensure workforce diverse and treat them equally
- Offer an industry-competitive compensation and benefit package
- Take actions to improve employee experience based on annual employee engagement and satisfaction surveys
- Provide various training programs for employee growth
- Protect employee health and safety and prevent accidents



Our Employees

Employee Data

As at the end of the reporting period, NOVOSENSE had a total of 859 employees, as follows:



In 2023, we provided 13 internship opportunities, for R&D and some functions, to help interns transit from campus to workplace.

Employee Recruitment

We formulate recruitment policy, strictly abiding by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other applicable laws and regulations, and formulate the Recruitment Management Regulations. Adhering to principles of open recruitment, equal competition, and merit-based recruitment, we hire employees by recruitment plan from each department. We uphold consistency across our recruitment procedures and personnel selection criteria. We guarantee fair treatment for all candidates and strictly prohibit any discrimination based on ethnicity, race, skin color, religious beliefs, gender, age, disability, or any other protected status. We prioritize respecting and safeguarding candidates throughout the recruitment journey, while adhering to the principle of mutual selection.

We prioritize internal referrals and leverage social recruitment platforms, while also fostering stronger partnerships with universities to draw in top-tier graduates. Our goal is to cultivate an inclusive and diverse team, and here's how we approach recruitment to achieve that:



Diverse hiring

We warmly welcome applications from all qualified candidates. We firmly believe that the rich diversity of our employees' backgrounds fosters a breadth of perspectives and innovative ideas, ultimately enhancing our team's creativity and overall performance.



Equal opportunities

We champion equal employment opportunities and strive to ensure a fair evaluation for every applicant, irrespective of their background.



Anti-discrimination policy

We unequivocally condemn any form of discrimination, encompassing but not confined to gender, age, race, religious belief, or physical status. We actively encourage employees and applicants to voice any concerns or queries, and we will promptly take suitable measures to address them.



Fair assessment

Our recruitment team conducts fair assessments of all applicants, focusing solely on their qualifications and experience, rather than their background or status.

Employee Exit

We uphold the legal rights and interests of former employees during the resignation process, ensuring all steps are lawful and compliant. Furthermore, we are open for former employees rejoining us in the future.

In 2023, the voluntary turnover rate of NOVOSENSE employees was 9.31%.

Employees' Rights and Interests

Protection of Employees' Rights and Interests

NOVOSENSE upholds a people-centric approach, safeguarding the rights and interests of employees and fostering a conducive work culture. We adhere strictly to the Labor Law of the People's Republic of China, the Labor Contract Law, and other pertinent legal frameworks in our operating regions, ensuring a safe and healthy working environment. We have established robust recruitment and compensation scheme, respecting the rights and interests of each employee and offering competitive compensation and benefits packages. Through our actions, we earn the trust and support of our employees, fostering harmonious and stable employee relations.

We have also received external recognition in talent management:



2023 MOMENTUM AWARDS | HR Management Excellence Award by MoSeeker Human Resources Management



2023 Talent Development - Excellence Award by Shanghai Integrated Circuit Industry Association



2023 Outstanding Employer Award by 51Job



2023 Best Practice Award for Digital Talent Development in Human Capital Management Practice Competition by KNX



Labor contract signing

We adhere strictly to the Labor Contract Law of the People's Republic of China and all relevant local legislations. We ensure that 100% of our employees are provided with labor or service contracts that comply with regulatory standards, explicitly stating their positions, working hours, labor protections, and compensation details.

Prohibition of child labor and forced labor

The company strictly abides by the Regulations on the Prohibition of Child Labor and other applicable regulations of the People's Republic of China. We steadfastly uphold the principle of not employing individuals under 18 years of age. Should any instance of child labor misuse be discovered, the labor contract will be promptly terminated. If any child labor is found to be misused, the labor contract will be terminated immediately. Furthermore, we ensure that employees receive appropriate protections and benefits, and we prohibit the employment of individuals lacking the necessary work abilities or conditions, as well as the use of forced or compulsory labor. We have implemented robust systems and mechanisms to oversee employees' hiring, training, and working conditions, including regular inspections, compliance reporting, and complaint channels. These initiatives aim to guarantee that all employees are treated with respect and fairness in the workplace.

Comprehensive performance management

NOVOSENSE has comprehensive performance management by a four-step PDCA cycle: setting clear goals, providing coaching and feedback, conducting thorough performance appraisals, and applying the results. In 2023, we rolled out a leadership program, equipping managers with performance management tools for the performance module and fostering a culture of sharing and learning from practical outcomes. During the performance appraisal process, we conduct thorough communication and an unbiased evaluation of employees' overall performance for the current year. To guarantee fair dialogue, the company organizes dedicated sessions for performance communication and guidance prior to the annual review, specifically tailored for managers and employees. In order to ensure fair evaluation, we ensure the relative fairness and objectivity of evaluation through layer-by-layer evaluation and coordination among employees, managers, executives and CEO. If employees have objections to performance results, they can file an appeal through reasonable channels, and the Human Resources and Administration Center will take the lead in communication and feedback.

Compensation and benefits

We foster harmonious and stable labor relations by offering comprehensive benefits that complement the statutory entitlements mandated by national laws and local regulations. In 2023, we've enhanced our benefits package to boost employee satisfaction, including upgrading supplementary commercial insurance coverage for employees and their children, providing comprehensive medical coverage for employees' daily healthcare needs, and offering comprehensive medical check-up packages for employees and their families. Additionally, we offer generous supplementary annual leave in addition to the statutory annual leave mandated by the Labor Law.

Human-centric management

NOVOSENSE embraces a human-centric management approach that harmonizes standard and flexible working hours. Under the standard working hours framework, employees have the flexibility to adjust their schedules with the approval of their immediate supervisors. Additionally, we offer remote VPN solution, facilitating the ability for our employees to work remotely or from home efficiently.

Employee communication

At NOVOSENSE, we prioritize actively listening to our employees' voices and feedback. To further enhance engagement, we established a labor union during the reporting period and conducted its inaugural committee election. This union is accessible to all employees and organizes diverse collective activities, fostering open communication channels.

Through a range of interactive activities, we strive to maintain seamless communication channels with our employees and stay updated on their well-being and progress.

Roundtable

- Regular, once every one to two months
- NOVOSENSE fosters a culture of open communication, where management and employees engage in face-to-face interactions to discuss business updates and promptly address any employee queries

Townhall Meeting

- Regular, once every six months
- Sharing of industry trends, business updates, departmental vital achievements, and corporate culture and values
- Q&A on employees' common concerns

Featured event

2023 Townhall Meeting

In September 2023, the company successfully held the 2023 townhall meeting. Chairman Wang Shengyang delivered a comprehensive business review and unveiled the company's future strategic roadmap to all employees. Additionally, various departments showcased their latest achievements, encompassing technological advancements by the R&D team and significant commercial breakthroughs by the marketing division.

Furthermore, the HR department capitalized on the townhall meeting to propagate NOVOSENSE's core cultural values and recognize outstanding contributors. This townhall meeting not only illustrated the company's overarching strategic vision, emphasizing the paramount importance of teamwork and culture, but also served as a platform for employees to gain a profounder understanding of the company's developmental trajectory.

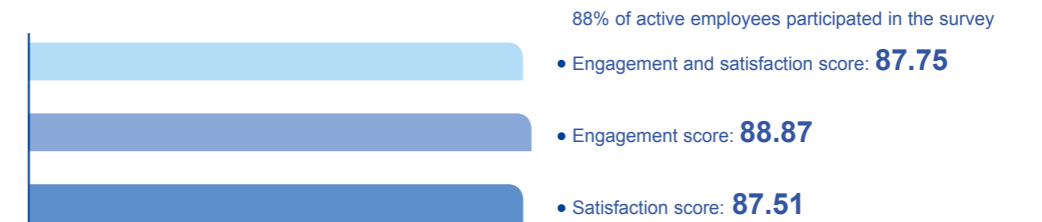


Employee engagement and satisfaction survey

Every December, we conduct a comprehensive employee engagement and satisfaction survey to gauge our staff's overall perception of the company, engagement levels, and satisfaction with various aspects such as the work environment, compensation, growth opportunities, and promotions. Additionally, this survey serves as a platform for employees to voice their ideas and suggestions. The survey results are then disseminated to all employees in January of the subsequent year. In the 2023 employee engagement and satisfaction survey, employees participated enthusiastically (88% of active employees participated in the survey) and scored 87.75 out of 100 for engagement and satisfaction.

In this all-employee survey, we used the engagement dimensions (identification, achievement, satisfaction, loyalty, recommendation, and effort) to understand employees' attitudes toward the organization and work, and used the satisfaction dimensions (good direction, good work, good culture, and good employees) to identify the factors that drive employee engagement, located problems, and understood the root causes. The survey result showed an engagement score of 88.87 and a satisfaction score of 87.51. With the collaboration of heads from various departments, we formulated targeted improvement initiatives and periodic review plans to ensure continuous progress.

2023 Employee Satisfaction Survey Results



Employee stock ownership

NOVOSENSE has fully implemented the employee stock ownership plan (NOVOSENSE No.1, No.2, and No.3 employee stock ownership platforms established before listing, and two equity incentives implemented after listing) to stimulate employees' enthusiasm for work, link employees' personal growth with the company's growth, and promote employees to lead the company to better development and growth.

In 2023, our employee shareholding was as follows:

Since the company's listing in 2022

2 employee restricted voting incentives have been implemented, granting shares to employees **507** person/times on a cumulative basis

a total of **8 million** restricted voting shares, representing **5.61%** of the total share capital, have been granted

Matters relating to employee equity incentives during the reporting period:

June 21, 2023

959,254 shares were vested in 173 eligible incentive recipients

The company held the 26th meeting of the second Board of Directors and the 17th meeting of the second Board of Supervisors, considered and passed the Proposal regarding the Satisfaction of Vesting Conditions for the First Vesting Period of the Company's 2022 Restricted Stock Incentive Plan and other proposals, and approved the company to handle share vesting related matters for 173 eligible incentive recipients in accordance with the relevant provisions of the incentive plan, with a total of 959,254 shares vested. These vested shares were listed and circulated on July 12, 2023.

September 18, 2023

3.8 million restricted shares were granted to 292 incentive recipients at a grant price of 49 yuan/share

The company held the second extraordinary general meeting of shareholders in 2023, and considered and passed proposals such as the Proposal on the Company's 2023 Restricted Stock Incentive Plan (Draft) and its Summary. On the same day, the company held the 4th meeting of the third Board of Directors and the 4th meeting of the third Board of Supervisors, and considered and passed the Proposal on Granting Restricted Shares to Incentive Recipients to grant 3.8 million restricted shares to 292 incentive recipients on the grant date of September 18, 2023 at a grant price of 49 yuan/share.

