

2023

**Environmental, Social and
Governance (ESG) Report**

Goertek Inc.

Goertek

Contents

About This Report

Reporting Scope	03
Reporting Period	03
Preparation Basis	03
Report Access and Feedback	04

Chairman's Statement

Chairman's Statement	05
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About the Company

Company Profile	07
Business Scope	07
Company Culture	09
Development History	11
Company Honors	13

ESG Management

ESG Management Structure	15
Stakeholder Communications	16

Compliant Operation 01

Internal Control Management	23
Business Ethics	25
Intellectual Property Protection	30
Information Security and Privacy Protection	31

Green Development 02

Carbon Emission Management	35
Environmental Protection	39
Chemicals Management	43
Hazardous Substance Management System	45
Clean Technology Exploration	48

Cooperation and Mutual Benefits 04

Sustainable Supply Chain	63
Conflict Minerals Management	65
Industry Exchanges	67

Public Welfare 06

Educational Assistance for the Needy	103
Fitness and Public Welfare	105
Rural Revitalization	106
Community Services	108

Craftsmanship 03

Quality First	51
Scientific and Technological Innovation	57

Employee Development 05

Employee Rights and Interests	71
Talent Attraction and Retention	72
Talent Development	83
Employee Health and Safety	91

Appendix

Key Performance Indicators	109
GRI Standards Index	113

About This Report

This Report aims to disclose the management and performance of Goertek Inc. (abbreviated as "the Company") in Environmental, Social and Governance (ESG) and communicate with stakeholders to respond to their needs.

Reporting Scope

The disclosure scope of this Report includes Goertek Inc. and its subsidiaries. The coverage and calculation methods of the data involved in this Report have been marked herein. This is an annual report. The Company issued the first Corporate Social Responsibility Report in 2010, and this year's report is an ESG report.

Reporting Period

Unless otherwise specified, this Report covers the period from January 1st, 2023 to December 31st, 2023. To ensure the coherence of the report, some contents are outside of this time period.

Preparation Basis

This Report is prepared in accordance with *the Self-regulatory Guidelines No.1 for Companies Listed on Shenzhen Stock Exchange - Standardized Operation of Companies Listed on the Main Board*, and with reference to the *GRI Sustainability Reporting Standards* issued by the Global Sustainability Standards Board (GSSB), the *United Nations Sustainable Development Goals (SDGs)* and the needs of the Company's stakeholders.


Report Access and Feedback

This Report is published in Chinese and English. In case of any discrepancies, the Chinese version shall prevail.


To view and download the electronic version of this Report, please visit our official website:

 Website: <http://www.goertek.com>

For any questions or suggestions on this Report, please contact us:

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 Postal Code: 261031

 Telephone: 0536-3055688

 Email: goertekcsr.list@goertek.com; ir@goertek.com

Chairman's Statement

For Goertek Inc., 2023 is not only a year full of challenges, but also a year in which we forged ahead. As a science and technology innovative private enterprise, Goertek Inc. has always held "To be a Great Company" as vision. Under the guidance of the "Carbon Peaking and Carbon Neutrality" policy, we thoroughly implement the ESG concept, and are committed to creating values for our customers, employees, partners, and the society, satisfying people's pursuit of a better life. In 2023, the Company ranked 73rd on the list of "Brand Finance China 500", and won the honors such as China's Top 100 Enterprises with Electronic Information Competitiveness and the Global Talent Magnet Employer. In addition, we were listed on the All-China Federation of Industry and Commerce's "China's Top 500 Private Enterprises" in 2023 for the 10th consecutive year.

Customer-Oriented Strategy for a Sustainable Development

We adhere to the basic principle of "integrity management," always insisting on compliant operations, using sound and efficient governance to ensure the stability and reliability of business operations. Amidst global market fluctuations and uncertainties in the future, we maintain our strategic focus, seize opportunities in the AI + Metaverse industry, accelerate the development of new productive forces, optimize our global scope, to promote a new development of the Company's business.

Craftsmanship for an Innovation-Driven Development

We continue to practice the operational philosophy of "Craftsmanship and Continuous Improvement" and integrate humanism into product design with the mission of "A Better Life Enriched by Technology". We continue to make in-depth efforts in technological innovation and carry out comprehensive exchanges and cooperation with the industry, injecting strong impetus into the innovative research and development of the Company. In 2023, the Company invested approximately RMB 4.573 billion in research and development.

Green Operation for a Low-Carbon Development

Under the guidance of the carbon neutrality goal, the Company strives to reduce the environmental impact of our product manufacturing and operational processes. We firmly grasp the opportunities of clean technology and carry out energy-saving and consumption-reducing renovation projects and increase the use of clean energy to facilitate the Company's low-carbon transformation, continuously contributing to a greener and more sustainable development.

Cooperative Efforts to Create Shared Value

The Company actively joins hands with partners, employees, and all walks of life to share the achievements of our development, thus practicing our core culture of "We Make, We Share, We Thrive". We actively practice responsible procurement and strive to build a green, safe, and sustainable supply chain. We insist on a people-oriented approach, creating a diversified, fair, inclusive, respectful, and safe working environment for our employees. We continue to optimize our welfare system and establish a smooth grade system to help our employees realize their personal values. We also actively undertake social responsibilities, giving back to the local communities and those in need of help, so that more people can enjoy a better life brought about by technology.

In a boat race, those who row the hardest will win. The excellent may perish, but the extraordinary will thrive. Goertek Inc. continuously practices the core values of "Client Orientation, Employee Development, Trustworthy, Cooperation and Mutual Benefits". We actively seek sustainable solutions for innovation and change, and work together with all stakeholders to move towards a more sustainable future.



Jiang Bin
Chairman of Goertek Inc.

March 27, 2024

About the Company

Company Profile

Goertek Inc., a global innovative technology company, was established in June 2001 and is headquartered in Weifang, Shandong Province, China. The Company was listed on the Shenzhen Stock Exchange in May 2008 and is now included in the CSI 300 and SZSE 100 indices. The Company specializes in the R&D, manufacturing and sales of precision components, smart system devices, and high-end manufacturing system, and is dedicated to continuously maintaining competitive advantages in numerous fields. We uphold the idea of providing one-stop service to deliver greater value to our clients by building precision design and intelligent manufacturing platforms. We are capable of rendering comprehensive services, from the upstream precision components and modules to the downstream smart hardware that ranges from molding, injection molding, and surface treatments, to the independent design and manufacturing of high-precision automated production lines.

Business Scope

The Company serves leading customers in the global technology and consumer electronics industries, providing customers with vertically integrated product solutions for precision components and smart hardware, as well as related design, development, and manufacturing services. The Company focuses on industries such as consumer electronics and automotive electronics, with its main products including precision components such as acoustic, optics, microelectronics, and enclosure parts. Its portfolio spans VR (Virtual Reality), MR (Mixed Reality), AR (Augmented Reality), TWS (True Wireless Stereo) smart earphones, smart wearables, smart home electronic gaming consoles and accessories, as well as smart home products. Through continuous technological innovation and business expansion, the Company continuously strengthens its core competence in the fields of precision manufacturing and intelligent manufacturing, realizes cooperation and mutual benefits, and grows together with first-class clients globally.



Company Culture

Our Core Culture

"We Make, We Share, We Thrive": the Company is committed to the mission of "A Better Life Enriched by Technology" and aspires "To be a Great Company". We uphold the core values of "Client Orientation, Employee Development, Trustworthy, Cooperation and Mutual Benefits". This year, we added the corporate spirits of "Excellence, Proactivity, Pragmatic, Innovation" and proposed the management philosophy of "Craftsmanship and Continuous Improvement", establishing the "Together" cultural model centered around our core values and corporate spirits.

Company Mission

"A Better Life Enriched by Technology": the Company harnesses cutting-edge modern technology and combines humanistic spirit and healthy philosophy into our product design, creating products that lead a healthy lifestyle and bear an aesthetic value, thereby fulfilling people's aspirations for a better life.

Company Vision

"To be a Great Company": the Company reflects the goals and aspirations for future development. We are committed to transforming into a world-class high-tech manufacturing enterprise, leveraging top talents to create excellent products that serve phenomenal customers. In doing so, we aim to create value for our customers, employees, partners, and society to earn their respect.

Company Core Value

"Client Orientation, Employee Development, Trustworthy, Cooperation and Mutual Benefits": the Company's guiding principles for the pursuit of our goals and the criteria by which we discern right from wrong.

Company Spirit

"Excellence, Proactivity, Pragmatic, Innovation": The unique corporate culture and spirit formed by the company and its employees over the long-term development process are the foundation for the company's long-term health and sustainability.

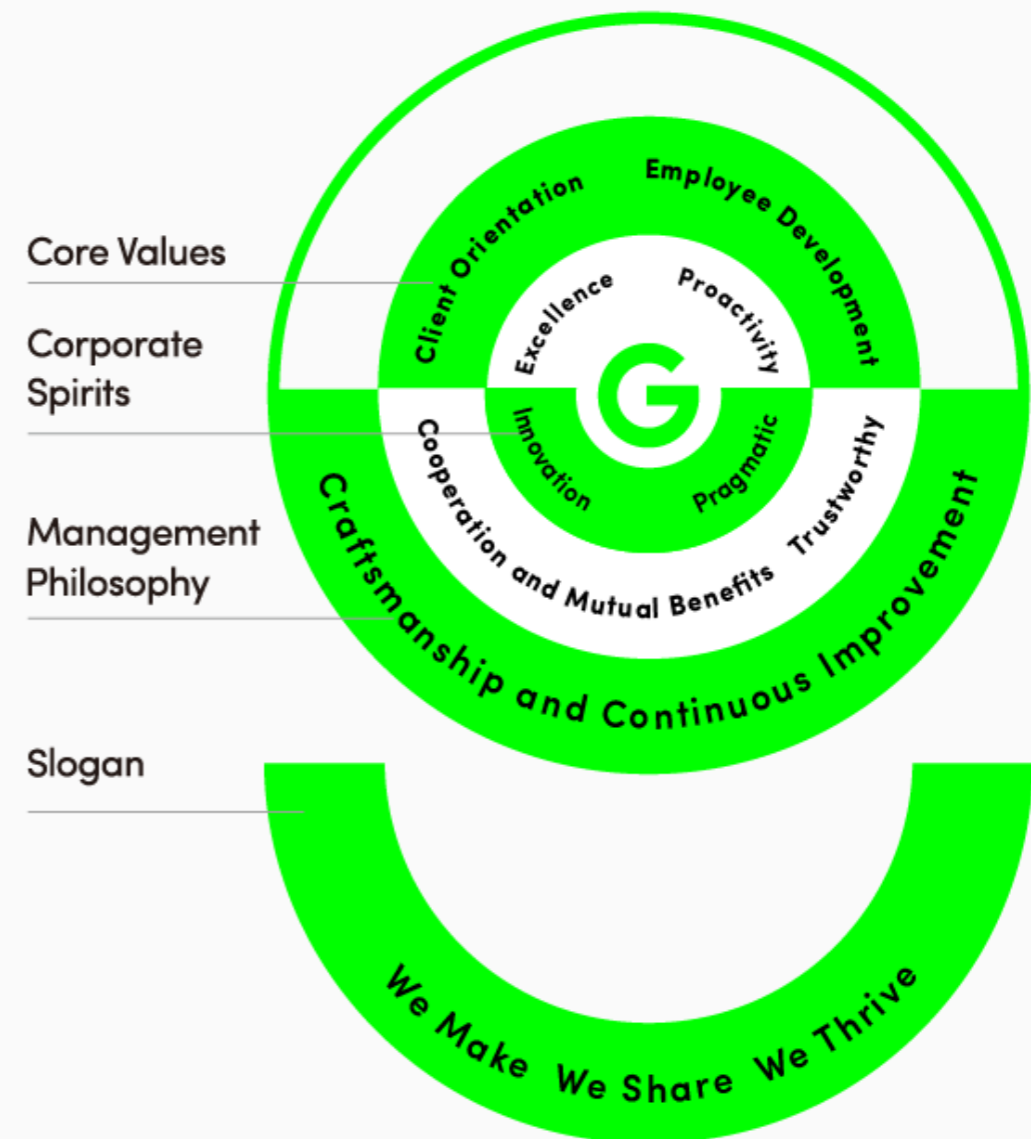
Business Philosophy

"Craftsmanship and Continuous Improvement": the Company's fundamental principle adhered to throughout all business activities in our pursuit of operational goals. Embedded within this philosophy are manufacturing essentials such as "low cost, high quality, and fast delivery," which are recognized to be our greatest values by our customers and the key to our success.

