



2023

**Sustainable Development Report**

Vital Technology Co., Ltd.



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# About the Report

The Report is an annual publication and represents the 2023 Sustainable Development Report (hereinafter referred to as the "Report") issued by Vital Technology Co., Ltd. (hereinafter referred to as the "Vital Technology Group", "the Company" and "We") to disclose to stakeholders the Company's concepts, methods, practices and achievements in sustainable development in 2023.

## Reference Standards

The standards, frameworks and principles referenced for the preparation of the Report are as follows:

- ◆ GRI Sustainability Reporting Standards (GRI Standards 2021) issued by the Global Sustainability Standards Board (GSSB)
- ◆ United Nations Sustainable Development Goals (UN SDGs)
- ◆ Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

## Scope of the Report

**Time Period:** The Report covers our activities undertaken from January 1, 2023 to December 31, 2023, and may refer to the information of other years in order to improve its comparability and perspectiveness.

**Organizational Scope:** The contents of the Report is consistent with the business scope of Vital Technology Co., Ltd. and its subsidiaries. The performance of environment, occupational health and safety (EHS) presented in the Report comes from the production-oriented enterprises of Vital Technology Co., Ltd.

S/N	Company Name	Designations	Type
1	Vital Technology Co., Ltd.	"Vital Technology Group", "the Company", "We"	Trading
2	Vital Materials Co., Limited	"Vital Materials"	Trading
3	First Rare Materials Co., Ltd.	"First Rare"	Production
4	Cleantech New Materials Co., Ltd.	"Cleantech New Materials"	Production
5	Vital Advanced Materials Co., Ltd.	"Advanced Materials"	Production
6	First Materials Co., Ltd.	"First Materials"	Production
7	CS Microelectronics Co., Ltd.	CS Microelectronics	Production
8	Vital Micro-Electronics Technology Co., Ltd.	Vital Micro-Electronics	Production
9	Vital Thin Film Materials (Anhui) Co., Ltd.	Vital Thin Film Materials (Anhui)	Production
10	Vital Thin Film Materials (Guangdong) Co., Ltd.	Vital Thin Film Materials (Guangdong)	Production
11	RPM Co., Ltd.	"RPM"	Production
12	Anhui Vital Optics Technology Co., Ltd.	"Anhui VOT"	Production
13	Vital Pigments (Tianjin) Ltd.	"Vital Pigments"	Production
14	Cleantech Rare Metal Technology Co., Ltd.	"Cleantech Rare Metal"	Production
15	Hunan Vital New Material Technology Co., Ltd.	"Hunan Vital"	Production
16	Vital Sofine Semiconductor Co., Ltd.	"Vital Sofine"	Production
17	Vital Optics Technology Co., Ltd.	"VOT"	Production
18	Vital Thin Film Materials (Zibo) Co., Ltd.	"Vital Thin Film Materials (Zibo)"	Production
19	Kunming Vital New Material Technology Co., Ltd.	"Kunming Vital New Material"	Trading
20	Vital Pure Metal Solutions GmbH	"VPMS"	Production
21	Singapore Advanced Thin Film Materials Private Limited	"SATFM"	Production
22	VITAL MATERIALS BELGIUM SA	"VMBE"	Production

## Data Source

The data presented in the Report is extracted from official documents and statistical data of the Company. Unless otherwise stated, the data in the Report are measured in metric system and the currency is denominated in China yuan (CNY).

## Release

The Report is released in electronic version.

## Feedback

The electronic version (both Chinese and English) of the Report is available at our official website (<https://www.vitalchem.com/esgreport>). For any questions or access to further information, please contact us with the contact information below:

E-mail: [ESG@vitalchem.com](mailto:ESG@vitalchem.com)

## Reliability Statement

We promise that there is no false record, misleading statement, or significant omission, and we will assume full liabilities for its authenticity, accuracy, and completeness.

## Third-party Assurance

Vital Technology Group commissioned TÜV NORD (TÜV NORD (Hangzhou) Co., Ltd.) to conduct an independent third-party assurance of the content and data of the Report, ensuring that the information and data in the Report are accurate and reliable. Please refer to the "Assurance Statement" herein.



## Message from the Chairman

Vital Technology Group navigated a landscape marked by both challenges and opportunities throughout 2023, amidst a complex and severe macro environment and increasingly fierce competition at home and abroad. We always adhere to the mission of “Hi-Tech Materials For A Better Future”, seize new opportunities in changes, plan new layouts in the midst of development, and demonstrate the quality and responsibility of Chinese manufacturers on the world stage. We fully integrate the concept of sustainable development into the Company’s development strategy and daily operations, earnestly fulfill our environmental, social and governance responsibilities, accumulate potential energy in excellent ESG practice, and strive to write a new chapter of development.

**Standardizing governance and solidifying the foundation of development.**In 2023, we made great efforts to comprehensively promote compliant operations, continuously improve the corporate governance system, actively build a scientific, standardized and efficient governance mechanism, and improve governance effectiveness. We have strengthened internal control systems, improved risk management mechanisms and processes, and enhanced risk prevention capability. We hold fast to the business ethics, build a strong anti-corruption defense line, build solid defense against corruption, consolidate the cornerstone of fair competition, and create a “cordial and clean” business ecosystem.

**Focusing on the main business and providing innovative products.**As a globally leading materials technology enterprise, we have always focused on our main business, striving to make breakthroughs from ground zero to one and further advancing from one to multiple achievements, and continuously enhancing the influence of our brand. We improve our business strategy, adhere to the “quality-oriented” principle, and endeavor to provide high-quality technical products and services related to rare metals to global customers, promoting the Company’s high-quality development.

**Shouldering responsibility collaboratively and leading the development of the industry.**We integrate the concept of sustainable development into the construction of the supply chain, and work with upstream and downstream partners to pursue environmental, social and business ethics, build a responsible and sustainable supply chain, and continuously enhance the resilience of the supply chain. Depending on our own advantages, we adhere to the concept of mutual benefit and win-win cooperation, strengthen exchanges with relevant parties in the industry to jointly explore the direction of development, establish a cooperative relationship with mutual interaction and sharing, and boost the standardized and healthy development of the industry.

**Pursing low-carbon development and protecting lucid waters and lush mountains.**We adhere to the path of green development, create a long-term mechanism for green operation, and continuously minimize the impact of production and business activities on the environment. Aiming at “peak carbon dioxide emissions and carbon neutralization”, we foster the concept of “lucid waters and lush mountains are invaluable assets”, apply green and clean production technologies, put efforts to energy conservation and emission reduction, constantly practice the low-carbon development path, continuously consolidate the base of green science and technology, and contribute to the pioneering power in green and low-carbon development.

**Putting people first and building a harmonious society together.**We always live up to the ideals of putting people first, safeguard the rights and interests of employees, and make every effort to create a diversified, equal and inclusive working atmosphere. We establish a competitive salary system and a comprehensive welfare system, carry out a variety of employee activities, and provide a career development platform for employees, continuously enhancing their sense of fulfillment, belonging and happiness. We take the safety and health of employees as own responsibility, fulfill the requirements for occupational health and safety production, reduce health and safety risks, and provide a healthy and safe workplace for employees. We always concern the welfare of the community, integrate social responsibility into the corporate strategic development, actively participate in rural revitalization and volunteer services, transmit the care and warmth of Vital Technology Group, and jointly create a harmonious and symbiotic community environment.

**Staying committed and never slackening our efforts.**With a vision for the future, we will continue to uphold the firm conviction in sustainable development. With more enthusiasm, high morale and unwavering faith, we will seize any important opportunities for development, fulfill our environmental, social and governance responsibilities as always, work together with all parties to create greater value, and continue to strive for our vision of “To be the worldwide market leader in rare metals-oriented materials and technologies”!



Vital Technology Group Chairman



## Company Profile

### Company Overview

Vital Technology Group got involved in the rare metal industry in 1995, and was formally established in Qingyuan in 2003 (First Rare). It is a high-tech enterprise and a global leader in R&D, production, sales and recycling of rare metals and hi-tech materials, devices, modules, and systems, with National Rare Metals Engineering Technology Research Center, Nationally Recognized Enterprise Technology Center, Postdoctoral R&D Center, and Vital Central Research Institute.

Vital Technology Group practices a vertically integrated development strategy and focuses on strategic emerging industries. Based on the business of rare metals, advanced materials and resource recycling, Vital Technology Group focuses on developing the businesses in downstream devices, modules, systems and other fields. Its products are applied in semiconductors, microelectronics, 5G, optical communication, photovoltaic, LED lighting, infrared optics, display, radiation detection, pharmaceuticals, animal nutrition, etc.

Vital Technology Group leverages its excellent technical R&D platforms to expand its product portfolio and recycling services, providing customers with valuable solutions. We implement our environmental responsibility by constantly evolving clean technologies. These strengths drive our continual growth and development as a socially responsible materials technology company.

Vital Technology Group is an important manufacturer in the global rare metals market, the first supplier to achieve localization of large-sized ITO rotating targets (G11), one of the world's three largest suppliers of infrared materials, a key supplier of compound semiconductor substrate products, and a strategic partner of the world's leading solar energy producers, continuously providing global customers with industry-leading integrated solutions.



## Core Advantages

### Self-supplied raw materials, controllable supply chain costs

Leading global supply of key raw materials such as substrate-related phosphorus, indium, gallium, arsenic, etc.

### Complete localization of process technology

Localization of materials, substrates, epitaxy, chips and testing, without the need for overseas assistance

### Rapid debugging, iteration and customization

Typical epitaxy - chip iteration cycle of 7 days, rapid response to market and customization

### Technical team composed of top industry experts

Core technical talents with rich experience in R&D and mass production

## Economic Performance of Vital Technology Group in 2023\*

Total assets	Total revenue	Year-on-year revenue growth rate	Total taxes paid	R&D investment
<b>359.38</b>	<b>287.10</b>	<b>86%*</b>	<b>7.73</b>	<b>11.75</b>
CNY 100 Million	CNY 100 Million		CNY 100 Million	CNY 100 Million

\*Vital Optics Technology is excluded.

\*The total revenue of Vital Technology Group in 2022 was CNY 15.448 billion.

## Economic Performance of Vital Optics Technology in 2023

Total assets	Total revenue	Year-on-year revenue growth rate	Total taxes paid	R&D investment
<b>33.37</b>	<b>10.11</b>	<b>8%*</b>	<b>0.18</b>	<b>2.30</b>
CNY 100 Million	CNY 100 Million		CNY 100 Million	CNY 100 Million

\* The total revenue of Vital Optics Technology was CNY 936 million in 2022.

## Corporate Culture

### Mission

Innovative Material Technology for a Better Future

### Vision

Be the Global Leader in Materials and Technologies

### Value

Respect, Collaboration, Dedication, Innovation

Vital Technology Group has always adhered to the mission of "Innovative Material Technology for a Better Future", maintained the vision of "Be the Global Leader in Materials and Technologies" implemented the core values of "Respect, Collaboration, Dedication, Innovation", provided high-quality technical products and services related to rare metals to global customers, and formulated the strategic plan of "carbon neutralization" and "peak carbon dioxide emissions". We have broken through the known boundaries in the field of rare metals, utilized advanced technology to serve global technological products, and overcome the industry's "bottlenecks", leading the innovative and low-carbon development of the entire industry and creating the Earth into a sustainable and green home.

# Milestones in 2023

## March 2023

Chairman George Zhu was invited to attend the Boao Forum for Asia and interviewed by CCTV.



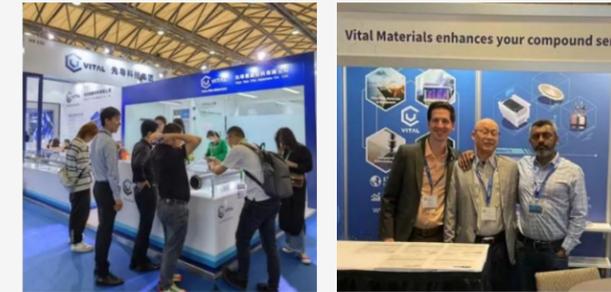
## April 2023

First Rare and Vital Thin Film were honored to be listed on the Hurun Global Unicorn List 2023. Chairman George Zhu was invited to attend the Global Unicorn CEDO Conference and delivered a keynote speech.



## May 2023

Vital Technology Group attended 2023 SNEC (2023 International Photovoltaic Power Generation and Smart Energy Conference & Exhibition) and CS MANTECH Conference (International Conference on Compound Semiconductor Manufacturing Technology)..



## August 2023

Jiangsu Vital Micro-Electronics Technology Co., Ltd. successfully shipped its first flexible perovskite mass production equipment.



## July 2023

Vital&FHR, a subsidiary of Vital Technology Group, held an "Open Day" event for its new plant.



## June 2023

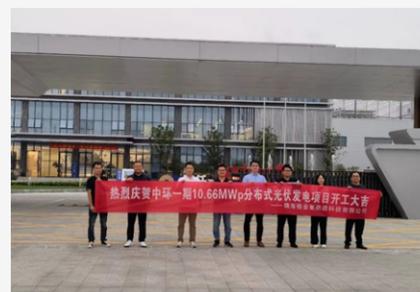
Vital Technology Group was invited to attend the Second International Integrated Circuit Industry Forum.



## September 2023

Vital Technology Group was selected as one of the Top 500 Private Manufacturing Enterprises in China for the first time. Vital Technology Group was honored as one of the Top 100 Private Enterprises in Guangdong in 2023.

The 10.66MW distributed photovoltaic power generation project of Gejin Vital - Zhonghuan Project Phase I, invested by Vital New Energy Technology Co., Ltd., was officially commenced.



## October 2023

Vital Technology Group held a press conference at the 88th China International Medical Equipment Fair and announced its official entry into the field of high-end medical imaging.



## Honors and Awards in 2023

### Vital Technology Co., Ltd.

#### National

Award All-China Federation of Industry and Commerce  
Ranked 476th among the Top 500 PRIVATE MANUFACTURING ENTERPRISES in China in 2023

#### Provincial

Award Guangdong Federation of Industry & Commerce  
Ranked 79th among the Top 100 Private Enterprises in Guangdong

Award Guangdong Federation of Industry & Commerce  
Ranked 43rd among the Top 100 Private Manufacturing Enterprises in Guangdong

#### Municipal

Award Management Committee of Guangdong Qingyuan High-Tech Industrial Development Zone Ten-Billion Manufacturing Cultivation Groups and Enterprises

Award Management Committee of Guangdong Qingyuan High-Tech Industrial Development Zone

### First Rare Materials Co., Ltd.

#### National

Award China National Intellectual Property Administration National Demonstration Enterprises for Intellectual Property

#### Provincial

Award Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, State Taxation Administration, Local Taxation Bureau High-tech Enterprise Certificate

#### Municipal

Award Qingyuan Charity Federation Charitable Donation Enterprise of the 4th "Donation to Qingyuan" Theme Activity in 2023

Award "Four Freshness" Construction Pioneer, Advanced Technology, Foreign Trade Contribution, and Industry Contribution Award

### First Materials Co., Ltd.

#### Provincial

Award Guangdong Federation of Industry & Commerce  
Ranked 83rd among the Top 100 Private Manufacturing Enterprises in Guangdong (2022)

Award Department of Science and Technology of Guangdong Province / Department of Finance of Guangdong Province / State Taxation Administration / Guangdong Provincial Tax Service, State Administration of Taxation High-tech Enterprise Certificate

Award Guangdong Hi-Tech Enterprise Association Guangdong Famous High-Tech Products (Ultra-high Purity Cadmium)

### CS Microelectronics Co., Ltd.

#### Provincial

Award Chongqing Economic and Information Technology Commission List of Demonstration Enterprises of Green Manufacturing System

#### Municipal

Award Chongqing Science and Technology Bureau Chongqing Bureau of Finance Chongqing Provincial Tax Service, State Administration of Taxation High-tech Enterprise

#### District

Award Management Committee of Wanzhou Economic and Technological Development Zone  
Second Prize for Safety Production Assessment in 2022

Award Ecological Environment Bureau of Wanzhou District, Chongqing Environmental Integrity Enterprise for 2022 District Enterprise Environmental Information Evaluation

### Vital Micro-Electronics Technology Co., Ltd.

#### Provincial

Award Department of Industry and Information Technology of Guangdong Province 2023 Innovative Small and Medium-sized Enterprises in Guangdong

Award Department of Industry and Information Technology of Guangdong Province 2023 SRDI Small and Medium-sized Enterprise

Award Organizing Committee for Selecting Top 50 Outstanding Enterprises in New Materials Innovation in Guangdong-Hong Kong-Macao Greater Bay Area  
Top 50 Outstanding Enterprises in New Materials Innovation in Guangdong-Hong Kong-Macao Greater Bay Area in 2023

**RPM Co., Ltd.**

Provincial

Award People's Government of Guangdong Province Second Prize of Guangdong Science and Technology Award (Research and Industrialization of Key Materials such as Rare Metal for Thin Film Solar Cell)

**Vital Thin Film Materials (Guangdong) Co., Ltd.**

National

Award National Development and Reform Commission / the Ministry of Science and Technology / the Ministry of Finance / General Administration of Customs / State Taxation Administration Enterprise Technology Center

Provincial

Award Department of Science and Technology of Guangdong Province Key Laboratory of High-Performance Sputtering Target Technology and Application Enterprises in Guangdong

**Vital Thin Film Materials (Anhui) Co., Ltd.**

Municipal

Award Office of Hefei Municipal Committee for Promoting the Development of Strategic Emerging Industries 2023 Hefei Key Industry Chain Enterprises (First Batch)

**Vital Thin Film Materials Co., Ltd.**

National

Award The Ministry of Industry and Information Technology National SRDI "Little Giant" Enterprise

**Anhui Vital Optics Technology Co., Ltd.**

Provincial

Award Department of Science and Technology of Anhui Province Department of Education of Anhui Province The First Batch of Anhui Jointly Built Discipline Key Laboratories of Advanced Infrared Materials and Devices (Anhui Jointly Built Discipline Key Laboratories of Advanced Infrared Materials and Devices (Cultivation))

**Hunan Vital New Material Technology Co., Ltd.**

Provincial

Award Industry and Information Technology Department of Hunan Province The Third Batch (2022-2023) of Demonstration Projects of Comprehensive Utilization of Industrial Solid Waste Resources in Hunan Province (Non-ferrous Metal Waste Comprehensive Utilization Off-site Renovation and Expansion Project)

Award Industry and Information Technology Department of Hunan Province, Hunan Provincial Bureau of Statistics New Material Enterprises in Hunan Province

Municipal

Award Leading Group for Non-Public Economy Work in Hengyang City Ranked 19th on the List of Second Top 30 Private Enterprises in Hengyang

**Kunming Vital New Material Technology Co., Ltd.**

Municipal

Award Kunming Municipal Committee of the CPC, Kunming Municipal People's Government Kunming Industrial Development Contribution Award

**Membership of the Associations**

Company Name	Association Name	Level
Vital Technology Co., Ltd.	Guangdong Integrated Circuit Industry Association	Vice Chairman
	Guangdong Semiconductor Industry Association	Member
First Rare Materials Co., Ltd.	Guangdong Association for the Promotion of Independent Innovation of Enterprises	Council Member
	Guangdong Semiconductor Industry Association	Member
Qingyuan Association for Foreign Trade Enterprises	Guangdong Hi-Tech Enterprise Association	Council Member
	Qingyuan Association for Foreign Trade Enterprises	Vice Chairman
Qingyuan High-tech Industry Association	Qingyuan High-tech Industry Association	Council Member
	Qingyuan Pharmaceutical Association	Council Member
CS Microelectronics Co., Ltd.	China Semiconductor Industry Association	Member



# 01

## Sustainable Development Management



## Sustainable Development Governance

Vital Technology Group adheres to the path of sustainable development and regards sustainable development as a core component of its corporate strategy. We establish a comprehensive sustainable development mechanism through systematic design and overall layout, and integrate the concept of sustainable development into our corporate governance and daily operations. We also constantly improve the sustainable development governance structure, promote the continuous improvement of the Company's sustainable development governance level, and realize the comprehensive and coordinated development of economy, society and environment.

### Architecture of Sustainable Development Governance

Hierarchical Function	Hierarchy Name	Responsibilities
Sustainable Development Leadership	Governance Committee	<ul style="list-style-type: none"> <li>◆ Lead the Company's sustainable development affairs, and formulate the strategic plans and policies for sustainable development</li> <li>◆ Review and approve the Company's annual sustainable development report</li> </ul>
		<ul style="list-style-type: none"> <li>◆ Identify and control risks related to sustainable development</li> <li>◆ Coordinate and coordinate the Company's sustainable development efforts</li> </ul>
Sustainable Development Management	Senior Management	<ul style="list-style-type: none"> <li>◆ Promote and guide the sustainable development work of subsidiaries and functional departments, and ensure the implementation of sustainable development management initiatives.</li> <li>◆ Review and submit the annual sustainable development report to the Governance Committee</li> </ul>
		<ul style="list-style-type: none"> <li>◆ Promote sustainable development, and take charge of the implementation of sustainable development plans</li> </ul>
Sustainable Development Executive Layer	Subsidiaries and Functional Departments	<ul style="list-style-type: none"> <li>◆ Count, collect and submit sustainable development information, and regularly submit management initiatives, performance, and case studies related to sustainable development</li> <li>◆ Summarize the problems encountered in the sustainable development, feed them back to the sustainable development management in time, and put forward reasonable suggestions</li> </ul>

In 2023, the completion rate of internal audit was

**100%**

During the report period, in order to optimize the sustainable development mechanism and ensure the effective operation of the sustainable development work system and organizational system, the Company and its subsidiaries conducted multiple internal audits to review ISO 9001, ISO 14001, ISO 45001, ISO 22000, FAMI-QS, IATF 16949, CSR, and other systems. For the identified nonconformities, we formulated special rectification measures, clarified the rectification targets, and set a reasonable timetable to ensure that the rectification was targeted. We also evaluated the effect of rectification and determined whether it satisfied the expected targets.

## Communication with Stakeholders

Paying attention to and actively responding to the complains and expectations of all stakeholders, and working together to create sustainable value are important elements of the sustainable development management of Vital Technology Group. Based on our sustainable development strategy, we set up diversified communication channels with stakeholders, and regularly understand and respond to their comments and suggestions, which provide important references for improving the Company's sustainable development. During the report period, we identified eight categories of stakeholders, including customers, shareholders/investors, employees, suppliers/partners, environment, government and regulatory agencies, communities, media and other third-party organizations.

Stakeholders	Concerned Topics	Communication and Response	Communication Mode
Customers	<ul style="list-style-type: none"> <li>• Integrity in contract performance, high-quality products</li> <li>• High quality service, response to complains</li> <li>• Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>• Strictly implement contracts and intensify product quality management</li> <li>• Improve service level and optimize customer complaint process</li> <li>• Protect customer privacy and security</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey</li> <li>• Customer Visit</li> <li>• Customer Meeting</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>• Sustainable profitability</li> <li>• Standardization of corporate governance</li> <li>• Protection of shareholders' rights and interests</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the profitability</li> <li>• Establish a sound governance system</li> <li>• Apply compliant management</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholder Communication Meeting</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employees' rights and benefits</li> <li>• Occupational health and safety</li> <li>• Talent training and development</li> <li>• Generous compensation and benefits</li> <li>• Open channels of communication</li> </ul>	<ul style="list-style-type: none"> <li>• Keep compliant employment and respect human rights</li> <li>• Provide a healthy and safe working environment</li> <li>• Provide diversified training and open development channels</li> <li>• Set up a competitive salary system and a sound welfare system</li> <li>• Establish a labor union, conduct employee satisfaction survey, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Satisfaction Survey</li> <li>• Employee Symposium</li> <li>• Labor Union</li> </ul>
Suppliers/partners	<ul style="list-style-type: none"> <li>• Sustainable supply chain</li> <li>• Continuous and stable cooperative relationship</li> <li>• Open and fair procurement procedures</li> <li>• Compliance with business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Implement fair and transparent procurement principles and processes</li> <li>• Fulfill the contract according to law</li> <li>• Communicate with suppliers</li> <li>• Responsibly purchase raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier Conference</li> <li>• Supplier Empowerment Training</li> <li>• Supplier On-site Audit</li> <li>• Occasional Industry Forums</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Energy conservation and consumption reduction</li> <li>• Pollution reduction</li> <li>• Environmental management</li> <li>• Climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Apply energy-saving technologies</li> <li>• Introduce renewable energy</li> <li>• Standardize pollution control</li> <li>• Establish a sound environmental management system</li> <li>• Conduct GHG emissions accounting and product carbon footprint verification</li> </ul>	<ul style="list-style-type: none"> <li>• Requirements of Contracts and Customers</li> <li>• Sustainable Development Report</li> <li>• Legal and Regulatory Requirements</li> </ul>
Government and regulatory agencies	<ul style="list-style-type: none"> <li>• Tax payment by laws</li> <li>• Leading in technological innovation</li> <li>• Compliance with laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Actively pay taxes by laws</li> <li>• Proceed technological innovation</li> <li>• Abide by laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Government Meeting</li> <li>• Seminar</li> <li>• Site Visit and Communication</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Promotion of community economic development</li> <li>• Multi-level and multi-dimensional cooperation</li> <li>• Public welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Provide job opportunities</li> <li>• Support community development</li> <li>• Carry out public benefit activities and volunteer services</li> <li>• Contribute to rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>• Official WeChat</li> <li>• Participation in Public Welfare Activities</li> <li>• Community Visit</li> </ul>
Media and third-party organizations	<ul style="list-style-type: none"> <li>• Information disclosure</li> <li>• Interview and communication</li> </ul>	<ul style="list-style-type: none"> <li>• Disclose information in time</li> <li>• Organize visits, meetings, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Information Disclosure</li> <li>• Press Briefing</li> <li>• Visit</li> </ul>

# Management of Material Topics

In order to better respond to the expectations and complaints of stakeholders, the Company strictly follows domestic and international sustainable development standards and the latest trends of ESG, takes into account the characteristics of the industry, comprehensively identifies material topics related to the Company and stakeholders, and discloses them in the Company’s sustainable development report.

## Material Topics Management Process of Vital Technology Group

### Identification

step1

Referring to domestic and international policies, standards and guidelines, we aligned with excellent companies in the industry, and identified 22 material topics that had a significant impact on our development and stakeholders based on the Company’s actual development.

### Evaluation

step2

Through research, interviews and other diversified communication channels, we clarified the key concerns of stakeholders and evaluated the identified material topics.

### Ranking

step3

We ranked material topics based on feedback from relevant stakeholders from two dimensions: “materiality to economic, environmental and social impact” and “materiality to assessment and decision-making of stakeholders”, and then constructed a matrix of material issues.

### Review

step4

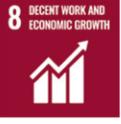
The Governance Committee reviewed and confirmed the matrix of material issues, which would be disclosed to the public as the key content of the Company’s sustainable development report.