October 25, 2023

79,579 shares were vested in 32 eligible incentive recipients

The company held the 6th meeting of the third Board of Directors and the 6th meeting of the third Board of Supervisors, considered and passed the Proposal regarding the Satisfaction of Vesting Conditions for the First Vesting Period of the Reserved Grant Portion of the Company's 2022 Restricted Stock Incentive Plan, and approved the company to handle share vesting related matters for 32 eligible incentive recipients in accordance with the relevant provisions of the incentive plan, with a total of 79,579 shares vested. These vested shares were listed and circulated on November 9, 2023.

Employee Activities

While offering competitive compensation and benefit packages, NOVOSENSE has launched a series of employee-caring initiatives and activities, such as monthly afternoon tea, flower arrangement on Women's Day, Christmas activities, etc., to enhance the company's cohesion.



Monthly Afternoon Tea

In 2023, we organized monthly afternoon tea events in Suzhou, Shanghai, and Shenzhen offices.



Flower Arrangement on Women's Day

On March 8, 2023, Women's Day, we organized flower arrangement activities for female colleagues in Suzhou, Shanghai, and Shenzhen offices, and distributed small gifts to colleagues in other offices.



Housewarming Ceremony in Chengdu Office

Considering the growing team in our Chengdu office, we held a grand housewarming ceremony in June 2023 after the renovation was completed.



Christmas Activities

Taking advantage of the festive spirit of Christmas, we prepared thoughtful gifts, engaging games, and festive afternoon tea for all our colleagues in our local offices.



Featured Event NOVOSENSE's 10th anniversary celebration in 2023

In the afternoon of May 17, we held the 10th anniversary celebration in Suzhou and Shanghai. The impassioned speeches of the management, the case sharing of outstanding employees, and the blessing videos recorded by the three founders added icing on the cake for the celebration. The online gathering allowed employees from all over the world to share about the past decade, and the cross-regional gathering enhanced the integration among teams. The event culminated in a lively offline interaction, filled with joyful moments and camaraderie. This 10th anniversary celebration not only honors our journey but also ushers in a new era of growth, rejuvenating our team spirit and igniting fresh motivation.



Featured Event Citywalk around Jinji Lake

In October 2023, we organized the Citywalk around Jinji Lake, which was the first hiking event organized after the establishment of the Labor Union and attracted 66 participants. The hiking route was 14 km long and the hiking event lasted 3 hours. Before the hike began, the working group thoughtfully distributed supply packs to provide participants with sufficient energy. There were 4 check-in points along the way, and special rewards were provided to the first ten people to reach the key points. After the hike, the working group provided each participant with a carefully prepared souvenir, which brought this energetic hike to a perfect end. This hiking event organized by the trade union promoted solidarity among employees, contributed to their health, and injected new vitality into the corporate culture.



Featured Event NOVOSENSE's 5th Sports Meeting

In November 2023, we held NOVOSENSE's 5th Sports Meeting in Shanghai, including basketball, badminton, and soccer matches. This sports event not only strengthened the physical fitness of employees, but also promoted friendship and cooperation among colleagues. The matches demonstrated NOVOSENSE's spirit of unity and hard work, and created a vibrant working atmosphere.



In addition to organizing various activities to enrich the lives of employees, we have prepared holiday gifts for employees during festivals:

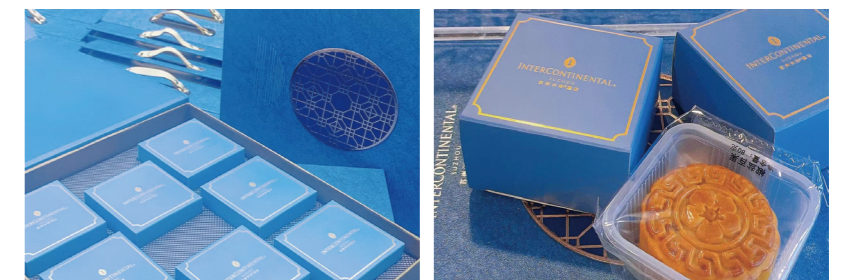
Dragon Boat Festival



Children's Day



Mid-Autumn Festival



Training and Career Development

Employee Training

To ensure employees' access to abundant learning opportunities and foster the continuous enhancement of their skills, the company orchestrates a myriad of rich and diverse learning activities. Moreover, to incentivize the accumulation and transmission of internal knowledge and expertise, the company identifies and nurtures internal trainers. Additionally, to address the professional requirements of various business departments, the company invites colleagues with extensive knowledge and experience to extract and share their insights. This facilitates the transformation of implicit knowledge into explicit knowledge and organizes existing explicit knowledge, thereby propelling the development of our knowledge management system. By continually refining our knowledge-sharing management mechanisms, we endeavor to foster a culture of continuous learning and contribute to the establishment of a learning organization.

To fortify the development of our talent training system, the company categorizes courses into general and professional tracks, ensuring comprehensive coverage for all employees through a blend of offline and online modalities. This approach empowers employees to autonomously select and enroll in courses tailored to their individual developmental stages and business requirements.

At the same time, we have established internal trainers and internal knowledge sharing management systems to build a more positive and open sharing culture.

- The internal trainer management system aims to enable the company to better extract and disseminate the professional knowledge of the members of the organization, enhance the knowledge value of the organization, put into practice the cultural value of "Keep Learning", and provide employees with more opportunities for self-cultivation and development, so as to achieve win-win results for the company and employees. In 2023, the number of company-level certified internal trainers increased to more than 10, and the internal training provided covered nearly 100 people.

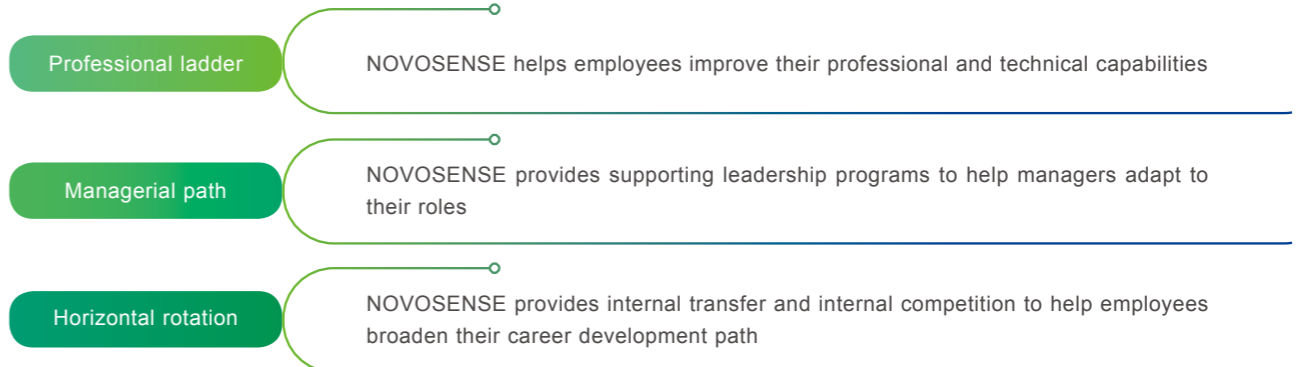
- The internal knowledge sharing management system aims to promote the accumulation, sharing and dissemination of knowledge and experience within the company, stimulate the enthusiasm and passion of employees to actively share, and realize the integration of internal resources and the improvement of human efficiency.

During the reporting period, NOVOSENSE invested nearly 4 million yuan in employee training throughout the year, with 500 training sessions and nearly 7,500 training person-times.

| | | Percentage of employees trained | Average training duration/hours |
|--------------|-------------------|---------------------------------|---------------------------------|
| By gender | Male employees | 100% | 22 |
| | Female employees | 100% | 21.6 |
| By job grade | Senior management | 100% | 55.7 |
| | Middle management | 100% | 48 |
| | Other employees | 100% | 21.8 |

Employee's Career Path and Specialized Training

Based on the company's business development needs and each employee's own plan, we customize career development paths for our employees: professional and technical ladder, managerial path, and horizontal rotation:



NOVOSENSE is committed to promoting the sustainable development of the talent pipeline. We have developed a clear job structure to guide and assist employees in their career development. During the annual salary adjustment window, we consider whether employees' abilities and work performance meet the requirements for promotion to new positions, while taking into account employees' willingness as the basic standard for employee promotion and selection mechanism.

For the above three different development paths, NOVOSENSE has specially developed a series of training programs:

"Xin Huo" Program (fresh graduate training)

The "Xin Huo" Program is inspired by the saying "a single spark can start a prairie fire". Representing the new force of the company and the reserve talents of the domestic semiconductor industry, fresh graduates are "sparks". Chips are the "heart" of the electronic information industry. NOVOSENSE's mission is to build a green, smart and connected world with semiconductors, namely, an ambition to "start a prairie fire". We hope that young people, as sparks, can keep "sensing, integrating and improving" while achieving a perfect transition from students to employees. In 2023, more than 100 people joined the "Xin Huo" Program.

"Xin Kong" Program (manager training)

The "Xin Kong" Program is inspired by "make progress every day" in Wise Rulers of the Wei and Jin Dynasties and "sore to the sky" in "Enjoyment in Untroubled Ease · In the Northern Ocean There is a Fish", implying that qualified managers can continuously improve their own abilities and lead the team to make progress and achieve success. This program takes management knowledge as the core to help managers clarify their thinking and roles and responsibilities; takes management practice as the starting point to help junior managers master the ability to make plans, manage business, and lead teams; and takes diversified interactions as the link to break down the walls of hierarchies and departments, so that managers can learn to examine themselves and improve their cognition. In 2023, more than 100 people joined the "Xin Kong" Program.

"Xin Yun" Program (professional skills training)

As the carrier of the company's internal training system, the "Xin Yun" Program is based on resource building, supported by a digital learning platform, and guaranteed by operation management. At present, resource building focuses on curriculum system and lecturer building, continuously consolidating the system foundation while realizing full-process operation management of training through the training system. Regarding "Master" topics for all employees, the program focuses on general knowledge and business, and conducts regular thematic sharing to expand knowledge, so as to build a culture of continuous learning for all employees and create a learning organization. By 2023, the "Xin Yun" Program has achieved full coverage of all employees.

Occupational Health and Safety

NOVOSENSE's philosophy of safety is "Life Above All" and we consider it a fundamental responsibility to ensure a safe working environment for our employees. We further consolidate the foundation of production safety by improving the system of production safety and increasing the investment in production safety. We strive to create a safe and healthy working environment, maintain the safety of every working environment, and try our best to avoid any hazardous factors that lead to or may lead to physical harm to employees. In 2023, we invested approximately 481,000 yuan in production safety, and had no safety violations with a significant impact on our employees and no employee work-related injuries or occupational diseases.