"Together" Cultural Model

Mission A better life enriched by technology.

Vision To be a great company.



Development History

Goertek

Renamed as "Goertek Inc."

2016

- Comprehensive deployment of four major system device strategies

- Won the First Prize of Shandong Provincial Scientific and Technological Progress Award
- Set up Qingdao Virtual Reality Institute Co., Ltd

- National Virtual Reality Innovation Center (Qingdao) unveiled
- Shortlisted as Top 50 Forbes China Most Innovative companies

2022

- Won the Nomination Award of the 4th China Quality Award
- Qingdao Jiaodong International Airport brand exhibition hall opened

- Won the GOOD DESIGN AWARD for the first time

2023

2017

- Won the Nomination Award of the China Grand Awards for Industry
- SBS SPK mass production and shipment

2019

- Goertek global R&D center starts operations

2021

2020

2018

2014

Acquired high-end audio company "Dynaudio"

2011

Promoted to top 10 of Chinese electronics components industry

- Listed on the Shenzhen Stock Exchange

- Set up Goertek USA

2008

Set up Goertek Vietnam, 1st overseas manufacturing base

2013

Entered bluetooth earphone market

2003

Founded

2001

Company Honors

Pictures of Key Awards



All-China Federation of Industry and Commerce
China's Top 500 Private Enterprises in 2023

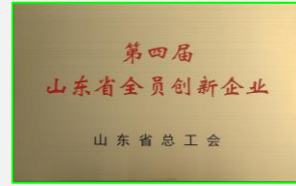


China Enterprise Confederation, China Enterprise Directors Association
China's Top 500 Enterprises in 2023



China National Intellectual Property Administration

Silver Award of the 24th China Patent Award
(Howling suppression method and device applied to active noise reduction (ANR) headsets)



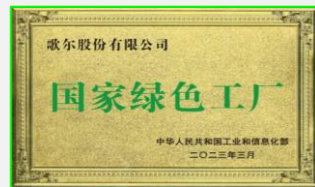
Shandong Federation of Trade Unions

The 4th Shandong Full-Employee Innovation Enterprise



Ministry of Economy, Trade and Industry of Japan

GOOD DESIGN AWARD 2023



The Ministry of Industry and Information Technology of the People's Republic of China

National "Green Factory" Certification



Hefei General Machinery & Electrical Products Inspection Institute, National Compressor & Refrigeration Equipment Quality Inspection & Testing Center

"Goertek Inc. Acoustic Phase I High-Efficiency Server Room" obtained the "leading-level" standard certification



Anphabe, Ministry of Industry and Trade of Vietnam

Ranked 29th in the "Vietnam 100 Best Places to Work" 2023



LinkedIn

Global Talent Magnet Employer

Others

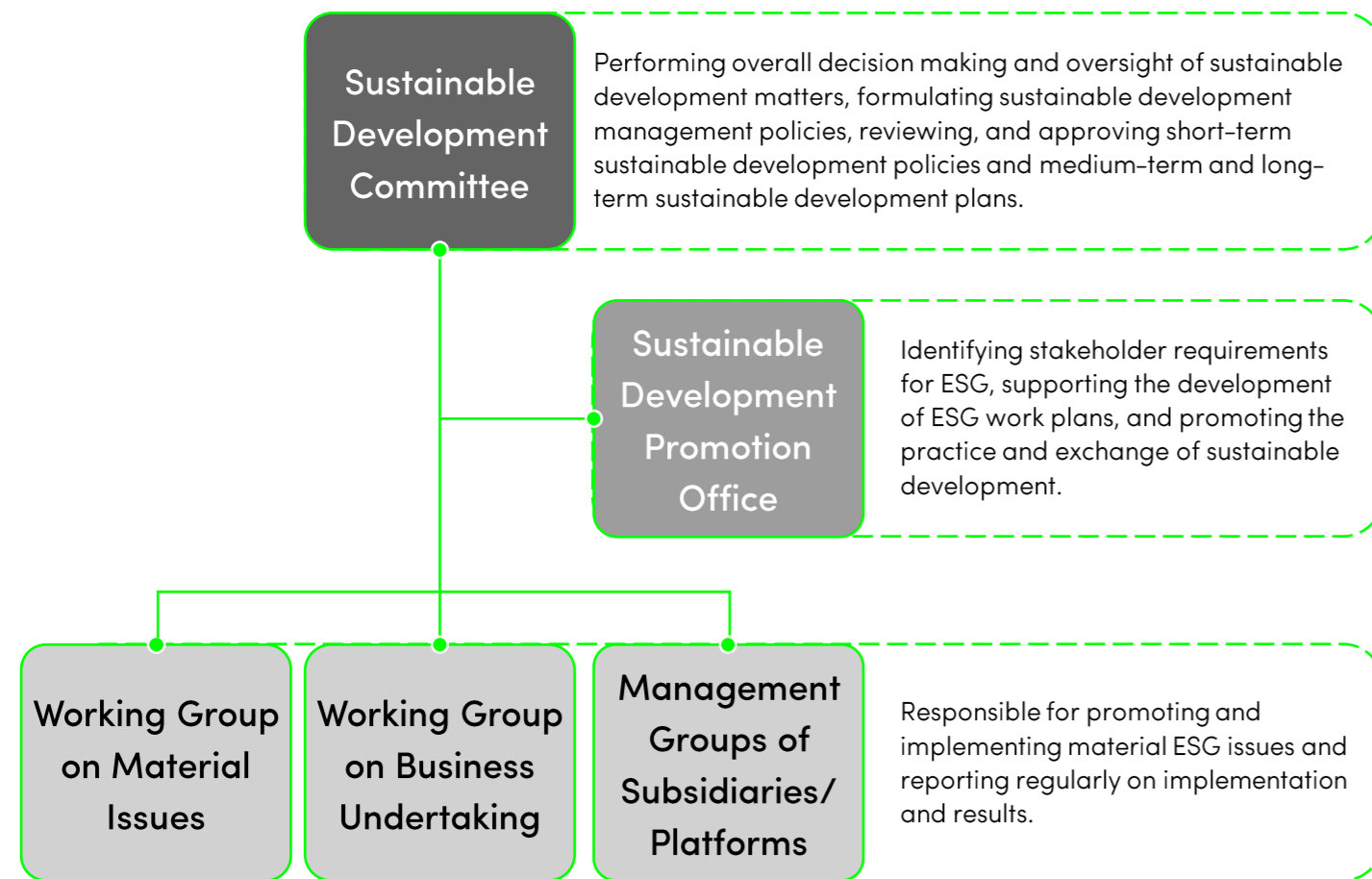
Award categories	Awards	Awarded by
	First Prize in the 8th Shandong Province Intelligent Manufacturing (Industry 4.0) Innovation and Entrepreneurship Competition ("Metaverse VR Optical Module Fully Automatic Intelligent Manufacturing High-end Equipment" and "High-end Acoustic Component Digital Workshop")	Shandong Federation of Trade Unions, Cyberspace Administration of Shandong, Shandong Branch of the Communist Youth League of China, Shandong Association for Science & Technology, Department of Science & Technology of Shandong Province, Department of Industry and Information Technology of Shandong Province and Human Resources and Social Security Department of Shandong Province
Technology and innovation	Second Prize in the 8th Shandong Province Intelligent Manufacturing (Industry 4.0) Innovation and Entrepreneurship Competition ("Linear Motor Intelligent Transmission System" Project)	Shandong Federation of Trade Unions, Cyberspace Administration of Shandong, Shandong Branch of the Communist Youth League of China, Shandong Association for Science & Technology, Department of Science & Technology of Shandong Province, Department of Industry and Information Technology of Shandong Province, Human Resources and Social Security Department of Shandong Province
	Gold Award in the 12th Shandong Youth Innovation and Entrepreneurship Competition	China Electronic Information Industry Federation
	China's Top 100 Enterprises with Electronic Information Competitiveness	Hurun Report
	Top 20 of Hurun China Metaverse Companies with the Greatest Potential 2023	China Virtual Reality Industry Association
	Excellent Award of the 24th China Patent Award (A method and device for detecting the wearing status of intelligent wear equipment)	China National Intellectual Property Administration
	Top 15 Typical Enterprises with Happy Human Resources 2023 in Vietnam	Anphabe, Ministry of Industry and Trade of Vietnam of Vietnam
Social	Excellent Tax Compliance Award of Vietnam	Ministry of Finance of Vietnam
	Public Welfare Action Enterprises in 2023	hexun.com
	Best Employers in China in 2023	CHIRC
	Campus Recruitment Excellent Practice Award in 2023	Digital Human Resources Association of China
	Outstanding Units in Cultural and Tourism Work in Shandong Province in 2023	Shandong Provincial Department of Culture and Tourism
	China's Top 500 Private Manufacturing Enterprises in 2023	All-China Federation of Industry and Commerce
	2023 List of 500 Chinese Private Enterprises' R&D Investment	All-China Federation of Industry and Commerce and People's Government of Hunan Province
	2023 List of 500 Chinese Private Enterprises' Invention Patents	All-China Federation of Industry and Commerce and People's Government of Hunan Province
Governance	Golden Bull with the Most Worthy of Investment	China Securities Journal and People's Government of Nantong City
	2023 China's 500 Most Valuable Brands	Brand Finance (A brand finance consultancy in the UK)
	China's Top 500 Listed Companies	Fortune
	Top 100 Unicorn Enterprises of CCIiD Technical Innovation (2023)	CCIiD Technical Innovation

ESG Management

An effective ESG management system strongly supports the Company's sustainable development goals. We are continuously improving our top down ESG integration and management capabilities by clarifying ESG management concepts, establishing and improving ESG management structure, and clarifying ESG management systems.