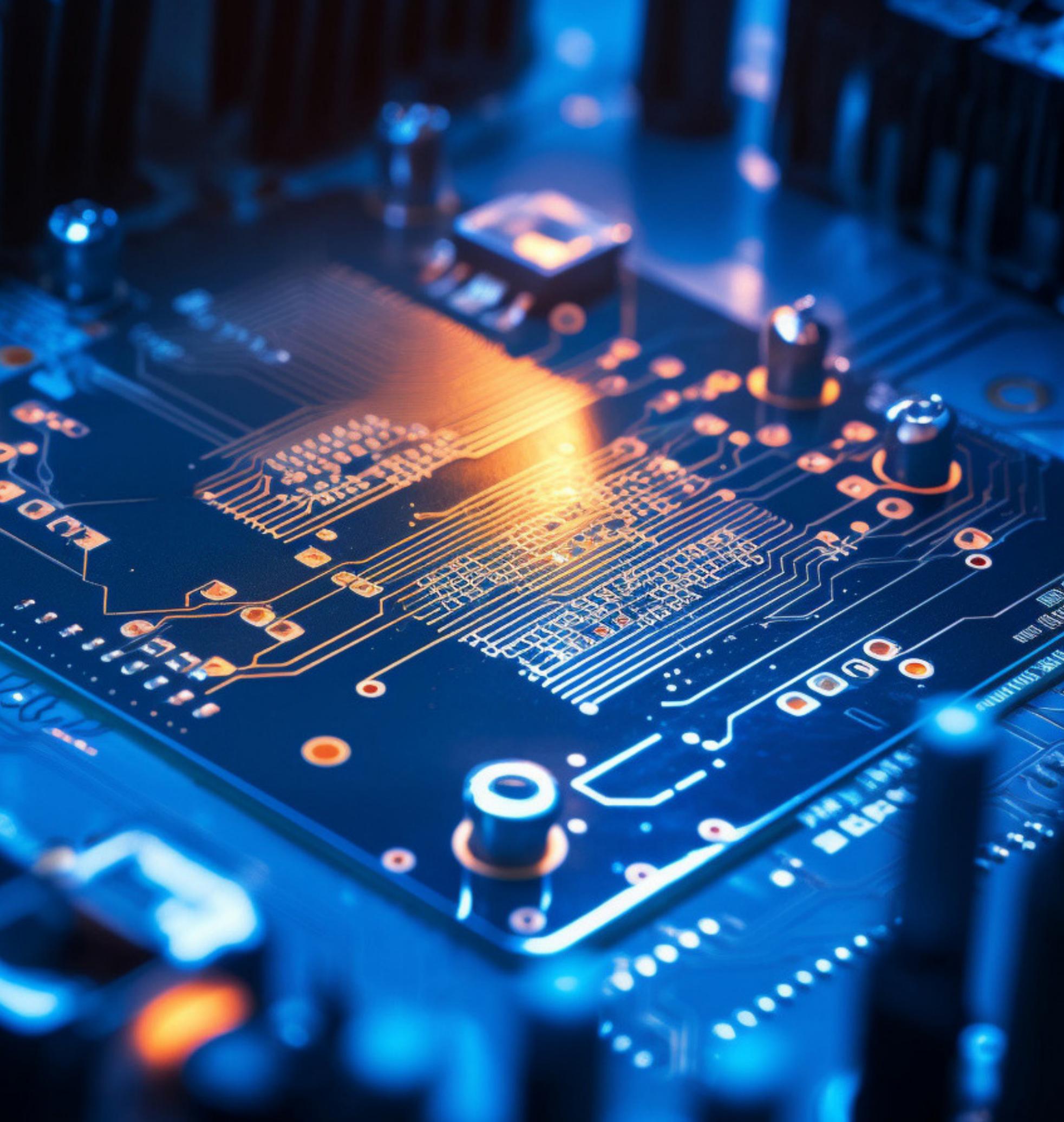
We have ultimately identified 11 topics of high importance, 8 topics of moderate importance, and 3 topics of low importance.



Matrix of Material Topics of Vital Technology Group

Environmental Topics	Social Topics	Economics & Governance Topics
1.Environmental Management System	7.Industry Cooperation	12.Democratic Management
2.Pollutant Treatment	8.Establishment of Sustainable Supply Chain	13.Employee Development
3.Energy Management	9.Compliant Employment	14.Occupational Health and Safety
4.Water Resource Management	10.Employee Diversity	15.Public Welfare
5.Climate Change Response	11.Employee Welfare and Care	16.Economic Performance
6.Green Operation		17.R&D and Innovation
		18.Products and Services
		19.Governance System
		20.Internal Control and Risk Management
		21.Business Ethics
		22.Information Security

Material Topics	Affected Stakeholder	Related SDGs	Chapters on Management and Action	Material Topics	Affected Stakeholder	Related SDGs	Chapters on Management and Action
Environmental Management System	Employees Environment Government and regulatory agencies Communities		Environmental Management System	Democratic Management	Employees	 	Compliant Employment
Pollutant Treatment	Environment Government and regulatory agencies Communities		Pollutant Treatment	Employee Development	Employees		Employee Development
Energy Management	Environment Communities		Energy Management	Occupational Health and Safety	Employees		Occupational Health and Safety
Water Resource Management	Environment Communities		Water Resource Management	Public Welfare	Communities Media and third-party organizations	 	Public Welfare
Climate Change Response	Environment Communities		Climate Change Response	Economic Performance	Shareholders/Investors Employees Government/Regulatory agencies		Company Overview
Green Operation	Environment Communities		Green Operation	R&D and Innovation	Shareholders/Investors Government/Regulatory agencies Suppliers/Partners	 	Technological Innovation
Industry Cooperation	Customers Suppliers/Partners	 	Industry Development	Products and Services	Customers	 	Product Quality Customer Services
Establishment of Sustainable Supply Chain	Customers Suppliers/Partners	 	Establishment of Sustainable Supply Chain	Governance System	Shareholders/Investors Employees Suppliers/Partners		Organizational Structure
Compliant Employment	Employees	 	Compliant Employment	Internal Control and Risk Management	Shareholders/Investors Employees Suppliers/Partners		Compliant Business Operation
Employee Diversity	Employees		Compliant Employment	Business Ethics	Customers Shareholders/Investors Employees Suppliers/Partners		Business Ethics
Employee Welfare and Care	Employees		Welfare and Care	Information Security	Customers Shareholders/Investors Employees Suppliers/Partners		Information Security



# 02

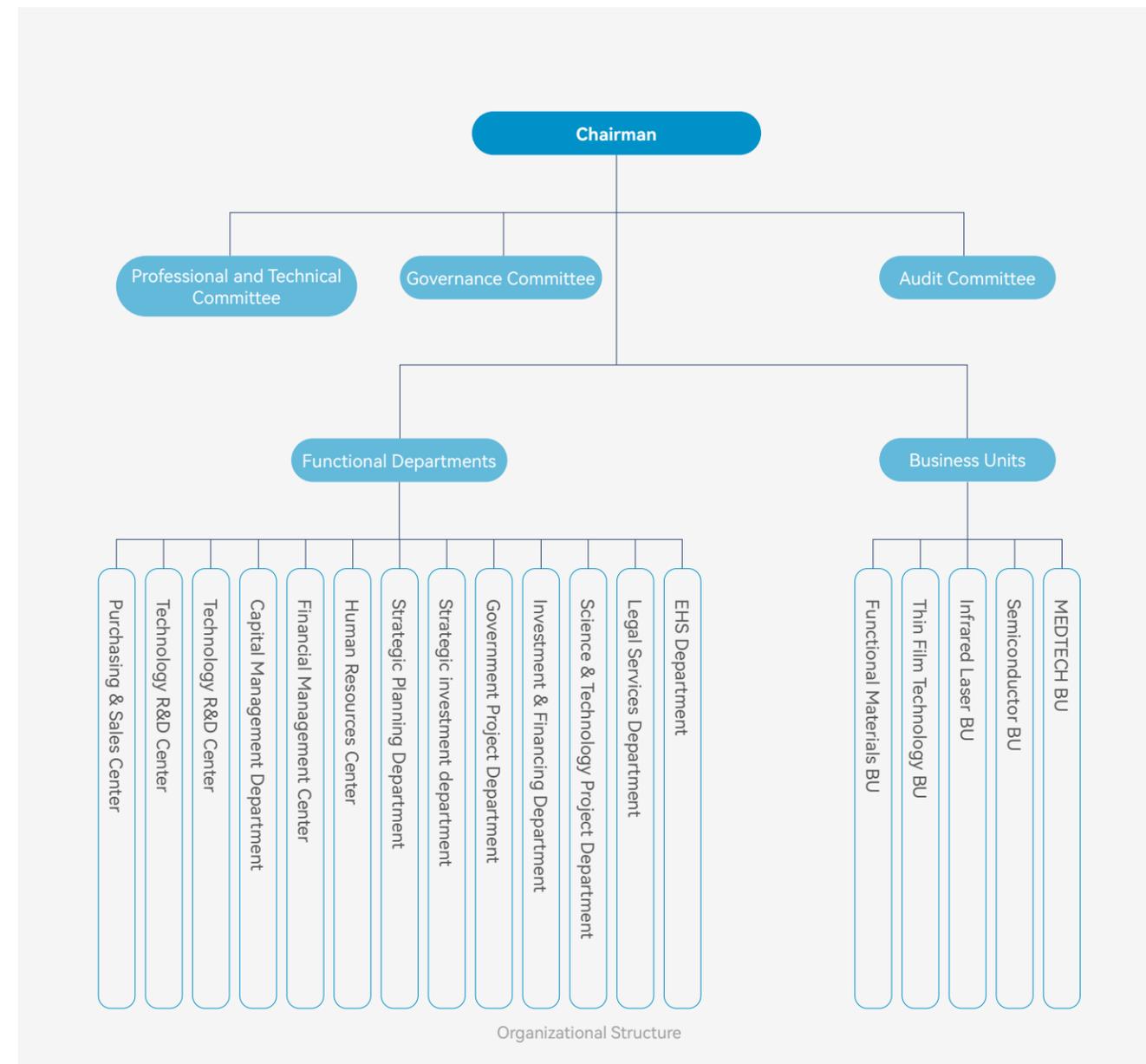
## Standardizing Governance and Solidifying the Foundation of Development

Vital Technology Group has continuously improved its corporate governance system, established a sound risk management and compliance mechanism, and continuously enhanced its capability of risk prevention and control. We strengthen the implementation of business ethics to provide strong support for the sustainable and healthy development of the Company.



## Organizational Structure

The Company has established a sound modern corporate governance structure in accordance with laws and regulations such as the *Company Law of the People's Republic of China* and actual development needs, and created a governance mechanism with scientific management and efficient operation, ensuring scientific decision-making and effective execution, continuously improving the level of corporate governance, and creating more value for stakeholders.



## Risk Management

Vital Technology Group is keenly aware that strengthening risk management is an important way to ensure honest operation and promote long-term development. The Company continues to accelerate the construction of internal control system, improve the risk control mechanism and process and enhance the risk management capability. We have established a risk management organization system based on the duties of each department to comprehensively prevent and control the Company's risks. The departments have established a risk management system in line with their management responsibilities, functions and powers. The Audit Department regularly checks and gives feedback on their performance, and puts forward rectification suggestions to ensure comprehensive control of risks and provide effective guarantee for the realization of the Company's strategic and operational goals.

### Management

- ◆ Identify the risks existing in the Company and take appropriate measures to control them;
- ◆ Regularly report to the Governance Committee and hold information meetings to report on significant spontaneous or non-spontaneous risks facing the Company.

### Relevant departments

- ◆ Take charge of the construction of the Company's risk management system, institutional framework, and team building;
- ◆ Establish and improve risk management mechanisms such as corporate risk warning and identification, and risk analysis;
- ◆ Organize and implement related risk testing and training;
- ◆ Study the macro environment and industry policies, and propose relevant external risk response measures;
- ◆ Take charge of the Company's contract management, litigation, arbitration and legal risk control.

### 2023 Risk Management Priorities

- Further promote the *Contract Management System* and precautions during contract handling to applicable departments;
- Conducted a training on the *Response to the Risk of Overdue Accounts Receivable* and reduce the risks of daily business contracts by improving the operational standardization of internal personnel;
- Update the *Customer Credit Risk Management System* to avoid risks caused by customer credit issues;
- Update the *Accounts Payable Management System*, strengthen the daily management of purchasing accounts payable, prevent business risks, and safeguard capital security;
- Update the internal rules and regulations according to import and export control laws and regulations to prevent legal risks;
- Update and release the rules and regulations on intellectual property and trade secret protection, such as the *Emergency Plan for Intellectual Property Rights* and the *Trade Secret Control Procedure*, effectively reducing the risk of unauthorized disclosure of independent intellectual achievements and infringement of external third-party rights.

## Compliant Business Operation

Vital Technology Group steadfastly keeps business operations in an honest and rule-based way, continuously improves the compliance system, clarifies compliance responsibilities, cultivates a compliance culture, and integrates compliance management into all aspects of our operations. The Company will continue to maintain healthy and compliant business relationships with suppliers, distributors and customers, promote compliant management in key areas, strictly abide by compliance commitments, and effectively prevent compliance risks.

### Construction of Compliance System

The Company strictly abides by all applicable laws and regulations and strives to construct a compliance management system which is engaged in various areas such as trade compliance, anti-commercial bribery and fair competition. In combination with own business characteristics and business risks, the Company develops compliance management systems and policies, and formulates compliance guidelines for each business decision to ensure the effective implementation of the system through a multi-level compliance system. In addition, the Company has improved the efficiency of compliance management continuously by optimizing the authority and responsibility system of organizational departments, perfecting the information management system, and enriching the reserves of internal talents and external professional resources.

### Implementation of Compliance Audit

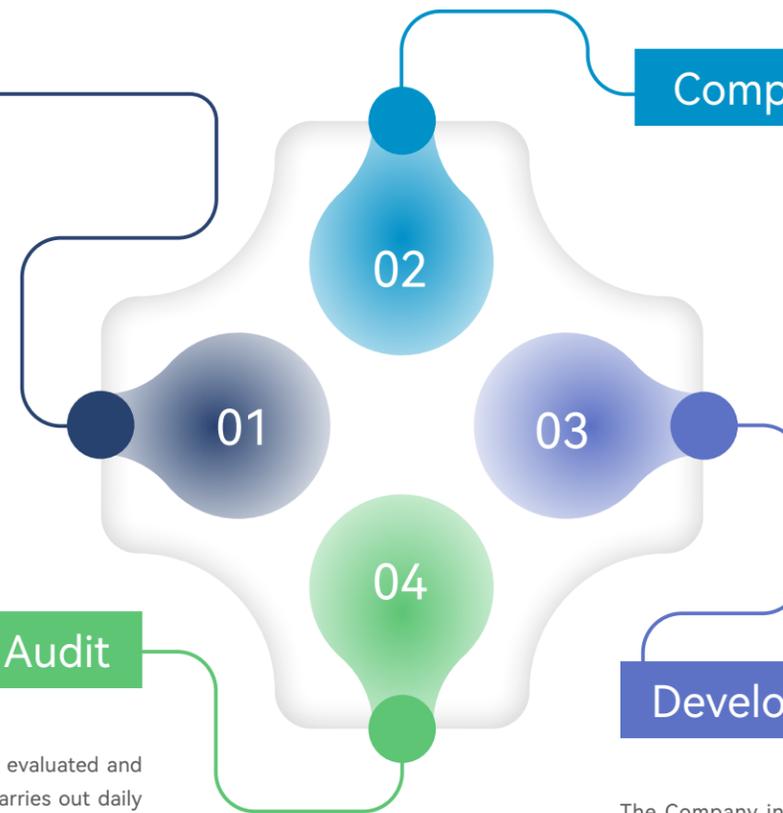
In 2023, the Company upgraded the original Audit Department, and objectively and fairly inspected, evaluated and confirmed the compliance management of the Company and its subsidiaries. The Audit Department carries out daily compliance audits according to the plan, and follows up and supervises the implementation of audit rectification matters to avoid potential compliance risks and further expansion of existing risks. Moreover, it investigates relevant irregularities and holds accountable those responsible for compliance risk incidents, and continuously promotes the management of compliance and other related work in the Company. During the report period, according to the instructions of the Audit Committee, the Audit Department conducted on-site audits of the procurement, sales, engineering and other businesses of the Company and its subsidiaries in accordance with the *China's Internal Auditing Standards*, the *Guidelines on the Application of Enterprise Internal Control*, and the *Audit Management System*. It issued 39 audit reports, and arranged special staff to track the audit rectification, with a rectification tracking rate of 100%.

### Compliance Risk Prevention and Control

The Company attaches great importance to compliance risk prevention and control in the course of operation, and has set up risk control defense lines at three levels: before, during and after the event. Prior to event, the Company establishes the system and process, improves a compliance system according to the compliance requirements, and establish various preventive measures. During the event, each position and the Risk Management Department perform their duties to identify and control risks. After the event, we make a summary, constantly improve the compliance risk management system, and implement risk prevention and internal supervision.

### Development of Compliance Culture

The Company incorporates compliance training into employee training program, conducts regular compliance training, cultivates a compliance culture, strengthens employees' awareness of compliance, and enables them to fully understand their compliance obligations and responsibilities. The Company provides abundant compliance learning resources, including videos, special articles, books, etc., and conducts compliance publicity in internal publications and platforms to encourage employees to learn about compliance. In addition, the Company regularly carries out activities such as compliance salons to create a favorable atmosphere for learning and exchange.



## Business Ethics

Vital Technology Group adheres to high standards of business ethics and maintains a zero-tolerance stance towards any form of unethical behavior, including corruption, monopoly and unfair competition. The Company advocates honesty, integrity and self-discipline among employees, jointly creates an honest, fair, transparent and standardized business environment, builds a “cordial and clean” business ecosystem, and sets up a responsible corporate image. [First Rare joined the China Enterprise Anti-Fraud Alliance in 2019.](#)

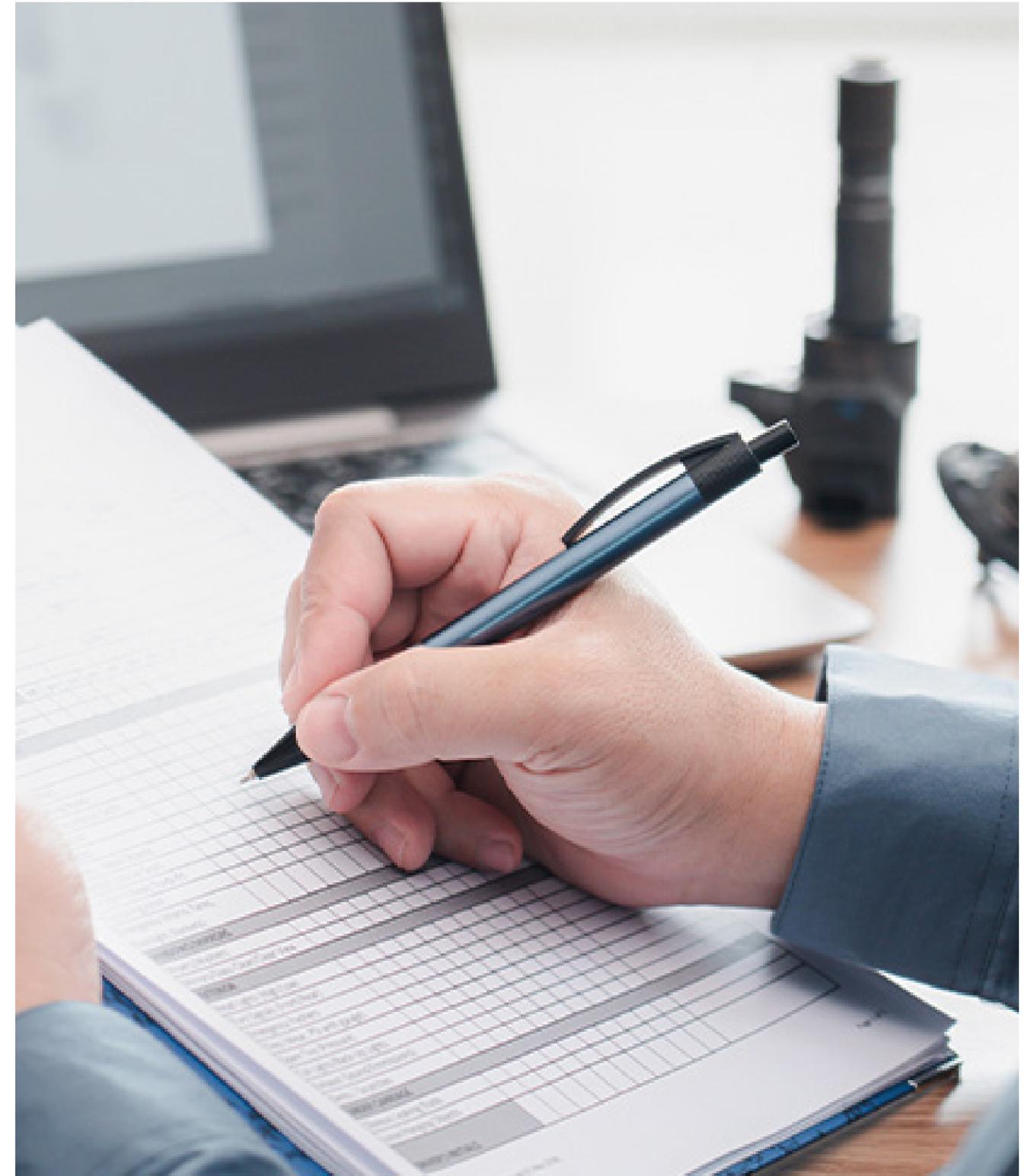


## Integrity and Honesty

The company has always adhered to the principle of integrity and honesty, formulated the *Integrity Management System*, and established a sound anti-corruption and anti-bribery management system. The Company regularly carries out integrity training to enhance the awareness of anti-corruption and anti-bribery, and actively creates an atmosphere of “honesty, integrity and self-discipline”. The key staff are required to sign the *Letter of Integrity and Self-discipline Confirmation of Key Positions of Vital Technology Group*, and self-inspection is conducted on integrity and honesty in their positions. The Company identifies anti-corruption risks every year, formulates targeted prevention and control measures, and comprehensively enhances its capability to resist corruption and bribery. [During the report period, we did not engage in any behavior that violated the principles of integrity and honesty, such as corruption or bribery.](#)

## Fair Competition

The Company has infinite faith in that fair competition is a solid cornerstone for steady development, strictly abides by laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and actively implements the requirements of competition compliance. The Company has always insisted on winning the market with product innovation, excellent quality and quality service, and has signed trade contracts with customers and filed them, ensuring that information is delivered to customers in an open, fair and equitable way. [During the report period, there were no trade sanctions, administrative penalties or legal proceedings related to anti-unfair competition and anti-monopoly.](#)



## Intellectual Property Rights

The Company regards intellectual property rights as vital intangible assets, complies with laws and regulations such as *the Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, and *Copyright Law of the People's Republic of China*, and continues to push forward the construction of intellectual property management system. The Company is devoted to strengthening the construction of its intellectual property management team, and has carried out multiple training sessions on intellectual property management to comprehensively improve its capability to create, utilize, protect and manage intellectual property rights. While strictly protecting its own intellectual property rights, the Company is also committed to not infringing on the intellectual property rights of others. During the report period, First Rare, a subsidiary of Vital Technology Group, was successfully selected a one of National Demonstration Enterprises for Intellectual Property due to its achievements in 2023.



Intellectual Property Training



Patent and Trade Secret Training

地区	序号	企业名称
广东省	1	TCL 王牌电器 (惠州) 有限公司
	2	小熊电器股份有限公司
	3	广东万和电气有限公司
	4	广东太力科技集团股份有限公司
	5	广东申菱环境系统股份有限公司
	6	广东先导稀材股份有限公司
	7	广东华特气体股份有限公司
	8	广东创智智能装备有限公司
	9	广东罗浮山国药股份有限公司
	10	广东凯普生物科技股份有限公司

### Performance in Intellectual Property as of the End of the Report Period

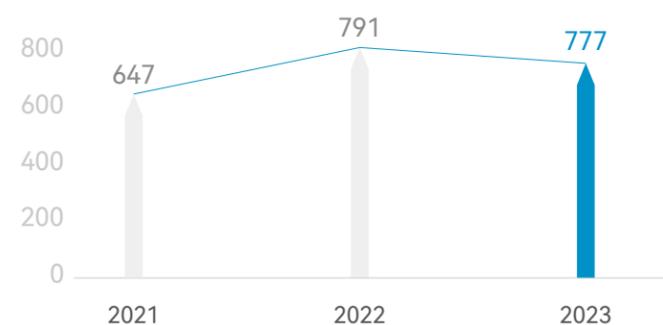
Number of patents applied -Number of invention patent applied -Number of utility patent applied -Number of design patent applied

**2829** Nos.      **1711** Nos.      **1100** Nos.      **18** Nos.

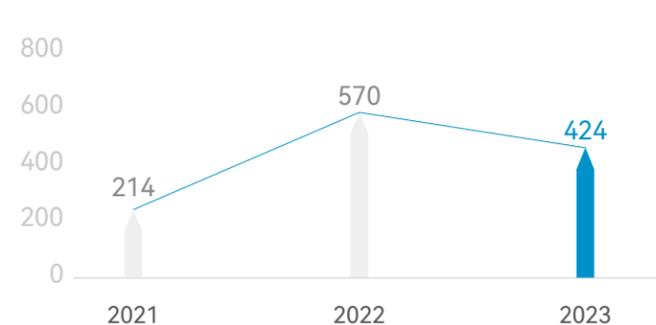
Number of patents granted -Number of invention patents granted -Number of utility patents granted -Number of design patents granted

**1396** Nos.      **514** Nos.      **871** Nos.      **11** Nos.

Number of patents applied (Nos.)



Number of patents granted (Nos.)



### Case Vital Technology Group conducted training on protecting corporate trade secrets.

In June 2023, the Company adopted a combination of "online + offline" methods to conduct training on the protection of corporate trade secrets, covering the Procurement Department, R&D Department, intellectual property rights and other relevant personnel. This training popularized the legal knowledge on trade secret protection to employees, and passed on specific trade secret protection measures and management methods, helping the Company establish a sound trade secret protection mechanism and maintain a fair competitive environment in the market.



### Performance in Business Ethics Training

Indicators	Unit	2023	2022	2021
Business ethics training - senior management	Persons	50	36	27
Rate of business ethics training for senior management	%	93	90	86
Number of people receiving business ethics training*	Persons	5037	3015	2476
Proportion of people receiving business ethics training	%	66.95	60.66	45.16

\*Including the training on anti-corruption, anti-bribery and anti-competition practice

## Complaint and Report Management

The Company has established the “Complaint and Report Management System”, improved the internal and external complaint and report system, accepted internal and external supervision and reports on the Company and employees, and set up investigation procedures and accountability mechanisms. The Company strictly keeps confidential the information of informers, and prohibits disclosing relevant information to third parties and any form of retaliation.