Based on the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and other relevant laws and regulations of the places where we operate, we have formulated the Management System for Safety Management Organizations and Management Personnel by drawing on management concepts and methods from leading global practices. We have established a production safety committee and clearly defined the production safety responsibilities of departments and personnel at all levels. In accordance with the Production Safety Meeting Management System, we hold at least a production safety related meeting every quarter.



Organization Chart of NOVOSENSE's Safety Committee

To ensure the effective implementation of the production safety system, we set relevant goals every year and break them down into specific implementation plans:

Production safety goals and plans for 2023

| Goals/Indicators | Value |
|---|-------|
| Major safety accidents | 0 |
| Major fire accidents | 0 |
| Safety inspection - hidden danger rectification rate | 100% |
| Safety education and training - pass rate | 100% |
| Special operation positions - certification rate | 100% |
| Major environmental pollution accidents | 0 |
| Occupational disease incidence rate of employees | 0 |
| Number of violations in inspection and maintenance work | 0 |

Work Plans

- Carefully study all laws and regulations related to production safety, and implement all safety responsibilities required by laws and regulations and the company;
- Formulate and implement safety education and training programs, and ensure that 100% of the personnel in the "two positions" are certified;
- Strengthen the maintenance and regular calibration of equipment and facilities;
- Participate in comprehensive safety inspection at least once a quarter to ensure that potential accidents are promptly rectified and no major accidents occur;
- Organize at least one special safety meeting every quarter to listen to reports from various departments and confirm that various safety tasks are progressing steadily as planned;
- Require all departments to strictly follow various regulations and operating procedures during the production process, and organize revisions in a timely manner if there are major changes;
- Organize the creation of emergency rescue plans for production safety accidents, prepare for various emergencies, and participate in emergency drills at least once a year;
- Implement the annual safety management assessment requirements, announce the performance of the current year's production safety work to employees through the trade union or employee representative meeting or safety committee at the end of each year, and announce the annual production safety performance and the next year's production safety goals.

Production Safety Training

We continue to improve our safety culture, further enhance safety awareness through employee training, and regularly carry out safety awareness and safety capability training in multiple dimensions around the occupational health and safety management system. We want to ensure that employees understand the necessary production safety knowledge, improve employees' safety literacy and safety awareness, enhance employees' attention to production safety, and create a strong production safety atmosphere.

NOVOSENSE's production safety training data in 2023:

Safety costs
Total investment:
480,529yuan;

Safety training
Organized **12** training sessions throughout the year
Total number of participants:
574

Featured Event Fire drill activity in 2023

On November 9, 2023, the 32nd National Fire Fighting Day, NOVOSENSE's Suzhou office worked closely with 16 other companies in the park to conduct a firefighting day emergency drill on November 8 with the theme of "Prevention First, Life First". The drill included the company's independent emergency response and disposal in the early stage of a fire, the emergency response of the park and rescue station, and the handling of personnel injuries. Through this drill, employees' social security awareness and risk avoidance and escape capabilities were significantly improved. This activity not only tested the fire evacuation level of the company and the park, but also strengthened the employees' emergency response capabilities in sudden fire accidents, providing strong support for the company's overall safety management.



Engagement in Charity Activities

NOVOSENSE keeps fulfilling corporate social responsibility while developing rapidly and growing in scale. We actively participate in community charity activities in the places where we operate, give back to society through donations, agricultural assistance and other behaviors, and strive to promote harmonious integration between the company and the community and achieve common development of the company and the community.

Featured Event NOVOSENSE participated in the "99 Charity Day" donation event

In response to the call of China Charity Day, NOVOSENSE participated in the "99 Charity Day" donation event, an annual charity event held by Xietang Street in Suzhou. The company not only donated 20,000 yuan to the event, but also promoted the spirit of charity with practical actions, helping social forces engage in charity activities more extensively. This donation was intended to support the charity program of Xietang Charity Branch and provide more care and help to the community. By actively participating in charity activities, NOVOSENSE has demonstrated its corporate social responsibility and contributed to a more harmonious society.



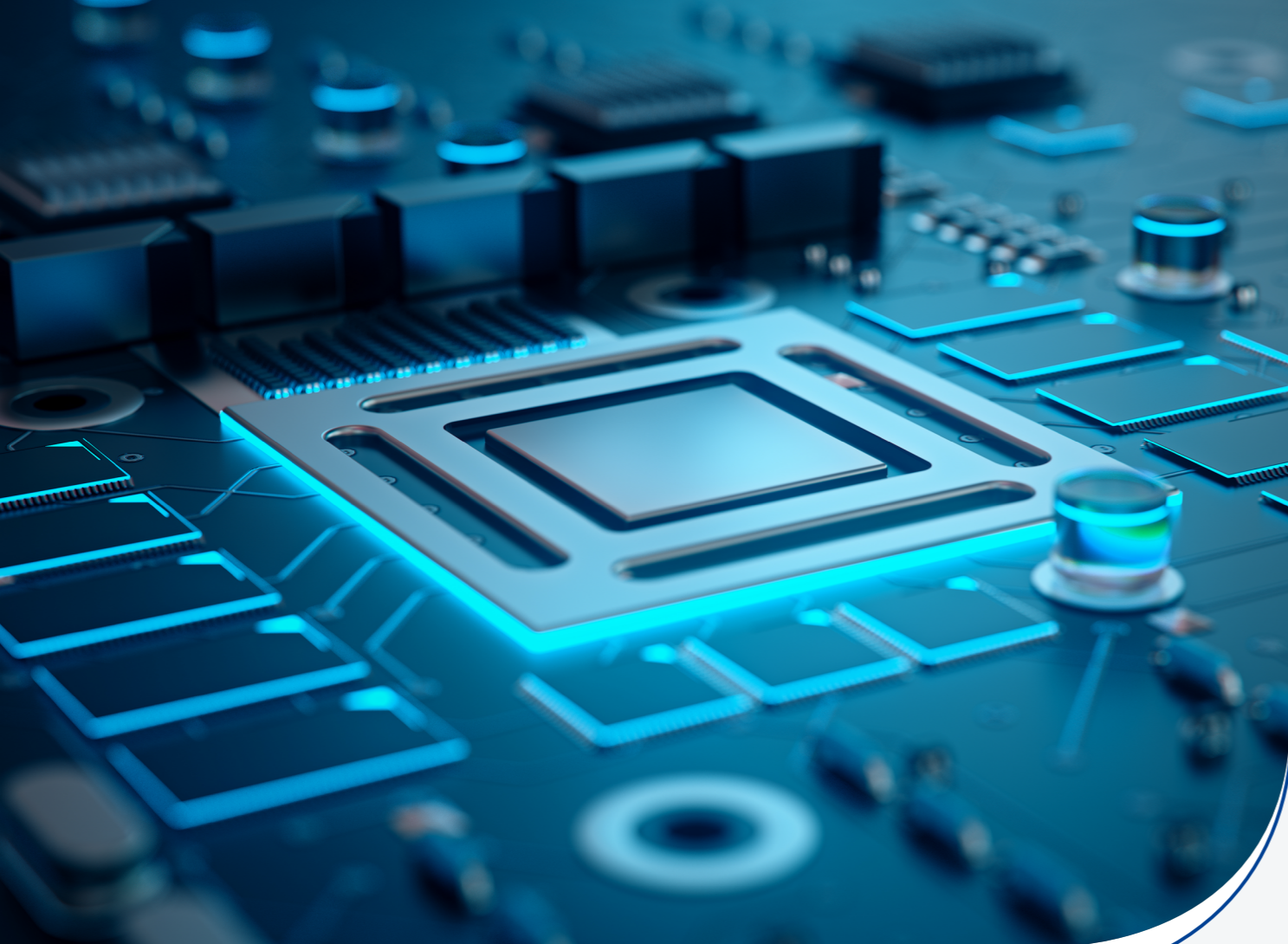
Donation Certificate from Suzhou Industrial Park Charity Federation

Featured Event Agricultural assistance activity - purchasing oranges from disabled fruit farmers

In early November 2023, NOVOSENSE launched an agricultural assistance activity - purchasing oranges from disabled fruit farmers and distributing them to employees and customers who visited the company during the month. The amount reached 41,839 yuan. This warm initiative supported disabled fruit farmers, conveyed the company's care for employees and customers, and also fulfilled the company's social responsibility.



NOVOSENSE always believes that the company's development and growth cannot be separated from the support and trust of the society. In the future, we will continue to actively promote the development of social welfare undertakings, encourage employees to participate in public welfare and charity undertakings, support social welfare with practical actions, and contribute warmth to the society. The company's labor union has established a public welfare activity planning mechanism, and will carry out public welfare activities such as planting trees on Arbor Day, visiting orphanages, assisting agricultural activities, and honoring and visiting the elderly on Double-Ninth Day in 2024.