ESG Management Structure

The Company has established a top-down, hierarchical, and well-defined ESG management structure consisting of three levels: the Sustainable Development Committee, the Sustainable Development Promotion Office, and the Sustainable Development Working/Management Groups. Meanwhile, the Company has clarified the strategies, principles, and responsibilities for ESG management to ensure that our sustainable development work is standardized and organized.



Stakeholder Communications

The Company attaches great importance to the expectations of the stakeholders. We maintain two-way communications with shareholders, bondholders, customers, and other stakeholders through a variety of channels and actively listen and respond to their feedback. We integrate stakeholder concerns into our operations and decision-making, improving our management and sustainable development capabilities, while meeting their demands.

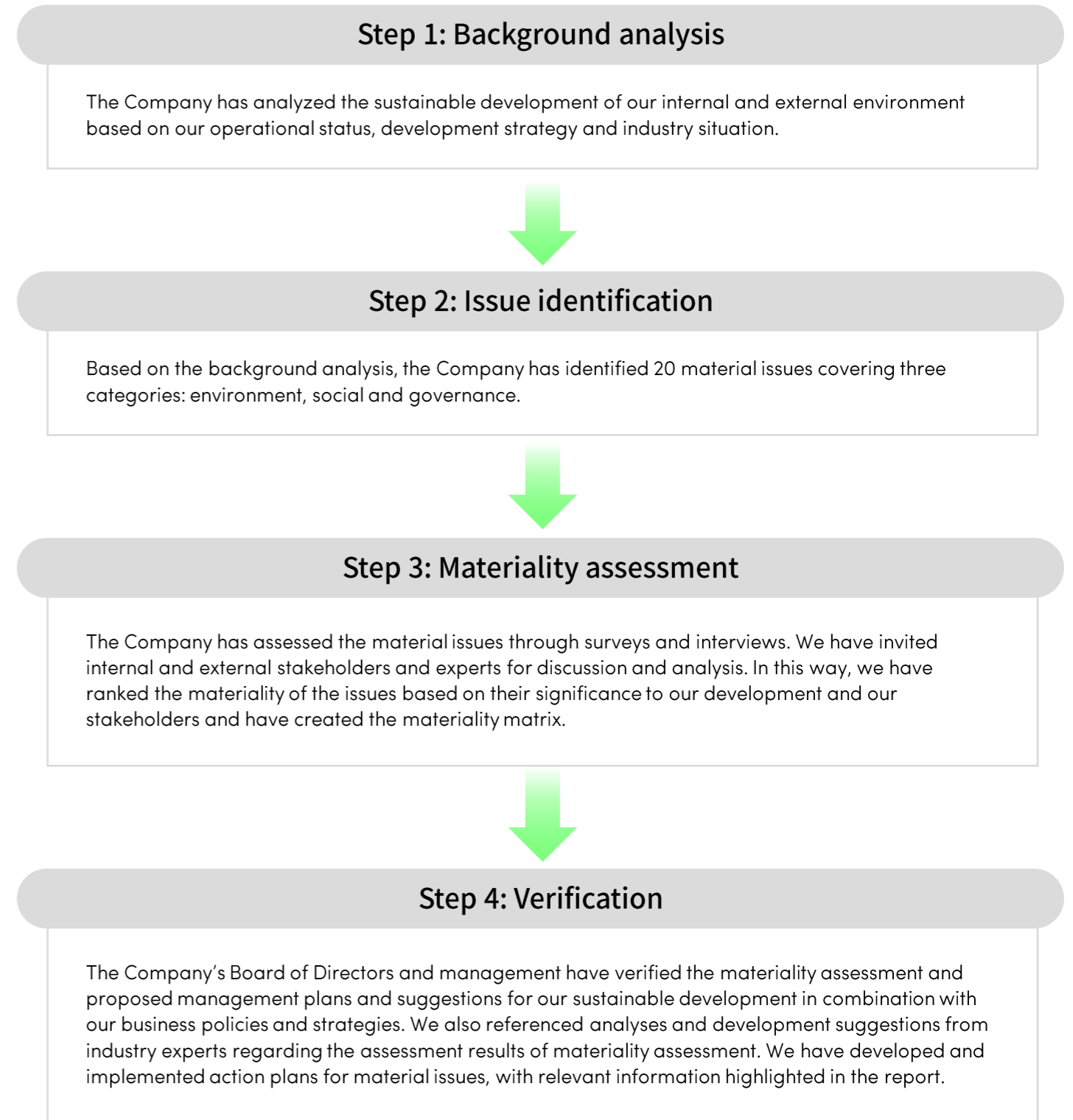
The following are the key stakeholders, communication channels, and their main issues of concerns:

Stakeholders	Main communication and feedback channels	Main issues of concerns
Governments and regulators	Work meeting Work report Work inspection	Waste management Product quality Employee rights and interests Employee health and safety
Major shareholders and investors	Shareholders' meeting Board of Directors Investor communication meeting Bondholder meeting	Product quality Innovative R&D Green and low-carbon products Employee health and safety Risk management
Customers	Customer satisfaction surveys Customer visit Special seminars	Product quality Business ethics and compliance Customer service Information security and privacy protection
Suppliers and contractors	Supplier meeting Supplier review/audits Special seminars	Business ethics and compliance Information security and privacy protection Sustainable supply chain Customer service

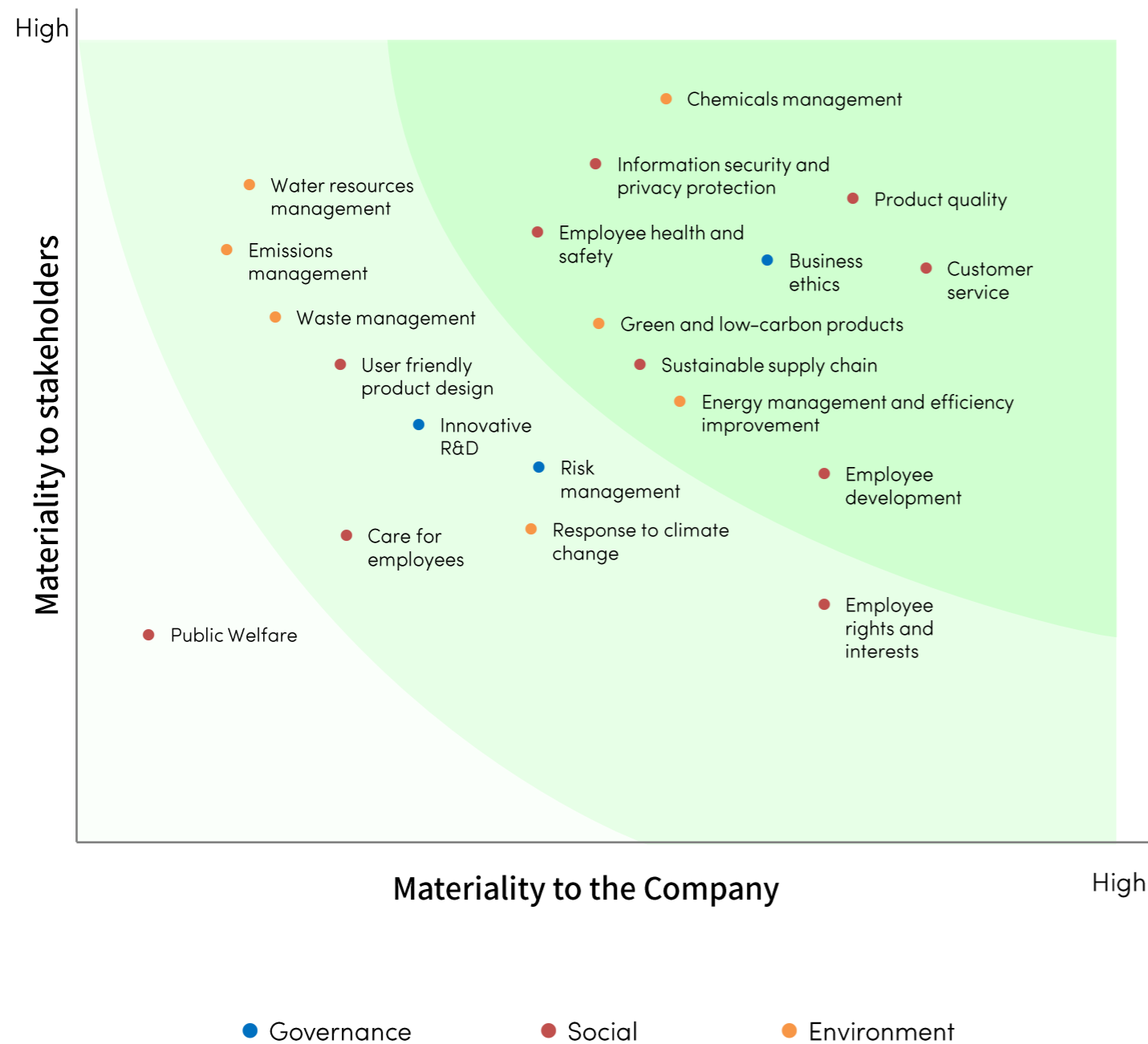
Stakeholders	Main communication and feedback channels	Main issues of concerns
Employees	<ul style="list-style-type: none"> Employee satisfaction survey Employee reception day Employee proposal system Employee seminars Suggestion boxes 	<ul style="list-style-type: none"> Employee health and safety Employee rights and interests Employee development Employee care
Partners and media	<ul style="list-style-type: none"> Exclusive interviews Information disclosure Seminars 	<ul style="list-style-type: none"> Innovative R&D Business ethics and compliance Product quality Chemicals management
Communities	<ul style="list-style-type: none"> Welfare activities Serminars Community project participation 	<ul style="list-style-type: none"> Public service activities Discharges management Business ethics and compliance Information security and privacy protection

Materiality Analysis and Matrix Results

The Company identifies material issues and responds to stakeholder expectations by analyzing the key drivers of our sustainable development and stakeholder concerns. We have adopted a four-step process, including background analysis, issue identification, materiality assessment, and verification, to perform materiality analysis on issues and create the materiality matrix. Based on the matrix, we take targeted management and action.



Goertek Inc. 2023 Materiality Matrix



Classification of material issues



Environment

1. Response to climate change
2. Energy management and efficiency improvement
3. Chemicals management
4. Emissions management
5. Water resources management
6. Waste management
7. Green and low-carbon products



Social

1. Product quality
2. Customer service
3. Employee development
4. Employee rights and interests
5. Employee health and safety
6. Care for employees
7. Information security and privacy protection
8. User friendly product design
9. Sustainable supply chain
10. Public welfare



Governance

1. Business ethics
2. Innovative R&D
3. Risk management

01

Compliant Operation



The Company is committed to compliant operation. We believe that compliant operation is the foundation of our sustainable development. We prioritize our compliance obligations and actively adhere to the laws, regulations, and business standards of the regions in which we operate. To ensure compliance throughout the business process, we have established a sound and effective compliance management system that covers multiple areas, including trade, employment, and information security, to achieve compliance management and oversight in the entire business process. Through the establishment of an internal control system, we continuously strengthen the management of business ethics, intellectual property protection, information security, and other aspects to create an honest and responsible corporate brand.



Internal Control Management

The Company adheres to the internal control value concept of "Effective Risk Control, Sustainable and Healthy Operation, Establishing Risk-oriented, Internal Control as the Core, Compliance as the Bottom Line, and Contributing to Sound Operation". The Company also pays attention to the construction of internal control awareness of all staff, and continuously improves the risk management awareness and prevention level of all staff.