Reporting Channel

  
**Phone/WeChat**  
 18826600356

  
**Fax**  
 020-37069180

  
**Email**  
 TSJB@vitalchem.com



Complaint & Reporting Mailbox

### Performance in Complaint & Reporting

Indicators	Unit	2023	2022	2021
Number of complaints and reports	Nos.	4	0	0

### Performance in Business Ethics

Indicators	Unit	2023	2022	2021
Percentage of operation sites having undergone anti-corruption risk assessment to the total number of sites	%	45.45	50.00	55.56
Percentage of operation sites undergoing internal audits/risk assessments for business ethics issues to the total number of sites	%	45.45	50.00	55.56
Percentage of operation sites with anti-corruption management system certification to the total number of sites	%	13.64	8.33	11.11
Percentage of operation sites in China that have publicized anti-corruption	%	100	100	100
Percentage of operation sites outside China that have publicized anti-corruption	%	100	100	100
Number of confirmed corruption incident	Nos.	0	0	0



## Information Security

Information security is an inevitable requirement for maintaining business stability in the digital age. Aiming to “protect customers’ information security and the Company’s data assets, and safeguard the sustainable operation”, the Company has established a top-down information security defense line by carrying out the construction and management of the information security system in accordance with the 14 areas stated in the ISO/IEC 27001 information security management system. We have established a scientific and perfect information security management organization and defined the responsibilities at all levels to ensure the effectiveness of the information security management system.

We classify and manage information assets according to their types and purposes, and establish a complete and accurate list of information assets. The Company pays special attention to the protection of R&D data, production data, business data, financial data and other core data, and implements strict access control mechanisms and comprehensive data backup and recovery mechanisms to maximize business sustainability and continuity.

The Company regularly identifies information security risks and takes preventive control measures to ensure the security of information assets. We also formulate information security emergency plans and set up an emergency response management team to improve its capability to handle information security emergencies and minimize the harm and impact of such incidents.



### Case

#### The Company conducted information security emergency drills.

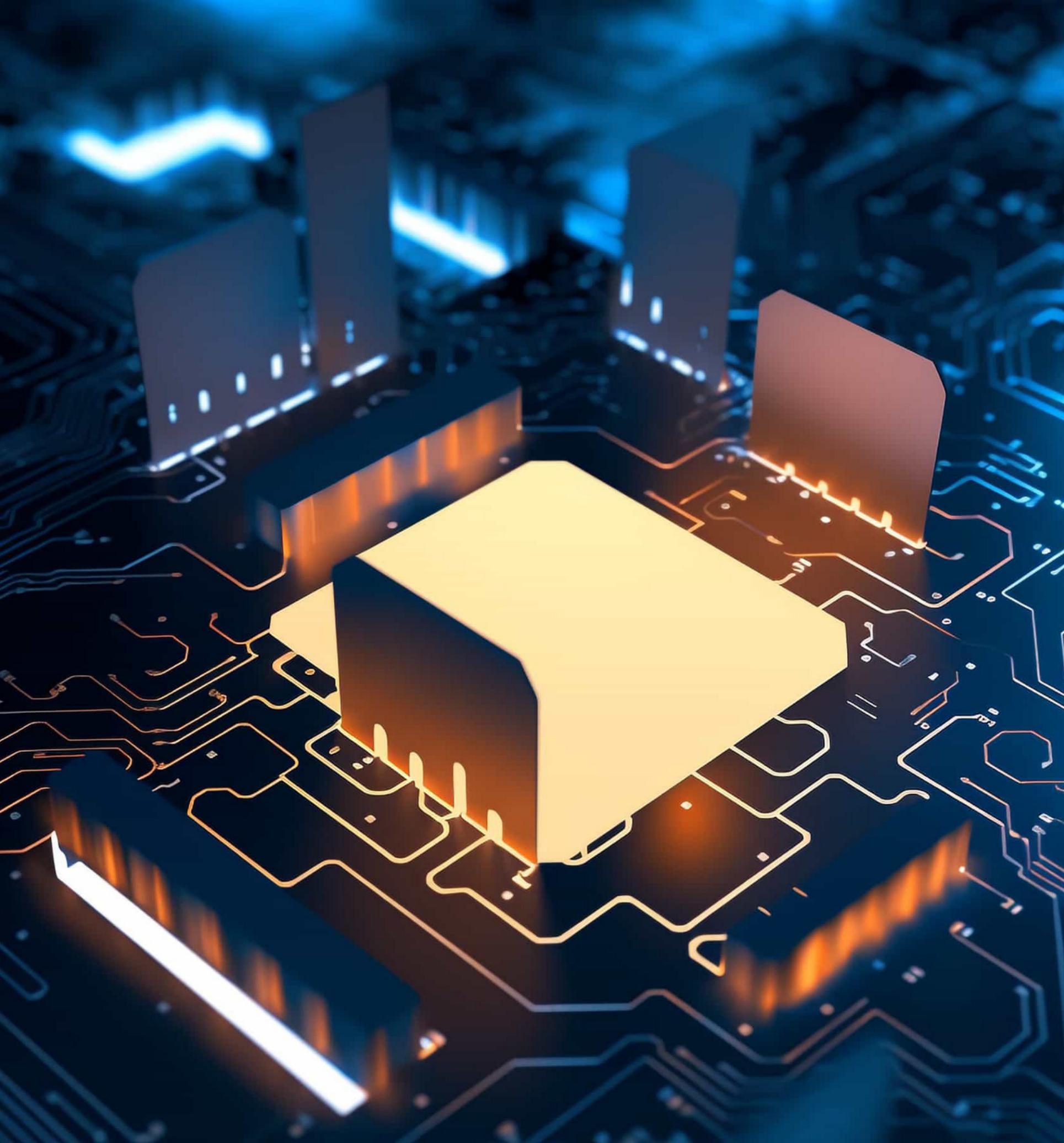
In June 2023, the Company carried out information security emergency drills to test the department’s emergency response capability and speed when the NCC CLOUD test server was attacked by a virus. With the background of a virus attack on the NCC CLOUD test system, the drills mainly simulated the whole process of event discovery and assessment, initiation of response, information notification, emergency response, problem eradication, restoration and reconstruction, investigation and continuous improvement, in order to further popularize the knowledge of emergency response, improve the ability of employees to respond to information security incidents, further clarify the responsibilities and tasks of relevant departments and personnel, and effectively prevent information security incidents.



Information Security Training

### Performance in Information Security

Indicators	Unit	2023	2022	2021
Number of confirmed information security incidents	Nos.	0	0	0
Number of people receiving information security training	Persons	7570	7635	5483
Proportion of people receiving information security training	%	100	93.26	100



# 03

## Focusing on the Main Business and Providing Innovative Products

Vital Technology Group has implemented the strategy of technological innovation, and improved the management system of technological innovation, striving to make breakthroughs from ground zero to one and further advancing from one to multiple achievements. We always adhere to the principle of high standards and stringent requirements, and further improve product quality and brand influence, aiming to provide reliable products and high-quality services for global customers.

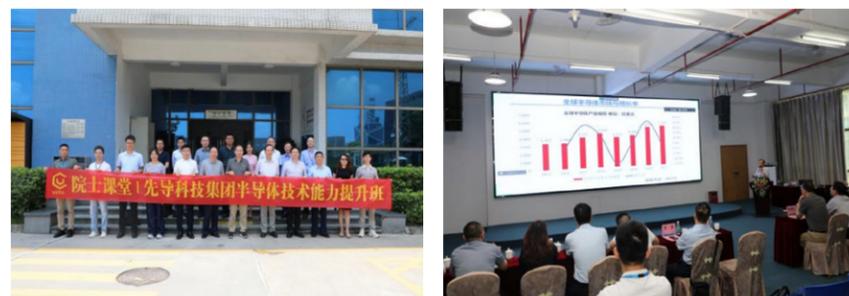


# Technological Innovation

## R&D Construction

### R&D Team

Vital Technology Group works with the concept of "leading technology, guiding the future", and sticks to the strategy of vertical integration, product diversification, industry specialization, globalization and integrated recycling, aiming to providing a full range of application solutions for global customers. We continue to increase our investment in research and development, and have set up an experienced R&D team with a global perspective. We have established a comprehensive training mechanism for R&D personnel in order to continuously satisfy the ever-changing innovation needs of customers.



Academician Classroom: Semiconductor Technology Capability Enhancement Class

The Company has formulated a series of incentive systems such as the *Reward System for R&D, Process Improvement, Innovation and Efficiency Creation* for recognizing the innovation achievements of R&D personnel, and continually optimizes incentive and commendation measures to further stimulate the vitality and potential of R&D personnel and build up an organizational atmosphere that encourages innovation. At present, the Company has 23 doctors, 463 masters, 2,256 bachelor's degree holders. Among them, 36 persons have been awarded the title of high-level talents in Qingyuan City, and 156 persons have been certified by national/government regulatory authorities and granted professional and technical titles, providing sufficient talents for the long-term development of the Company.



Top 10 Inventors Award of the Group

### Industry-Academia-Research Collaboration

The Company has formulated the *Management System for Industry-Academia-Research Collaboration* and actively carries out long-term industry-academia-research cooperation in key areas. At present, we have established long-term cooperative partnership and joint development mechanism with the Institute of Semiconductors, Chinese Academy of Sciences, the Guangdong Institute of Rare Metals (Guangzhou Institute of Non-ferrous Metals), the Institute of Semiconductors, Guangdong Academy of Sciences, South China University of Technology, Sun Yat-sen University, Central South University, Beijing University of Chemical Technology, Jiangxi University of Science and Technology, and so on. Through industry-academia-research cooperation, the Company can obtain cutting-edge technical support, realize resource sharing and complementary advantages, and provide broader R&D resources and expertise. The Company has formulated the *Three-Year Development Plan (2021-2023) for University-Education Integration and School-Enterprise Cooperation*, which specifies the three-year objectives, partner universities, and cooperation contents and methods. Under the guidance of the three-year development plan, we recruited 780 students from partner universities in 2021-2023, over-fulfilling the target set out in the development plan.

**Case** The Company and Guangzhou Institute of Technology, Xidian University jointly built the "Infinite Frontier Innovation Center".

On June 8, 2023, the Company and Guangzhou Institute of Technology, Xidian University held the unveiling ceremony for the "Infinite Frontier Innovation Center". Both parties took the "Infinite Frontier Innovation Center" as an opportunity to continue substantive cooperation, jointly participate in project research and technological breakthroughs, promote the close integration of industrial chain, capital chain and talent chain, and jointly boost the progress of materials, talents and technologies.



**Case** Vital Technology Group signed a cooperation agreement with Guangdong University of Foreign Studies.

In June 2023, the vice president of Guangdong University of Foreign Studies and his delegation visited Vital Technology Group and formally signed a University-Enterprise Cooperation Framework Agreement. Both parties had in-depth exchanges on the development of enterprises and the prospects of cooperation, hoping to strengthen cooperation in enterprise development strategies, participation in global economic governance, and international talent training based on this exchange, so as to achieve mutual empowerment and win-win development.

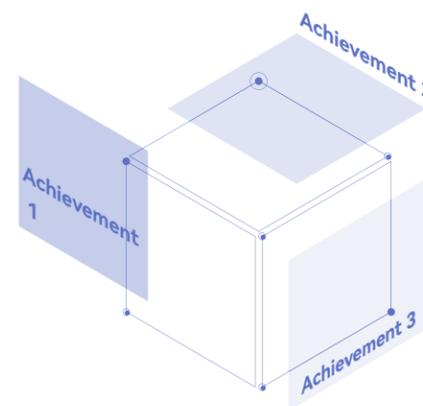
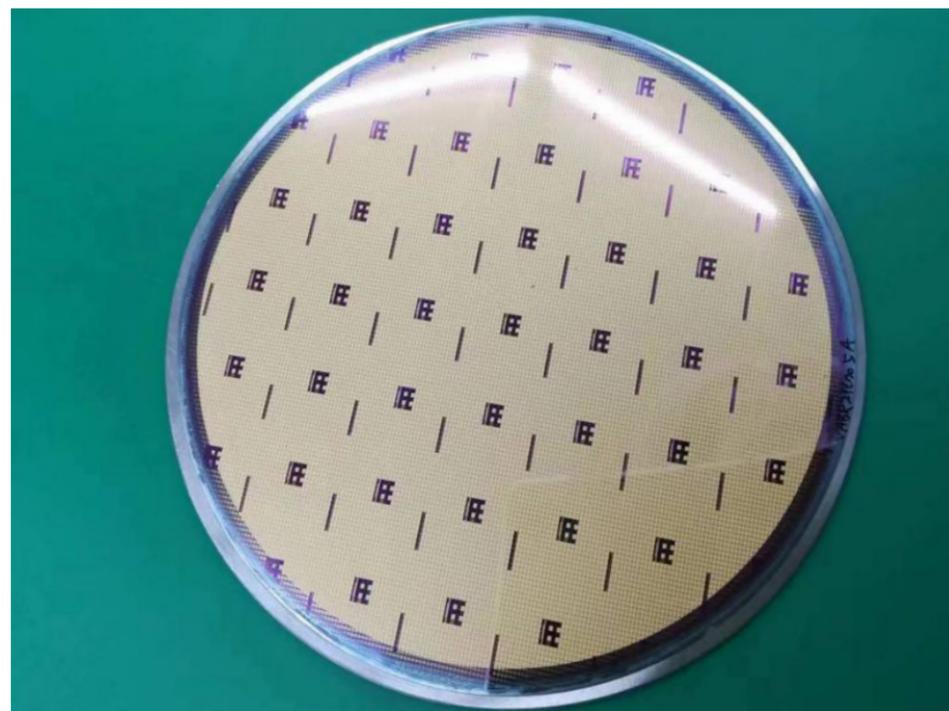


## Innovative Achievements

As a globally leading manufacturer specializing in the rare metals market, the Company attaches great importance to the transformation and implementation of R&D achievements. Centered on innovation, we have run our business in multiple fields such as rare metal materials, thin film materials, infrared laser materials and devices, compound semiconductor materials, chips and devices, laying a solid foundation for long-term development.

CS Microelectronics, a subsidiary of Vital Technology Group, successfully developed the first 660nm wavelength VCSEL chip in China.

In 2023, CS Microelectronics successfully developed the first domestic 660nm wavelength vertical-cavity surface-emitting laser chip (660VCSEL chip) and put it into mass production. Compared with the current mainstream edge emitting laser (EEL) in the market, the 660VCSEL chip is easier to integrate in-plane array and enable optical shaping. It can achieve 4.5 times higher sensitivity to the human eye than similar products at the same output power, and greatly reduces costs. It can be widely used in the fields of laser indication, laser scanning, blood-oxygen sensing, and smoke detection.



The “Photovoltaic Key Material R&D Project” of Vital Technology Group won the Second Prize of Provincial Science & Technology Progress Award.

In 2023, the Project “Research and Industrialization of Key Materials such as Rare Metal for Thin Film Solar Cell” jointly implemented by the four companies of Vital Technology Group (including First Rare, Vital Thin Film, First Materials and RPM) won the “Second Prize of Provincial Science & Technology Progress Award”. This project aims to address the problems of low product purity, uneven composition, and low target density of key functional materials for thin-film solar cells. Through innovative methods, processes, and engineering practices, a series of technologies were developed successfully for preparing key functional materials for thin-film solar cells, and put into industrial applications.



New process was developed in this project to realize the binding of large-sized rotary targets.

The thin-film ITO target of Vital Thin Film Materials (Guangdong) won the title of provincial single champion product in the manufacturing industry in 2022.

In 2023, the thin-film ITO target of Vital Thin Film Materials (Guangdong) won the title of provincial single champion product in the manufacturing industry in 2022. Vital Thin Film Materials (Guangdong) focuses on the independent research and technological innovation on medium and high-end target materials, constantly improving products to be scaled and high-end oriented. ITO target is the key material of the global TFT display industry chain, but also the fundamental guarantee for the development of electronic information industry. In combination with foreign technologies and persistent innovation, the ITO target performance indicators of Vital Thin Film Materials (Guangdong) have reached the international advanced level, and some indicators have exceeded the national or industry standards.

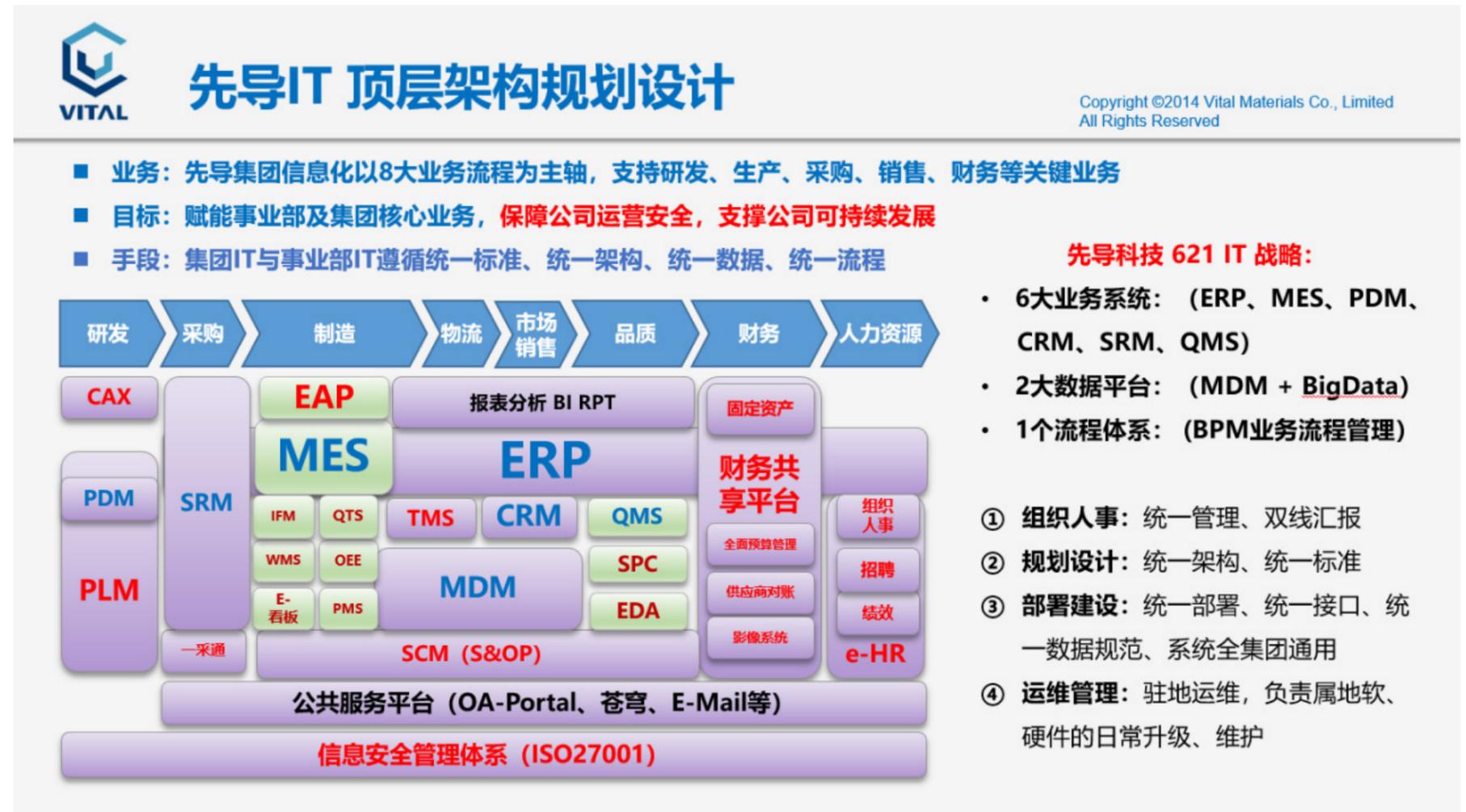


High-quality Plane Target and Rotary Target

## Digital and Intelligent Transformation

The Company navigates the trend of digital development, resolutely implements the strategy of digital transformation, actively applies digital means in production and operation, realizes interconnection and interoperability, constantly improves the level of intelligent manufacturing, and creates a new engine for innovation and development.

The Company adheres to the concept of “self-research in production and application + outsourcing of mature kits”, builds the “621” digital operation platform, deepens intelligent management and integration, completes the end-to-end intelligent upgrade of the whole process, enables corporate process support, and provides strong technical support for achieving cost reduction and efficiency improvement, enterprise going global and sustainable development.



### Case

#### Electronic special gas MES system enabled intelligent production.

Due to the special requirements of the semiconductor industry, it is necessary to strictly control the production process, so as to trace and control the quality through the process. The electronic special gas workshop of Vital Micro-Electronics Technology Co., Ltd. completed the acceptance of MES system in December 2023. The system not only sets up a full-process traceability system, but also enables the online operations of reception, delivery, storage, transfer and inventory of cylinder management.

In addition, the system sets up a standardized process that can identify abnormalities in the production process and automatically warns of them, automatically correct them or alert the operator to intervene manually, significantly improving efficiency and ensuring product quality.

**整体功能架构**

特气车间制造管理平台

**纯化设备监控**

序号	设备名称	报警类型	报警详情	报警语言	报警时间	处理状态	操作
1	钠石灰A	更换报警	即将达到或超过“标准使用上限”，请及时操作“更换”！	钠石灰A_更换报警	2024-06-23 09:38:06	待处理	忽略
2	钠石灰B	更换报警	即将达到或超过“标准使用上限”，请及时操作“更换”！	钠石灰B_更换报警	2024-06-22 11:37:35	待处理	忽略

# Product Quality

## Quality Management System

Quality is the cornerstone of a product and also the reputation of an enterprise. The Company adheres to the concept of quality first, follows ISO and various international standards and specifications strictly, establishes a sound quality management system, and rigidly product and ensure the quality at each stage. The Company formulates quality management objectives and policies, decomposes and implements the targets, and requires each employee to execute the quality requirements. We regularly audit the quality system, review system documents, and make continuous improvements to any conduct that does not meet quality management requirements, continuously improving the quality management level. In addition, RPM has passed the ISO 22000 food safety management system certification, and Vital Micro-Electronics, Advanced Materials and SATFM have passed the IATF 16949 automotive quality management system certification. RPM and First Materials have passed FAMI-QS EU feed safety and quality management system.



RPM: ISO 22000



Vital Micro-Electronics: IATF 16949



Advanced Materials: IATF 16949



SATFM: IATF 16949



RPM: FAMI-QS



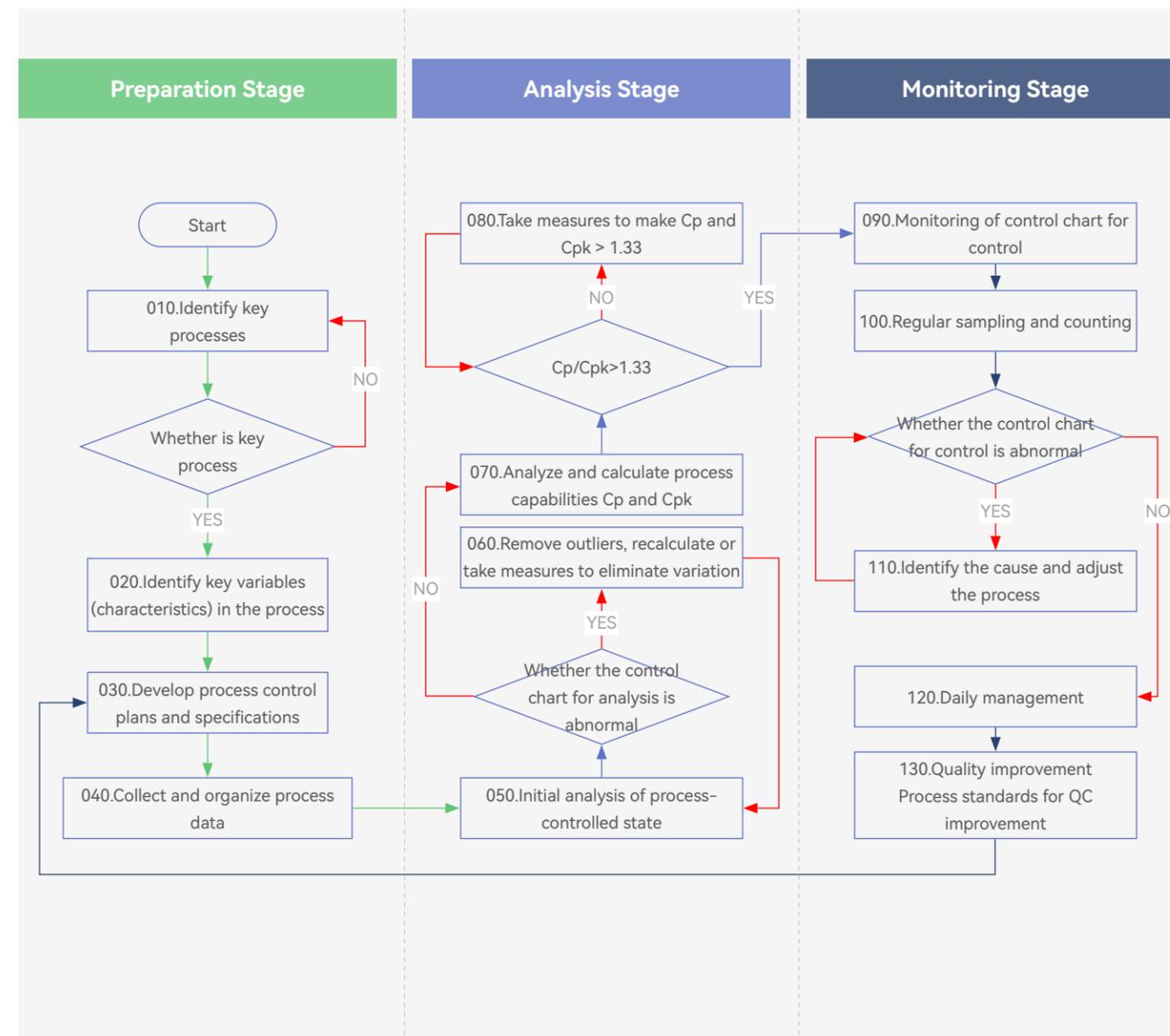
First Materials: FAMI-QS

S/N	Company Name	Type	Whether certified for ISO 9001 environmental management system
1	Vital Technology Co., Ltd.	Trading	No
2	Vital Materials Co., Limited	Trading	Yes
3	First Rare Materials Co., Ltd.	Production	Yes
4	Cleantech New Materials Co., Ltd.	Production	Yes
5	Vital Advanced Materials Co., Ltd.	Production	Yes
6	First Materials Co., Ltd.	Production	Yes
7	CS Microelectronics Co., Ltd.	Production	Yes
8	Vital Micro-Electronics Technology Co., Ltd.	Production	Yes
9	Vital Thin Film Materials (Anhui) Co., Ltd.	Production	Yes
10	Vital Thin Film Materials (Guangdong) Co., Ltd.	Production	Yes
11	RPM Co., Ltd.	Production	Yes
12	Anhui Vital Optics Technology Co., Ltd.	Production	Yes
13	Vital Pigments (Tianjin) Ltd.	Production	Yes
14	Cleantech Rare Metal Technology Co., Ltd.	Production	Yes
15	Hunan Vital New Material Technology Co., Ltd.	Production	Yes
16	Vital Sofine Semiconductor Co., Ltd.	Production	Yes
17	Vital Optics Technology Co., Ltd.	Production	Yes
18	Vital Thin Film Materials (Zibo) Co., Ltd.	Production	Yes
19	Kunming Vital New Material Technology Co., Ltd.	Production	Yes
20	Vital Pure Metal Solutions GmbH	Production	Yes
21	Singapore Advanced Thin Film Materials Private Limited	Production	Yes
22	VITAL MATERIALS BELGIUM SA	Production	Yes

## Quality Management Measures

The Company has established a monitoring system and indicators for the full-process monitoring of products to issue real-time warning and immediately resolve the problems in a closed loop. The Company establishes and changes the standards for raw materials, packaging materials, intermediates and products, in order to meet the requirements or needs of the relevant parties on the basis of compliance with regulations, to guarantee the perspectiveness and effectiveness of the existing standards, and to ensure the continuous quality stability of materials, intermediates and products. Relying on its own "KQ" digital platform and MES production management system, the Company has realized cross-platform automatic data collection and judgment, and facilitated product quality improvement through automation and informatization.