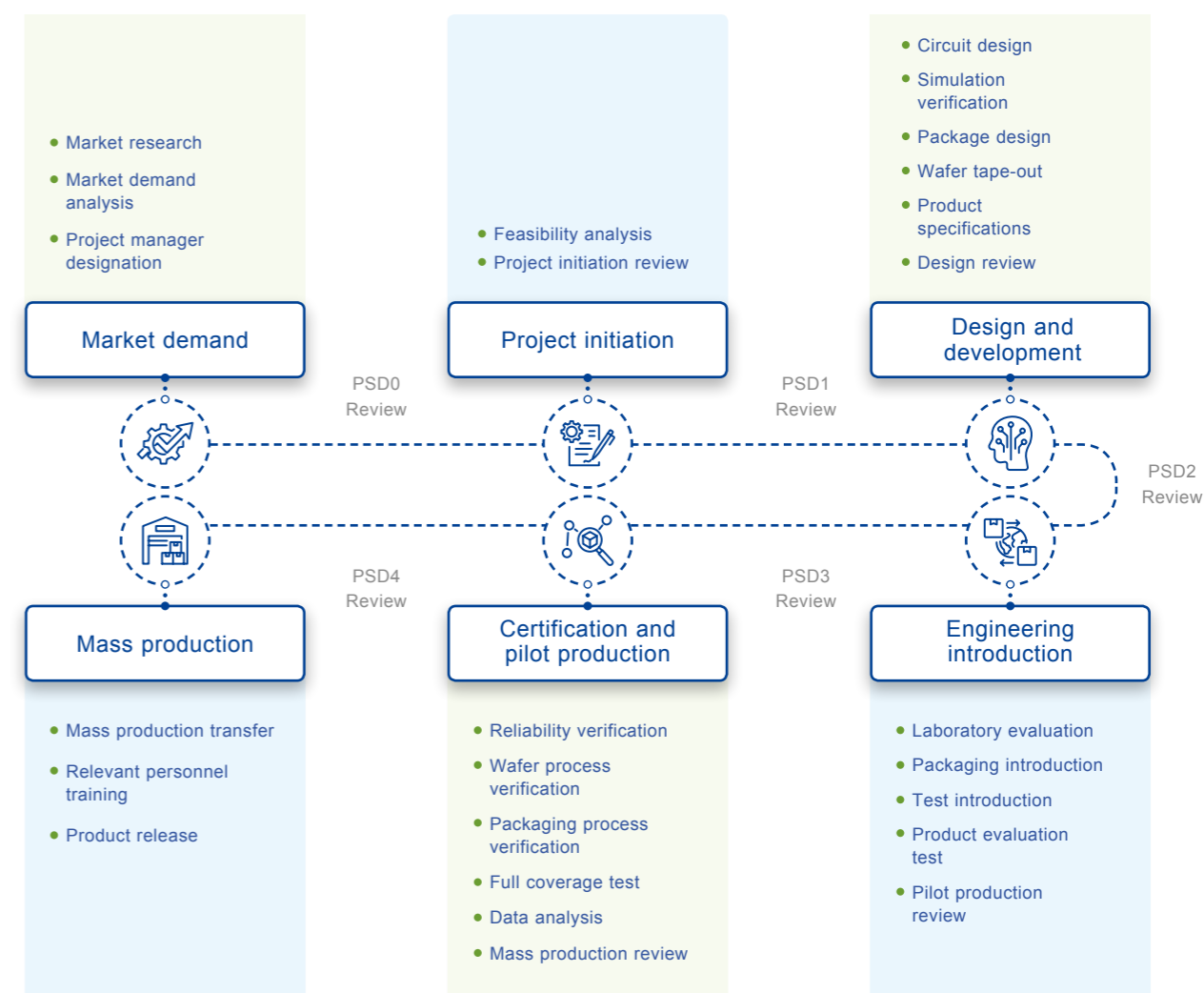
Technology Innovation

Investment in R&D and Innovation

NOVOSENSE continues to develop competitive chip products around customer system applications, and has built solid core technology barriers in multiple fields such as signal chain, sensor, power & driver, isolation and interface. At the same time, the company attaches importance to the building of basic R&D capabilities, including core IP accumulation, functional safety development capability, process development capability and product engineering capability, forming the R&D base of NOVOSENSE. In addition, the company encourages innovation, especially around customer applications, and strives to provide greater value to customers through new products, technologies and processes. Over the years, NOVOSENSE has successively obtained a number of certifications issued by governments at all levels. These include recognition as an enterprise of leading talents in science and technology, high-tech enterprise, national specialized, sophisticated, distinctive and innovative "Little Giant" enterprise, most promising high-tech enterprise in Jiangsu, enterprise technology center in Jiangsu, and engineering technology research center in Jiangsu. Additionally, we have undertaken a number of scientific and technological projects for the transformation of scientific and technological achievements in Jiangsu. The company has won numerous honors in the industry, including 'China Chip' Excellent Technology Innovation Product Award, China's Top 10 Semiconductor MEMS Enterprises, China Analog Semiconductor Leapfrog Achievement Award, and Top 10 Best Domestic Chip Manufacturers.

R&D System Process

We have established a complete R&D system process:



03

Co-creation and Sharing: Create Extraordinary Value



NOVOSENSE actively responds to the United Nations Sustainable Development Goals 7, 9, 11, and 17, focusing on R&D and innovation, pursuing excellent quality, being a reliable partner in the industry chain and business process, and adhering to long-term value.



Our Actions

- Continue to lay out sustainable businesses, with the company's automotive electronics and pan-energy businesses accounting for about 90%
- Further expand the R&D team, with about 50% of the company's employees belonging to the R&D department
- Cooperate with a number of colleges and universities, focusing on joint training of talents while promoting industry-university-research cooperation
- Enhance the resilience of the supply chain and become a reliable partner in the industry chain and business process

7 Affordable and Clean Energy

9 Industry, Innovation and Infrastructure

11 Sustainable Cities and Communities

17 Partnerships for the Goals

Patent Application

By the end of 2023, the company and its subsidiaries have acquired a total of 197 intellectual property projects, including:

| | New in the current year | | Cumulative | |
|-----------------------|-------------------------|------------------------|------------------------|------------------------|
| | Number of applications | Number of acquisitions | Number of applications | Number of acquisitions |
| Invention patents | 39 | 24 | 139 | 57 |
| Utility model patents | 11 | 6 | 60 | 55 |
| Software copyrights | 0 | 0 | 12 | 13 |
| Others | 13 | 14 | 68 | 72 |
| Total | 63 | 44 | 279 | 197 |

Note:(1) "Others" in the above table refers to layout designs of integrated circuits.

(2) The above table shows the company's intellectual property rights in China. During the reporting period, the company filed 8 new overseas intellectual property rights applications.

We will continue to strengthen the conversion and output of intellectual property results of innovation projects. For core projects, patent mining is carried out during the project initiation stage, and technical briefings and patent layouts are explored in a targeted manner according to the target market, product functions and applications.

Intellectual Property Protection and Training

We have formulated a sound Intellectual Property Management System of Suzhou Novosense Microelectronics Co., Ltd. All R&D and relevant personnel must actively evaluate innovation points and apply for patents or protect them in the form of technical secrets during the new project initiation process. In the new project initiation stage, we carry out special patent infringement risk investigation and make design avoidance for risky patents.

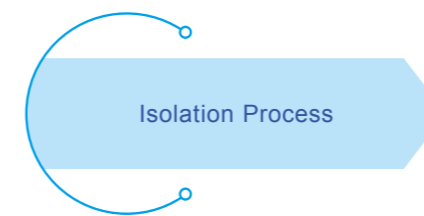
The company conducts training related to intellectual property protection every year, covering R&D colleagues. In 2023, the company conducted two training sessions, with a duration of 4 hours and more than 400 participants, covering patent basics and patent mining.



In 2023, the company conducted **2** training sessions, with a duration of **4** hours and more than **400** participants, covering patent basics and patent mining.

Innovative Process Improvements

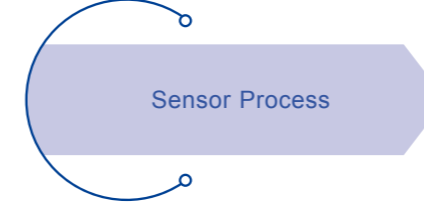
We continue to strengthen technical product development and solution innovation, including specialized automotive ICs, power devices, power path protection ICs, various sensor solutions, and chips based on NOVOSENSE's proprietary processes, which help customers adopt smaller, more energy efficient and more environmentally friendly designs at the system level. In addition to the development of technical products and solutions, we also emphasize the improvement of production processes, focusing on low carbon and high performance throughout the entire life cycle of our products, in terms of product design and production process. In 2023, we completed a number of process modifications:



We worked closely with wafer suppliers to develop and continuously improve isolation processes to achieve higher withstand voltages, thereby enabling systems to withstand higher operating voltages and improve energy efficiency, and reduce system size to minimize material loss in the system. In addition, the use of high-voltage capacitive isolation solutions (compared to traditional optocoupler solutions) allows chips to have a faster signal frequency for more accurate sensing and control, resulting in higher efficiency.



We worked closely with large wafer fabs to continuously improve the high-voltage BCD process, which can improve system reliability and energy efficiency and achieve energy saving in industrial motors, solar power generation, electric drive inverters for new energy vehicles, smart actuators, power path protection chips and other high-voltage systems.



We worked closely with wafer fabs to continuously develop and improve sensor processes for more accurate signal sensing (including current, pressure, temperature, humidity, angle, etc.) in industrial motors, solar power generation, electric drive inverters for new energy vehicles, and other high-voltage systems, enabling more intelligent control and achieving energy saving.

Cooperation and Co-creation

Industry Cooperation

As a leading analog chip designer in China, NOVOSENSE is well aware that China's local analog chip field has made certain progress. However, due to the high technical threshold of analog chips, long product life cycle, and high requirements for stability and cost, the domestic self-sufficiency rate is still relatively low.

In this context, NOVOSENSE is actively committed to in-depth cooperation with the industry to promote common progress in the field of analog chips. The company actively participates in industry summits, forums and other activities to share experiences and discuss cutting-edge technologies with experts and enterprises in the same industry, providing strong support for the entire industry. Through these collaborations and participations, NOVOSENSE not only provides opportunities for continuous innovation of its own technology, but also helps the industry achieve greater achievements in technological breakthroughs, standard setting and market development. By increasing the self-sufficiency rate of domestic analog chips, it promotes industrial development and contributes to the prosperity of China's chip industry.

Industrial Event NOVOSENSE attended China EV100 Forum

From March 31 to April 2, 2023, the 9th China EV100 Forum with the theme of Advancing the Modernization of China's Automotive Industry was held at the Diaoyutai State Guesthouse in Beijing. Wang Shengyang, Chairman of NOVOSENSE, was invited to attend and deliver a keynote speech on the topic of Development and Application of Automotive Analog Chips. He put forward suggestions for the development of domestic automotive analog chips: on the one hand, the entire industry should work together to accelerate the process of localization, enhance industry chain collaboration and improve the maturity of talents; on the other hand, China chip companies should continue to build their internal strength and improve product continuity, process integrity and quality reliability. At the exhibition site of the China EV100 Forum, NOVOSENSE exhibited its automotive electronic solutions such as DC-DC/OBC/PDU, thermal management, BMS, inverter/powertrain, automotive lighting, body/vehicle (domain) controller, etc. for new energy vehicles.



Industrial Event NOVOSENSE participated in the formulation of national standards led by NTCAS

In May 2023, the Automotive Electronics and Electromagnetic Compatibility Subcommittee of the National Technical Committee of Auto Standardization (NTCAS) held the First Series of Meetings of the 2023 Automotive Chip Standard Research Working Group in Jinan. NOVOSENSE took the lead in drafting the Technical Requirements and Test Methods for Automotive LIN Transceiver Chips, and discussed the LIN transceiver chip standard with automakers and parts suppliers. With the development of automotive electrification and intelligence, the demand for LIN transceiver chips is increasing rapidly. As one of the research organizations for the development of the automotive chip standard system, we actively cooperate with and participate in the development of the standard system, promote automotive chips that meet market demand through collaborative innovation and independent R&D, drive high-quality development of the industry.