Internal Control Management Structure and System

The Company attaches importance to the construction of the internal control management system. In this regard, we have defined responsibilities for the business divisions, platforms, and some regional platforms of the Company. In addition, we have strengthened compliance risk prevention and control by means of continuous risk identification, assessment, and rectification. We have also integrated internal control management into all business units to carry out regular closed-loop management with these units, to prevent and reduce operational risks. Meanwhile, the Company has set up the Audit and Compliance Department, which is responsible for conducting compliance audit on internal control, as well as monitoring and ensuring an efficient internal control system.

The Company has formulated such policies as *Risk Management Handbook*, *Identification and Management Process of Three Risk Elements*, *Process of Setting and Changing Risk Control Goals*, *Routine Process of Inspecting Risk Control*, *Risk Control Sampling Process*, *Special Improvement Process of Risk Control*, clarifying the processes of risk identification, analysis, treatment, inspection, and improvement with an emphasis on major risk control. As a result, the Company draws up countermeasures against risks in advance to ensure the fulfillment of relevant goals.

Full-Chain Risk Management and Control

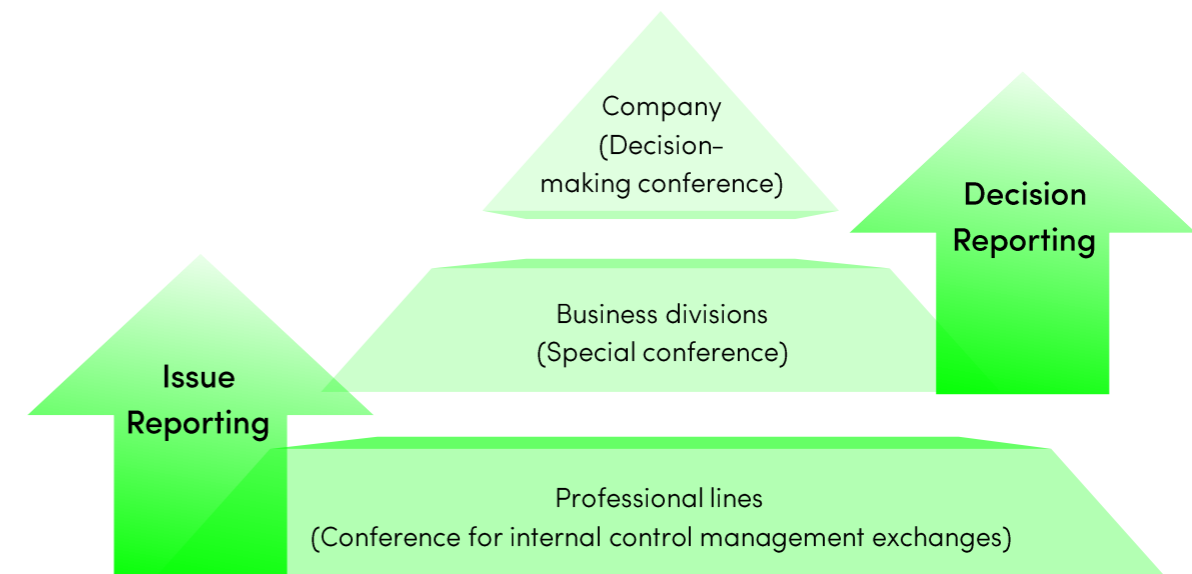
The Company understands that well-functioning risk management lays a solid foundation for robust corporate development. Therefore, the Company constantly optimizes internal risk management and control, sets up relevant policies, and develops an all-round risk control management system. In doing so, the Company is able to identify, assess and monitor various operational risks and then mitigate such risks with effective countermeasures, to achieve continuous growth and sustainable development.

Considering national policies, market changes, and other factors, the Company conducts risk identification and assessment on a regular basis. Moreover, keeping the thorough business process in mind, the Company practices full-chain closed-loop management of risk identification, risk assessment, risk response and rectification, thereby identifying and enlisting potential risks.

To tackle different risks, the Company adopts diversified product and market strategies, establishes a supplier network, and ramps up R&D investment. Besides, the Company is actively engaged in environmental compliance assessment, energy conservation, emission reduction and green technology innovation, to lower potential risks arising from environmental regulations and climate changes.


Feedback Mechanism

The Company has established a "three-in-one" conference management model for professional lines, business divisions, and the Company as a whole. We organize regular meetings for internal control management exchanges and have built a channel for rapid issue reporting and feedback, which enable smooth resource coordination and efficient personnel interaction. The Company improves the basic management and pays close attention to the process of internal control management and potential risks. In addition, the Company realizes efficient decision-making and swift issue settlement via the conference platform.




Concepts and Publicity

By optimizing training courses and promoting cultural publicity, the Company enhances employees' understanding of the internal control system and implements the risk management mechanism. This year, the Company launched following activities for better internal control management:

- 

Training Mechanism

The Company invited both internal and external experts to deliver training on internal control for professional lines, management, and business divisions. Moreover, the Company optimized the training mechanism in a systematic manner by upgrading 10 courses for capacity enhancement, knowledge promotion and mindset improvement of internal control management.
- 

Cultural Publicity

By means of handbooks, websites, videos, journals, etc., the Company interpreted risk management concepts and publicized relevant knowledge to strengthen employees' understanding and recognition of the internal control system.

Business Ethics

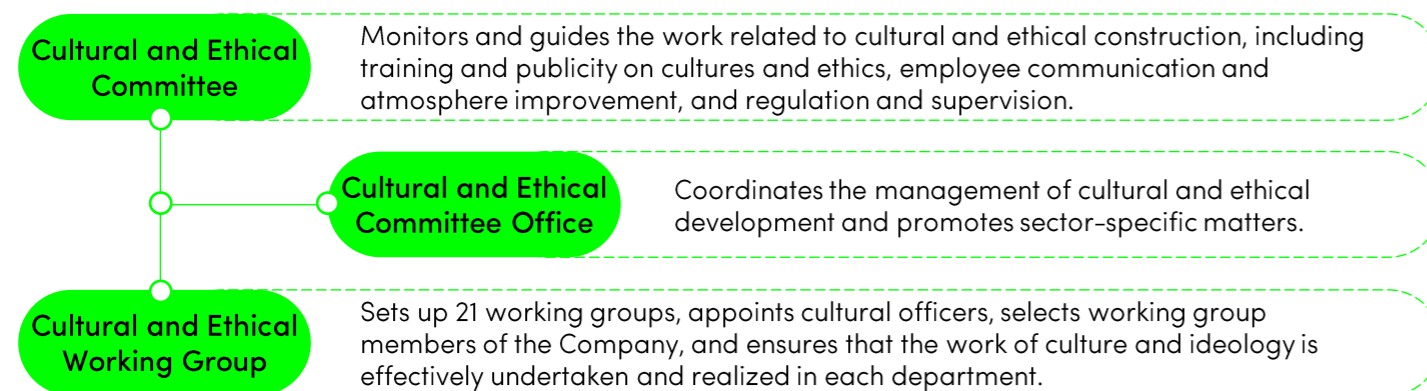
The Company strictly complies with the *Civil Code of the People's Republic of China, the Oversight Law of the People's Republic of China, the Criminal Law of the People's Republic of China, the Unfair Competition Law of the People's Republic of China, the Company Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China*, and other relevant laws and regulations of the regions in which we operate. Besides, the Company continuously improves internal policies related to business ethics, including *the Regulations on Rewards and Punishments for Employee Behaviors, Cadre Standards and Instructions on Trade Compliance*. We continue to optimize systems regarding business ethics and value business conducts of our employees and third parties. All employees are required to abide by business ethics and market rules for fair competition. We maintain a "zero tolerance" attitude towards any violations of laws and regulations, ethics, and industry standards.

Business Ethics Management System

Adhering to an open, honest, and transparent business model, we prioritize anti-fraud and anti-bribery management. We consistently improve the management structure and the feedback mechanism with stricter supervision, to harvest a better business environment as well as long-term and healthy corporate development.

Management Structure

The Company has set up a cultural and ethical management structure and a new Cultural and Ethical Committee, consisting of the Chairman of the Board (Director of the Committee), senior managers of the Company, heads of all relevant departments, and cultural specialists, focusing on the three core elements of cultural and ethical training and promotion, employee communication and atmosphere improvement, and supervision and monitoring to prevent violations and to work to build a clean and positive working environment for employees.



System Construction

The Company has formulated and released the Company's *Employee Code of Business Conduct* for all employees. The document specifies the lawful and compliant conducts to be observed, clarifies such prohibited behaviors as commercial bribery, fraud, and unfair competition, and puts forward detailed standards of business activities to be executed by all levels.

We continue to develop the anti-corruption and anti-bribery system and have stipulated integrity requirements for major areas and key stages. We have launched *Regulations on Rewards and Punishments for Employee Behaviors, Cadre Standards, Cadre Prevented and Prohibited Behaviors* and other policies, to define the code of conduct for employees at all levels.

The Company requires all employees to sign the Integrity Agreement, under which, employees should act on the principle of fairness and impartiality in business dealings with all parties and prevent the interests of all parties from infringement due to occupational issues. The Company also places great importance to cadres' behaviors by requiring them to take an oath of integrity and sign an integrity commitment. This effort has enhanced the integrity awareness of cadres at all levels.



This year, **100%** of Goertek Inc.'s employees signed the Integrity Agreement.

Furthermore, the Company asks suppliers, customers and third parties to sign the *Integrity Agreement, the Integrity Commitment*, and other documents before cooperation. These documents require all our partners to fulfill contracted obligations in commercial intercourses, abide by the laws and regulations of the places where they operate, and conform to industry standards of business ethics. This contributes to our fair and just business operations.



Business Ethics Audit Mechanism

The Company focuses on employees' practice of business ethics to acquire the performance of anti-bribery, anti-corruption, employee code of conduct, and other requirements. The Company conducts 4 business ethics audits per year, highlighting the performance of subsidiaries, suppliers, manufacturers, and other parties on this front. We report the audit results and corrective measures to the Board of Directors and management. We summarize identified issues and disclose them to all employees via meetings, internal corporate platforms, and other channels. This demonstrates our commitment to dealing with relevant issues in a transparent and open manner. As for the Company's *Employee Code of Business Conduct*, the *Integrity Agreement*, *Regulations on Rewards and Punishments for Employee Behaviors*, and other issued standards, we review and update them on a regular basis. We also optimize internal management policies to enhance our management capacity of business ethics.