The Company builds an SPC system to optimize the management of preparation, analysis and monitoring, achieving a virtuous cycle of product quality control. Moreover, the system can analyze the test data in real time, provide a multidimensional perspective for quality management, which is conducive to the exposure of quality problems, and improve the response speed of quality management.



According to quality management standards, the Company formulates annual quality culture training plan, actively carries out quality culture construction activities, organizes quality training for new and on-job employees, and strengthens quality awareness. Moreover, we set up a number of awards such as "Rationalization Proposal Award" and "Product Improvement Award" to inspire and guide more employees to actively practice the quality culture, to create a good atmosphere where values and pursues quality, and to establish a value orientation of advocating quality.



Quality Awareness Training



Training on the Use of the Seven QC Techniques

In addition, the company has an analysis and testing center (laboratory) of Vital Technology Group. The laboratory was established in 2006 in Heyun, Qingyuan, Guangdong. At present, the Company has established 21 laboratories in Qingyuan High-tech Zone, Hefei, Anhui and Zibo, Shandong. Currently, the laboratory boasts a team of 188 analysis and testing experts and houses an extensive inventory of 484 analysis and testing equipment, enabling a full range of analytical services and ensuring the test data and results are scientific and accurate, so as to control product quality.



Testing Equipment

**Case**

Vital Thin Film Materials (Guangdong) of Vital Technology Group was granted the "Excellent Quality Award" by TCL COST.

In December 2023, at the TCL COST Global Supply Chain Conference of TCL COST, Vital Thin Film Materials (Guangdong) was granted the "Excellent Quality Award" by TCL COST for its leading product performance and reliable product quality. As a "strategic partner" of TCL COST, Vital Thin Film Materials (Guangdong) actively promoted quality management and helped customers gain competitive advantages in tablet, computer and vehicle fields through continuous innovation and lean production. This award embodies the Company's commitment to maintaining high quality and adhering to the concept of constant improvement.



# Customer Services

## Customer Relationship Management

Vital Technology Group always adheres to the service concept of “customer-oriented”, continuously optimizes the customer service system, and endeavor to provide service experience that exceed customers’ expectations. We establish diversified communication channels with customers, collect and understand their extensive needs, ensure to correctly understand and determine their requirements in the whole life cycle, provide them with personalized solutions, and establish and maintain long-term strategic cooperation and win-win relationships with them.

We apply the KQ system to efficient customer relationship management, and attach great importance to close communication and immediate feedback with customers to ensure the consistency of our service processes. We develop a set of comprehensive service standards, establish standardized control processes, and provide regular training for our customer service personnel to continuously improve their service awareness and problem-solving capabilities.

We consider customer satisfaction as an important work indicator, and regularly survey customer satisfaction through questionnaires, door-to-door visits, and other methods to comprehensively understand their satisfaction with our quality control, complaint handling, service quality, and timely and rapid delivery. For unsatisfactory issues, the Company sets improvement targets and identifies the responsible teams to ensure that we are always moving towards higher service standards. **During the report period, the overall customer satisfaction of Vital Materials reached over 97%.**

**Supplier Evaluation 2023**  
Vital Materials Co., Limited

Dear Ladies and Gentlemen,

In this letter you will be informed about your performance as a supplier of the Habich GmbH.

To carry out this assessment your service will be rated in six different categories, which are explained below, regarding the products and its supplements. Each criterion will be evaluated on a scale from 1 to 5 with different weightings to create an overall rating.

Criteria	Deviations	Weighting	Assessment
Adherence to schedules	1 5 20%	1,00	
Product Quality	1 5 40%	1,00	
State of Delivery	1 5 15%	1,00	
Quantity	1 5 10%	1,00	
Delivery Date	1 5 10%	1,00	
Documentation	1 5 5%	1,00	
<b>Result</b>			<b>1,00</b>

**Classification: A - Supplier**

1 = Very good 2 = Good 3 = Acceptable 4 = Sufficient 5 = Inadequate  
A++=5 A+=4 A=3 A-=2 A--=1

Results shown in this graph are based on all orders made during the period from 01.01.2023 - 31.12.2023.

Evaluation on Some Overseas Customers

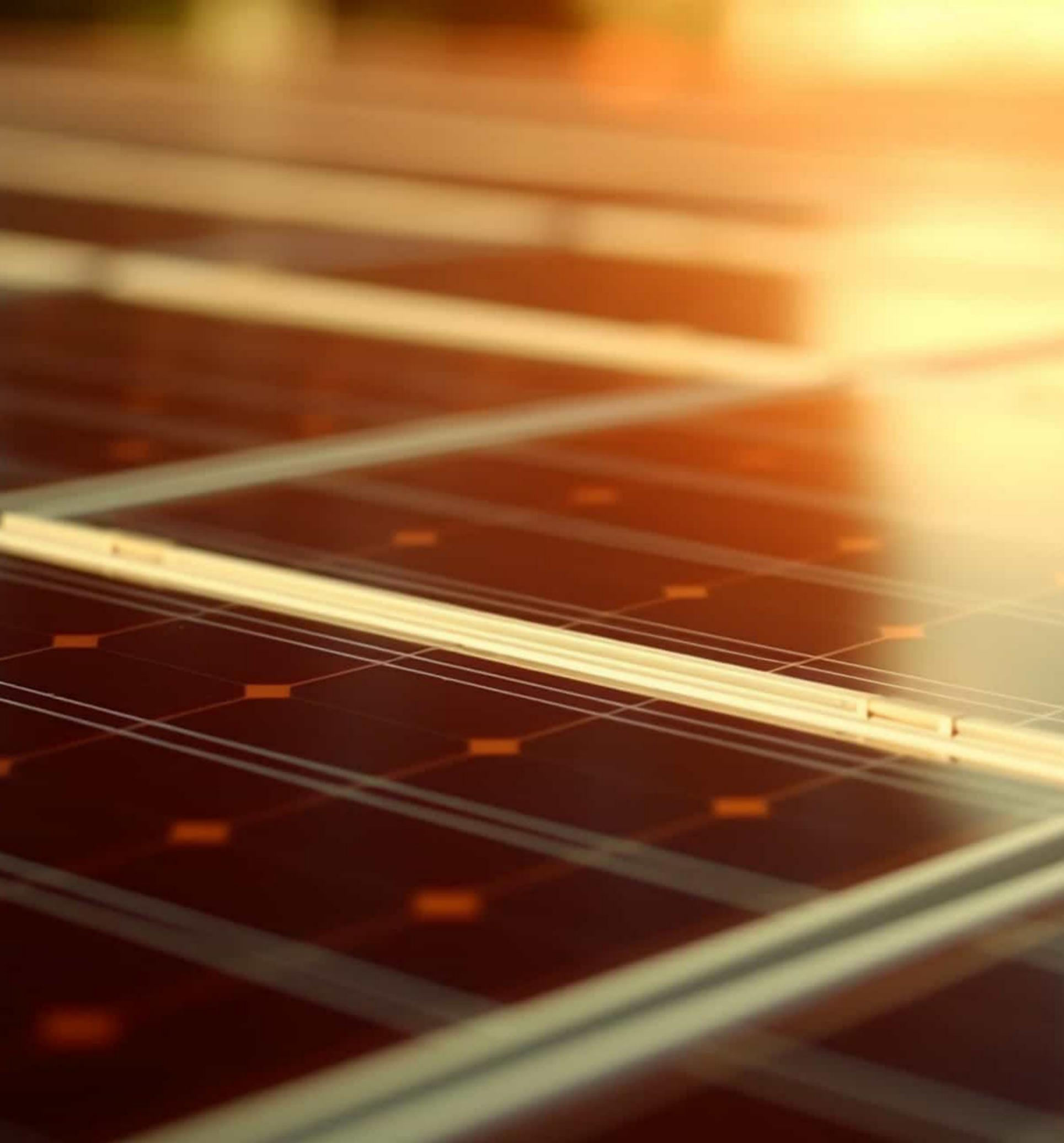
## Customer Complaint Management

The Company has formulated and improved the *Procedures for Customer Complaint Management* and established a sound customer complaint handling mechanism to ensure that customer complaints can be handled in a standardized manner. We have set up a customer complaint handling team to respond to customer complaints in a timely manner, investigate and analyze the problems thoroughly and work out targeted solutions. The Company is committed to resolving every complaint within the specified time frame and providing transparent communication and regular updates. In addition, we cooperate with other departments to jointly implement improvement measures and prevent the recurrence of similar issues, in order to continuously enhance customer loyalty.

During the report period, the problems fed back by customers were **100%** resolved

there were no incidents of non-compliance concerning the health and safety impacts of products and services.





# 04

## Responsible Collaboration

### Leading the Industry

### Development

Vital Technology Group is committed to promoting the construction of a sustainable supply chain, integrating environmental protection, social responsibility and business ethical practices into the supply chain management system, and continuously enhancing the resilience of the supply chain. The Company establishes all-round and in-depth cooperation with its partners and actively participates in industry exchanges to drive the development and progress of the industry.

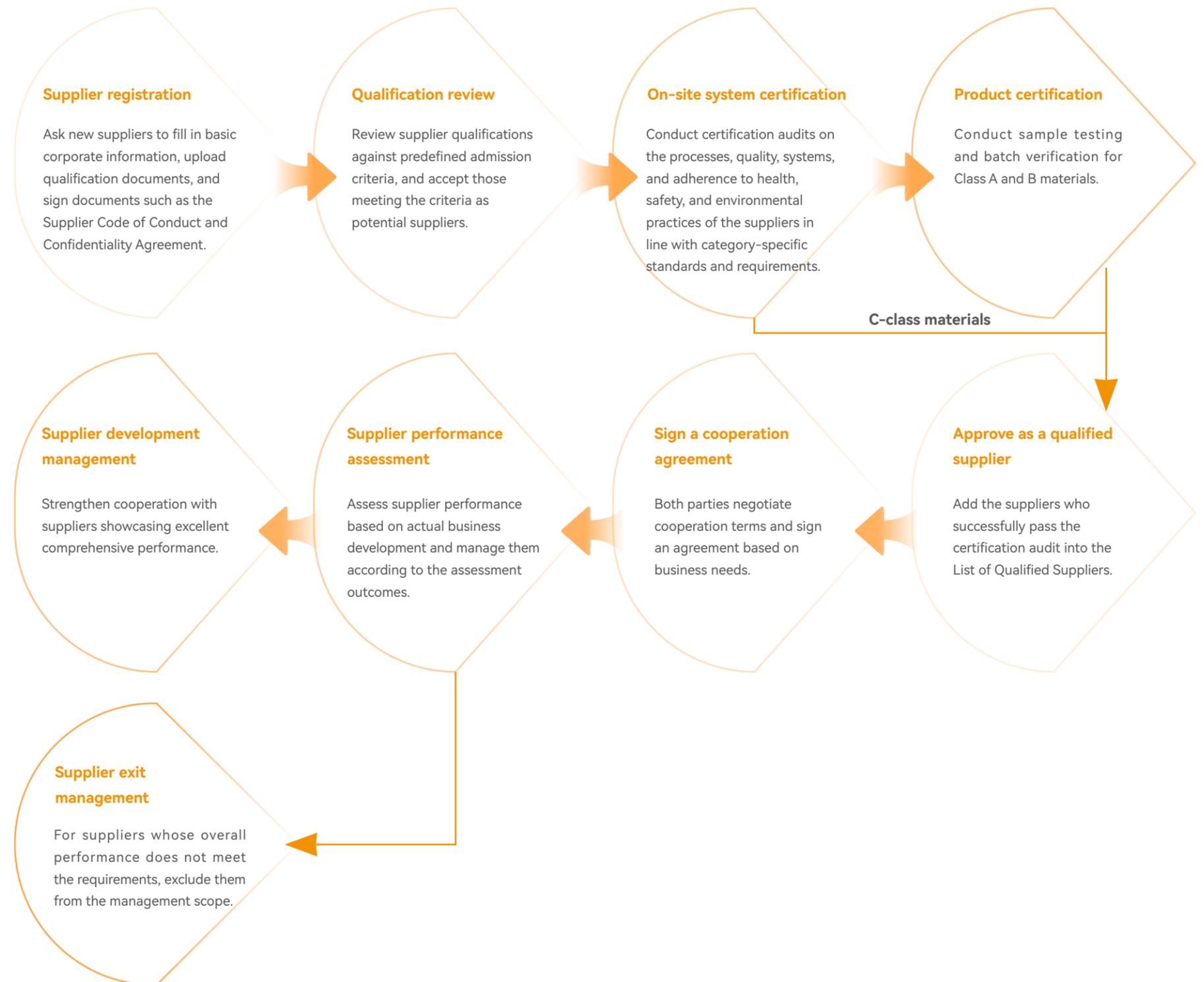


## Establishment of Sustainable Supply Chain

A good sustainable supply chain not only creates economic benefits, but also fully takes social responsibility, environmental protection and business ethics into account, thus promoting the realization of sustainable development goals. The Company has always adhered to compliant procurement, actively integrated ESG concepts into supply chain construction, and worked with suppliers and other partners to build a sustainable and responsible supply chain.

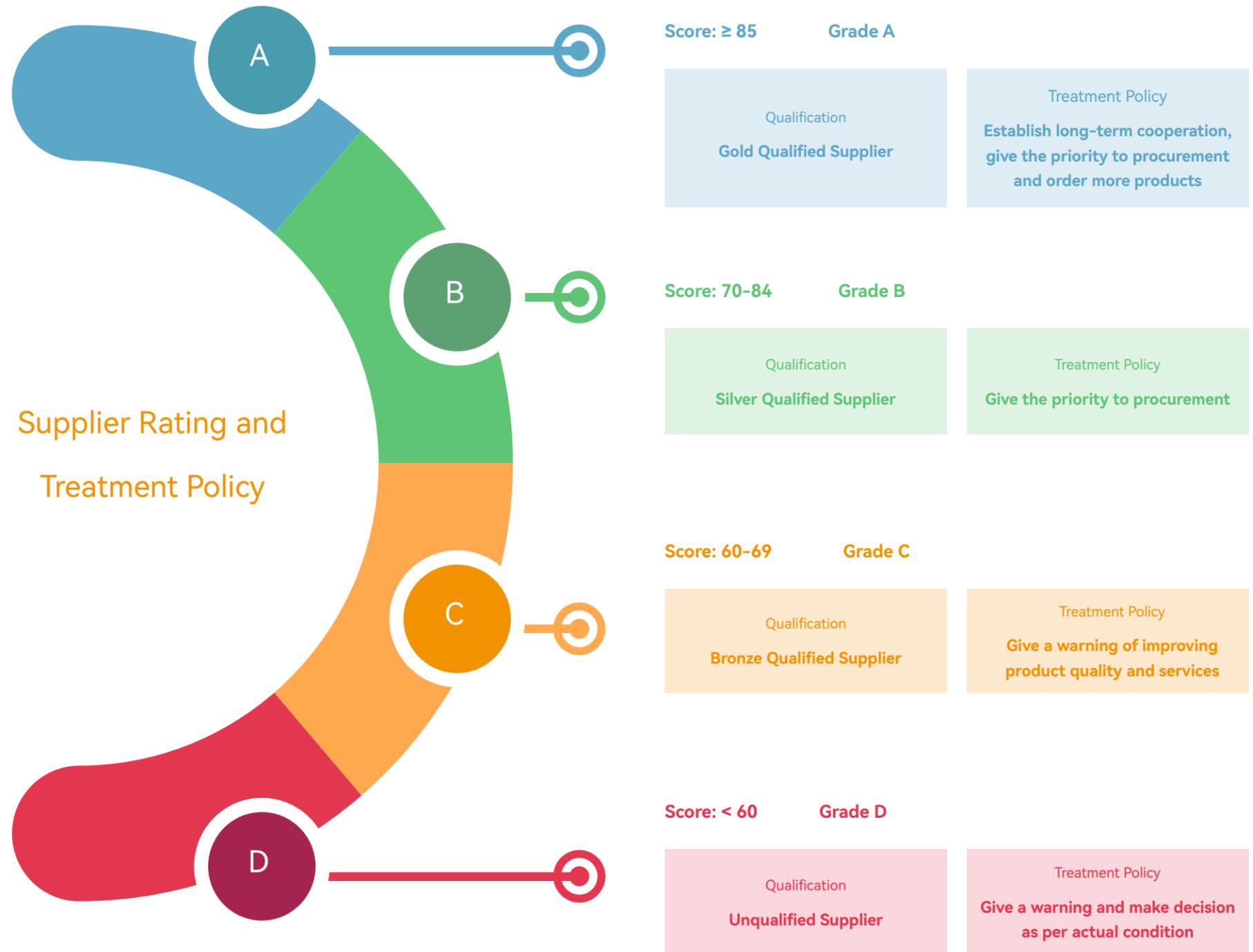
### Supplier Management

Based on the SRM (supplier relationship management) system, the Company will continuously optimize the whole life cycle management of suppliers, continuously improve supplier quality, and reduce supply chain risks. The Company involves the selection, assessment, auditing, approval, changes, cancellations, and performance reviews of suppliers, in order to ensure procurement from qualified suppliers. In December 2023, the Company's Procurement Center developed the Supplier Access System and released and implemented it in January 2024.



Full Life Cycle Management of Suppliers

The Company has developed and implemented the *Supplier Management Control Procedure*, continuously deepened the supplier grade evaluation, and divided them into different grades through scientific and reasonable evaluation methods, in order to accurately understand their actual conditions and performance. We also develop different management measures for suppliers of different grades, in order to encourage them to continuously improve and enhance their capabilities and realize win-win corporation.



## Supply Chain ESG Construction

The Company has established a comprehensive ESG management system across the supply chain, incorporating suppliers' environmental impact, health and safety, and business ethics into the construction of the supply chain. In accordance with the International Labor Organization Constitution, SA8000, ISO 14001 and ISO 45001 and other social responsibility guidelines and international standards, the Company has developed the Supplier Performance Evaluation Form, which sets out clear requirements for suppliers' performance in management system, labor human rights, health and safety, environment, business ethics and other aspects. *Suppliers are required to sign a Supplier Code of Conduct and a Supplier Environment, Health, Safety, Anti-Terrorism and Social Responsibility Agreement.*

We assess suppliers' social responsibility risks based on their social responsibility performance, categorizing them as low risk, medium risk and high risk, and determine management methods such as on-site audits and questionnaires to provide improvement support to reduce supply chain risks. During the report period, the suppliers' ESG performance was mostly at a low-risk level.

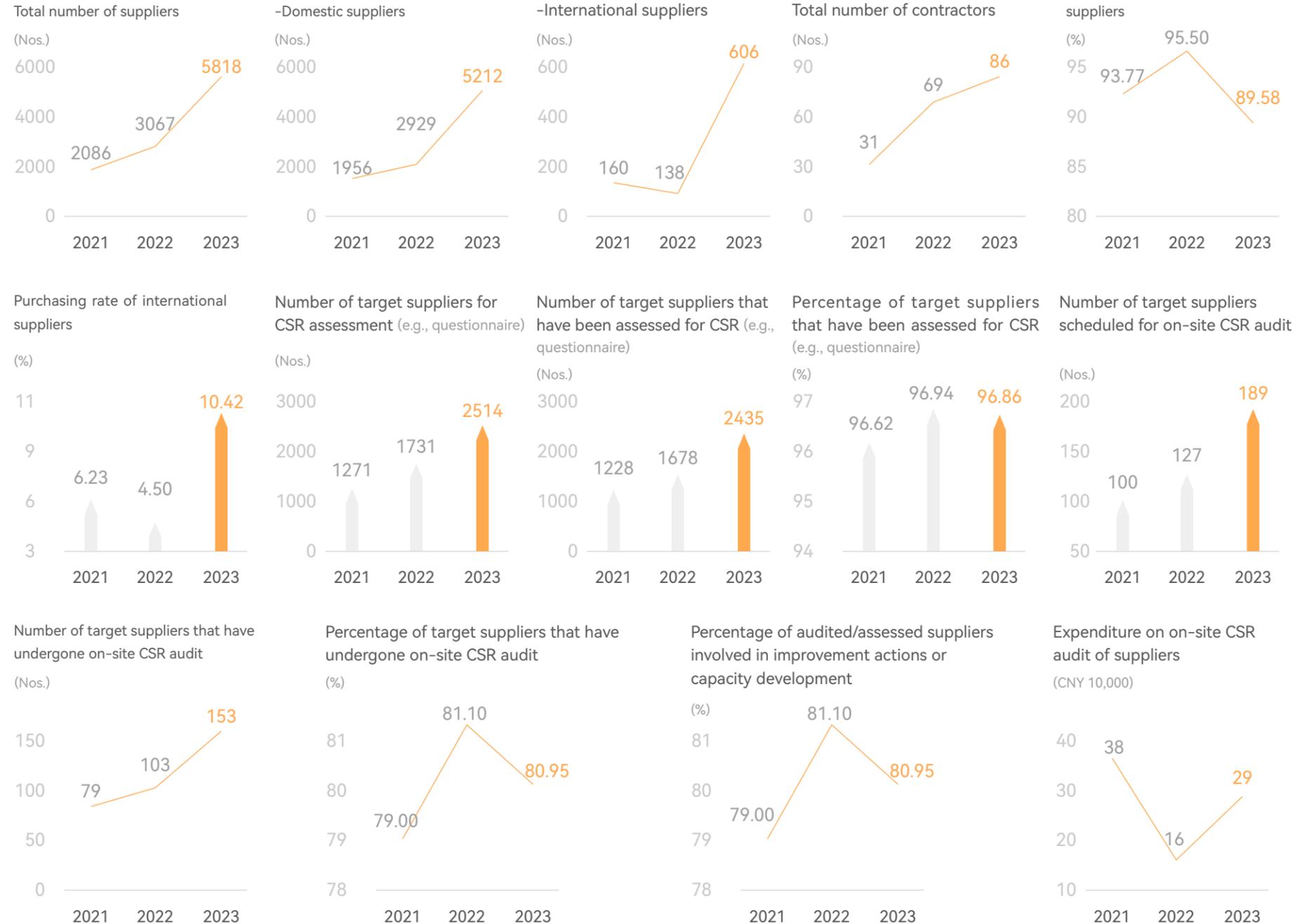
We continue to strengthen the ESG assessment of suppliers and develop appropriate incentive mechanisms. We actively eliminate suppliers with unsatisfactory ESG performance, and introduce a preferential order policy for suppliers excelling in outstanding ESG performance, prioritize long-term cooperation with them and increase purchase volume from them. In addition, the Company has begun to concern the ESG performance of secondary suppliers, so as to convey the concept of sustainable development to the upstream and downstream enterprises of the supply chain and create a good supply chain ecology.

In addition, we provide prompt support and professional training to suppliers to help them improve their ESG performance, and promptly communicate the supplier ESG policy to them to ensure that they can align with the Company in terms of ESG efforts.



Exchange with Suppliers on ESG Construction

### Performance in Supplier Management



2021-2023,  
Percentage of suppliers that have signed sustainable procurement charters/agreements/supplier codes of conduct  
**100%**

2021-2023,  
Percentage of suppliers that have signed contracts with clauses on environmental, labor, and human rights  
**100%**

2021-2023,  
Number of suppliers identified as having significant actual and potential negative environmental impacts  
**0** Nos.

2021-2023,  
Percentage of suppliers identified as having significant actual and potential negative environmental impacts out of total number of suppliers  
**0%**

## Conflict Minerals Management

The Company has established Policies and Procedures for Conflict Minerals Management, committing not to support or use conflict minerals in conflict-affected or high-risk areas, and not to facilitate the illegal exploitation and trade of conflict minerals that lead to military conflict or cause human rights violations and environmental degradation. We conduct due diligence on our supply chains in accordance with the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas* to ensure that raw materials are sourced legally, and to protect human rights, health, and the environment in production areas. **During the report period, the Company conducted due diligence on all suppliers involved in conflict minerals, and had no violations of conflict minerals policies, laws and regulations.**

We will further investigate high-risk suppliers who may be involved in conflict minerals to comprehensively assess their implementation of conflict mineral management. For suppliers who do not respond, give feedback or provide incorrect information during cooperation, we will initiate an escalation/corrective action process and suspend or interrupt the cooperation with upstream suppliers.

During the report period, there were no cases of non-response, non-feedback or feedback of incorrect information.

## Purchaser Management

The Company adheres to incorruptible procurement and strives to create an incorruptible, healthy and transparent supply chain. The Company attaches importance to enhancing the integrity awareness of purchasers to keep fairness and objectivity throughout the procurement process. We have set up diversified supplier communication channels, responded to suppliers' comments and suggestions in a timely manner, and fully safeguarded their legitimate rights and interests.

The Company regularly conducts a variety of sustainable procurement training sessions, emphasizing the consideration of ESG factors in the procurement process, enhancing the sustainable procurement concept of purchasers, improving their professional knowledge and skills in sustainable procurement, and ensuring they implement the Company's sustainable procurement policy in procurement process.

### Supplier Communication Channels

Complaint Hotline 020-38136530

Hotline for Corruption and Violations  
18826600356



Business Complaint Channel  
vendor@vitalchem.com



Purchaser training

### Performance in Purchaser Management

Indicators	Unit	2023	2022	2021
Number of purchasers	Nos.	99	60	37
Number of purchasers trained on sustainable procurement	Nos.	99	60	37
Percentage of purchasers trained on sustainable procurement in all regions	%	100	100	100

## Industry Development

The Company works with industry partners to explore the direction of development, establish a cooperative relationship with mutual interaction and sharing, and continuously create new development patterns to achieve win-win cooperation. Furthermore, the Company actively participates in industry conferences and forums to share the latest innovation and experience, obtain the latest information of the industry, gather consensus on cooperation and lead the development of the industry.

Based on own advantages, the Company provides strong technical support and valuable suggestions for the development of industry standards, promotes the standardization of the industry, and improves the overall level of the industry. **During the report period, the Company and its subsidiaries participated in the development of 2 national standards and 3 industry standards.**

### Case Co-President of Vital Technology Group attended the Industry Partner Conference of CNBM New Materials Fund.

In April 2023, Mr. Hou Zhenfu, Co-President of Vital Technology Group, was invited to attend the Industry Partner Conference of CNBM New Materials Fund. Mr. Hou Zhenfu not only analyzed how Vital Technology Group leveraged its advantages to promote the development of photovoltaic, fuel cell and other related industries from the aspects of industry chain, technology research and development, and industry track, but also exchanged with relevant guests, provided suggestions for the development of new materials industry, and talked about new opportunities in the industry.