Industrial Event NOVOSENSE joined AEC

In late 2023, NOVOSENSE announced that it had officially joined the Automotive Electronics Council (AEC) as a member of the AEC Component Technical Committee. AEC is committed to establishing a universal qualification and quality standard system for vehicles and their components. AEC-Q100 has become the authoritative standard for automotive chip testing. By joining AEC, NOVOSENSE further deepens its involvement in the development of standards for highly reliable and high-quality automotive electronic components, helping to advance the industry as a whole. Since the launch of its first automotive chip in 2016, NOVOSENSE has been following AEC standards and has received wide recognition from the industry, including the highest-level ASIL-D certification with ISO 26262 Functional Safety Management System in 2021 and the Premium Quality Award from VDE in 2023. This demonstrates NOVOSENSE's excellent performance and reliable reputation in the field of automotive electronics.



Industrial Event NOVOSENSE joined the Automotive Supply Chain Collaborative Innovation Center (S100)

In October 2023, the Conference on Innovated Global Supply Chain of NEV and ICV hosted by China EV100 was held in Guangzhou to discuss the transformation of the global automotive supply chain. On behalf of domestic automotive analog chip companies, NOVOSENSE attended the conference to jointly study the resilience building of the automotive supply chain and promote the high-quality development of China's automotive industry. At the conference, Automotive Supply Chain Collaborative Innovation Center (S100) was announced to be launched, committed to building a global, low-carbon, digital, intelligent and low-cost supply chain. Wang Shengyang, Chairman of NOVOSENSE, was invited to the stage to participate in the S100 launch ceremony.



Yao Di, Vice President of NOVOSENSE, delivered a keynote speech, sharing NOVOSENSE's latest progress in automotive chips and NOVOSENSE's supply chain strategy and practice under the current development trend of the automotive industry. At the conference, we also showcased NOVOSENSE's automotive chip product layout, demonstrating our long-term investment and development determination in the automotive chip field. We will continue to provide China's chip power for the electric and intelligent transformation of the automotive industry.

Industry-University Cooperation

During the reporting period, we launched a number of industry-university-research cooperation projects with various universities, aiming to broaden the technological boundaries and multiply the effectiveness of cooperation.

Cooperation with Fudan University:

The company has been cooperating with Fudan University since 2021 to jointly work on the research and development of high-precision signal chain, battery management system (BMS), and next-generation sensor readout chips, aiming to conduct in-depth research by combining the needs and strengths of both parties. The cooperation projects include high-precision signal chains and analog front ends of various sensors. These projects not only cover a wide range of fields, but also maintain a high level of innovation in technology, contributing significant academic value to the research and innovation of both parties in related fields.

Cooperation with University of Science and Technology of China:

NOVOSENSE's cooperation with the university has yielded fruitful results, such as the paper published in ISSCC. These successes have not only made significant progress in technology, but also consolidated NOVOSENSE's leading position in the industry. Through in-depth cooperation with the university, we are able to share resources and accelerate innovation, laying a solid technical and academic foundation for future development.

ISSCC 2022 / SESSION 14 / GaN, HIGH-VOLTAGE AND W

14.7 A 1.2W 51%-Peak-Efficiency Isolated DC-DC Converter with a Cross-Coupled Shoot-Through-Free Class-D Oscillator Meeting the CISPR-32 Class-B EMI Standard

Dongfang Pan¹, Guolong Li¹, Fangting Miao¹, Wei Sun¹, Xiaohan Gong², Lele Zhang², Lin Cheng¹

¹University of Science and Technology of China, Hefei, China
²Suzhou Novosense Microelectronics, Suzhou, China

Paper published in ISSCC 2022 in collaboration with University of Science and Technology of China

Quality Management

Product Management

Product Quality Management

Build strength, pursue excellence, and persist in long-term value. The company always attaches great importance to product quality and reliability, adheres to high standards, and has developed NOVOSENSE's unique Robust & Reliable quality policy to ensure high-quality products and services.



NOVOSENSE's Robust & Reliable quality policy



Certified with ISO 9001:2015 Quality Management Systems

With the "Robust & Reliable" quality policy as its foundation, the company adheres to strict quality control from product R&D to production to provide customers with stable and reliable products; with customer satisfaction as its goal, the company sticks to its commitments to customers and continuously improves its products and services to retain trust from customers.

Adhering to the quality management concept of "quality starts from design and runs through the entire product life cycle", the company has built a comprehensive quality management system, and ensured the implementation and execution of the comprehensive quality management system through organizational capacity building and IT-enabled process system. NOVOSENSE has established a complete internal mechanism in the business processes of R&D, manufacturing and sales to ensure the product qualification rate, continuously meet customer needs, and become a robust and reliable partner for customers. Since 2015, we have been certified with ISO 9001:2015 Quality Management Systems by SGS.

Quality Management Training

The company pays attention to the internal building of quality management, continuously improves the relevant training system, and strengthens the investment in quality management training. In 2023, we organized a total of 35 quality-related training courses, covering employees in R&D, quality, operations, sales and other business processes. Through diversified training courses, we aimed to improve the professional level of our employees in quality management. The employees who participated in the training came from different functional departments. Through a cumulative total of over 130 hours of training, we ensured that all employees had extensive knowledge of key knowledge points of quality management to better satisfy our customers' needs and continuously improve our competitiveness in the marketplace, building a more solid internal quality system for our company and laying a sustainable foundation for future development.

Product Certification



NOVOSENSE Isolation products have passed VDE enhanced isolation certification



NOVOSENSE ISO 26262 Functional Safety Management System, ASIL D certificate, issued by TÜV Rheinland



NOVOSENSE Reliability Assurance and Failure Analysis Center has obtained laboratory accreditation certificate issued by China National Accreditation Service for Conformity Assessment

Customer Rights Protection

Customer Satisfaction Survey

NOVOSENSE values customer satisfaction as a key indicator of our service quality. To this end, we regularly conduct customer satisfaction surveys and commit to submitting detailed satisfaction reports to our customers in December of each year. It is noteworthy that the customer satisfaction survey result in 2023 increased by 3.9% compared with the previous year. This significant improvement reflects our continuous improvement and enhancement in service quality.

During the survey, we used sophisticated statistical analysis methods to conduct in-depth research on all valuable customer feedback to accurately grasp customer expectations and needs. Based on this feedback, we developed and implemented a series of targeted improvement measures, aiming to continuously optimize and improve customer satisfaction.

Regular customer satisfaction reports are not only a self-test of our service quality, but also an important bridge for us to maintain close communication with customers. This channel ensures that we are able to respond to customer needs in a timely manner, continuously optimize service processes, and enhance customer experience.

Customer Complaints

NOVOSENSE has established and implemented the Customer Complaint Handling Procedure, which defines the timeliness requirements and operating standards for handling customer complaints to ensure that customer needs are met in an efficient and responsible manner. In addition, this procedure includes product recall management so that we can fully and quickly cope with potential risks that may arise.

Through these comprehensive management measures, NOVOSENSE strives to improve responsiveness to customer concerns and enhance product quality management, thereby further enhancing customer satisfaction and establishing the company's reputation for excellence in the marketplace.

Supply Chain Management

The supply chain is a core component of a company's daily operations. We are committed to practicing responsible production practices and building a sustainable supply chain system. By deepening supply chain management, strengthening quality and safety control, and promoting environmental approaches, we strive to build a diversified supplier base. At the same time, we continue to drive a low-carbon transformation of our supply chain to adapt to changing market and social needs. This strategy aims to ensure the efficiency and reliability of the supply chain, while reflecting our firm commitment to responsible and sustainable operations.

Supplier Admission

In terms of supplier management, we have developed a comprehensive supply chain procurement mechanism that covers the entire life cycle management of supplier inspection, admission, performance, audit, and exit, and have implemented ESG approaches in all aspects of procurement.

In terms of supply chain management, we use TQRDCESGS as a key management dimension to ensure full control over supplier procurement, specifically:



TQRDC Evaluation Criteria

We adopt TQRDC (Technology, Quality, Response, Delivery, and Cost) as the criteria for evaluating suppliers in procurement. Through admission considerations for production suppliers, we conduct comprehensive scoring every quarter to ensure their performance in key dimensions.



ESG Dimension

Compliant suppliers are considered in terms of ESG (Environmental, Social and Governance) to ensure sustainability and social responsibility in the supply chain.



Security Consideration

Security is the last S we consider when evaluating suppliers, including cybersecurity, information security, and employee safety. This dimension is considered to secure the entire supply chain at all levels.

Conflict Minerals

As a chip company, we keep track of the international community's views and development trends on conflict minerals, and strengthen management of conflict minerals. The company has formulated the Hazardous Substances Control Procedure to manage the compliance process of conflict minerals, reflecting its determination to achieve self-governance and supervision in terms of conflict minerals. We have established an effective data management and reporting mechanism to track and monitor conflict minerals issues in our supply chain in real time, and proactively cooperate with our customers on data reporting. The company's existing suppliers have conducted investigations with reference to the Conflict Minerals Report (CMT), and have followed the process to determine whether the investigation results meet the conflict-free metal requirements of the Democratic Republic of the Congo.

Investigation results and measures:

A If conflict minerals are not involved, the audit result is PASS.

B If conflict minerals are involved, a new source of minerals must be selected and effective evidence of improvement and preventive measures must be provided in order to comply with the requirements for conflict-free metals.

In 2023, the company found no suppliers involved in the use of conflict minerals in its supply chain survey. In the face of the ongoing challenges posed by conflict minerals, in the future, we will continue to monitor and improve, pay attention to international regulations and regulatory trends, and maintain close cooperation with suppliers, customers and industry organizations to jointly promote the implementation of solutions.



Green Operation: Co-build a Green Future

Based on green and sustainable business, NOVOSENSE actively responds to the United Nations Sustainable Development Goals 6, 7, 11, and 13, adheres to the green and low-carbon development approach, continuously improves the efficiency of energy resource utilization while striving for innovation and development, and keeps inspiring new ideas for low-carbon operation based on operation practices.

Our Actions

- Launch green products and empower customers with green options
- Gradually reduce carbon emissions and prioritize the use of new energy vehicles in cooperation with car use platforms
- Gradually increase the use of renewable energy, such as PV
- Enhance employees' environmental awareness and put up energy saving and environmental protection posters



Green Products

NOVONSENSE actively responds to the building of ecological civilization, integrates the green and low-carbon development approach into product design and application, incorporates sustainable genes into products, and innovates and develops green products to provide more energy saving, emission reduction, and green development possibilities for our customers and end-users.

Featured product Isolated op amp with integrated isolated power supply

We are developing an innovative isolated op amp with integrated isolated power supply, which is specially designed for server power supply. It can help customers' systems improve sampling accuracy at 10% load, reduce overall system power consumption through higher precision system control, and ultimately achieve the goal of system efficiency of more than 90%, and can help customers' server power supply products pass the 80Plus Titanium certification. At the same time, the product's integrated isolated power supply design is also conducive to customer system miniaturization.



The product is currently under active development and is expected to be mass-produced by the end of 2024.