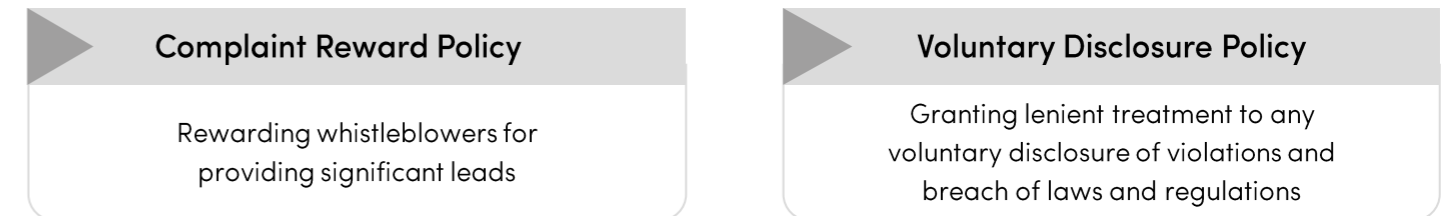
"Zero Tolerance for Corruption" - International Anti-Corruption Day Event on December 9

The Company continues to strengthen supervision and monitoring of corruption and deviations from business ethics values to create an upright and ethical working environment for employees. This year, the Company organized an anti-corruption conference themed "Zero Tolerance for Corruption", with approximately 1,000 employees in attendance. At the conference, the Company conducted legal knowledge seminars to enhance employees' awareness of business ethics, including anti-corruption measures, and expressed expectations for cultivating an ethical culture. Various business departments were urged to continue improving and strengthening their ethical standards.



Reporting Channels and Whistleblower Protection

The Company has established the Audit Work Management System, which outlines the complaint reporting mechanism, whistleblower protection, complaint reward policies, voluntary disclosure policies, and other relevant provisions. Relying on this system, we can effectively identify and thoroughly analyze complaints and appeals, and promptly verify and handle the reported issues.



The Company strictly adheres to the confidentiality policy regarding reported matters, mandating the protection of the whistleblower's identity. Any retaliation against the whistleblower is strictly forbidden. Protective measures are implemented to safeguard the whistleblower, such as keeping their name, contact information, and other personal details confidential.

The Company provides a public reporting channel for informants to submit reports of violations by phone, email, and other means. Strict measures are taken to address any inappropriate behaviors that breach the Company's guidelines, including commercial bribery, unauthorized disclosure of trade secrets, and misappropriation, embezzlement, or theft of company assets.

Complaint and reporting channels:

Tel: 0536-3050999

Email: tousu@goertek.com

Address: Audit and Compliance Department, No.268 Dongfang Road, High-tech Industrial Development District, Weifang, Shandong Province, China

QR Code:



Fostering a Culture of Business Ethics

The Company takes strong action to raise the business ethics awareness of all employees and continuously improves the business ethics training system. Using a variety of methods and platforms, including online video conferences, on-site lectures, and internal communication systems, the Company consistently delivers compliance training to all employees, conveying the requirements for business ethics and compliance. The training covers topics such as anti-bribery, anti-corruption, and legal disputes, with the aim of enhancing employees' compliance and business ethics awareness and preventing corruption and misconduct.



This year, the Company launched the Integrity Goertek official account and conducted **12** sessions of in-depth analysis of relevant cases. The average views per session reached **15,000**.



This year, the Company produced **3** warning education videos covering topics such as bribery, theft, and embezzlement, with a total of over **5,000** views.



This year, the Company conducted a total of **6** business ethics training sessions, covering over **100,000** participants. This includes **2** sessions on legal education and **2** on integrity and compliance.



This year, **100%** of our employees got trained on integrity.

The Company continues to promote the concept of supply chain integrity to suppliers through initiatives such as supplier conferences and management systems. These efforts aim to familiarize suppliers with integrity statements and policies, thereby fostering a business environment based on honesty and integrity.

"Embracing a Clean and Ethical Festival" - An Integrity Reminder to Partners

The Company is committed to promoting just and ethical collaboration practices, and therefore strives to create an environment that supports transparent, fair, and equitable collaboration. This year, the Company utilized the G-SRM supplier portal, a supplier management system, to issue notifications to all suppliers. The aim is to emphasize the strict prohibition of any illicit activities during the collaboration and reiterate the Company's "zero tolerance" stance against corruption.

Intellectual Property Protection

The Company recognizes the importance of protecting intellectual property rights in safeguarding core competitiveness and driving technological innovation. We strictly adhere to the relevant laws and regulations of the countries and regions where we operate, such as the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*. We actively engage in the protection of intellectual property rights, aiming to enhance our core competitiveness through effective management and application of intellectual property. This effort contributes to the promotion of our patented products and maximizes the value of patents.

To facilitate effective management of intellectual property, the Company has established the Legal and Intellectual Property Management Department, which is responsible for overseeing and coordinating all aspects of intellectual property management. This includes management of new technology proposals, patent applications, patent protection, registration and management of trademarks and copyrights, and database maintenance. The Company has developed comprehensive intellectual property management policies, rules, management systems, and strategic planning. We integrate the protection of intellectual property into the product development and design process and extend intellectual property compliance and risk assessment to key stages. We also respect the intellectual property of others and ensure compliance and legality in procurement, research and development, production, and sales.

The Company continuously enhances its capabilities in the creation, utilization, protection, and management of intellectual property to better drive its development. Our efforts and investments in intellectual property management have been recognized by national and governmental authorities. We have been honored as a "National Intellectual Property Demonstration Enterprise" and have received the China Patent Silver Award twice in the past three years.



Information Security and Privacy Protection

The Company believes that information security and privacy protection are the key prerequisite for the sustainable development of the Company and the delivery of high-quality services. To this end, the Company continues to optimize the information security and privacy management system, personnel training, and security operation mechanisms. The aim is to improve our reputation and enhance the information security and privacy protection management.

Information Security

The Company adheres to the information security philosophy of "Priceless Information, Absolute Confidentiality, Proactive Control and Common Responsibility". The Company has formulated management systems such as the *Information Security Management Manual*, *the Provisions for the Operation and Management of the Information Security Management Committee*, and *the Provisions for the Information Security Risk Management* to clearly define information security management policies, objectives, and processes. Additionally, the Company has established a security technology protection platform to ensure the internal information security.

The Company has established an Information Security Management Committee, with the President serving as the Chairperson of the Committee and the Vice President in charge of IT as the Deputy Director of the Committee. Each business group has established information security teams responsible for implementing information security requirements and regularly reporting the progress to the Information Security Management Committee.

To enhance the mechanism for information security risk control, the Company follows the requirements of the ISO 27001 Information Security Management System. The Company has developed management strategies in areas such as information asset identification, information security risk assessment, information security review and improvement, incident response, and handling, forming a closed-loop management of information security risks.



As of the end of 2023, all factories of the Company got certified to the **ISO 27001** Information Security Management System



This year, the Company conducted the monthly "One Lesson" event for information security awareness education Achieving a **100%** employee training coverage rate.



This year, the coverage rate of information security training for newly recruited employees reached **100%**.



This year, the Company organized **2** information security month events and conducted information security exams for all employees, with a pass rate of over **90%**.

Privacy Protection

The Company takes all possible measures to protect the privacy of all relevant parties and the Company. We have established internal policies such as the *Confidentiality Management Rules* and *the Project Confidentiality Management Rules*, which specify management requirements in areas such as staff safety, IT security, physical and environmental security, and security of outsourced relevant parties. We also continue to improve our privacy protection management system and have formulated emergency plans for information security. By doing so, we intend to reduce the risk of data leakage, and safeguard the security of private data.

For the management of confidential information, the Company has formulated policies such as the *Information Asset Identification Process* and the *Classified Management System for Confidential Information*. The Company conducts impact analysis on the destruction of information related to customers, individuals, and businesses, and implements corresponding measures by classification and category to protect the information and reduce the risk of information leakage. Meanwhile, the Company conducts quarterly inspections on information security protection, including the protection of sensitive information and customer information, and continually supervises the implementation of relevant tasks.

The Company strictly protects customers' business information, follows their *Confidentiality Agreement*, and ensures that all activities meet their information security requirements. We standardize management, including collection, storage, use, transmission, disclosure, and deletion of customers' private and project information in business processes to prevent leakage, loss, or unauthorized access to customers' information. At the same time, the Company requires all suppliers to sign the *Confidentiality Agreement*, maintain the confidentiality of relevant information, and act in accordance with the *Supplier Code of Conduct*.

The Company has established a sound complaint and feedback mechanism for information leakage, whereby internal and external persons can make complaints and reports by various means, such as email, WeChat, and telephone. Meanwhile, we have strict confidentiality and protection measures for whistleblowers to ensure that they will not be retaliated against.

This year, the Company has received no substantiated complaints concerning breaches of customer privacy and losses of customer data.

02

Green Development



A pleasant ecological environment is an important foundation for human healthy life and progress, and a prerequisite for ensuring sustainable economic and social development. The Company is deeply aware of the responsibility and mission to promote environmental protection and build an ecological civilization. Taking green development as one of the future strategic development priorities, the Company is committed to reducing the negative environmental impact of product manufacturing and operation processes through a series of initiatives. The Company continuously researches and develops energy-saving and environmentally friendly products and solutions. In day-to-day operations, the Company has strengthened energy management, identified carbon emissions, and actively implemented energy-saving and emission-reduction measures to make efficient use of clean energy. The Company also continues to explore opportunities for clean technologies to help build a greener and more sustainable future and jointly protect a better world.



Carbon Emission Management

To actively respond the national "3060" Dual Carbon goals, the Company continues to explore low carbon initiatives in the industry, to promote the building of national ecological civilization and global climate governance. Sticking to the carbon reduction philosophy of "Client-orientation, Differentiated Control, Targeted Satisfaction", the Company has set company-wide emission reduction targets, and implements refined carbon emission management for each business location based on customer requirements. We strive to achieve carbon peaking within the operational boundaries by 2030 and carbon neutrality no later than 2050, thus contributing to a green and low-carbon society.

GHG Emission Accounting

Since 2017, the Company has been continuously conducting ISO 14064 inventory verification to understand its carbon emissions and track and review the implementation and achievement of the targets. This year, the Company completed carbon data verification in Weifang, Rongcheng, Dongguan and Vietnam, and received the ISO 14064-1 GHG inventory verification statement.

Greenhouse gas (GHG) emissions	Unit	2023
Direct GHG Emissions (scope 1)	tCO ₂ e	49,184.50
Indirect GHG Emissions (scope 2)	tCO ₂ e	359,524.70



Energy Management

Under the energy management policy of "Compliant Energy Use, Efficient Emission Reduction, Full Participation, and Green Development", the Company optimizes the energy management system, promotes energy-saving and consumption reduction renovation projects, and expands the use of clean energy, to reduce the energy consumption and GHG emissions in operation processes. By the end of 2023, the Company's Weifang factory had obtained ISO 50001 Energy Management System certification.



The Company has established a comprehensive and efficient energy management structure, as well as set up a professional energy management team, which is responsible for setting and following up on progress towards the Company's environmental targets in terms of emission reduction, energy saving and efficiency enhancement. The team should also formulate and improve energy and carbon-related management policies, to guarantee the compliance of energy management, and meet customers' needs for clean energy. Under the unified guidance of this energy management team, each business group has established its own energy management team. These teams are responsible for undertaking and implementing specific energy-related objectives, formulating staged tasks based on their respective actual production and operations, and ensuring the continuous optimization and efficient operation of the Company's overall energy management. In addition, the Company has formulated and improved policies and processes related to energy management, including energy management policy, energy measurement policy and GHG verification process, to ensure that the energy is used in a standardized and efficient manner and to vigorously support the achievement of sustainable development targets.