S/N	Standard No.	Standard Level	Standard Name
1	GB/T 8151.25-2023	National	Methods for Chemical Analysis of Zinc Concentrates - Part 25: Determination of Indium Content - Flame Atomic Absorption Spectrometry
2	GB/T 23522-2023	National	Germanium Renewable Raw Materials
3	YS/T 38.3-2023	Industry	Methods for Chemical Analysis of High Purity Gallium - Part 3: Determination of Trace Impurity Elements Contents - Glow Discharge Mass Spectrometry
4	YS/T 745.11-2023	Industry	Methods for Chemical Analysis of Copper Anode Slime - Part 11: Determination of Indium Content - Flame Atomic Absorption Spectrophotometry
5	YS/T 1599-2023	Industry	Method for Chemical Analysis of High Purity Zirconium - Determination of Trace Impurity Elements Content - Glow Discharge Mass Spectrometry



National Standards



# 05

## Low-Carbon Development Protecting Lucid Waters and Lush Mountains

Vital Technology Group has always adhered to the path of green development, practicing the concept that “lucid waters and lush mountains are invaluable assets” and continuously reducing the impact of its operations on the environment. The Company and its subsidiaries are committed to cleaner production and striving to build a resource-saving and eco-friendly enterprise. The Company actively responds to the risks of climate change, explores low-carbon technologies, and utilizes the technological strength to facilitate the realization of “carbon peaking and Carbon neutrality”.



# Environmental Management

## Environmental Management System

The Company strictly abides by the Environmental Protection Law of the People’s Republic of China and other relevant laws and regulations, and endeavors to build a scientific environmental management system and to create a long-term mechanism for green operation. On the basis of the ISO 14001 environmental management system, the Company constantly improves its internal environmental management system, and promotes environmental management with high standards from organizational structure, operational control, supervision and management, improvement and other aspects. It has achieved collaborative linkage and comprehensive communication between functional departments and production departments, so as to promote the continuous improvement of environmental governance.

S/N	Company Name	Type	Whether certified for ISO 14001 environmental management system
1	Vital Technology Co., Ltd.	Trading	No
2	Vital Materials Co., Limited	Trading	Yes
3	First Rare Materials Co., Ltd.	Production	Yes
4	Cleantech New Materials Co., Ltd.	Production	Yes
5	Vital Advanced Materials Co., Ltd.	Production	Yes
6	First Materials Co., Ltd.	Production	Yes
7	CS Microelectronics Co., Ltd.	Production	Yes
8	Vital Micro-Electronics Technology Co., Ltd.	Production	Yes
9	Vital Thin Film Materials (Anhui) Co., Ltd.	Production	Yes
10	Vital Thin Film Materials (Guangdong) Co., Ltd.	Production	Yes
11	RPM Co., Ltd.	Production	Yes
12	Anhui Vital Optics Technology Co., Ltd.	Production	Yes
13	Vital Pigments (Tianjin) Ltd.	Production	Yes
14	Cleantech Rare Metal Technology Co., Ltd.	Production	Yes
15	Hunan Vital New Material Technology Co., Ltd.	Production	Yes
16	Vital Sofine Semiconductor Co., Ltd.	Production	No
17	Vital Optics Technology Co., Ltd.	Production	Yes
18	Vital Thin Film Materials (Zibo) Co., Ltd.	Production	Yes
19	Kunming Vital New Material Technology Co., Ltd.	Trading	Yes
20	Vital Pure Metal Solutions GmbH	Production	No
21	Singapore Advanced Thin Film Materials Private Limited	Production	Yes
22	VITAL MATERIALS BELGIUM SA	Production	是

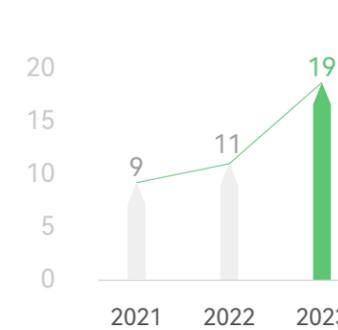
## Performance in Environmental Management

Environmental protection expenditures (CNY 10,000)

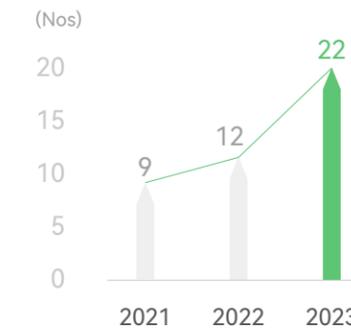


Percentage of workplaces undergoing environmental risk assessment	Coverage rate of ISO 14001 certification	Coverage rate of ISO 14001 internal audit
100%	86.36%	100%

Workplaces certified for ISO14001 (Nos.)



Workplaces undergoing ISO14001 internal audit (Nos.)



Workplaces undergoing environmental risk assessment (Nos.)



Number of chemical leakage incidents	Number of complaints from employees regarding environmental incidents, risks and problems
0	0

## Environmental Risk Management

The Company has established a comprehensive environmental risk management system, set up a professional team to identify and evaluate its own environmental risk sources, clearly defined key positions or departments responsible for environmental risk prevention and control, and adopted a variety of means to realize scientific control. The Company prepares the *Emergency Plan for Sudden Environmental Incidents* as required, and establishes a scientific and effective mechanism for rescue and relief of environment incidents, minimizing the impact of sudden environmental incidents. Moreover, the Company has prepared complete emergency rescue supplies to strengthen the foundation of environmental risk control, and regularly carried out emergency management training to help employees master emergency knowledge and improve their ability to respond to such incidents.



Categories of Sudden Environmental Incidents which the Emergency Plan for Sudden Environmental Incidents is applicable to

### Case First Materials and other subsidiaries of Vital Technology Group conducted emergency management training for sudden environmental incidents.

In October 2023, First Materials, Advanced Materials, Vital Micro-Electronics, Vital Thin Film Materials (Guangdong) and other subsidiaries of Vital Technology Group organized emergency management training for sudden environmental incidents, which systematically explained the basic knowledge, laws and regulations on emergency management of sudden environmental incidents, selected typical incidents for in-depth analysis, and summarized experience and lessons, ensuring that the participants could carry out emergency response in a rapid, orderly and effective manner in the event of sudden environmental incidents.



Emergency Management Training for Sudden Environmental Incidents



## Pollutant Treatment

### Wastewater Treatment

The Company strictly abides by laws and regulations such as the *Law of the People's Republic of China on Water Pollution Prevention and Control and the Integrated Wastewater Discharge Standard*, as well as national standards. It constructs a wastewater treatment system in the wastewater-generating plant to ensure that wastewater treatment is regulated and standardized and to prevent water pollution.

We set up an independent wastewater treatment workshop in the wastewater-generating plant and an MVR treatment system, where the wastewater is treated by MVR evaporation and then reused or discharged in compliance with standards, not only effectively treating production wastewater, but also improving water resources recycling. The Company strengthens the daily maintenance and repair of wastewater treatment equipment and facilities, identifies and deals with potential problems in time, and ensures that the effect of wastewater treatment meets the design requirements. In addition, the Company continuously optimizes the wastewater discharge management system through reduced discharge at the source, process optimization, and equipment upgrading.

#### Case

#### Vital Thin Film Materials (Guangdong) reused production wastewater to reduce pollutant discharge.

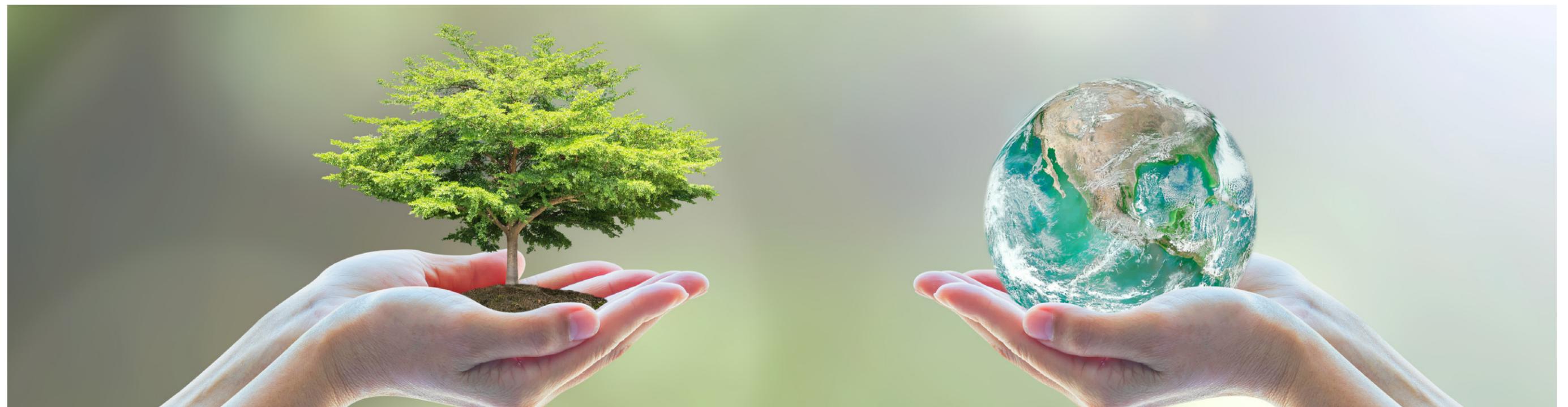
In the production of ITO target materials, Vital Thin Film Materials (Guangdong) produced concentrated water and process wastewater in the preparation of pure water, and directly reused them in the original production workshop. The wastewater generated in other production processes was all sent to the wastewater treatment plant for treatment, and the treated wastewater was reused to supplement the cooling circulating water in other projects, and not be discharged externally. These efforts reduced the wastewater rationally, enhanced the utilization rate of water resources, and prevented against the possible adverse impacts on the environment caused by external wastewater discharge.

### Performance in Wastewater Treatment

Indicators	Unit	2023	2022	2021
Total amount of water pollutant discharged	Ton	21.76	16.67	11.15
-COD	Ton	10.56	9.16	10.116
- Ammonia nitrogen	Ton	1.71	1.33	0.993
- Suspension substance	Ton	7.22	6.17	0.029
- Total arsenic	Ton	0	0	0.001
- Total phosphorus	Ton	0.75	0.01	0.002
- Total copper	Ton	0.71	0	0.001
- Total zinc	Ton	0.81	0	0.004

### Performance in Water Pollutant Discharge per Unit of Revenue

Total water pollutants discharged per unit of revenue	Ton/CNY 10 million	0.0073	0.0102	0.0109
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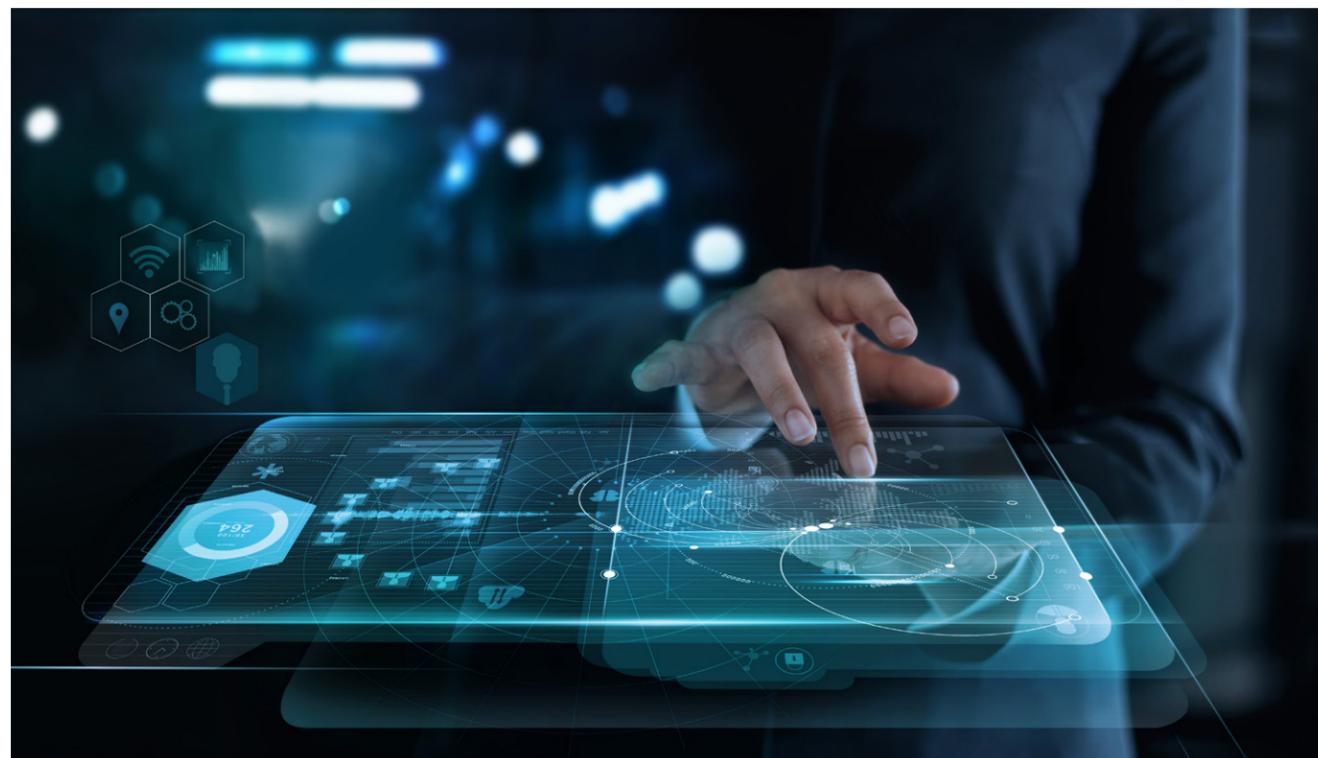


## Waste Gas Treatment

The Company strictly implements environmental protection standards such as the *Integrated Emission Standard of Air Pollutants and the Emission Standards of Pollutants for Inorganic Chemical Industry*, formulates guidelines and procedures for the operation and management of air pollution treatment facilities, increases capital investment in waste gas treatment facilities, and strengthens the supervision and management of air pollutant emissions. The Company has installed an online detection system at the main discharge outlets and commissioned qualified third-party testing institutes for testing. Furthermore, we arrange dedicated staff to regularly inspect and maintain the waste gas treatment facilities to ensure their effective operation.



Waste Gas Treatment Facilities



The Company actively develops innovative methods for preventing and controlling waste gas pollution, and adopts proven technologies such as bag filters and spray towers to filter and absorb pollution factors, ensuring compliance with emission standards.

At present, the treatment efficiency is more than **99%** for toxic pollutants such as germane

phosphane and arsenane, and more than **85%** for VOC-involved pollutants such as trimethylindium, triethylgallium, and trimethylgallium.

### Performance in Waste Gas Treatment

Indicators	Unit	2023	2022	2021
Total pollutant emissions	Ton	53.93	29.40	29.42
- Nitrogen oxide	Ton	27.83	12.62	7.51
- Chlorine gas	Ton	0.07	0.62	0.01
- Particulate matter (PM)	Ton	9.82	9.71	5.17
- Sulfuric acid mist	Ton	0.35	0.18	6.77
- Hydrogen chloride	Ton	3.09	2.31	5.76
- Ammonia gas	Ton	0.61	0.57	1.46
- Volatile organic compounds	Ton	1.00	2.02	0.13
- Total non-methane hydrocarbons	Ton	4.65	1.34	0.04
- Sulfur dioxide	Ton	3.08	0.02	2.48
- Hydrogen sulfide	Ton	0.02	-	-
- Ammonia (ammonia gas)	Ton	0.42	-	-
- Methanol	Ton	2.05	-	-
- Asphalt fume	Ton	0.94	-	-

### Performance in Air Pollutant Emission per Unit of Revenue

Air pollutant emissions per unit of revenue	Ton/CNY 10 million revenue	0.01815	0.01791	0.02884
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## Waste Treatment

The Company controls its products throughout their whole life cycle, adheres to the principles of recycling, innocuousness and minimization, establish a sound waste management system, and defines the classification, collection and treatment methods of all kinds of waste generated. Hunan Vital has the ability to recycle rare and precious metals such as lead, selenium and tellurium.

We sell general waste to recycling companies for recovery, transport household waste to environmental hygiene departments for treatment, and entrust qualified third parties to treat hazardous waste. In addition, we regularly conduct hazardous waste training, constantly improves the capabilities of hazardous waste management staff, and guarantee the compliant disposal of hazardous waste.

**Case** SATFM constructed a PVD workpiece cleaning production line to enhance the recycling rate.

SATFM has innovatively built a PVD workpiece cleaning production line, using scientific and reasonable processes to clean and recycle the parts from customers. The production line can reduce the waste generated from the source, decrease environmental pollution, and maximize the utilization of resources, which is in line with the concept of green development and creates considerable environmental and economic benefits.



### General industrial waste



Recyclable

Iron filings, paper scraps, Scrapped equipment, component and tool ,Damaged wire and cable, used office paper and other waste, Waste carton and cardboard

#### Treatment Method

Sold to recycling companies

Wastes generated from the process are categorized, marked, stacked, and transported away on a regular basis.

### Household waste



Other Waste

Waste foam, used battery,Waste woven bags, waste glass,Septic tank waste, waste oil paper residue,Leftovers

#### Treatment Method

Transport them to environmental hygiene departments

Household waste, such as beverage packaging, used batteries, waste paper and kitchen waste, are mainly recycled or disposed of after classification.

### Hazardous waste



Harmful Waste

Waste mineral oil, waste oil drum, waste paint residue,Waste organic solvent, waste cutting fluid,Sludge containing zinc, cadmium, selenium, tellurium, etc.Waste acid, waste sand, other hazardous waste

#### Treatment Method

Entrust to qualified third party for treatment

For hazardous wastes generated in production, such as waste soda lime and waste molecular sieves, fixed storage points are set up for recycling and prompt disposal by qualified departments.



Training on Standardized Management of Hazardous Waste

### Performance in General Waste Treatment

Indicators	Unit	2023	2022	2021
Total amount of general waste generated (including total amount of non-hazardous waste)	Ton	2083.91	1682.76	710.8
Amount of general waste directly disposed	Ton	1054.70	1055.09	244.9
Amount of general waste recycled	Ton	971.21	627.68	465.9
Comprehensive utilization rate	%	46.61	37.30	65.55
Amount of general waste generated per unit of revenue	Ton/CNY 10 million revenue	0.7012	1.0271	0.5300

### Performance in Hazardous Waste Treatment

Indicators	Unit	2023	2022	2021
Total amount of hazardous waste generated	Ton	1373.85	1007.60	418.71
Amount of hazardous waste disposed	Ton	1350.66	1048.372	418.71
Rate of hazardous waste treatment	%	98.31	100	100
Amount of hazardous waste generated per unit of revenue	Ton/CNY 10 million revenue	0.46225	0.61499	0.41050





## Resource Management

### Water Resource Management

Vital Technology Group insists on saving water resources, using water in a rational and scientific way, and constantly optimizing water utilization and drainage structure. The Company has developed water-saving measures and implemented water-saving projects, improving the efficiency of water resources utilization and minimizing the risk of water resources. We check the pipeline network regularly and strengthen the daily maintenance and management of water equipment to prevent water leak. We also organize water conservation training from time to time to enhance employees' awareness of water conservation. During the report period, First Rare was included into the third batch of water-saving enterprises in Qingyuan City in 2023.

#### 清远市水利局政府信息公开

索引号: 1144180007300065M/2024-00001	分类:
发布机构: 清远市水利局	成文日期: 2024-01-03
名称: 关于公布清远市2023年节水型企业名单(第三批)的通知	发布日期: 2024-01-03
文号:	
关键词:	

#### 关于公布清远市2023年节水型企业名单(第三批)的通知

发布日期: 2024-01-03 浏览次数: 77

各县(市、区)水利局、工业和信息化主管部门:

为贯彻落实《广东省节约用水办法》和《广东省节水行动实施方案》,增强全社会节水意识,提高水资源利用效率,深入推进节水型社会建设,根据《广东省水利厅关于进一步做好我省节水型社会达标建设工作的通知》(粤水资源函〔2018〕1889号)有关要求,清远市、英德市两地相关业务主管部门分别组织专家对辖区内广东先声棉业股份有限公司、同进(英德)纺织有限公司等6家企业进行了节水型单位验收,并验收合格。经市水利局会同市工业和信息化局对申报材料审核公示,决定授予广东先声棉业股份有限公司等6家企业“清远市2023年节水型企业(第三批)”称号,现予以公布。

获得“清远市2023年节水型企业(第三批)”称号的单位要继续按照《企业节水型企业评价标准》的要求,加强节水技术改造,加大节水宣传,强化节水日常管理,充分发挥典型示范作用。

特此通知

附件: 清远市2023年节水型企业(第三批)

序号	县区	企业名称	所属行业
1	清新区	广东先声棉业股份有限公司	其他稀有金属冶炼
2	清新区	中恒环境(清远)科技发展有限公司	纺织及印染精加工
3	清新区	清远镇宇染整有限公司	纺织及印染精加工
4	英德市	同进(英德)纺织有限公司	化纤织造及印染精加工
5	英德市	英德市恒丰染织有限公司	纺织及印染精加工
6	英德市	英德市实益长丰纺织有限公司	纺织及印染精加工

清远市水利局 清远市工业和信息化局  
2023年12月31日

First Rare included into the third batch of water-saving enterprises in Qingyuan City in 2023

### Performance in Water Resource Management

Indicators	Unit	2023	2022	2021
Total water consumption	Ton	1874823	1351658	937284
Recycled water amount	Ton	169071	113089	81424
Circulating water utilization rate	%	9.02	8.37	8.7
Water consumption per unit of production value	Ton of water/CNY 10,000	0.631	0.825	0.919
Amount of industrial wastewater discharged	Ton	301203	115897	84866
Amount of industrial wastewater discharged per unit of revenue	Ton of water/CNY 10,000	0.101	0.071	0.083
Third-party water sent to other organizations	Ton	359799	333048	179888

# Energy Management

Following relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Administrative Measures for Industrial Energy Conservation*, Vital Technology Group strengthens the organization and leadership of energy management, continuously optimizes the energy management system, develops and implements energy conservation programs, and improves energy utilization efficiency.



## Anhui VOT strengthened the construction of energy management system.

Anhui VOT has always aimed for eco-friendly, low-carbon, and green development, and promoted the construction of energy management system based on the principle of openness, integration, coordination and sustainable development. In 2023, Anhui VOT optimized the energy management policies based on ISO 50001, developed energy management programs and goals, and provided strong support for the effective operation of the energy management system. In addition, Anhui VOT has improved its energy monitoring system, conducted in-depth analysis of energy data to accurately understand energy consumption, explored energy-saving potential, and achieved the refined and standardized energy management. **With continuous efforts, Anhui VOT passed the certification of ISO 50001 energy management system in May 2024.**



The Company has continuously improved the management system to cover the entire energy consumption process, improved the level of energy management by constructing renewable energy projects and carrying out energy-saving technical upgrades, etc., actively promoted the initiatives of energy conservation and consumption reduction, and realized the unity of economic and environmental benefits.

# Renewable Energy Construction

The introduction of renewable energy is an important step for Vital Technology Group to transform towards green development. In response to the relevant national initiatives, the Company has vigorously promoted the construction of rooftop photovoltaic projects, continuously increased the proportion of renewable energy, and optimized the energy structure.



## Solar PV Power Generation Project

Vital Technology Group has scaled up the layout of renewable energy and actively implemented rooftop photovoltaic projects to support the green and low-carbon development. First Materials, Anhui VOT and Vital Thin Film Materials (Anhui) actively engaged in solar PV power generation projects respectively. In the future, Vital Technology Group and its subsidiaries will continue to promote the utilization of renewable and alternative energy on building roofs and other places, and continually optimize the energy structure. **During the report period, the PV power generation capacity of the Company was 10,241 MWH, bringing remarkable ecological, social and economic benefits.**



PV Power Generation Project of First Materials



PV Power Generation Project of Anhui VOT



PV Power Generation Project of Vital Thin Film Materials (Anhui)

## Energy-saving Technical Upgrades

In order to strengthen energy management, the Company attaches great importance to the transformation of energy-saving technology, and enhances energy conservation and energy utilization efficiency through technological innovation. The Company focuses on the upgrades of production facilities, waste heat and cold energy recovering, and other methods to explore energy-saving potential, promote cleaner production, and promote the development of circular economy.

### Case

#### The Waste Heat and Cold Energy Recovery Project of Anhui VOT improved the energy utilization efficiency.

Based on its own development demand, Anhui VOT has established a waste heat recycling and reheating system and a winter cold energy recycling and utilization system to intensively utilize the energy.

Waste heat recycling and reheating system: It is used in summer and winter to recover the heat of cooling water, then use the recovered heat to heat up the air after dehumidification and cooling of clean air conditioners. In summer, the system does not use steam but use the recovered heat for heating, thereby saving steam.

Winter cold energy recycling and utilization system: In winter, when the temperature is low outdoor, the refrigerating machine is shut down, and the cooling water tower and the plate heat exchanger are used together for cooling, the heat of the chilled water system is exchanged to the cooling water tower, thereby reducing the consumed by the operation of the refrigerating machine.



Waste Heat Recycling and Reheating System



Winter Cold Energy Recycling and Utilization System

### Case

#### VMPS installed Donaldson filters to build an eco-friendly enterprise.

VMPS installed Donaldson filters in CdXX production. It can filter pollutants generated in production, effectively control the generation of pollution sources, and prevent against environmental pollution incidents. Moreover, the heat converter can recover the heat in the waste gas and use it to heat the air, thus significantly improving the energy utilization efficiency.



Donaldson Filter

## Performance in Energy Consumption

Indicators	Unit	2023	2022	2021
Total energy consumption - purchased electricity	MWh	316712	202122	151561
Total renewable energy consumption - PV power generation	MWh	10241	6639	4278
Diesel	Ton	321	49	19
Gasoline	Ton	56	89	57
Natural gas	Ton	1925	-	-
Purchased steam	Ton	67652	62446	56756
Purchased electricity consumption intensity (electricity consumption per unit of revenue)	MWh/ CNY 10,000 revenue	0.107	0.123	0.149
Gasoline and diesel consumption intensity (gasoline and diesel consumption per unit of revenue)	Ton/CNY 10,000 revenue	0.1268	-	-
Natural gas consumption intensity (natural gas consumption per unit of revenue)	Ton/CNY 10,000 revenue	0.6475	-	-
Purchased steam consumption intensity (steam consumption per unit of revenue)	Ton/CNY 10,000 revenue	0.0228	-	-

# Climate Change Response

Climate change has emerged as one of the greatest challenges facing the world. Keeping the concept of sustainable development in mind, Vital Technology Group actively implements international conventions such as the *United Nations Framework Convention on Climate Change* and the *Paris Agreement*, effectively integrates climate change strategies into corporate strategies, assess and control the climate risks in an all-round way, formulates GHG emissions reduction programs, and accelerates the green and low-carbon transformation.

## Climate Risk Management

After understanding the significant impact of climate change-related risks on the Company's business, we actively manage climate change risks through peer benchmarking in combination with the systematic guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), so as to prevent adverse impacts of climate change.



### Physical Risk

#### Risk Description

Climate change will cause a gradual increase in extreme weather. Some production and R&D bases of the Company are located in Guangdong and other places, and susceptible to typhoons, which may cause floods, disrupt daily production operations, and even lead to workplace safety incidents or production suspension.

#### Countermeasures

Pay close attention to extreme weather, establish a sound environmental emergency plan, organize emergency plan drills, prepare emergency supplies, and enhance disaster response capability.

Acute physical risk

#### Risk Description

Rising sea level affects the normal operations of the Company's operation sites;  
Rising temperature leads to an increase in cooling demand, raising operating costs.