Featured product High-bandwidth current sensor

We have introduced an innovative product that uses a higher bandwidth current sensor to help customers monitor higher frequency current signals. This feature helps customers adopt higher switching frequency system designs, thereby improving the overall power density at the system level and further reducing the system size.



The key application of the product is OBC for new energy vehicles. As the size of OBC/DC-DC/PDU shrinks, the mutual interference between electronic components becomes more serious. To address this challenge, our product has been comprehensively improved in terms of anti-interference performance. This performance improvement can help customers adopt a smaller design, reducing the overall PCB size by at least 20% and thereby further minimizing the use of PCB raw materials for the product.

Compared with the previous generation of products that only support 6.6kW/11kW, the new product can now support power models up to 22kW and above, providing customers with a wider range of power options. This innovative product will bring more advanced and efficient solutions to the industry.

Green Office

NOVONSENSE strictly abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, and other applicable laws and regulations of the places where it operates. We establish systems such as the Energy Resource Management Control Procedure to regulate the use of energy and resources, continuously strengthen the publicity and implementation of environmental protection related contents such as green office and green mobility, and strive to build ourselves into a resource-saving and environment-friendly company, in order to enable the coordinated and sustainable development of human beings, resources and the environment.

Environmental Policy



Comply with laws and regulations

Comply with national laws and regulations as well as industry and local environmental policies



Prevention of pollution

Establish environmental awareness among all employees and improve the ability to prevent and control pollution accidents



Energy saving and consumption reduction

Use energy resources rationally and effectively, reduce waste, and adopt environmentally friendly products



Continuous improvement

Implement effective improvement measures for problems that need to be rectified, and continuously improve environmental performance



ISO 14001 Certificate

As at the end of the reporting period, NOVONSENSE has been certified with ISO 14001 Environmental Management Systems.



Energy and Resource Management

Energy Consumption

Over the years, the company has adhered to the development approach of energy conservation and consumption reduction and continuously strengthened scientific energy management.

NOVOSENSE's energy consumption²

| | 2023 | 2022 |
|--|--------------|--------------|
| Power consumption (kWh) | 6,608,207.00 | 2,211,867.69 |
| Comprehensive energy consumption (tons of standard coal) | 812.15 | 271.84 |

Note: In 2023, NAXIWEI, a subsidiary of NOVOSENSE, entered the trial operation stage, so the energy consumption during the reporting period increased significantly compared with the previous year.

With the profound changes in the global energy landscape, we are actively promoting the clean and low-carbon transformation of the company's energy structure, striving to transition to non-fossil energy; we are also planning to procure green power and apply PV and other clean energy to further promote our own energy transformation.

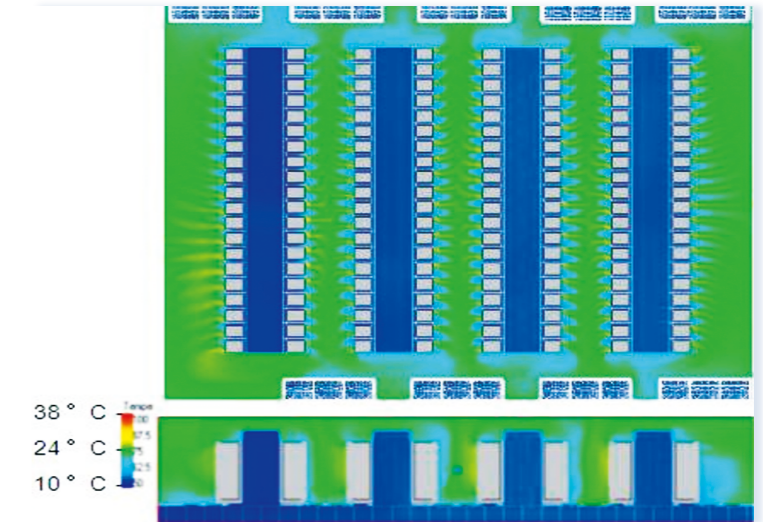


In 2023, NOVOSENSE's new office in Suzhou was under construction. The building will use rooftop PV to a certain extent, effectively reducing dependence on traditional energy, improving the application of clean energy, further promoting the company's efforts in environmental protection and sustainability, providing employees with an environmentally friendly and efficient working environment, and fulfilling the company's commitment to sustainable development.

² The scope of power consumption and comprehensive energy consumption covers Shanghai and Suzhou offices as well as NAXIWEI.

Featured solution Modular data center

In 2023, we started planning the construction of a modular server room project, which is scheduled to be commissioned in 2024 and is expected to achieve 300,000 kWh of electricity savings in 2025. The solution has the advantages of flexible scalability, high reliability, energy saving, environmental protection and intelligent management. The server room adopts standardized design and energy-saving technology, and is equipped with an intelligent management system for remote monitoring. In addition, the pre-assembly method is adopted to shorten the construction cycle. The server room is compact in design and equipped with a DC variable frequency compressor and EC fan, which can save 50% energy and is expected to save 30% of electricity cost each year.



Temperature cloud of the server room after cold aisle closure

Emissions Management

We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws, regulations and standards on environmental protection and pollution prevention of the places where we operate, and implement targeted and compliant treatment of waste to minimize the impact of waste on the environment and realize the recycling and reuse of resources.

| | 2023 | 2022 |
|------------------------------------|------------|------|
| Waste gas (m3) ³ | 15,790,000 | 0 |
| Hydrogen chloride/ton | 0.023 | 0 |
| Total non-methane hydrocarbons/ton | 0.312 | 0 |
| Hazardous waste (ton) | 0.30 | - |
| General waste (ton) | 15.90 | 10 |
| Packaging carton (ton) | 3.65 | 10 |

³ The source of the company's waste gas is its subsidiary NAXIWEI. As the subsidiary was not established and commissioned yet in 2022, no waste gas emission data was available.

Green Office Initiatives

We actively promote green office practices and strengthen the implementation of green and environmental initiatives:



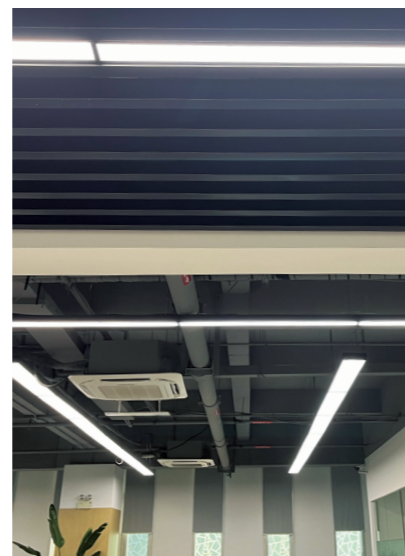
Post green office slogans



Respond to the call for garbage sorting



Implement electricity conservation actions



Use energy-saving and consumption-reducing materials

General Waste Management

The company strengthens general waste management, and specifies relevant departments responsible for the sorting and recycling of recyclable waste, and the collection, management and treatment of domestic waste in office areas, living areas, etc. The external packaging of products and raw materials involved in the trial operation of the subsidiary is disposed of by a qualified third party after collection.

Waste Gas Management

NOVOSENSE's Shanghai and Suzhou offices are the main office areas and do not involve waste gas emissions. During the trial operation stage of the subsidiary NAXIWEI, new waste gas treatment facilities were added in 2023. Waste gas generation is mainly concentrated in the baking and sampling experimental testing process. The unorganized waste gas is collected and adsorbed by activated carbon, and then discharged after being treated by water spray and meeting the standards. According to testing by a third-party testing company, various emission data are far lower than the current national and local standards.

Water Resource Management

NOVOSENSE and its subsidiaries use domestic water, but the design and development process does not involve water use. We have formulated the Energy Resource Management Control Procedure to regulate the company's water resource management.

Our total water consumption in 2023:

| | 2023 | 2022 |
|-----------------------------|---------|---------|
| Total water consumption/ton | 3,985.0 | 1,508.7 |

Note: In 2023, NAXIWEI, a subsidiary of NOVOSENSE, entered the trial operation stage, so the energy consumption during the reporting period increased significantly compared with the previous year.

In order to implement energy conservation and consumption reduction, we take "awareness raising" as the primary principle and continuously promote energy, water and material conservation plans through awareness campaigns.



Water conservation slogan



Response to Climate Change

Global warming has led to a steady stream of abnormal weather, and the challenges posed by climate change are of concern to society as a whole. This not only puts forward higher requirements for promoting low-carbon development and building ecological civilization, but also has a positive effect on promoting the transformation and upgrading of economic structure, energy structure and industrial structure. NOVOSENSE describes our efforts and future directions in addressing climate change in terms of governance, strategy and risk management.

Governance

In terms of governance, the Board of Directors and senior management are responsible for making decisions on and monitoring the planning and actual results of the company's sustainability management. At the same time, the Brand and Marketing Communication Center serves as the ESG coordinator, working with various departments, branches and subsidiaries to promote the company's sustainability management. The Board of Directors is responsible for monitoring climate-related risks and opportunities, and identifying and studying the impact of climate change on our business activities through collaboration among various departments (see the "ESG Governance" section of this report for details). We refer to the TCFD (Climate-related Financial Disclosures) framework to gradually review the current situation, formulate strategies, manage risks, and identify and manage indicators and goals for the risks and opportunities that may be caused by climate change.

Strategy

Climate-related risks include risks related to the transition to a low-carbon economy ("transition risks") and risks related to the physical impact of climate change ("physical risks"). Transition risks can be divided into policy and legal risks, technical risks, market risks, and reputation risks. Physical risks include acute risks (e.g. extreme weather such as typhoons and floods) and chronic risks (e.g. changes in climate patterns such as persistent high temperatures). In addressing climate change, we not only prevent risks, but also proactively identify opportunities, including resource efficiency, energy sources, products and services, market and resilience.

| Type | Climate-related risks | |
|------------------|-----------------------|---|
| Physical risks | Acute | <ul style="list-style-type: none"> Sudden extreme weather events such as rainstorms and typhoons may trigger a series of risks such as production suspension and reduction at the supply chain end and difficulties in product transportation, which may lead to reduced business stability and increased costs; Major extreme weather disasters are also very likely to cause employee safety accidents, etc., adding more unfavorable factors. |
| | Chronic | <ul style="list-style-type: none"> Long-term changes in climate patterns (such as persistent high temperatures) may trigger, for example, increased operating costs due to increased cooling demand in summer, as well as cost inputs due to subsequent restructuring of energy use. |
| Transition risks | Policies and laws | <ul style="list-style-type: none"> With the improvement and introduction of policies, regulators are bound to adopt more stringent GHG emission limitation measures and strengthen GHG emission disclosure requirements; With the acceleration of China's carbon emissions trading market and the successive improvement of international carbon tariffs and other policies, the subsequent fulfillment of carbon emissions compliance requirements may lead to an increase in costs; |

| Type | Climate-related risks | |
|------------------|-----------------------|--|
| Transition risks | Policies and laws | <ul style="list-style-type: none"> Changes in policies may also lead to the early retirement of existing fixed assets such as energy-consuming equipment; There may be a risk of being held legally liable or facing fines and financial losses due to failure to comply with relevant climate policies or laws. |
| | Technology | <ul style="list-style-type: none"> The process of production technology innovation and iteration to meet environmental requirements and new product R&D and innovation may lead to an increase in the front-end cost of investing in new technologies or adopting/deploying new operations and processes. |
| | Market | <ul style="list-style-type: none"> With the guidance of policies and markets, and the gradual improvement of customers' low-carbon and environmental awareness, customers may turn to greener products, such as raw materials with sustainability certification, which will affect the procurement of raw materials; As a supplier in the new energy vehicle industry chain, changes in customer behavior, such as the implementation of projects related to addressing climate change by customers, will also impose relevant requirements on the supply chain. |
| | Reputation | <ul style="list-style-type: none"> With stakeholders' increasing attention to climate change-related issues, reputational damage may result if the company fails to meet stakeholders' expectations or commits violations related thereto. |

Acute physical risks

We operate in a well-maintained indoor environment and adopt the Fabless business model commonly used in the integrated circuit design industry. Wafer manufacturing, chip packaging and chip testing are all completed by outsourcing manufacturers, so large-scale production is not involved. We require our partner vendors to do a good job in production scheduling and delivery management, take into account the possible negative impacts of factors including extreme weather in their scheduling, make flexible adjustments and provide good customer service.