Operation Energy Consumption Management

The Company seriously implements the *Energy-Saving Project Management Policy* in producing and manufacturing, and continuously promotes energy-saving and carbon-reduction projects to reduce energy consumption in operations. Based on operational needs of each business group, the Company implements special projects to improve energy efficiency, including energy-saving renovations for air-conditioning system, air-compression system, lighting system and production process. This year, the Company launched and put into operation a total of 160 energy-saving renovation projects, reducing GHG emissions by approximately 33,798.60 tCO₂e.

Energy-saving renovation projects	Number of projects	Reduction of GHG emissions (tCO ₂ e)
Air-conditioning system	38	9,440.20
Air-compression system	29	4,980.20
Lighting system	13	874.70
Production process	80	18,503.50

High-Efficiency Server Room Obtained the "Leading-Level" Efficiency Certification

This year, the Company built a high-efficiency server room for Weifang Factory Electroacoustic Park Phase I, and obtained the "Leading-Level" efficiency certification. The project is injected with the advanced concept of integrated design and construction and has realized efficient construction and efficient operation and maintenance through precise BIM design, low-resistance prefabricated pipelines throughout the process, and energy-saving centralized control system with integrated strong and weak electricity. The project was recognized as an "Industrial Efficient Server Room" whose system has the highest energy efficiency by a national authoritative testing agency.



Actively Promoting the Construction of Energy Information System

This year, the Company launched an energy information system pilot project in the Optics Industrial Park to enhance energy management efficiency. The project introduced energy measurement appliances and sensors to monitor the energy efficiency data of indoor environment, energy quality, production system energy, air compression system and air conditioning system in real time. In addition, based on the actual operation of equipment, the system provides curve plotting reports of energy consumption, early warning alarms, e-mail alerts and single product energy consumption calculation and other functions. It is a powerful data support for the Company's energy management and energy saving. This year, the Company's Optics Industrial Park realized a 5% reduction in energy consumption per unit of product through applying the system and taking various energy-saving measures. As the Company's first pilot park, the results achieved by the Optics Industrial Park reflect the potential of the information system in enhancing energy management efficiency, as well as in energy saving and emission reduction. The Company plans to continue to promote the information-based energy management in the next two years. Factories in Weifang, Rongcheng, Dongguan and Vietnam will be gradually covered, helping to comprehensively improve the Company's energy management level.

This year, the Company planned and carried out five publicity campaigns on energy-saving and emission reduction to raise awareness of energy conservation among all employees and promote green and low-carbon production.

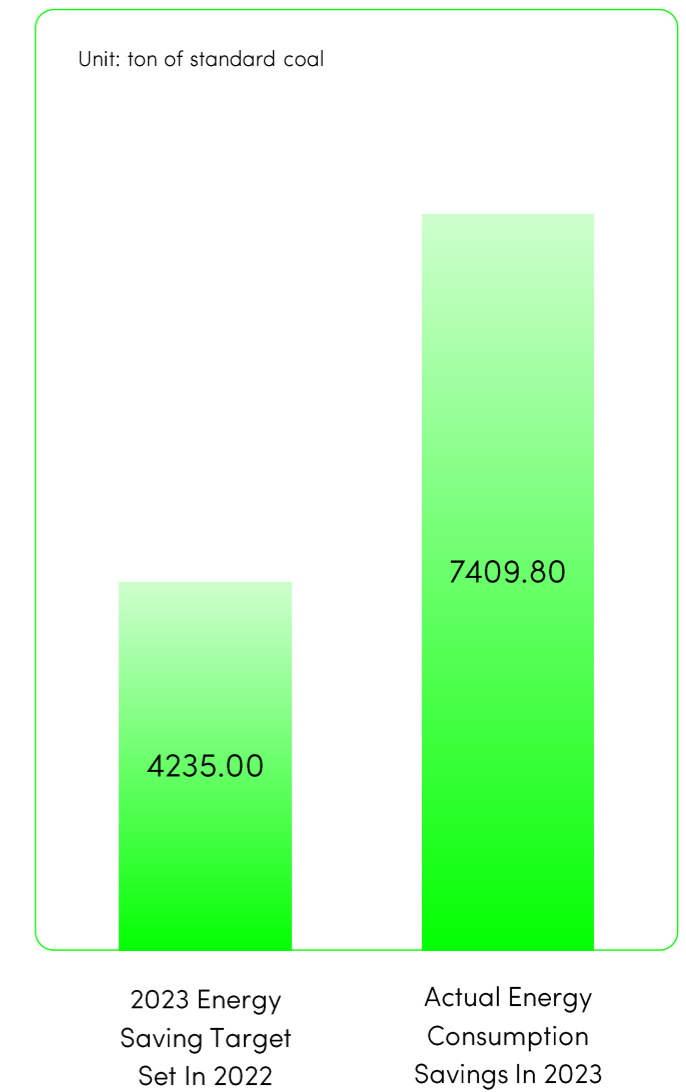
On March 22, the World Water Day, the Company sent the "Water Conservation and Protection Initiative" to all employees through public mailbox, calling on all employees to aware the preciousness of water resources and take practical and effective water conservation measures.

On April 22, the Earth Day, the Company held "Earth Hour" activities, encouraging all employees to turn off unnecessary lights and electrical appliances during the hour. These actions have helped to reduce energy consumption and carbon emissions by practically giving the earth an hour.

In July, the Company launched a special "Goertek Inc. Energy Saving Publicity Month", carrying out 27 special activities, including online and offline lectures, publicity, and interactive experiences, with a total of more than 8,000 participants. At the same time, the Company widely promoted the concept of "Let's Save Energy and Reduce Carbon Together" to all employees through WeChat official account, mailbox, computer lock screens and large screens in public areas to create a green, low-carbon, efficiency-enhancing and emission-reducing energy management culture.

Progress on 2023 Energy-Saving Target

In 2022, the Company set an energy-saving target of 4,235.00 tons of standard coal for 2023. In 2023, the Company achieved approximately 175% of the target.



This year, Weifang Goertek Electronics Co., Ltd. was granted the **"Municipal Green Factory"** which is certified by the Department of Industry and Information Technology of Weifang.

Utilization of Clean Energy

The Company has been striving to optimize the energy structure within business scope by continuously investing in renewable energy facilities at various factories, and actively participating in green power market-based trading. Taking the Weifang and Rongcheng factories as examples, the Company has fully utilized the roofs and built solar photovoltaic power generation stations with a total installed capacity of 49.37 MW. In the future, the Company plans to continuously expand the scale of photovoltaic power generation. It is expected that the additional installed photovoltaic capacity by utilizing the roofs of the Company's own factories will be 59.20 MW, to realize more sustainable and environmental-friendly energy utilization.



This year, the Company externally purchased a total of **86,108.00** MWh of renewable electricity.



This year, the Company used photovoltaic to generate a total of **48,955.81** MWh of renewable electricity.



This year, the Company purchased a total of **14,351.00** MWh of electricity with renewable energy certificates.

Environmental Protection

The Company always implements the guideline of "Compliance with Laws and Regulations, Pollution Prevention, Health and Safety Protection, full participation, promotion of sustainable development" and prioritizes environmental protection work. To realize green and environmental-friendly production, the Company has formulated the *Environmental Protection Management Policy* and other process documents, with the goal of improving the utilization efficiency of water resources, and reducing the emission level of wastewater, waste gas, and waste in production and operation. By the end of 2023, the Weifang and Vietnam factories had obtained the ISO 14001 Energy Management System certification.



Water Resource and Wastewater Management

The Company's production process does not involve the use of large amounts of industrial water. The main use of water resources is domestic water, which does not affect the surrounding waters. The Company strictly complies with the *Water Law of the People's Republic of China, the Law of the People's Republic of China on Water and Soil Conservation*, and other laws and regulations applicable to business locations. The Company has clearly stipulated water resource management in the Energy Control Measures and has formulated water conservation plans for equipment water and domestic water. This year, the Company implemented a total of 23 water conservation measures, including equipping buildings with sensor faucets, cooling towers for power systems, and reclaimed water reuse.



Equipment Water

The Company controls key water equipment to improve water reuse and reduce water discharge.

- Production facilities have been equipped with meters to monitor water use trends at water equipment.
- The business group regularly analyzes the water consumption of equipment, strengthens the inspection to prevent water leakage from the water pipeline network and water equipment.
- Increase the concentration ratio of suspended solids and calcium, magnesium ions, sulfate, silicate, etc. in cooling tower, reduce wastewater discharge and freshwater input.



Domestic Water

- Replace old water-guzzling fixtures with newer water-saving devices gradually, such as water-saving toilets and faucets, and automatic flush devices.
- Establish a reclaimed water treatment plant to reuse domestic sewage after treatment for green irrigation and toilet flushing.
- Improve energy conservation awareness among all employees, and reduce water consumption for drinking, bathing, and toilet flushing.
- Promote the culture of water conservation, and strengthen water conservation awareness among all employees.
- Avoid and minimize extensive water use, and refrain from using hoses to wash the ground with large amounts of water.

This year, under the initiative of the National Water Conservation Office of the Ministry of Water Resources of the People's Republic of China, the Company organized the Water Conservation Week publicity campaigns, covering the main water consumption departments, to effectively convey the concept of "Systematic Water Conservation, Precise Water Conservation and Long-term Water Conservation". These campaigns attracted a total of more than 3,200 participants. In addition, the Company carried out water conservation publicity campaigns on 2023 World Water Day and Water Conservation Week. By strengthening water conservation training and encouraging all employees to sign the "Water Conservation Initiative", the Company is working to raise awareness of water conservation and protection among all employees.

The Company's production and operation do not discharge large amounts of industrial wastewater, and the main discharge is domestic wastewater. The Company strictly complies with the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other laws and regulations applicable to business locations. The Company also seriously implements wastewater discharge management standards and has formulated a series of internal wastewater management policies. These policies clearly define the requirements for wastewater pollutant discharge standards, testing frequency and treatment processes. Additionally, the Company strengthens the environmental monitoring and testing to ensure that water pollutants meet discharge standards and minimize environmental impact.

Waste Gas Management

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution* and other laws and regulations applicable to the location of its operations. We also strictly enforce the *Integrated emission standard of air pollutants (GB 16297-1996)*, *Technical specification for monitoring sites setting of Stationary source emission (DB 37/T 3535-2019)* and other standards for the waste gas management.

The Company's waste gas mainly comes from the production process, including injection molding, surface treatment and other processes. The main emissions include VOCs (volatile organic compounds), particulate matter, tin and its compounds. The Company's construction projects strictly follow environment impact assessment requirements. We adopt effective measures to treat waste gas, including the use of double stage activated carbon adsorption technology, RTO (Regenerative Thermal Oxidation), RCO (Regenerative Catalytic Oxidation) and other technologies.

The Company continues to monitor waste gas through regular and daily testing, strictly control waste gas, and ensure that waste gas concentrations and total pollutants meet regulatory requirements.

Waste Management

The Company strictly follows the laws and regulations applicable to our places of business, such as *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, *Regulations for the Administration of the Recovery and Disposal of Waste Electric and Electronic Products*, *Measures for the Prevention and Control of Environmental Pollution by Electronic Waste*, *Measures for the Transfer of Hazardous Wastes*. We have developed internal management systems, such as the "Waste Management Process", to standardize the management of waste classification, disposal, receiving, hazardous waste packaging and labelling, ledger, account verification and other processes. The Company is committed to improving the production process continuously, and constantly promoting harmless treatment, resource recovery and waste reduction.