#### Countermeasures

Consider climate disasters and their impacts when building new plants;  
Install more energy-efficient refrigeration facilities.

Chronic physical risk

### Transition risk

#### Risk Description

Existing regulatory and disclosure requirements related to climate change are tightening, and new laws and regulations will bring pressure on compliance management and increase compliance costs.

#### Countermeasures

Keep abreast of updates to climate change-related policies and laws, and adjust strategic plans;  
Intensify the development of renewable energy, etc.

Policy and legal risk

#### Risk Description

Green transformation promotes the development of low-carbon technologies, and timely eliminates outdated processes and equipment. Early scrapping of existing assets or application of new technologies will lead to increased operating costs.

#### Countermeasures

Procure low-energy production equipment when expanding scale;  
Actively engage in industry-academia-research cooperation, improve production processes and apply advanced technologies.

Technical risk

#### Risk Description

Customers and consumers prefer green products and services. Failure to meet the requirements in terms of energy saving and consumption reduction may result in the risk of reduced orders and customer loss.

#### Countermeasures

Implement the concepts of green and environmental protection in production and operation and minimize energy consumption per unit of product;  
Create a sustainable supply chain, use green packaging materials, and reduce the carbon footprint of products.

Market risk

#### Risk Description

Stakeholders expect the Company to take proactive management actions and enhance information transparency in response to climate change. If the Company fails to properly respond to these demands, it may affect the Company's reputation.

#### Countermeasures

Actively communicate with stakeholders on how to address climate change, such as publishing sustainable development reports and enhancing information transparency;  
Respond to the government's call for low-carbon development, fulfill environmental protection responsibilities, and enhance the Company's green image.

Reputation Risk

## GHG Management

The Company implements GHG management and takes the initiative to verify and account the GHG emissions based on the industry's GHG emission accounting methods and guidelines, comprehensively evaluates and effectively manages the Company's GHG emissions, and provides a scientific basis for developing improvement strategies. To effectively manage GHG emissions in the upstream and downstream of the value chain, the Company incorporated Scope 3 GHG emissions into its management in 2023 and accounted for GHG emissions generated from employees' business travel and commuting. In the future, the Company will gradually expand the accounting of Scope 3 and work with upstream and downstream partners in the value chain to promote GHG emissions reduction, in order to achieve the goal of low carbon and environmental protection.

\*The data includes the business travel by airplane and bus of employees of trading companies, excluding VPMS and VMBE.

### Performance in GHG Management\*

Indicators	Unit	2023	2022	2021
Total GHG emissions	tCO <sub>2</sub> e	199319.53	134911.55	169328.12
- Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	6426.39	623.67	285.57
- Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	191241.43	134282.88	169042.55
- Indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	1651.71	-	-
GHG emissions intensity (GHG emissions per unit of revenue)	tCO <sub>2</sub> e/CNY 10,000 revenue	0.067	0.082	0.167

\*China's CO<sub>2</sub> emission factors for electricity industry are applied to overseas subsidiaries uniformly.

Product carbon footprint verification can help the Company gain a comprehensive understanding of its GHG emissions and impact on the environment. During the report period, the Company commissioned a professional third-party organization to verify the carbon footprint of three products, providing data support for the continuous improvement of their environmental performance. Moreover, the Company invited experts to provide training on product carbon footprint standards to enhance the carbon management level of relevant management personnel.



Training on Product Carbon Footprint Standards



Verification Opinion on Carbon Footprint of 117 Alloy Products of First Rare



Verification Opinion on Carbon Footprint of Bismuth Oxide Products of Cleantech New Materials



Verification Opinion on Carbon Footprint of ITO-97/3-Rotary Targets of Vital Thin Film Materials (Guangdong)

# Green Operation

## Green Culture

The Company actively promotes a green culture and provides extensive publicity and training on environmental protection, including but not limited to basic knowledge of environmental protection, laws and regulations, and corporate institutions related to environmental management. It also creates a strong environmental protection atmosphere by posting slogans, setting up billboards and other forms, advocating employees to practice green concepts in their work and life, making them keep the green concepts in mind.



Environmental Protection Training of CS Microelectronics



Environmental Protection Training of Anhui VOT



Environmental Protection Billboard

## Performance in Environmental Protection Training

Indicators	Unit	2023	2022	2021
Number of people receiving environment training	Persons	7633	5429	5483
Proportion of people receiving environment training	%	100	100	100

## Green Office

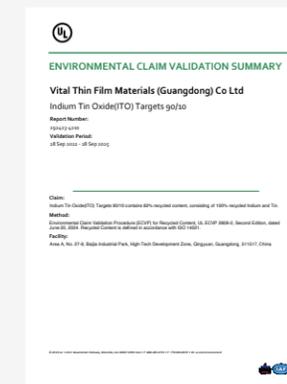
The Company incorporates the concept of “green office” into daily operation and management, establishes a green office mechanism, and strives to create a low-carbon and environment-friendly office atmosphere. We champion a paperless office culture, and establish an “EISOO” electronic information sharing folder to reduce paper consumption. We make full use of natural light, try the best not to turn on the lighting fixtures, and turn on office equipment only when needed to avoid standby power loss. We give priority to video conferencing rather than offline meetings to lower conference costs, refuse using disposable products, use green products, and simplify the office supplies.

## Green Products

The Company is committed to providing green products to global customers and minimizing their impact on the environment from design, manufacturing, scrapping to recycling. For scrapped products, we have developed an eco-friendly recycling policy to recycle end-of-life devices and mineral by-products, achieving the closed loop of the industrial chain. We incorporate environmental goals into every step of the product life cycle and strive to keep all materials and resources controllable throughout the life cycle.

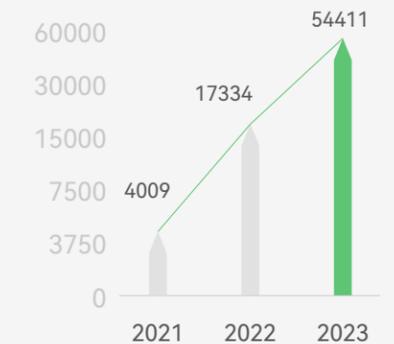
### Case Vital Thin Film Materials (Guangdong)’s Environmental Protection Declaration on ITO Target 90/10 Series Products

ITO Target 90/10 Series Products of Vital Thin Film Materials (Guangdong) contain 82% recycled material, of which indium and tin can be 100% recycled. Vital Thin Film Materials (Guangdong) released an environmental protection declaration, calling on consumers and users to return the components for proper disposal, recycling and reuse, contributing to resource conservation and environmental protection and achieving the unity of economic and environmental benefits.



### Performance in Recycled Products and Their Packaging

Cost of recycled products and their packaging materials (CNY 10,000)



## Green Packaging

The Company attaches importance to the innovation of product packaging methods, and adheres to the principle of lightweight, minimization and plastic-free, not only reducing the use of packaging materials, waste and GHG emissions, reducing the negative impact on the environment, but also improving the packaging efficiency.

## Biodiversity Conservation

Biodiversity is one critical part of the Earth's ecosystem and a basis for human survival and development. All of our business and office premises are not located within natural ecological reserves or in the biodiversity-rich areas outside the reserves, and all activities and services involved in our operations do not have a significant impact on biodiversity. Before the implementation of all new construction, reconstruction and expansion projects, we assess the impact of the biodiversity in their vicinity and strictly implement the biodiversity conservation policies.



# 06

## Building a Better Society Together by Putting People First

Vital Technology Group regards employees as its biggest wealth, strictly protects rights and interests of employees, creates a diversified, equal and inclusive workplace atmosphere and continuously enhances employees' sense of gain, happiness and belonging. We keep improving the talent cultivation mechanism and create smooth career development channels to boost growth of employees into talents. We take the health and safety of employees as our mission, adhere to the bottom line of safety production and devote ourselves to providing them with a healthy and safe working environment. We actively fulfill our corporate citizenship responsibilities, return the society with practical actions and share development results with the society.



# Compliant Employment

## Protection of employees' rights and interests

We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations, always adhere to equal employment, do not set nationality, ethnicity, race, gender, religious belief or other restrictions, and provide equal employment opportunities for candidates. After a new employee is recruited, we will sign a labor contract with the employee on the principle of equal negotiation to establish a harmonious and standard labor relation. **Within the report period, the signing rate of employee labor contracts is 100%.**

We actively respond to the Universal Declaration of Human Rights and all core conventions of the International Labour Organization, resolutely oppose any act of employing child labor, forcing labor, harassing and discriminating employees and disclosing employees' information, and promise to provide an equal, healthy and free working environment for all employees. In the meanwhile, we have established a corresponding complaint/reporting mechanism and a remedy mechanism, and actively carry out labor human rights training to protect the human rights of employees to the maximum extent. **Within the report period, we have not had events that harass human rights of labor, such as false employment of child labor, forced labor, discrimination and harassment, etc.**

### 1 禁止骚扰

**骚扰：意指扰乱他人，使之不得安宁，一般为言语、肢体和心理上的扰乱；**

- 禁止带有性含义的接近，其它具有性意味的动作及言语表现；
- 直接或间接地表示：以性服从作为雇佣条件；
- 造成令人恐惧的、不友善的、羞辱性的以及令人生厌的工作环境；
- 要求提供性方面的欢愉以换取或承诺的工作待遇、提高报酬、职务晋升等；
- 禁止威胁性的性动作或行为；
- 使用性词语、性笑话、书面或口头提及性行为；
- 对他人的身体进行带有性意味的评论，或评论他人的性活动、缺陷、能力；
- 展示带有性意味的物品、图片或卡通书；
- 令人不愉快的注视，带有性意味的接触他人的身体，做性姿势、含有猥亵意味的评论；
- 询问某人的性经历或谈论某人的性活动；

### 2 禁止歧视

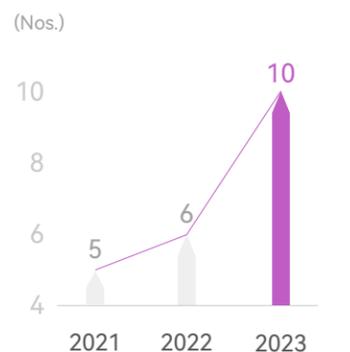
- 公司在聘用、培训、工作分配、工资报酬、晋级、奖励、处罚、解聘或退休等事务上，不可从事或支持任何基于种族、肤色、年龄、性别、性取向、民族、残疾、宗教、政治面貌、工会成员身份、国籍、婚姻状况或性别认同或政治关系的歧视行为，法律禁止的情况除外；
- 公司不可干涉员工尊重涉及种族、社会阶级、国籍、宗教、残疾、性别、性取向和工会的信仰、规范或要求的权力。公司不允许带有强迫性、威胁性、凌辱性或剥削性的性侵犯行为，包括姿势、语言和实际的接触；
- 凡有歧视行为的公司人员，一经查实，将受到公司处分；
- 不强迫怀孕、避孕等作为雇佣条件，或因怀孕而被辞退；
- 女工怀孕，部门负责人或怀孕女工应上报人力资源部，人力资源部应通知所属部门负责人，安排一些符合怀孕期间女职工的轻松工作；

Labor Human Rights Training of Vital Technology Group

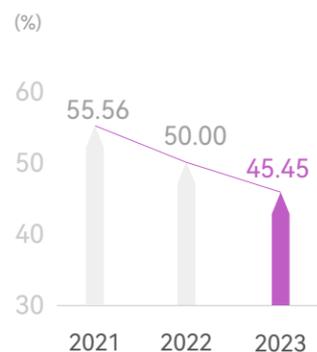
## Human Rights Performance

2021-2023, Quantity of worker human rights violation events **0**      2021-2023, Places that have passed the social responsibility certification **0**      2021-2023, Social responsibility certification coverage **0**      2023, The proportion of places where the labor or human rights action indicators are implemented **100%**

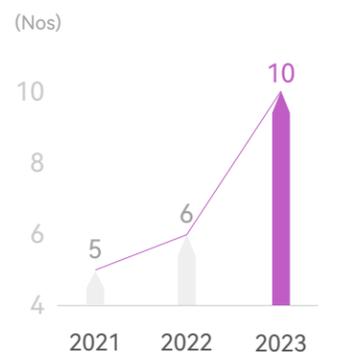
Places that have passed the internal audit for social responsibility certification



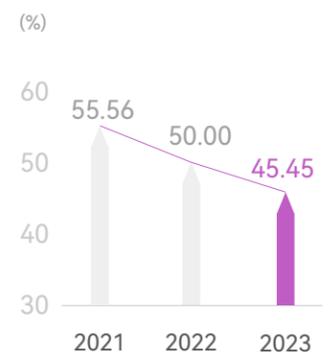
Social responsibility certification internal review coverage



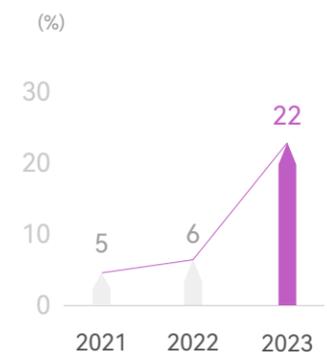
Places that have passed the human rights audit or human rights impact assessment



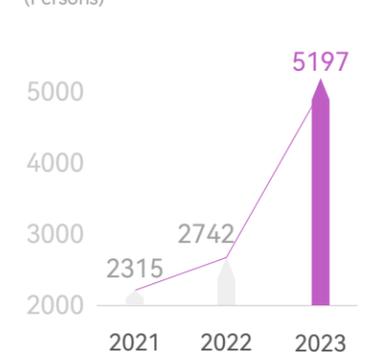
Proportion of places that have passed the human rights audit or human rights impact assessment



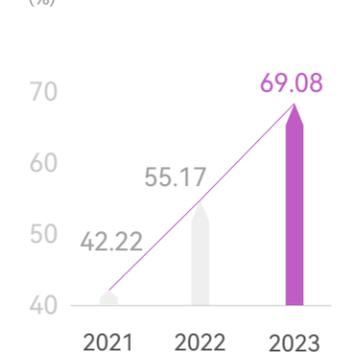
Places where the labor or human rights action indicators are implemented



Number of people receiving training on labor and human rights\*



Proportion of people receiving training on labor and human rights



\*Including prohibition of child labor and forced labor, non-discrimination, anti-harassment, etc.

## Equality and diversification

We respect the differences of each individual, create a diversified, inclusive and equal working atmosphere for employees, and believe that employees with different backgrounds can create more value in the integration. We firmly implement the policy of gender equality and equal pay for equal work, fully respect and protect special rights and interests of female employees and protect safety and health of female employees in accordance with laws.

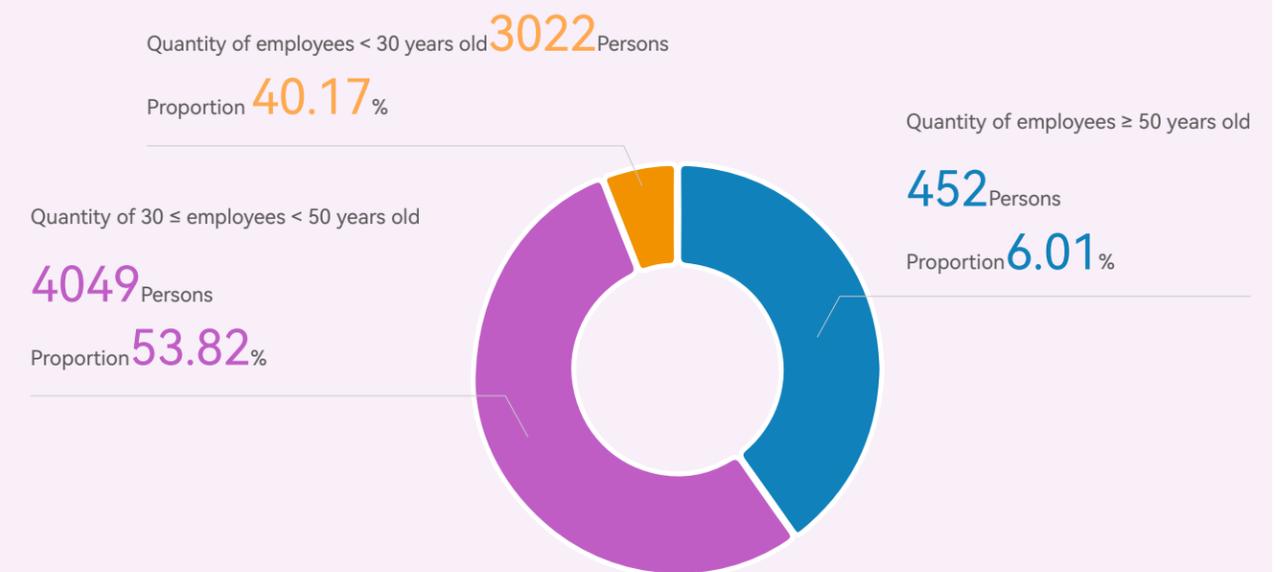
### Structural performance of employees

Indicators	Unit	2023	2022	2021
Total number of employees	Persons	7523	4970	3505
- Chinese employees	Persons	7339	4925	3203
- Foreign employees	Persons	184	45	2
Employment rate of Chinese employees	%	97.55	99.09	99.94
Employment rate of foreign employees	%	2.45	0.91	0.06
Quantity of employees from ethnic minorities and/or disadvantaged groups	Persons	416	300	203
Proportion of employees from ethnic minorities and/or disadvantaged groups	%	5.53	6.04	5.79
Quantity of senior management	Persons	54	40	30
Quantity of employees from ethnic minorities and/or disadvantaged groups in senior management positions	Persons	2	2	1
Proportion of employees from ethnic minorities and/or disadvantaged groups in senior management positions (excluding the Board of Directors)	%	3.70	5.00	3.33

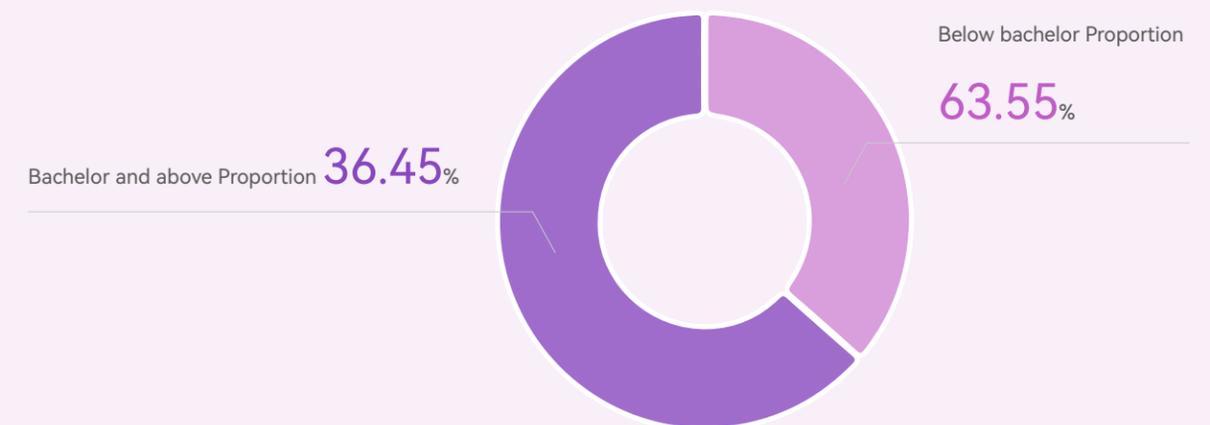
### Gender structure

Quantity of men	Persons	5770	3674	2604
Quantity of women	Persons	1753	1296	901
Proportion of men	%	76.70	73.92	74.29
Proportion of women	%	23.30	26.08	25.71
Quantity of male executives	Persons	45	36	26
Quantity of female executives	Persons	9	4	4
Proportion of women in senior management positions (excluding the Board of Directors)	%	20.00	10.00	13.33
Quantity of women in the Board of Directors	Persons	3	1	0
Proportion of female directors	%	8.57	3.03	0
Quantity of independent directors	Persons	3	3	0

### 2023 Age structure



### 2023 Educational Background Structure



## Deepen democratic management

We respect and protect employees' rights of association freedom and collective bargaining, encourage employees to participate in company management, and effectively protect employees' right to know, participation, expression and supervision. We establish diversified communication with employees by means of labor union, forum, employee satisfaction survey, etc. to learn about their demands timely. We negotiate with employees on the principle of equality, reach a consensus on the labor contract, labor remuneration, working hours and rest and vacation, and sign the collective contract to establish harmonious and stable labor relations. We carry out employee satisfaction surveys on a regular basis to learn about employees' satisfaction from multiple dimensions such as salary, welfare, career development, education and training, and formulate specific solutions for unsatisfactory items to promote the Company's continuous improvement in all work.



Employee Forum

### Case The Company held the "Voicing of Zero Distance" Chairman Forum

On April 12, 2023, the Company organized college students recruited in campus to participate in the "Voicing of Zero Distance" Chairman Forum. On the Forum, the Chairman introduced the Company's basic situation from multiple dimensions and in multiple aspects, and had an in-depth exchange with college students recruited in campus to answer their questions. This Forum helped enhance the understanding and recognition of newly college students recruited in campus for the Company and also made the management layer and employees closer.



"Voicing of Zero Distance" Chairman Forum

### Case Multiple subsidiaries of the Vital Technology Group conducted annual employee satisfaction survey.

From April to May 2023, First Rare, Cleantech New Materials, First Materials, Advanced Materials, Cleantech Rare Metal and Vital Pigments conducted annual satisfaction survey, aiming to comprehensively understand the needs and expectations of employees, and provide a basis for formulating more scientific and reasonable management policies. This survey included the Top 3 employee satisfaction items: values, occupational health, safety and hygiene evaluation, and personal achievements. In the future, we will continue to optimize management and improve employees' job satisfaction and happiness.

## Collective Agreement Performance

Indicators	Unit	2023	2022	2021
Proportion of employees included in formal collective agreements on working conditions in all employees	%	100	100	100
Quantity of employee representatives	Persons	116	52	39
Proportion of employee representatives	%	1.54	1.05	1.11

# Welfare and Care

## Salary and Welfare

We advocate the salary management concept of valuing talent and performance orientation as the core, devote ourselves to building a comprehensive salary system that is competitive and takes into account internal balance to embody the payment concept of "reflecting contribution with income and encouraging value creation", constantly improve the efficiency of talents, stimulate their potential, and form an enterprise-employee interest community. In addition, the Company adjusts the salary on a regular basis to guarantee reasonable growth of employees' salary.

### Compensation Performance

2023, Proportion of unadjusted average male/female salary **1:0.97**

2022, Proportion of unadjusted average male/female salary **1:0.81**

2021, Proportion of unadjusted average male/female salary **1:0.94**

We have established a diversified and personalized welfare system to protect employees' welfare in all aspects. The Company not only provides employees with statutory welfare, establishes a social insurance system, guarantees various vacation rights, but also formulates favorable expatriate welfare policies and implements a lot of protection policies such as employee care plan, family support, mental health support, etc., which truly eases employees' worries and improves employees' work experience and quality of life.

## Vital Technology Group Employee Welfare List

### Statutory welfare

#### Social security benefits

Social insurances and one housing fund, including pension insurance, medical insurance, work-related injury insurance, maternity insurance, unemployment insurance and housing provident fund



#### Statutory holidays

Statutory festivals and holidays, annual leave, marriage leave, maternity leave, paternity leave, sick leave, etc.



### Special welfare of the Company

#### Guaranteed welfare

Employer's liability insurance, accidental medical insurance, annual physical examination, kind fund, psychological health support



#### Expatriate welfare

Promotion, salary, bonuses, and preferred equity incentives for expatriated personnel, various allowances, etc.



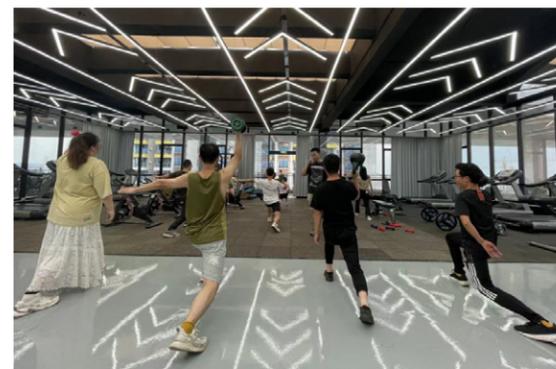
#### Facility welfare

Various activity venues such as libraries, electronic reading rooms, gyms, yoga studios, billiard rooms, etc.



#### Other welfare

I celebrate the Chinese New Year in Vital Technology (various benefits for employees who leave in the Company during the Chinese New Year), festival and birthday welfare, educational advancement, training and further education, congratulatory gifts and consolation, various cultural and sports activities, etc.



Yoga Room



Gym



Billiard Room



Dragon Boat Festival Activity



Mid-Autumn Festival Activity



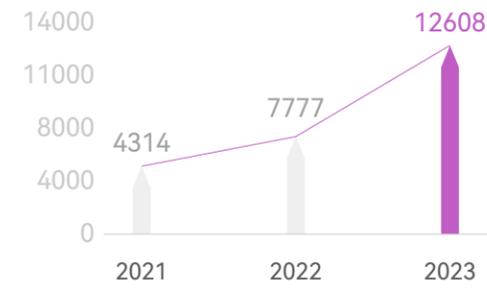
Employee Birthday Party

### Welfare Performance

#### Insurance expenses

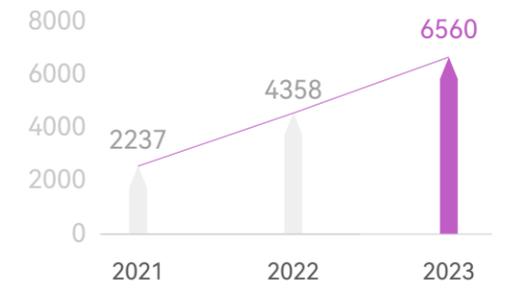
(pension insurance, work-related injury insurance, medical insurance, maternity insurance, unemployment insurance)

(CNY 10,000)



#### Provident fund

(CNY 10,000)



### Case Vital Technology Group carried out the activity to care for employees' eyes and provide eye examination for free

In April 2023, Vital Technology Group worked with relevant medical health institutions to provide free eye examination for employees to care for their eyes. This activity was carried out for all employees and their families. Medical staff provided a series of eye health examination services for participants on site, introduced various ophthalmic knowledge, and guided employees and their families to do eye care and daily health care and enhance the awareness of eye care, which fully reflected the Company's care for employees.



# Employee Care

## Work-life Balance

The Company advocates the balance between work and life of employees, and actively carries out various types of cultural and sports activities, including tug-of-war, basketball games, badminton games, networking activities, etc. to help employees relieve work stress, create healthy and civilized employee culture, further enhance employees' cohesion, make them work without worries and live happily.



Basketball Club



Badminton Club



Employee Fun Club



Management Group Building



"Pioneer" Hiking Activity



Reading Activity



"Hi! Make Friends" Group Building Activity



### The Company's Functional Materials Division carried out the employee group building activity

In May 2023, the Company's Functional Materials Division carried out the spring hiking activity themed at "Determined to Realize 'Bismuth ' Mission, Strive to Be No. 1 in 'Tellurium ' Business" to enrich employees' spare time life. This training activity enhanced communication and exchange between employees, relieved their work stress, helped their physical and psychological health and injected strong spiritual impetus into our sustainable and steady development.