Chronic physical risks

Global warming may increase our operating costs, including increases in operating costs that may be triggered by, for example, increased demand for cooling in the summer, as well as cost inputs resulting from subsequent restructuring of energy use, such as the use of more clean energy.

Transition risks

With the implementation of relevant policies such as the national carbon peaking and carbon neutrality goals, regulatory authorities are becoming increasingly stringent in their carbon emission requirements for NOVOSENSE, which may lead to increased operating costs, increased pressure on energy conservation and emission reduction, and increased investment in environmental protection equipment and facilities. We will actively respond to relevant national policies on carbon emissions.

Development opportunities

The voice of the whole society for energy conservation and emission reduction is rising day by day, and the adjustment of energy structure is imperative. Our business structure is mainly applied in the fields of pan-energy and new energy vehicles. In the future, we will continue to actively promote the development of sustainability-related businesses with the goal of assisting energy upgrading and transformation. We will continue to seize development opportunities with rich technical expertise, advanced technology and continuous cutting-edge research, and endeavor to develop and promote green and low-carbon products and services, so as to lay a foundation for the company's further growth and contribute to energy conservation and emission reduction of the whole society.

Risk Management

In response to climate change challenges, we focus on identifying and assessing physical risks and transition risks, while seizing development opportunities to promote the sustainable development of NOVOSENSE. We strengthen the sustainable management of natural resources, reduce pollutant emissions, improve relevant risk management and target setting systems, and promote high-quality and green development.

Carbon Emission Management

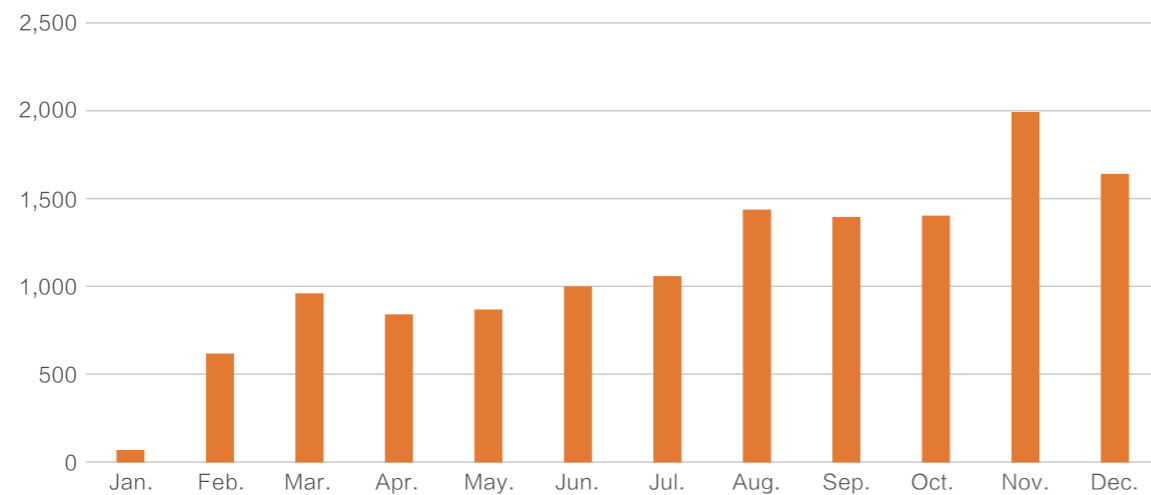
In 2023, NOVOSENSE's total GHG emissions were 3,768.66 tons⁴ of CO₂ equivalent. We are also currently planning the use of clean energy such as PV-ES.

At the same time, we are focusing on the management of GHG emissions (Scope 3).

Featured event

Collaboration with AutoNavi to provide new energy vehicle based business travel and delivery services for reduced carbon emissions

NOVOSENSE's carbon emission reduction from car use
(January to December 2023)



AutoNavi provides a variety of new energy vehicle based business travel and delivery services, reducing carbon emissions by 13,313.82 kg together with NOVOSENSE

NOVOSENSE joins hands with AutoNavi to provide its employees with new energy vehicle based business travel services, aiming to reduce Scope 3 carbon emissions. During our partnership in 2023, we have successfully reduced our carbon emissions by a total of 13,313.82 kg. This cooperation not only strengthens the company's investment in sustainable transportation, but also contributes to the development of new energy transportation. Together with AutoNavi, NOVOSENSE continues to help create a cleaner, low-carbon mobility ecosystem with innovative solutions to promote green mobility.

Climate Risk Management

NOVOSENSE is fully aware of the potential risks that climate change may bring to daily operations. It incorporates climate change related issues into the supervision scope of the management, regularly monitors climate change related risks, and plans to carry out relevant training to enhance the ability to cope with climate change, so as to better resist risks in the face of climate change.

In accordance with the Emergency Response Law of the People's Republic of China, the Interim Measures for the Administration of Emergency Response Plans for Sudden Environmental Events, and other applicable laws and regulations, we have formulated the Emergency Response Plan for Sudden Environmental Events, established a full-process management mechanism for emergency response to sudden environmental events, improved prevention and disposal capabilities, and minimized the losses caused by environmental pollution and ecological damage.

We have formed an assessment team to carry out environmental risk assessment and established a series of procedures including on-site survey, research, collection of relevant materials, and internal opinion solicitation to provide a basis for the company to manage environmental risks.

Biodiversity

Fully recognizing the importance of biodiversity conservation, we take biodiversity conservation into account at the start of any project, conduct environmental impact assessments in accordance with regulatory requirements, and avoid project development within the ecological protection red line, fundamentally reducing the impact of project construction and subsequent operation on biodiversity.



⁴ Includes only indirect GHG emissions (Scope 2) from purchased electricity. Indirect GHG emissions were calculated based on the national grid emission factors in the Notice on Reporting and Verification of Greenhouse Gas Emissions from Enterprises in Selected Key Industries for 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China.

Outlook

As a company close to China local market, NOVOSENSE can keenly perceive and quickly respond to local policies, customer needs, supply chain, talent market, etc. Its capability to respond more flexibly, resiliently and rapidly brings a significant edge. With the acceleration of a new round of scientific and technological revolution and industrial transformation in the world today, opportunities and challenges are intertwined. NOVOSENSE strives to create highly competitive products and services and become a high-quality, innovative and trustworthy world-class chip company.

In the future, the company will continue to deeply integrate market prospects and customer needs, continue to focus on the three major product directions of sensor, signal chain, and power management to provide a wealth of semiconductor products and solutions, and continue to deepen its presence in the automotive, industrial, information communications, and consumer electronics fields. With the mission of "Sense and Drive the Future: Build a Green, Smart and Connected World with Semiconductors", the company is committed to providing chip-level solutions to link the digital world and the real world.

In addition, we will continue to implement the sustainable development approach. While maintaining business growth, we will actively fulfill our corporate social responsibility in terms of environment (E), society (S) and governance (G) to promote the sustainable development of the company and society as a whole.



Appendix

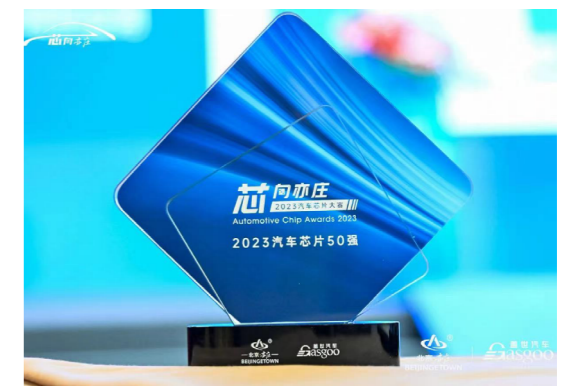
Awards



National specialized, sophisticated, distinctive and innovative "Little Giant" enterprise



VDE Premium Quality Award



Top 50 Automotive Chips in 2023



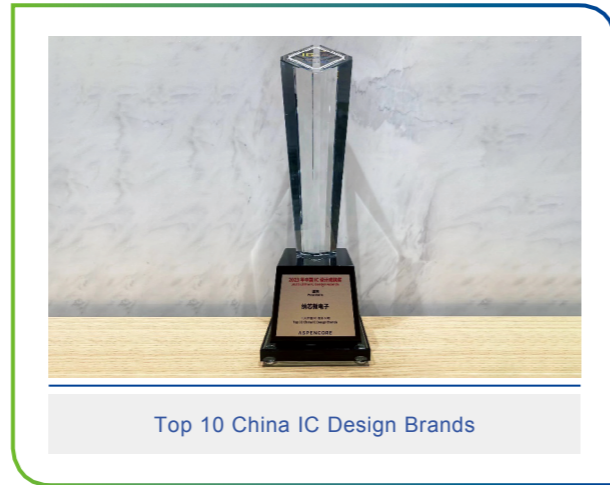
"China Chip" Award for three consecutive years



BJX Cup Influential PV Brand Award



Electric Drive Technology Innovation Award



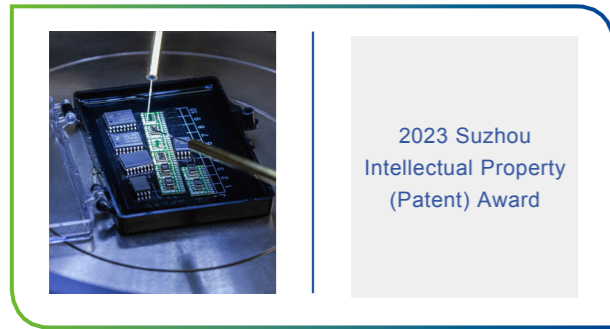
Top 10 China IC Design Brands



Analog Semiconductors - Outstanding Enterprise Award



The Sensor Entrepreneur of the Year Award



2023 Suzhou Intellectual Property (Patent) Award



2023 Domestic Analog IC Industry Leadership Excellence Award



2023 EE Awards Asia - Automotive Electronics Solutions Supplier (Most Promising Company)



Automotive Small Motor Driver SoC NSUC1610 - Gasgoo Awards 2023

Report Index

GRI Standards Index

Statement of use Suzhou Novosense Microelectronics Co., Ltd. has reported the information cited in this GRI content index with reference to the GRI Standards for FY2023.