General Waste Disposal

- Receipt of waste: The production waste department sends a request to the waste warehouse, weighs the waste, and registers the receipt information.
- Storage of waste: Classification of waste for temporary storage.
- Disposal of waste: Waste is classified, loaded onto vehicles, weighed, and processed for disposal.
- Data check: The renewable resource management post verifies the types and quantities of waste disposal information to ensure accuracy.

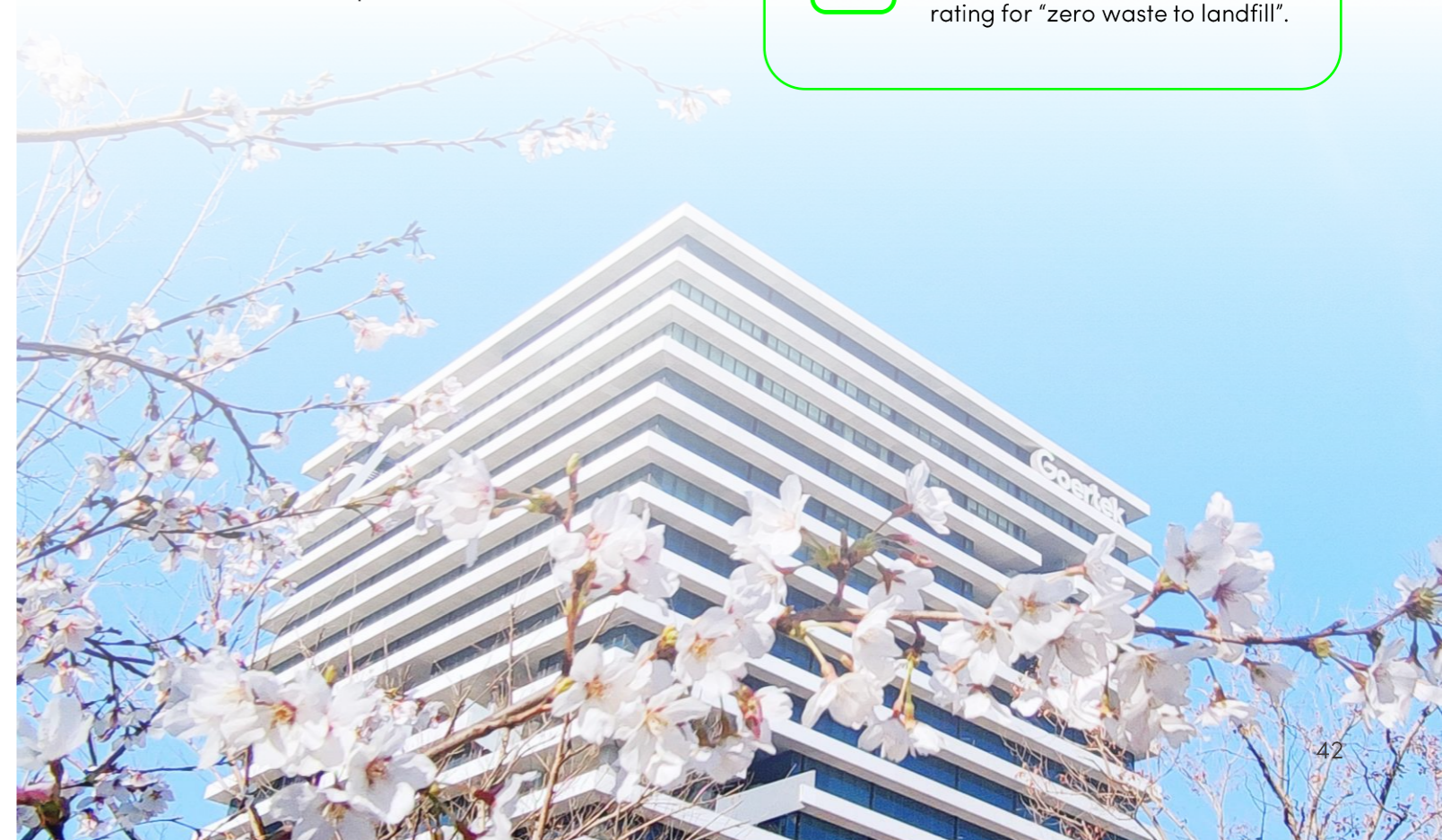
Hazardous Waste Disposal

- Receipt of waste: The Production Waste Department sends a request to the waste warehouse, weighs the waste, posts hazardous waste signs, registers the receipt information, and inputs relevant information into the solid waste system.
- Storage of waste: Waste is classified for temporary storage and placed in designated locations; daily facility inspections are conducted at the hazardous waste storage area; waste gas collectors operate throughout the day, and the staff is required to wear protective equipment during the process.
- Disposal of waste: The staff monitors the inventory of hazardous waste in real time, contacts qualified third parties to dispose of the hazardous waste in a timely manner, categorizes and loads it into vehicles and weighs it, handles it out of the warehouse, and issues a joint transfer order.
- Data check: The renewable resource management position verifies the types and quantities of waste disposal information to ensure accuracy.

The Company continues to promote "zero waste to landfill" through waste reduction, reuse, recycling, resource regeneration and other methods to gradually reduce waste emissions and environmental impact.



This year, **3** parks of the Company obtained the platinum rating for "zero waste to landfill".



Biodiversity

The Company has always regarded biodiversity conservation as one of its core responsibilities. The Company promises to reduce the impact of its operations on biodiversity through continuous improvement and innovation, and actively participates in biodiversity conservation and restoration projects. The Company is committed to working with global partners to promote biodiversity conservation and sustainable development.

<p>Ecological Assessment Normalization</p>	<p>The Company conducts regular ecological assessments on all new projects to ensure that they do not have negative impacts on ecologically sensitive areas.</p>
<p>Plant Trees in the Local Area to Protect Biodiversity</p>	<p>The Company continues to plant native tree species around its facilities to support local biodiversity and provide diverse habitats for local animals.</p>
<p>Build a Green Workspace</p>	<p>The Company is promoting the construction of living plant walls and rooftop gardens in the office area, providing habitat for plants, birds, and insects, and maintaining the balance of the ecosystem.</p>
<p>Green Transformation of Supply Chain</p>	<p>The Company focuses on sustainability in supply chain management. The Company works with suppliers to promote compliance with environmental regulations and reduce its impact on biodiversity. The Company encourages suppliers to adopt environmentally friendly materials and production processes to promote the green transformation of the entire supply chain.</p>

Chemicals Management

The Company is committed to creating healthy and safe products, strictly adhering to international and local laws and regulations that restrict chemical substances in products, meeting customer requirements for restricted substances, and managing chemicals to high standards. We are committed to reducing, controlling, and avoiding the impact of hazardous substances on employee health and the environment.

The Company strictly complies with the laws and regulations in the locations where we operate, such as the *Regulations of the People's Republic of China on the Administration of the Controlled Chemicals, Catalogue of Hazardous Chemicals, Regulations on the Safety Management of Hazardous Chemicals, Regulation on the Administration of Precursor Chemicals, and Regulations on the Safety Management of Hazardous Chemicals*. We also organize our internal professional compliance team to continuously track and identify the revisions and formulate workflow documents such as the Chemical Management System to standardize the management of all steps of chemical handling and ensure the compliance and safety of chemical use. During the year, there were no chemical related safety incidents.

The Company implements systematic management of various chemical management processes and focuses on controlling the following steps.

<p>Storage</p>	<p>The Company has set up a chemical storage management system to monitor the incoming and outgoing chemicals and the storage capacity of the warehouse in real time, and to issue alerts when the set storage capacity is exceeded. The Company's chemical storage areas are equipped with combustible gas and toxic and harmful gas alarms. We monitor the concentration of toxic substances in the environment in real time to prevent chemicals from jeopardizing the health of employees.</p> <p>For inflammable and explosive chemicals, the storage area is equipped with interlocking door switches and static elimination devices. Persons entering the warehouse need to remove static electricity, and the warehouse door automatically senses a static electricity elimination signal to cut off power, demagnetize, and open. In addition, the storage areas are equipped with thermometers and hygrometers, explosion-proof air conditioning, ventilation and exhaust systems, and automatic fire alarm systems to ensure the temperature, humidity, and chemical concentration of the warehouse environment meet storage requirements and prevent fires.</p>
<p>Application</p>	<p>The Company has established the Chemical Receipt and Disposal Registration System, to supervise the use of chemicals, and has established SOP (Standard Operating Procedure) for chemical use. All operators are trained to strictly follow the SOP when using chemicals. The Company continues to closely monitor the use of chemicals in various factories, regularly conducts safety inspections and control of potential hazards related to chemicals, and sets deadlines for corrections of nonconformities, and review them when due.</p>

In addition, the Company has established process documents such as the *Emergency Management System, Chemical Leakage Emergency Plan, and Chemical Leakage Site Response Plan*, which clarify the handling process and measures for chemical leakage and emergencies. An emergency response and rescue team has been established to quickly respond to emergencies and take effective measures to minimize risks and losses. At the same time, the Company has formulated an annual emergency drill plan and carried out normalized emergency drills. Each emergency response and rescue team organize at least two chemical leakage simulation exercises per year to improve accident response capability.

Hazardous Substance Management System

The Company strictly complies with relevant domestic and international laws and regulations on hazardous substances and chemicals in electronic and electrical products and sets standards for the management of customers' restricted substances and hazardous substances. We have established management rules such as the *Goertek Restricted Substances Specification*, *Goertek Green Product Marking Specification*, *Hazardous Substance Process Management Specification for Suppliers*, *SOP for Hazardous Substance Testing during Incoming Inspection*, and *Process and Shipping Environmental Testing Monitoring Operation Manual*. We conduct hazardous substance testing and monitoring on all components, raw materials, accessories, packaging materials, auxiliary materials, and finished products used in the production process.

By the end of 2023, various regions including Weifang, Qingdao, Rongcheng, Dongguan, and Vietnam have obtained the IECQ QC 080000 Hazardous Substance Process Management System Certification. In addition, factories in Weifang, Rongcheng, Vietnam and other regions have all passed the Green Partner Certification.

Design

According to laws, regulations, and customer requirements, the Company integrates green and environmental protection concepts into product design. We minimize the use of hazardous substances and reduce the production of pollutants to reduce the impact on the environment and human health.

Procurement

The Company investigates on suppliers' hazardous substance management capability and conducts on-site audit after screening. Once the suppliers meet Goertek's baseline on green product and signed the agreement, the suppliers should be qualified and enter Goertek's supplier chain.

The Company self-developed Green Product Management System to verify the components, raw materials, and chemicals. The validated documents include Full Material Disclosure (FMD), Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), halogens and other third-party testing reports for high-risk substances, and Safety Data Sheet (SDS).

Manufacture

The Company's chemical laboratory has been certified by ISO/IEC 17025 and/or CNAS.

Hazardous substance testing and monitoring are conducted at all stages of incoming materials, process, and shipment.

Non-conforming Product Control

Comprehensive processes and rules are in place for handling non-conforming products.