### Care for female employees

The Company firmly believes that female employees play an irreplaceable role in the development of the Company. We have established a system to protect the rights and interests of female employees, and organize various forms of activities to care for female employees, enrich the cultural life of female employees and guide female employees to improve their cultural accomplishment.

### Help employees in difficulties

We have established a mechanism to help employees in difficulties, insist on implementing the care for employees practically, and solve their practical difficulties effectively. We have established a love fund to actively help and donate to employees or their families in severe misfortunes and help them tide over difficulties, fully reflecting the spirit of solidarity and mutual assistance of Vital people.



Women's Day Activity

# Employee Development

## Talent Training

We formulate management echelon talent development programs with Vital characteristics for key talents based on our actual situation, including Youth Pre-employment Training Program, Morning Selenium Program, Refined Indium Program, Gallium Crown Program and Future Rhenium Program. By focusing on management cultivation, we realize leapfrog transformation of employees and comprehensively improve the comprehensive competitiveness of employees.



### College Student Cultivation Program "Youth Pre-employment Training Program"

"Youth Pre-employment Training Program" aims to enhance the effectiveness of college students' training and management by establishing a systematic training program for college students, so as to improve their sense of identity for the Company, and help students grow into grass-roots business backbones quickly to promote business development of the Company.

This program lasts for 1 year and includes three cultivation phases: group-level training, business division/subsidiary-level training, and on-the-job practice improvement. At these three cultivation phases, we will progress step by step, make college students gradually get familiar with the group, business division/subsidiary and business in combination with multiple forms of teaching, including outdoor development, course training, executive sharing meeting, instructor experience and benchmark selection, and finally help them become business backbones who can carry out work independently.

In 2023, the Company carried out "Youth Pre-employment Training Program" Phase III College Student Cultivation Program, which helped 291 newly recruited college students start their journey of growth, enhanced the cohesion and centripetal force of high-quality talents and enabled the Company to maintain the long-term competitive strengths.



"Youth Pre-employment Training Program"



"Morning Selenium Program"



"Future Rhenium Program"

We provide employees with all-round, multi-layer and wide-field training courses and learning resources, and keep enriching training contents and modes to ensure employees have the knowledge and skills required for realizing personal and corporate goals and build a learning-oriented enterprise. We formulate personalized training plans based on development needs of employees at different levels and keep improving their comprehensive quality to promote their development.



Training on New Standards for AEO and Key Points of Supply Chain Safety



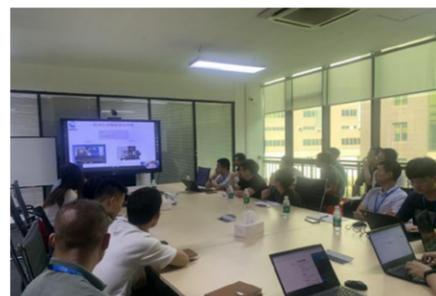
Training on Standards for Three Systems



"Micro-star" Training Camp



"Famous Interviewer" Training



Machining Training



Archive Management Training



PFMEA Tool Usage Training

Case

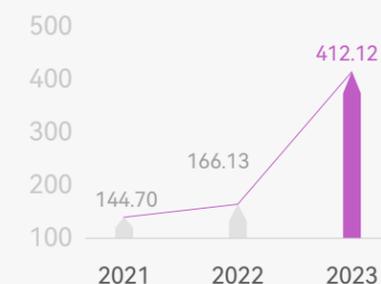
Film Technology Division carried out "Renovated and Expanded Project Management Implement Procedure Training"

In December 2023, the Company's Film Technology Division invited industry experts to offer a Renovated and Expanded Project Management Implement Procedure Training to relevant responsible persons. The training instructor offered the training in combination with relevant cases to help relevant personnel have a more comprehensive and systematic understanding of the standardized procedure for implementing renovated and expanded projects, laying a solid foundation for subsequent work.

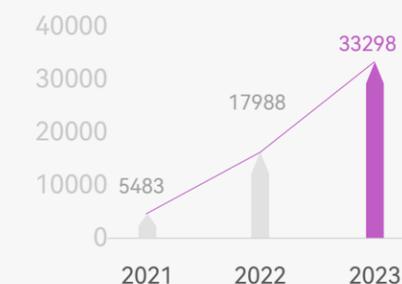


Staff Training Performance

Total investment in training (CNY 10,000)



Trained person-times (Person-times)



Total training hours (Hours)



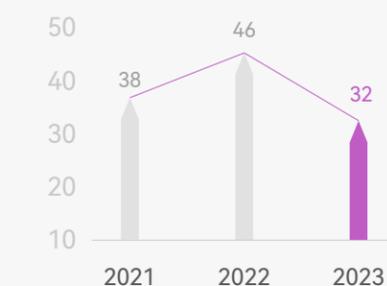
Average training hours per employee (Hours)



Training hours for men (Hours)



Average training hours per man (Hours)



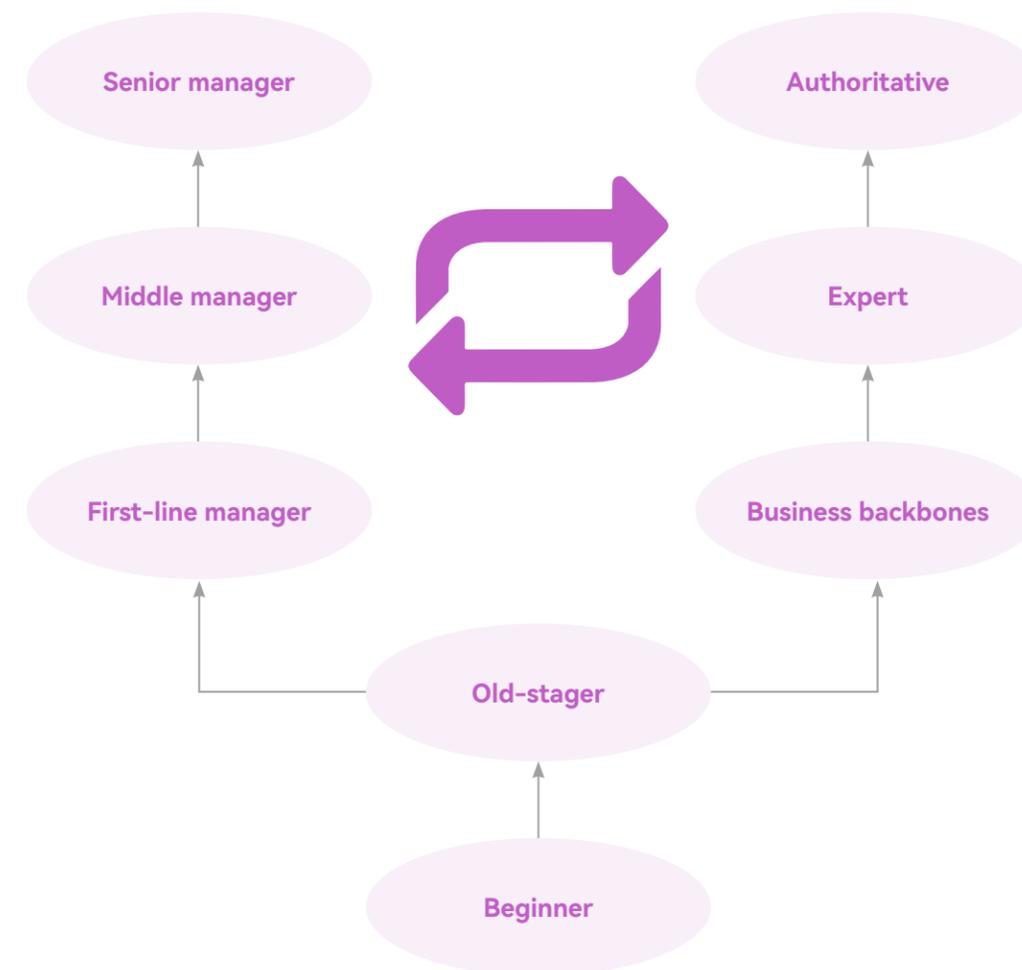
## Staff Development

### Two-way Development Channel

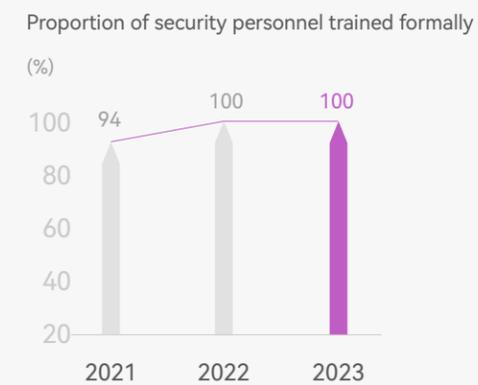
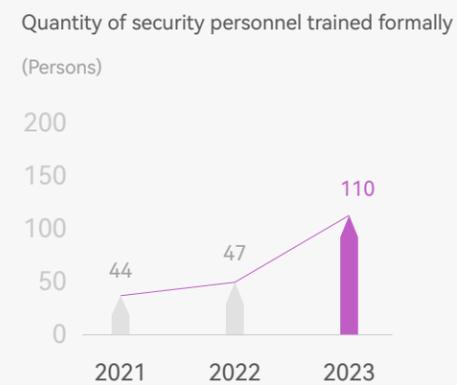
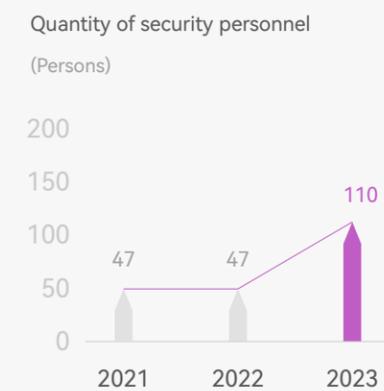
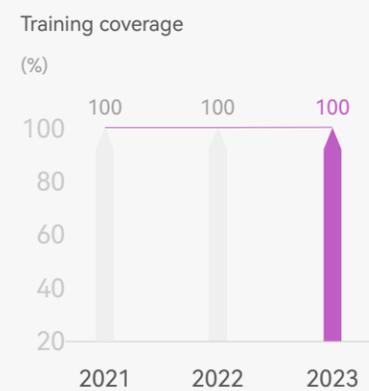
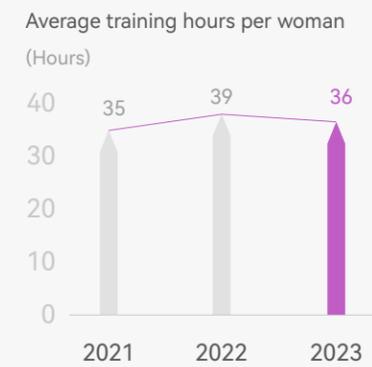
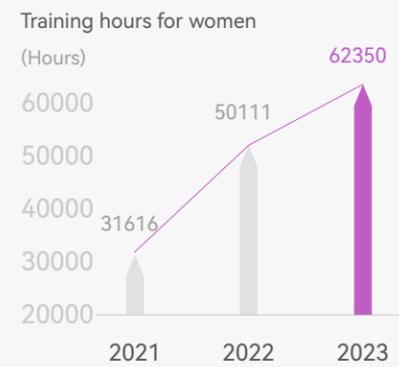
The Company has formulated the *Post Rank and Employee Career Development Management System* to provide employees with a smooth two-way career development channel for management and professional skills, and has launched a career ladder system, including 4 major job categories, 6 major post sequences, 19 post sub-sequences, and 4-8 post ranks. The Company guides employees to plan their career properly, and helps them select a suitable career development path based on their interests and strengths or select parallel development of the management channel and the professional technology channel, so as to cultivate a talent ladder featured with sustainable development.

#### Management channel

#### Professional/technology channel



Staff Development Channel

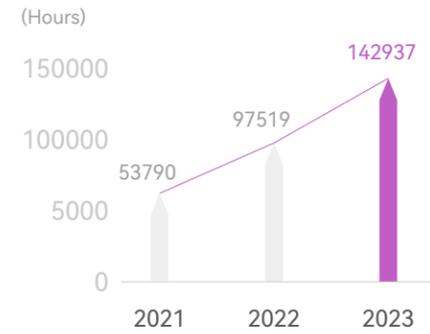


The Company has established a sound promotion system, specifies the management measures for layered promotion of each sequence of personnel, implements a standardized employing mechanism of "giving preference to the competent followed by the ordinary and the mediocrity", and fully mobilizes the initiative and enthusiasm of employees to achieve the purpose of discovering, cultivating and retaining talents.

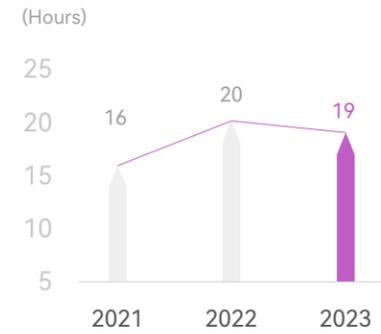


### Staff Development Performance

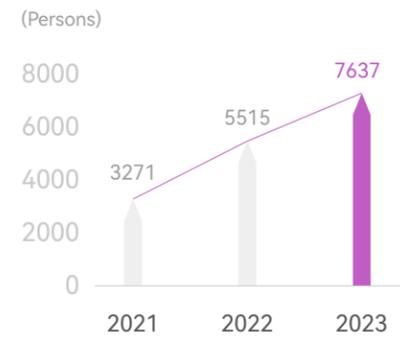
Total training hours of employees relating to career management



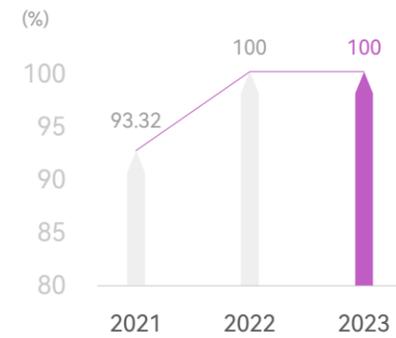
Average training hours of employees relating to career management



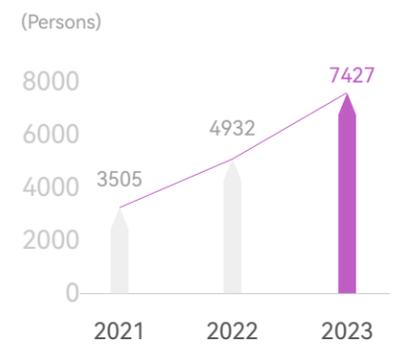
Quantity of people provided with career or skill related training



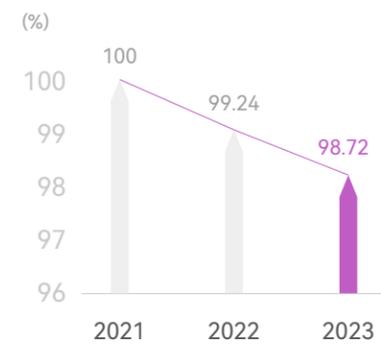
Proportion of people provided with career or skill related training



Quantity of employees provided with regular performance and career development assessment



Proportion of employees provided with regular performance and career development assessment in all staff



## Occupational Health and Safety

### Occupational Health and Safety Management System

Vital Technology Group always puts the occupational health and safety of employees at the first place, strictly abides by relevant laws and regulations, has established a sound occupational health and safety management system, and adopts practical and effective management procedure and mechanism to minimize the occupational health and safety risks of employees to ensure employees can work under good conditions and prevent occurrence of occupational diseases and safety production accidents.

S/N	Company Name	Type	Passed ISO 45001 Occupational Health and Safety Management System Certification or not
1	Vital Technology Co., Ltd.	Trading	No
2	Vital Materials Co., Limited	Trading	Yes
3	First Rare Materials Co., Ltd.	Production	Yes
4	Cleantech New Materials Co., Ltd.	Production	Yes
5	Vital Advanced Materials Co., Ltd.	Production	Yes
6	First Materials Co., Ltd.	Production	Yes
7	CS Microelectronics Co., Ltd.	Production	Yes
8	Vital Micro-Electronics Technology Co., Ltd.	Production	Yes
9	Vital Thin Film Materials (Anhui) Co., Ltd.	Production	Yes
10	Vital Thin Film Materials (Guangdong) Co., Ltd.	Production	Yes
11	RPM Co., Ltd.	Production	Yes
12	Anhui Vital Optics Technology Co., Ltd.	Production	Yes
13	Vital Pigments (Tianjin) Ltd.	Production	Yes
14	Cleantech Rare Metal Technology Co., Ltd.	Production	Yes
15	Hunan Vital New Material Technology Co., Ltd.	Production	Yes
16	Vital Sofine Semiconductor Co., Ltd.	Production	No
17	Vital Optics Technology Co., Ltd.	Production	Yes
18	Vital Thin Film Materials (Zibo) Co., Ltd.	Production	Yes
19	Kunming Vital New Material Technology Co., Ltd.	Trading	Yes
20	Vital Pure Metal Solutions GmbH	Production	No
21	Singapore Advanced Thin Film Materials Private Limited	Production	Yes
22	VITAL MATERIALS BELGIUM SA	Production	Yes

### 2023 Occupational Health and Safety Management Performance

Indicators	Unit	2023	2022	2021
Proportion of places where employee health and safety risk assessment are adopted in all workplaces	%	100	100	100
ISO 45001 certification coverage	%	86.36	91.67	100
ISO 45001 internal audit coverage	%	100	100	100
Places that have passed ISO 45001 certification	Nos.	19	9	9
ISO 45001 internal audit places	Nos.	22	12	9
Quantity of complaints reported by employees on occupational health and safety incidents as well as risks and issues	Nos.	0	0	0



## Protection of Occupational Health

We strictly abide by *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, strictly implement occupational health management requirements, comprehensively improve the environment of workplaces, strengthen management of prevention and control of occupational hazards, prevent, control and eliminate hazards of occupational diseases and practically protect the health rights and interests of employees according to the *Measures for Management of Occupational Health Examinations* and *Technical Specifications for Occupational Health Surveillance*.

### Evaluation of occupational hazard factors

In strict accordance with relevant laws and regulations, we organize one time of evaluation on the status quo of occupational disease hazards every 3 years to comprehensively investigate and analyze the possible occupational disease hazard factors in workplaces, and provide scientific guidance for the company's occupational disease prevention and control; We entrust a qualified occupational health technical service agency to carry out occupational hazard testing and evaluation at workplaces every year, and publicize relevant evaluation reports to employees. In addition, we perform routine internal monitoring by ourselves strictly to guarantee that the occupational disease hazard factors at workplaces conform to national occupational health standards.

### Strengthen basic health protection

We invite qualified medical health institutions to provide employees with pre-job, on-the-job, off-the-job occupational health examinations and create occupational health surveillance archives to record employees' occupational health information. Within the report period, we organized 6,891 employees (pre-job, on-the-job, off-the-job) to have occupational disease examinations, no person was found with occupational diseases, 54 persons were found with occupational contraindications, the posts of these 54 persons have been changed, and these persons have been arranged properly.

We provide employees with personal protective equipment that meets the requirements for prevention and treatment of occupational diseases, and aperiodically test them to ensure that equipment is in normal condition. We instruct employees to wear personal protective equipment in a standardized manner. Workers shall not perform work if they do not wear PPE as required.

the occupational health examination coverage of occupational hazard posts was **100%**



Training on use of personal protective equipment

We attach importance to the comfort of employees in work, formulate and implement *Ergonomics Identification and Improvement Management System* to identify, consider and improve according to the ergonomic principle a series of human body efficacy involved in operation of employees, including environmental site, action range, man-machine interface, load degree, repetitive action, fatigue degree, etc., to realize mutual adaptation of human and machine and improve the operation efficiency, safety, health and comfort.

We firmly believe that occupational health training is an important mean to improve the Company's occupational disease prevention and control level, and also an important measure to prevent occupational disease hazards and improve workers' occupational health quality. We have established a sound occupational health training management system to determine reasonable training contents according to the industry characteristics and the exposure of workers to occupational disease hazards, so as to meet the training needs of workers in different positions.



Occupational health training

#### Case

#### First Materials Organized Occupational Disease Lecture

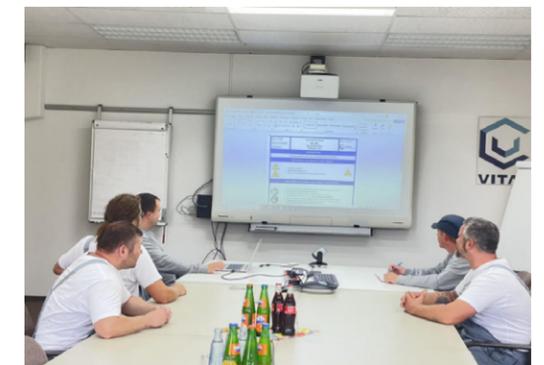
In April 2023, First Materials invited experts from Qingyuan Chronic Disease Prevention Hospital to give employees a lecture themed at "Occupational Disease, Suspected Occupational Disease and Occupational Contraindications". Participating employees learned occupational health knowledge such as laws and regulations on prevention and control of occupational diseases, categories of occupational diseases, hazard factors, personal protection measures, emergency treatment, etc. Through this training, employees' occupational health awareness was strengthened and their safety and health skills were improved.



#### Case

#### VPMS Offered a Training on Occupational Health

To enhance employee's occupational health awareness and improve their occupational health skills, overseas company VPMS offered training on occupational health in December 2023. On this training, the company mainly introduced to employees the correct usage of personal protective equipment, occupational disease hazard prevention equipment and occupational disease prevention and control procedures, and assessed employees to ensure that they had mastered relevant occupational health knowledge and could effectively prevent occupational hazards in work and guarantee occupational health.



## Safety Production Management

We implement the basic safety production policy of "safety first, prevention priority and comprehensive governance", have developed the safety production standard program, keep improving the safety production system management mechanism, build the safety production organizational structure, comprehensively implement the safety production responsibility system, and specify the safety production duties of posts at each level to form the bottom line of safety production.

We keep improving the safety production rules and regulations as well as operating procedures based on our production safety risk analysis, management and control results. In the meanwhile, our Safety and Environment Center holds a special meeting on safety production every month to have a deep study on the current safety situation, deploy priorities in work, and arrange safety and environment experts to provide systematic guidance for subsidiaries to maintain our stable safety production order effectively.

### Safety Performance

Indicators	Unit	2023	2022	2021
Quantity of members of Safety Committee	Persons	127	77	50
Proportion of members of Safety Committee	%	1.69	1.61	1.43
Investment in safety production	CNY 10,000	7627	6294	6032
Work-related death toll of independent employees	Persons	0	0	0
Work-related mortality of independent employees	%	0	0	0
Quantity of injury events that cause loss of working hours	Nos.	15	4	3
Number of lost working days caused by work-related injuries	Days	176	35	50
Number of recordable incident	Nos.	37	5	3
Rate of incidents that cause loss of working hours of labor force directly affiliated to the company*	%	0.046	0.030	0.046
Rate of severe incidents that cause loss of working hours of labor force*	%	0.539	0.265	0.759
Total recordable incident rate*	%	0.113	0.038	0.046

\*The calculation formula is (Total Number of Incidents that Cause Loss of Working Hours) × (1,000,000/Total Working Hours).

\*The calculation formula is (Number of days lost as a result of injuries) × (1,000,000/Total Working Hours).

\*The calculation formula is (Number of Recordable Incidents) × (1,000,000/Total Working Hours).

### Safety risk management

We focus on risk management and control and identification and management of hidden hazards, continuously push construction of dual prevention systems, establish dual prevention and control systems for major hazard sources, continue to improve the safety production level, resolutely prevent major and severer production safety accidents and strengthen the basis of safety production.

We implement production safety risk management and control in a scientific and systematic way in accordance with relevant laws, regulations and our actual situation. We practically implement identification, evaluation, grading, management and control of risks, implement management and control measures one by one, and prevent and eliminate risk factors to forcefully guarantee sustainable and steady development.

### Safety Risk Management and Control Process of Vital Technology Group

Risk identification	Risk assessment and grading	Risk warning	Risk response and treatment
Take stock of each link of production comprehensively, and apply expertise, empirical judgment and technical means to systematically identify risk factors that may cause safety accidents	Use the qualitative and quantitative methods and build a risk assessment model to perform quantitative analysis on and grading of risk factors to provide a decision-making basis for subsequent risk prevention and control	Establish a risk monitoring and warning mechanism to discover the trend of risk factors timely, and alert relevant personnel in advance when the risk is about to reach a critical point, so as to take measures in time to intervene and prevent accidents	Formulate countermeasures and emergency plans for specific identified risks, specify division of responsibilities, the disposal process and resource guarantee, and ensure that accidents can be handled quickly and effectively

We have established a long-term mechanism for investigation of hidden hazards, formulate annual hidden hazard investigation plans, and continuously strengthen the investigation and governance of safety hazards in various workshops and departments, including but not limited to management of hazardous chemicals, equipment and facility management, process management, implementation of operating procedures, etc. We analyze hidden safety hazards identified, formulate specific rectification measures, specify the responsible person and responsible department, and recheck the rectification effect for acceptance to ensure hidden safety hazards are eliminated. We organize each subsidiary to carry out investigation and governance of hidden hazards, convert "supervision priority" into "supervision + empowerment", fully mobilize the initiative of subsidiaries and continuously improve the safety production level of the entire group.

Within the report period, the Company and subsidiaries' hidden hazard rectification completion rate was

**100%**



Training on Investigation and Management of Hidden Safety Hazards



Safety Hazard Investigation

## Safety culture construction

We pay attention to safety culture construction and devote ourselves to improving the safety production awareness of all staff. We have established a sound safety education and training system and organize kinds of safety education and training activities in ways of desk, on-spot drill in workshops. All principals of safety and environment work, full-time safety management personnel and special operation personnel in our company have received national standard training and have acquired corresponding certificates, and all new employees have been offered with a pre-job safety training. **Within the report period, we provided 166,585 person-times of safety training for on-duty personnel, realizing a coverage of 100%.**



Electricity Safety Training



Fire Safety Training



Hazardous Chemical Safety Training



Traffic Safety Training



Post-festival Safety Training



Special Operation Safety Training

### Categories of Safety Education Training (Partial)



- ◆ Operation safety
- ◆ Facility safety
- ◆ Electricity safety

- ◆ Special equipment safety
- ◆ Chemical safety
- ◆ Fire safety

- ◆ Traffic safety
- ◆ Weather safety
- ◆ Safety production month theme education activity, etc.

### Case The Company and Subsidiaries Carried Out 2023 "Safety Production Month" Activity

In June 2023, to respond to the national Safety Production Month activity, form the bottom line for safety production of the entire group and build up the safety bottom line awareness, the Company and subsidiaries actively carried out the "Safety Production Month" activity. We organized all staff to participate in the entire Safety Production Month activity, covering safety culture promotion, investigation of hidden hazards, practical competition, essay competition, comprehensive drill, etc., fully mobilizing the enthusiasm of the majority of employees to learn safety knowledge and creating an activity atmosphere of "learning safety knowledge for use".