GRI 1 used GRI 1: Foundation 2021

| GRI Standard | Disclosure | Location |
|---------------------------------|--|--|
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | Company Profile |
| | 2-2 Entities included in the organization's sustainability reporting | About This Report |
| | 2-3 Reporting period, frequency and contact point | About This Report, back cover |
| | 2-4 Restatements of information | Not involved |
| | 2-5 External assurance | Not yet conducted, planned for adoption in the future |
| | 2-6 Activities, value chain and other business relationships | Corporate Culture |
| | 2-7 Employees | Our Employees |
| | 2-8 Workers who are not employees | Our Employees |
| | 2-9 Governance structure and composition | Compliance Governance Please refer to the company's Annual Report 2023 |
| | 2-10 Nomination and selection of the highest governance body | Compliance Governance |
| | 2-11 Chair of the highest governance body | Please refer to the company's Annual Report 2023 |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | Compliance Governance |
| | 2-13 Delegation of responsibility for managing impacts | Compliance Governance |
| | 2-14 Role of the highest governance body in sustainability reporting | ESG Governance |
| | 2-15 Conflicts of interest | Not involved |
| | 2-16 Communication of critical concerns | Compliance Governance ESG Governance |
| | 2-17 Collective knowledge of the highest governance body | Compliance Governance ESG Governance |

| GRI Standard | Disclosure | Location |
|---------------------------------|---|---|
| GRI 2: General Disclosures 2021 | 2-18 Evaluation of the performance of the highest governance body | ESG Governance |
| | 2-19 Compensation policies | Employees' Rights and Interests |
| | 2-20 Process to determine compensation | To be provided and supplemented |
| | 2-21 Annual total compensation ratio | To be provided and supplemented |
| | 2-22 Statement on sustainable development strategy | To be provided and supplemented |
| | 2-23 Policy commitments | To be provided and supplemented |
| | 2-24 Embedding policy commitments | To be provided and supplemented |
| | 2-25 Processes to remediate negative impacts | To be provided and supplemented |
| | 2-26 Mechanisms for seeking advice and raising concerns | To be provided and supplemented |
| | 2-27 Compliance with laws and regulations | Compliance Governance |
| | 2-28 Membership associations | The company has joined relevant industry associations |
| | 2-29 Approach to stakeholder engagement | ESG Governance |
| | 2-30 Collective bargaining agreements | ESG Governance |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | ESG Governance |
| | 3-2 List of material topics | ESG Governance |
| | 3-3 Management of material topics | ESG Governance |

| GRI Standard | Disclosure | Location |
|---|---|--|
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | Please refer to the company's Annual Report 2023 |
| | 201-2 Financial implications and other risks and opportunities due to climate change | Response to Climate Change |
| | 201-3 Defined benefit plan obligations and other retirement plans | Please refer to the company's Annual Report 2023 |
| | 201-4 Financial assistance received from government | Please refer to the company's Annual Report 2023 |
| GRI 202: Market Presence 2016 | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | To be provided and supplemented |
| | 202-2 Proportion of senior management hired from the local community | To be provided and supplemented |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 Infrastructure investments and services supported | To be provided and supplemented |
| | 203-2 Significant indirect economic impacts | To be provided and supplemented |
| GRI 204: Procurement Practices 2016 | 204-1 Procurement practices | Supply Chain Management |
| GRI 205: Anti-corruption 2016 | 205-1 Operations assessed for risks related to corruption | To be provided and supplemented |
| | 205-2 Communication and training about anti-corruption policies and procedures | Compliance Governance |
| | 205-3 Confirmed incidents of corruption and actions taken | Compliance Governance |
| GRI 206: Anti-competitive Behavior 2016 | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | Compliance Governance |
| GRI 207: Tax 2019 | 207-1 Approach to tax | Compliance Governance |
| | 207-2 Tax governance, control, and risk management | Compliance Governance |
| | 207-3 Stakeholder engagement and management of concerns | Compliance Governance |
| | 207-3 Stakeholder engagement and management of concerns related to tax | Compliance Governance |
| | 207-4 Country-by-country reporting | To be provided and supplemented |

| GRI Standard | Disclosure | Location |
|-----------------------------------|---|--|
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | Green Office |
| | 301-2 Recycled input materials used | To be provided and supplemented |
| | 301-3 Reclaimed products and their packaging materials | Green Office |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | Green Office |
| | 302-2 Energy consumption outside of the organization | Green Office |
| | 302-3 Energy intensity | To be provided and supplemented |
| | 302-4 Reduction of energy consumption | Green Office |
| | 302-5 Reductions in energy requirements of products and services | To be provided and supplemented |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | Green Office |
| | 303-2 Management of water discharge-related impacts | Green Office |
| | 303-3 Water withdrawal | Green Office |
| | 303-4 Water discharge | To be provided and supplemented |
| | 303-5 Water consumption | Green Office |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | The company has no relevant operations |
| | 304-2 Significant impacts of activities, products, and services on biodiversity | Not applicable |
| | 304-3 Habitats protected or restored | The company has no relevant operations |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | The company has no relevant operations |

| GRI Standard | Disclosure | Location |
|---|--|---------------------------------|
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | Response to Climate Change |
| | 305-2 Energy indirect (Scope 2) GHG emissions | Response to Climate Change |
| | 305-3 Other indirect (Scope 3) GHG emissions | Response to Climate Change |
| | 305-4 GHG emissions intensity | Response to Climate Change |
| | 305-5 Reduction of GHG emissions | Response to Climate Change |
| | 305-6 Emissions of ozone-depleting substances (ODS) | Green Office |
| | 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Green Office |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | Green Office |
| | 306-2 Management of significant waste-related impacts | Green Office |
| | 306-3 Waste generated | Green Office |
| | 306-4 Waste diverted from disposal | Green Office |
| | 306-5 Waste directed to disposal | Green Office |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers that were screened using environmental criteria | Supply Chain Management |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | Supply Chain Management |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | Our Employees |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employees' Rights and Interests |
| | 401-3 Parental leave | Employees' Rights and Interests |
| GRI 402: Labor/Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | To be provided and supplemented |

| GRI Standard | Disclosure | Location |
|--|--|--|
| GRI 403: Occupational Health and Safety 2016 | 403-1 Occupational health and safety management system | Occupational Health and Safety |
| | 403-2 Hazard identification, risk assessment, and incident investigation | Occupational Health and Safety |
| | 403-3 Occupational health services | Occupational Health and Safety |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | Occupational Health and Safety |
| | 403-5 Worker training on occupational health and safety | Occupational Health and Safety |
| | 403-6 Promotion of worker health | Occupational Health and Safety |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational Health and Safety |
| | 403-8 Workers covered by an occupational health and safety management system | Occupational Health and Safety |
| | 403-9 Work-related injuries | Occupational Health and Safety |
| | 403-10 Work-related ill health | Occupational Health and Safety |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | Training and Career Development |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Training and Career Development |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Training and Career Development |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | Compliance Governance Our Employees |
| | 405-2 Ratio of basic salary and compensation of women to men | To be provided and supplemented |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | Employees' Rights and Interests |
| GRI 407: Freedom of Association and Collective Bargaining 2016 | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | No relevant operations Employees' Rights and Interests |
| GRI 408: Child Labor 2016 | 408-1 Operations and suppliers at significant risk for incidents of child labor | No relevant operations Employees' Rights and Interests |


| GRI Standard | Disclosure | Location |
|--|--|---|
| GRI 409: Forced or Compulsory Labor 2016 | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | No relevant operations Employees' Rights and Interests |
| GRI 410: Security Practices 2016 | 410-1 Security personnel trained in human rights policies or procedures | To be provided and supplemented |
| GRI 411: Rights of Indigenous Peoples 2016 | 411-1 Incidents of violations involving rights of indigenous peoples | None |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | Engagement in Charity Activities |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | None |
| GRI 414: Supplier Social Assessment 2016 | 414-1 New suppliers that were screened using social criteria | Supply Chain Management |
| | 414-2 Negative social impacts in the supply chain and actions taken | Supply Chain Management |


| GRI Standard | Disclosure | Location |
|--|---|-----------------------|
| GRI 415: Public Policy 2016 | 415-1 Political contributions | None |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | Quality Management |
| | 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | Quality Management |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | Quality Management |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | None |
| | 417-3 Incidents of non-compliance concerning marketing communications | None |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Compliance Governance |

Feedback

Dear readers,

Thank you for reading this report. In order to continuously enhance and improve our sustainability management, we sincerely hope to hear your valuable opinions and suggestions. Please assist in completing the content of this page and provide us with feedback in the following ways.

 Email: pr@novosns.com

 Address: C1-501, No.88 Jinji Lake Avenue, Suzhou Industrial Park, Jiangsu Province, China

- | | |
|---|--|
| <p>1. What is your overall assessment of this report?</p> <p><input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Average</p> | <p>4. How well do you think the company has done in protecting the interests of stakeholders?</p> <p><input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Average</p> |
| <p>2. How would you rate the clarity, accuracy and completeness of the information and data disclosed in this report?</p> <p><input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Average</p> | <p>2. Your opinions and suggestions on the company's sustainability management:</p> <p>-----</p> <p>-----</p> <p>-----</p> <p>-----</p> |
| <p>3. How well do you think this report reflects the company's significant economic, social and environmental impacts?</p> <p><input type="checkbox"/> Very good <input type="checkbox"/> Good <input type="checkbox"/> Average</p> | |

Please leave your contact information if it is convenient for you to do so:

Name: _____ Occupation: _____ Employer: _____

Postal Code: _____ Email: _____ Tel: _____

Address: _____

We will fully consider your opinions and suggestions and promise to keep your information properly. By providing the above personal information, you are deemed to have agreed to Novosense Microelectronics Privacy Policy (www.novosns.com/legal)