"Safety Production Month" Promotion Banner



"Safety Production Month" Promotion Poster

### On-duty Personnel Safety Training Performance

Indicators	Unit	2023	2022	2021
Accumulated person-times of safety training for on-duty personnel	Person-times	166585	70267	60300
Number of times of safety training received by each on-duty person	Times	22	14	17
Average safety training hours for on-duty personnel per year	Hours	65	62	66.5
Number of people provided with occupational health and safety	Persons	7633	5429	5483
Proportion of people provided with occupational health and safety training	%	100	100	100

## Safety emergency management

We formulate the emergency response procedure strictly in accordance with the *Law of the People's Republic of China on Response to Emergencies*, classify emergency disposal into comprehensive emergency plan, special emergency plan and on-site disposal plan, and have established a sound emergency management system to continuously improve the accident prevention and disposal capabilities.

We have established an emergency organization, and have specified the responsibility of each subject to ensure the emergency state is enabled quickly during the emergency to minimize loss caused by safety accidents. In the meanwhile, we organize emergency training and drills on a regular basis to effectively improve the team's ability to respond to and deal with emergencies. Within the report period, our emergency drills covered all types of accidents involved in the production emergency plan.



Limited Space Emergency Disposal Drill

Chemical Spill Emergency Drill



Cardiopulmonary Resuscitation Training and Drill

Practical Operation of Fire Equipment

Fire Drill

In addition, we have built a volunteer fire brigade that better knows the hidden risks and emergency rescue on site according to our own situation. This brigade has played a big role in all drills and practical operation and has been honored by the emergency services for many times. **As of the end of the report period, our company and subsidiaries have built a volunteer fire brigade.**

## Safety management of contractors

We have established and implemented the *Contractor Health, Safety and Environmental Management System* and regard contractor safety management as one important link of safety production. We strictly review the safety qualifications of contractors, standardize the contractor entry mechanism, and perform comprehensive and rigorous safety inspection and evaluation of contractors' construction to timely identify and deal with potential and actual hidden safety hazards. In the meanwhile, we strengthen contractor safety education and training, continuously enhance their safety awareness and improve their safety skills.

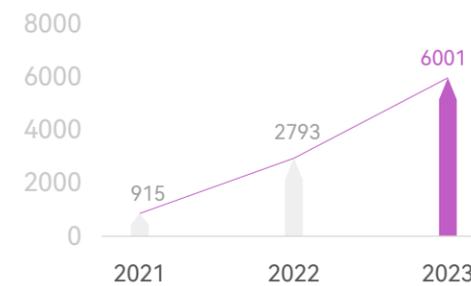


Contractor Safety Training

### Contractor Safety Training Performance

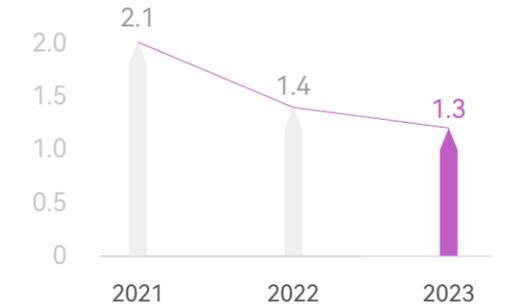
Cumulated person-times of safety training for contractors' personnel

(Person-times)



Number of times of safety training received by contractors' personnel

(Times)



## Social Public Welfare

Vital Technology Group stays true to the original intention of engaging in social public welfare, integrates social responsibilities into our strategic development and has built a comprehensive and systematic social public welfare management system. We actively guide employees to participate in social public welfare activities, make use of business strengths and resources to improve the life of surrounding community residents, deliver the warmth from Vital and embody the corporate image of being responsible.

### Enable rural revitalization

We actively respond to the national rural revitalization strategy, invest public welfare and charity resources into the field of "agriculture, rural areas and farmers" and consolidate the poverty alleviation achievements. Our subsidiary Vital Rare Material focuses on local resources to help Gaogang Town of Fogang County, and support and subsidize post-disaster reconstruction in Mayue Village, Taiping Town, Qingxin District, enabling rural revitalization with concrete actions. During 2021-2023, we invested a lot of manpower, materials and financial resources in "National Hundred, Thousand and Ten Thousand Talent Project" in Gaogang Town, Fogang County to fully revitalize economic, social, cultural and ecological development in rural areas.



Enable "National Hundred, Thousand and Ten Thousand Talent Project" Make Every Effort to Assist for Revitalization



Commendation of First Rare by Relevant Units



### Activities Involved in the National Hundred, Thousand and Ten Thousand Talent Project

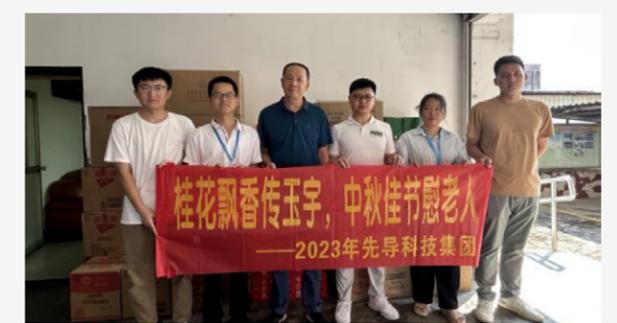
S/N	Events	Contents
1	The 4th "Donation to Qingyuan" Theme Activity in 2023	Caring for Left-behind Children in Fogang County
2	Donation to the Charity Association of Heyun, Qingxin, Qingyuan	Used for infrastructure construction in Heyun Town
3	"6.30" Donation Campaign to Support Rural Revitalization	Consolidate the achievements of poverty alleviation in Gaogang Town of Fogang County and Xiaojiang Town of Yangshan County, and assisting in rural revitalization

### Carry out volunteer services

We always adhere to the volunteer spirit of "dedication, friendship, mutual assistance and progress", actively practice the public welfare undertaking, carry out volunteer services such as consolation to elderly homes and community groups in difficulties, summer-heat relief activity, voluntary blood donation, etc., to pass on goodwill, and share the development results with the society. Within the report period, we have consecutively carried out the consolation activity themed at "Deliver Love in the Chinese Spring Festival to Care about People in Nursing Homes and Households Enjoying the Five Guarantees", "Summer-heat Relief Activity", the consolation activity themed at "Consolation to Teachers in Fruitful Autumn" on the Teachers' Day, the consolation activity themed at "Consolation to Elderly People on the Mid-Autumn Festival Full of Fragrant Osmanthus Flowers" on the Mid-Autumn Festival, "Heyun Town Community Micro-fund Project" and other public welfare services to fulfill social responsibilities in multiple aspects, reflecting the sense of responsibility of Vital.



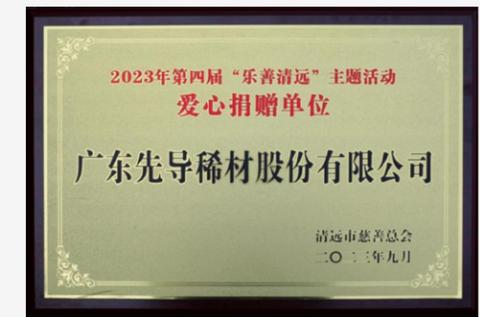
Consolation to Nursing Home



Consolation for Mid-Autumn Festival



Voluntary Blood Donation Activity



First Rare won the title of Charitable Donation Enterprise of the 4th "Donation to Qingyuan" Theme Activity

### Case

#### The Company Carried Out a Consolation Activity on the Teachers' Day

On September 8, 2023, upon the arrival of the 39th Teachers' Day, we organized personnel to go to Fozu Primary School to carry out the consolation activity on the Teachers' Day. We had an in-depth exchange with teacher representatives to learn about the teaching philosophy and construction of the faculty, and presented consolation money and gifts to show their contributions to development of the education undertaking and create a good social atmosphere of "respecting knowledge, talents and teachers".



### Assist in the education undertaking

Education is a primary task that is crucial for generations to come. Vital Technology Group donates funds and materials to build a knowledge bridge for poor students, subsidize them to complete their study and promote development of the education undertaking. Within the report period, we have consecutively carried out activities such as "Presentation of Newspaper to Qingyuan Primary and Secondary Schools", "Subsidization to Heyun Central Primary School for the International Children's Day", "Love Donation to Students", etc. to improve the local community education. In addition, we also donated fellowships to Jilin University, Changchun University of Science and Technology and Shandong University, making contributions to cultivation of high-quality talents.

# Future Outlook

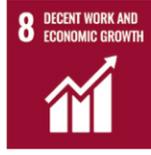
In a race for success, those who forge ahead win. In the face of new situations, requirements, opportunities, and challenges in the future, Vital Technology Co., Ltd. will thoroughly implement the new development concept of “Innovation, Coordination, Green, Openness and Sharing”, focus on the vision of “To be the worldwide market leader in rare metals-oriented materials and technologies”, and assume greater environmental, social and governance responsibilities while adhering to high-quality development with a more open and inclusive attitude.

Have a foothold on China, gain a competitive edge in the global market. We will persistently follow the path of sustainable development, endeavor to build a new development pattern, accelerate the release of new growth momentum, and strive to write a new chapter of development. We will continue to work together with all stakeholders, and serve as a promoter of industry development, a guardian of ecological environment, a guarantor of employees' happiness, and a bearer of social responsibility, contributing to the world's sustainable development.

# Appendix

## Content Index

### SDGs Content Index

SDGs	Chapter	Our Action	SDGs	Chapter	Our Action	SDGs	Chapter	Our Action
	Welfare and Care	<ul style="list-style-type: none"> <li>We have established an assistance and support mechanism for employees in need and set up a charity fund to actively help and donate to employees or their families who have suffered major changes.</li> </ul>		Compliant Employment Welfare and Care Occupational Health and Safety	<ul style="list-style-type: none"> <li>We steadfastly maintain equal employment, do not set restrictions on nationality, ethnicity, race, gender, religious beliefs, etc., and provide equal employment opportunities for applicants.</li> <li>We resolutely prohibit child labor and forced labor, harassment, discrimination, and disclosure of employee privacy.</li> <li>We establish a comprehensive compensation system that is competitive and balanced internally.</li> <li>We establish a diversified and personalized welfare system to provide a full range of welfare guarantee for employees.</li> <li>We establish a comprehensive occupational health and safety management system to minimize the occupational health and safety risks of employees with effective management processes and mechanisms, ensuring that they can work in good conditions.</li> </ul>		Employee Development	<ul style="list-style-type: none"> <li>We provide employees with comprehensive, multi-tier and wide-ranging training courses and learning resources, and constantly enrich the training contents and modes.</li> <li>We develop personalized training programs according to the development needs of employees at different levels.</li> <li>We provide employees with a smooth dual-track career development pathway which encompass on both management and professional technology, and launch a career ladder system.</li> <li>Based on the actual conditions of the Company, we develop a variety of talent training programs with Vital Technology' characteristics, including the "Youth Pre-employment Training Program," "Morning Selenium Program," "Refined Indium Program", "Gallium Crown Program", and "Future Rhenium Program".</li> </ul>
	Compliant Employment	<ul style="list-style-type: none"> <li>We do not discriminate against employees on the basis of gender in recruitment, training and promotion.</li> <li>We firmly implement the policy of gender equality and equal pay for equal work, and fully respect and protect the special rights and interests of female employees.</li> </ul>		Pollutant Treatment Resource Management	<ul style="list-style-type: none"> <li>We construct a wastewater treatment system in the wastewater-generating plant to ensure that wastewater treatment is regulated and standardized and to prevent water pollution.</li> <li>We strengthen routine maintenance of wastewater treatment equipment and facilities to ensure their efficient operation.</li> <li>We continuously optimize our wastewater discharge management system through reduced discharge at the source, process optimization, and equipment upgrading.</li> <li>We build a reclaimed water recycling and treatment system to improve water resource utilization and reduce wastewater discharge.</li> </ul>		Energy Management	<ul style="list-style-type: none"> <li>We promote the construction of rooftop photovoltaic projects, continuously increase the proportion of renewable energy, and optimize the energy structure.</li> <li>We focus on the upgrades of production facilities, waste heat and cold energy recovering, and other methods to explore energy-saving potential and promote cleaner production.</li> </ul>
	Proceed Technological Innovation Compliant Employment	<ul style="list-style-type: none"> <li>We implement the strategy of technological innovation, strive to transform and implement the R&amp;D achievements, and steadily promote economic growth.</li> <li>We encourage employees to participate in corporate governance, and effectively protect their rights to information, participation, expression and supervision.</li> <li>We communicate with employees by various means, including labor union, symposium, and employee satisfaction survey, in order to keep abreast of their needs.</li> </ul>		Company Profile Proceed Technological Innovation	<ul style="list-style-type: none"> <li>We leverage excellent technical R&amp;D platforms to expand product portfolio and recycling services, providing customers with valuable solutions.</li> <li>We continue to increase our investment in research and development, and have set up an experienced R&amp;D team with a global perspective.</li> <li>We implement a digital transformation strategy and actively apply digital means in production and operation to achieve interconnection and interoperability.</li> </ul>		Public Welfare	<ul style="list-style-type: none"> <li>We assisted in the development of Gaogang Town, Fogang County, and provided support and funding to the post-disaster reconstruction of Mayue Village, Taiping Town, Qingxin District, empowering rural revitalization and reducing inequalities through practical actions.</li> </ul>



SDGs	Chapter	Our Action	SDGs	Chapter	Our Action
	<p>Establishment of Sustainable Supply Chain</p> <p>Low-Carbon Development, Protecting Lucid Waters and Lush Mountains</p> <p>Public Welfare</p>	<ul style="list-style-type: none"> <li>We build a comprehensive ESG management system across the supply chain, incorporating suppliers' environmental impact, health and safety, and business ethics into the construction of the supply chain.</li> <li>We strive to reduce the impact of our production and operation on the environment to build a resource-saving and eco-friendly enterprise.</li> <li>We integrate social responsibility into corporate strategic development and construct a comprehensive and systematic social welfare management system.</li> <li>We are committed to rural revitalization, volunteer service, and other undertakings, sharing the development achievements with the society.</li> </ul>		<p>Product Quality</p> <p>Customer Services</p> <p>Green Products</p>	<ul style="list-style-type: none"> <li>We adhere to the concept of prioritizing quality, follow ISO and various international standards and specifications strictly, and establish a sound quality management system. RPM has passed the ISO 22000 food safety management system certification, and Vital Micro-Electronics, Advanced Materials and SATFM have passed the IATF 16949 automotive quality management system certification.</li> <li>We regularly audit the quality system, review system documents, and make continuous improvements to any conduct that does not meet quality management requirements.</li> <li>We establish a monitoring system and indicators for the full-process monitoring of products to issue real-time warning and immediately resolve the problems in a closed loop.</li> <li>We always adhere to the service concept of "customer centered", establish diversified channels for communication with customers, and collect and understand their needs.</li> <li>We regularly survey customer satisfaction through questionnaires, door-to-door visits, and other methods to comprehensively understand their satisfaction with our quality control, complaint handling, service quality, and timely and rapid delivery.</li> <li>We recycle end-of-life devices and mineral by-products, achieving the closed loop of the industrial chain.</li> <li>Vital Thin Film Materials (Guangdong) issued the Environmental Protection Declaration on ITO Target 90/10 Series Products, calling on consumers and users to return the components for proper disposal and to recycle the products.</li> </ul>

SDGs	Chapter	Our Action
	Climate Change Response	<ul style="list-style-type: none"> <li>We effectively integrate climate change response strategies into our corporate strategy, develop GHG emission reduction plans, and accelerate the green and low-carbon transformation.</li> <li>We actively manage climate change risks through peer benchmarking in combination with the systematic guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), so as to prevent adverse impacts of climate change.</li> <li>We implement GHG management, for example, we incorporated Scope 3 GHG emissions into our management and accounted for GHG emissions from employees' business travel and commuting in 2023.</li> <li>We commission a professional third-party organization to verify the carbon footprint of three products, providing data support for the continuous improvement of their environmental performance.</li> </ul>

SDGs	Chapter	Our Action
	Biodiversity Conservation	<ul style="list-style-type: none"> <li>Before the implementation of all new construction, reconstruction and expansion projects, we assess the impact of the biodiversity in their vicinity and strictly implement the biodiversity conservation policies.</li> </ul>

SDGs	Chapter	Our Action	SDGs	Chapter	Our Action
	<p>Sustainable Development Governance</p> <p>Compliant Business Operation</p> <p>Business Ethics</p> <p>Compliant Employment</p>	<ul style="list-style-type: none"> <li>We establish a comprehensive sustainable development mechanism through systematic design and overall layout, and integrate the concept of sustainable development into our corporate governance and daily operations.</li> <li>We continuously improve the compliance system, clarify compliance responsibilities, cultivate a compliance culture, and integrate compliance management into all aspects of our operations.</li> <li>We adhere to high standards of business ethics and maintain a zero-tolerance stance towards any form of unethical behavior, including corruption, monopoly and unfair competition.</li> <li>We are committed to safeguarding children's rights and resisting the employment of children.</li> </ul>		<p>Communication with Stakeholders</p> <p>Customer Services</p> <p>Establishment of Sustainable Supply Chain</p>	<ul style="list-style-type: none"> <li>Based on our sustainable development strategy, we set up diversified communication channels with stakeholders, and regularly understand and respond to their comments and suggestions, which provide important references for improving the Company's sustainable development.</li> <li>We establish diversified communication channels with customers, collect and understand their extensive needs, ensure to correctly understand and determine their requirements in the whole life cycle, provide them with personalized solutions, and establish and maintain long-term strategic cooperation and win-win relationships with them.</li> <li>We work together with suppliers and other partners to establish a sustainable supply chain and promote the achievement of sustainable development goals.</li> </ul>



## GRI Content Index

Statement of Use	Vital Technology Co., Ltd. has reported the information cited in this GRI content index for the period from January 1, 2023, to December 31, 2023 with reference to the GRI Standards.		
GRI 1 Used	GRI 1: Foundation 2021		
GRI Standard	Disclosure	Location	
GRI 2: General Disclosures 2021	The organization and its reporting practices	2-1 Organizational details	Company Profile
		2-2 Entities included in the organization's sustainability reporting	About the Report
		Reporting period, frequency and contact point	About the Report
		2-5 External Assurance	About the Report Assurance Statement
	Activities and workers	2-6 Activities, value chain and other business relationships	Company Profile
		2-7 Employees	Building a Better Society Together by Putting People First
	Governance	2-9 Governance structure and composition	Sustainable Development Governance
		2-12 Role of the highest governance body in overseeing the management of impacts	Sustainable Development Governance
		2-13 Delegation of responsibility for managing impacts	Sustainable Development Governance
		2-14 Role of the highest governance body in sustainability reporting	Sustainable Development Governance
		2-15 Conflicts of interest	Business Ethics
		2-16 Communication of critical concerns	Communication with Stakeholders
	Strategy, policies, and practices	2-17 Collective knowledge of the highest governance body	Sustainable Development Governance
		2-22 Statement on sustainable development strategy	Sustainable Development Management
		2-23 Policy commitments	Sustainable Development Management
		2-24 Embedding policy commitments	Sustainable Development Management
		2-25 Processes to remediate negative impacts	Business Ethics
		2-26 Mechanisms for seeking advice and raising concerns	Business Ethics Compliant Employment
		2-27 Compliance with laws and regulations	Compliant Business Operation
	Stakeholder Engagemen	2-28 Membership associations	Membership of the Associations
2-29 Approach to stakeholder engagement		Communication with Stakeholders	
2-30 Collective bargaining agreements		Compliant Employment	

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Management of Material Topics
	3-2 List of material	Management of Material Topics
	3-3 Management of material topics	Management of Material Topics
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Company Profile
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Business Ethics
	205-2 Communication and training about anti-corruption policies and procedures	Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Resource Management
	302-3 Energy intensity	Resource Management
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Resource Management
	303-2 Management of water discharge-related impacts	Pollutant Treatment Resource Management
	303-3 Water withdrawal	Resource Management
	303-4 Water discharge	Resource Management
	303-5 Water consumption	Resource Management
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate Change Response
	305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Response
	305-3 Other indirect (Scope 3) GHG emissions	Climate Change Response
	305-4 GHG emissions intensity	Climate Change Response
GRI 306: Waste 2020	306-1 Water generation and significant waste-related impacts	Pollutant Treatment
	306-2 Management of significant waste-related impacts	Pollutant Treatment
	306-3 Waste generated	Pollutant Treatment
	306-4 Waste diverted from disposal	Pollutant Treatment
	306-5 Waste directed to disposal	Pollutant Treatment
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Establishment of Sustainable Supply Chain
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare and Care

GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
	403-3 Occupational health services	Occupational Health and Safety
	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	Employee Development
	404-2 Programs for upgrading employee skills and transition assistance	Employee Development
	404-3 Percentage of employees receiving regular performance and career development reviews	Employee Development
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Compliant Employment
	405-2 Ratio of basic salary and remuneration of women to men	Welfare and Care
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Compliant Employment
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	Compliant Employment Establishment of Sustainable Supply Chain
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Compliant Employment Establishment of Sustainable Supply Chain
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forces or compulsory labor	Compliant Employment Establishment of Sustainable Supply Chain
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Environmental Management
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Establishment of Sustainable Supply Chain
	414-2 Negative social impacts in the supply chain and actions taken	Establishment of Sustainable Supply Chain
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality Customer Services
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security

## TCFD Content Index

TCFD Standard	Disclosure	Location
Governance	a) Describe the Governance Committee's oversight of climate-related risks and opportunities.	Climate Change Response
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate Change Respon
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2° C or lower scenario.	
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks.	Climate Change Response
	b) Describe the organization's processes for managing climate-related risks.	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities based on its strategy and risk management processes	Climate Change Response
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

## Assurance Statement

TÜVNORD

Assurance statement No. CN-202411-CSR-01

### Assurance Statement of Corporate Sustainability Report

TÜV NORD (Hangzhou) Co., Ltd. has been commissioned by the management of Vital Technology Co., Ltd. ('Vital Technology Group' for short) to carry out an independent assurance of the 2023 Corporate Sustainability Report ('report' for short).

Vital Technology Group is responsible for the collection, analysis, aggregation and presentation of information within the Report. TÜV NORD (Hangzhou) Co., Ltd. implements this work within the scope of authority recognized in the agreement with Vital Technology Group (report assurance). Vital Technology Group is the intended user of this statement.

This statement is based on Vital Technology Group 2023 Corporate Sustainability Report, and Vital Technology Group is responsible for the integrity and authenticity of the information and data in the report.

#### Assurance Scope

This statement is based on below information:

- Key performance and related information in relation to sustainable development in the sustainable development report from January 1, to December 31, 2023.
- Assurance location:  
HQ: Vital Technology Co., Ltd.  
No. 27-9, Baijia Industrial Park, High-Tech Development Zone, Qingyuan City, Guangdong Province.  
Sample sub-site: Vital Micro-Electronics Technology Co., Ltd.  
Workshop A, No. 16, Chuangxing 3rd Road, High-Tech Zone, Qingyuan City, Guangdong Province, P. R. China.
- We evaluate the collection, analysis, aggregation of the information and data.
- Due to the fact that economic data is audited by a third party, no duplicate audits will be conducted in this audit.

The on-site assurance has been conducted from October 21-23, 2024.

#### Assurance Methodology

Assurance process including following activities:

- Review the document information which provide by Vital Technology Group;
- Interview the person who collected the report information;
- View the related websites and media reports, verify the data and information through sampling method;
- Refer to GRI Sustainability Reporting Guideline (GRI Standards) on balance, comparability, accuracy, timeliness, clarity, reliability, and give the evaluation;
- Refer to AA1000AS (V3) assurance methodology;
- Assurance activity is based on TÜV NORD CSR report assurance management procedure.

TÜVNORD

Assurance statement No. CN-202411-CSR-01

#### Assurance Conclusion

The report objectively reflects the status and performance of the company in the field of sustainable development in 2023. The data in report is reliable and objective, TÜV NORD (Hangzhou) Co., Ltd. didn't find the system errors or substantial errors.

- **Balance:** The report objectively discloses, the number of complaints and reports, the number of injuries caused by lost working hours, which has a certain degree of balance;
- **Comparability:** In the report, indicators such as greenhouse gas emission, safety performance, environment protection expense, employee structure are listed for three years of performance, which is comparable;
- **Accuracy:** Through sampling assurance, it was found that the cases and data disclosed in the report are basically objective and accurate;
- **Timeliness:** The disclosure period of this report is 2023 sustainable development performance, with good timeliness;
- **Clarity:** The report uses various forms such as images, charts to make the information in the report easy to be understood;
- **Reliability:** Vital Technology Group' System Department is responsible for collecting, recording, compiling, and analyzing the information and processes used in the preparation of the report. The sampled data during the assurance process can provide traceability, to a certain extent, ensuring the quality and materiality of the information.

#### Suggestion for improvement

Through assurance and evaluation, we had following improvement suggestion on corporate sustainability practice and management:

- It is suggested that in the analysis of substantive issues, a variety of analysis forms should be adopted to increase the number of survey samples of stakeholders, so as to make the issues more in line with the actual development of enterprises;
- It is suggested that report preparation requirements should be established systematically to speed up the release time of reports, so as to increase the timeliness of report contents;
- It is suggested that more accountability performance of subsidiaries and overseas organizations can be disclosed in the future, so that stakeholders can have a more comprehensive understanding of the social responsibility management performance of the organization.

#### Special statement

This statement excluding:

- The activity outside revealed information;
- The position, idea, faith, object, future developing direction, and promise which stated by Vital Technology Group.

#### Statement of Independence and Competence

TÜV NORD Group is the world's leader in inspection, testing and assurance, operating in more than 100 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

TÜVNORD

Assurance statement No. CN-202411-CSR-01

TÜV NORD (Hangzhou) Co., Ltd. is an independent organization registered and established by TÜV NORD Group in China, ensures that there are no conflicts of interest with Vital Technology Group or its branches and stakeholders during the implementation of the assurance process of sustainability report. All information in this Report was provided by Vital Technology Group, and TÜV NORD (Hangzhou) Co., Ltd. was not involved in the report preparation process.

TÜV NORD (Hangzhou) Co., Ltd.

The team leader: Mr. Liu Han  
Date: November 10, 2024

The Authorized person: Mr. Wang Peng  
Date: November 10, 2024

## Feedback

Thank you very much for reading the *2023 Sustainable Development Report of Vital Technology Co., Ltd.* In order to continuously improve our sustainable development and provide valuable information to stakeholders, we sincerely invite you to give us your valuable comments and suggestions on the Report through the following ways. Thanks for your substantial support to our sustainable development!



E-mail: [ESG@vitalchem.com](mailto:ESG@vitalchem.com)

1. For Vital Technology Co., Ltd., your identity is

- Government & Regulatory Agencies  
  Stockholder  
  Customer  
  Supplier & Partner  
  Employee  
 The Public  
 Other (please specify)

2. Your overall assessment on the Report is

- Very Good  
 Good  
 Average  
 Poor  
 Very Poor

3. Response to and disclosure of stakeholder concerns in the Report are

- Very Good  
 Good  
 Average  
 Poor  
 Very Poor

4. Clarity, accuracy and completeness of the information, indicators and data disclosed in the Report are

- Very Good  
 Good  
 Average  
 Poor  
 Very Poor

5. The text, structural arrangement, and layout design of the Report are

- Very Good  
 Good  
 Average  
 Poor  
 Very Poor

6. What do you like most about the Report?

7. What other information would you like to see in the Report besides the disclosed content?

8. Do you have any comments or suggestions on our sustainable development?