Since the establishment of the Company, there have been no incidents of hazardous substance accident.

Goertek Restricted Substances Specification

The Company has identified and strictly complied with relevant laws, regulations, standards, and requirements related to hazardous substances.

China

- *Order No.32 of the Ministry of Industry and Information Technology: the Regulations of Limit the Use of Harmful Substances in Electrical and Electronic Products*
- *Limit of Harmful Substances of Industrial Protective Coatings (GB 30981-2020)*
- *Limit of Volatile Organic Compounds Content In Adhesive (GB 33372-2020)*
- *Limits for Volatile Organic Compounds Content in Cleaning Agents (GB 38508-2020)*
- *Limits of Volatile Organic Compounds (VOCs) in Printing Ink (GB 38507-2020)*

EU

- *Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (2011/65/EU)*
- *Directive on Waste Electrical and Electronic Equipment (WEEE) (2012/19/EU)*
- *Amending Directive on Packaging and Packaging Waste (2005/20/EC)*
- *Regulation Concerning Batteries and Waste Batteries ((EU)2023/1542)*
- *Regulation (EU) on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) ((EC) No 1907/2006)*
- *Regulation (EU) on Persistent Organic Pollutants (POPs) (2019/1021/EU)*
- *Law Regarding a Circular Economy and the Fight Against Waste (French AGECLaw) (No.2020-105)*

North America

- *Consumer Product Safety Improvement Act (CPSIA)*
- *The State of California Proposition 65 The Safe Drinking Water and Toxic Enforcement Act of 1986*
- *Canadian Environmental Protection Act, 1999 (CEPA1999)*

Japan

- *Chemical Substances Control Law*
- *New System and Application Tools for Information Communication of Products Containing Chemical Substances*

Reduce and Eliminate the Use of Hazardous Substances

The Company continues to monitor legal and regulatory updates regarding hazardous substances and customer requirements. The chemicals used have been 100% identified, and hazardous substance restrictions, reductions, and replacements are independently carried out. Reduction and elimination plans are formulated for chemicals that do not meet control requirements. This year, the Company has implemented the following hazardous substance reduction and elimination plans and has developed a reduction plan in advance for per- and polyfluoroalkyl substances (PFAS), seeking more environmentally friendly materials to replace the substance.

Relevant Requirements	Substances to Eliminate
French AGECE Law	MOAH/MOSH
Mandatory National Standards for VOCs and other Substances in Coatings, Adhesives, Inks and Cleaning Agents	Total Volatile Organic Compounds (TVOCs) and their restricted substances
Actively promoting halogen-free products	Chlorine (Cl), bromine (Br) and their compounds

Increasing Awareness of Hazardous Substance Management

The Company is committed to enhancing the awareness of hazardous substances among employees at all levels and suppliers, continuously providing education and training on hazardous substances, and raising such awareness among all employees and in the supply chain.

- 1 Communicate the latest hazardous substance laws and regulations, as well as customer requirements, to all employees through billboards, announcements, and other forms to continuously improve their awareness of hazardous substance control.
- 2 Provide hazardous substance education and training to new employees, managerial staff, technical staff, operators.
- 3 Regular supplier training is held every year for all suppliers of customized materials, mechanical parts, packaging materials, auxiliary materials and more.

Clean Technology Exploration

The Company has always been committed to exploring opportunities in clean technology, continuously promoting research and application of clean technology in product development, procurement, manufacturing, and quality processes, reducing energy consumption and GHG emissions throughout the product life cycle, enhancing the environmental friendliness of the product, and minimizing negative impacts on the environment.

R&D Innovation Driven	Procurement Green Supply Chain	Manufacture Low-Carbon Technology	Quality Environment Monitoring
The Company adheres to the principles of sustainability and ecological design in research and development and is committed to improving the sustainability of its products by optimizing material selection and product design. The Company promotes the use of recycled materials and designs products that are easy to disassemble in order to minimize the environmental impact of a product throughout its life cycle.	The Company strictly follows green supply chain management in the procurement process and continues to improve the environmental standards and safety of products by selecting more environmentally friendly and safer materials. The Company will continue to work closely with suppliers to apply higher environmental protection standards throughout the supply chain.	The Company adheres to the development and application of green production processes in manufacturing, constantly moving towards cleanliness, automation, and intelligence. The Company embraces clean energy and invests in advanced production equipment and technology to reduce resource consumption and waste generation, while improving production efficiency and product quality.	The Company fully utilizes a chemical laboratory accredited to the ISO/IEC 17025 International Standard for Testing and Calibration Laboratories. Relying on independently developed environmental collaborative systems, we achieve real-time monitoring of the environmental performance of green materials, components, and final products. In this way, we ensure that products comply with applicable environmental regulations at various operating locations and meet customers' clean and low-carbon requirements.

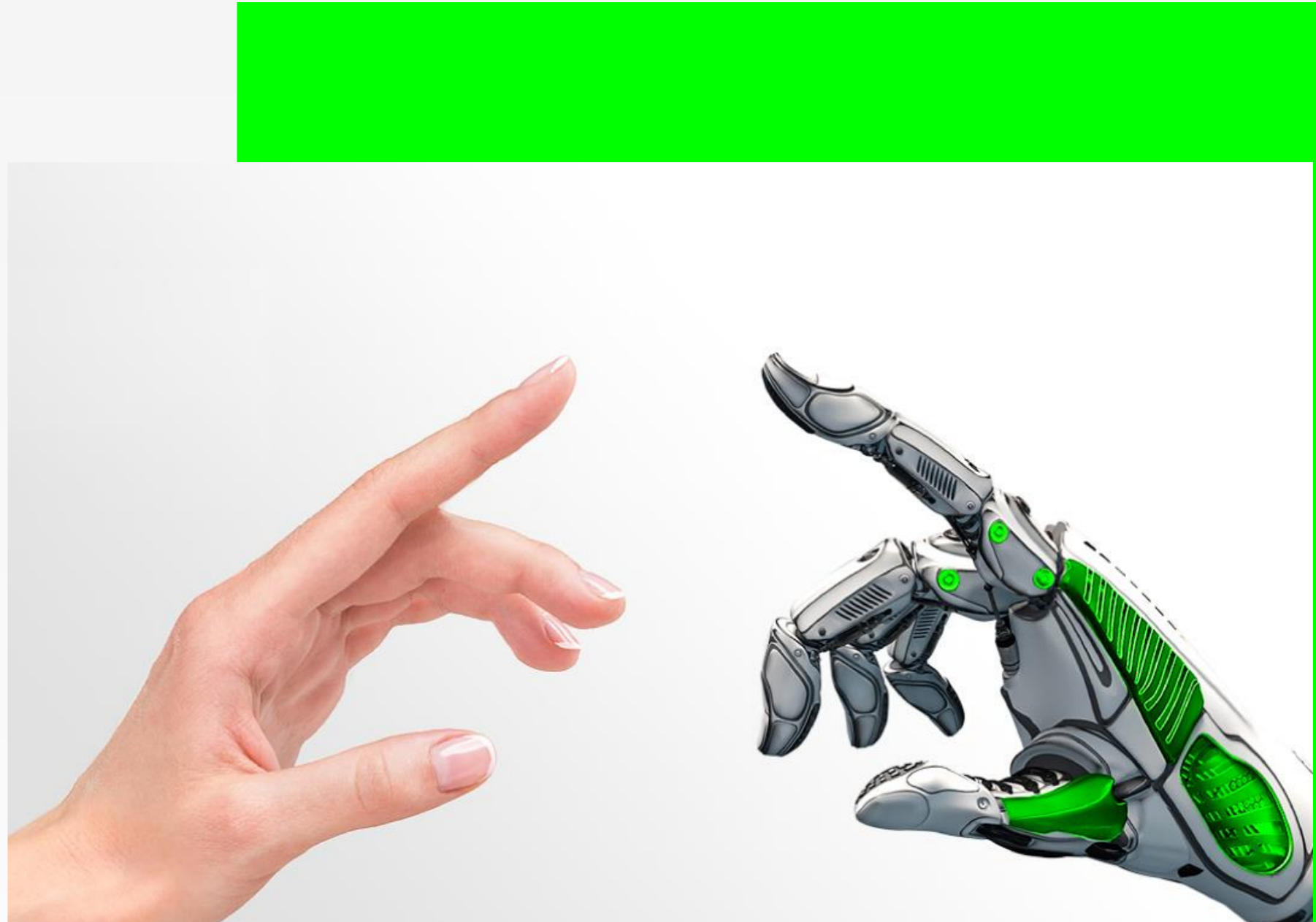
The Company adheres to a customer-oriented value, and continuously provides customers with high-performance and energy-saving products and solutions. We are making greater efforts in the use of clean energy, the development of energy-saving and low-carbon technologies, the use of recycled materials, the light weighting of products, and more. We continue to expand the field of clean technology research and development and explore potential market opportunities. The Company firmly believes that through continuous innovation and breakthroughs, it can better promote the green and low-carbon development of society.

03

Craftsmanship



The Company is committed to achieving the vision of "To be a Great Company". To this end, the Company tirelessly upholds the corporate spirit of "Excellence, Proactivity, Pragmatic, Innovation", continuously driving the lean improvement of product and service quality. The Company diligently engages in the innovative research and development of technological products and firmly implement the popularization and transformation of scientific and technological achievements, thereby constantly advancing the process of craftsmanship.



Quality First

The Company's Quality Policy: "Quality is the Lifeline of Our Company"; we adhere to a customer-oriented approach, use the ISO 9000 quality management system as the cornerstone, focus on process management, comply with procedural rules, and engage in continuous improvement across all personnel to provide customers with exceptional products and services.

The Company has established quality management policies such as the *Basic Law of Quality Management*, setting specific requirements for quality management in different business scenarios including R&D, engineering, materials, and manufacturing. These cover aspects such as the quality management system, management reviews, organizational management, and performance management, requiring all employees to comply. The Company continuously enhances the quality management level throughout the entire lifecycle of products and services, striving to improve the First Pass Yield (FPY) and aiming for a quality target of "zero defects" in market product quality and "zero complaints" for significant product quality issues.



By the end of 2023, the Company has obtained various international and industry-related quality management system certifications, including the ISO 9001 Quality Management System, IATF 16949 Automotive Quality Management System, ISO 13485 Medical Device Quality Management System, ANSI/ESD S20.20 Electrostatic Discharge Protection Management System, IEC 61340-5-1 General Requirements for Electrostatic Discharge Protection of Electronic Devices, and the ISO/IEC 17025 Laboratory Accreditation System.

Product Quality Management

The Company always adheres to its original aspiration of "Manufacturing World-class Products" and actively anticipates and prevents quality risks. Through end-to-end quality control and assurance, the Company achieves quality value addition, which supports the positioning of the Company's operational quality value. The Company regularly reviews and strictly complies with product safety-related laws, regulations, and standards in the global markets where its products are sold, such as the *Product Quality Law of the People's Republic of China* and the relevant regulations of the Federal Communications Commission of the United States, ensuring compliance with local requirements in terms of safety standards, electromagnetic compatibility, wireless certification, environmental protection, energy efficiency requirements, patent issues, and industry-specific technicalities.

Furthermore, the Company actively participates in technical exchanges related to safety standards organized by industry and the state. This year, the Company was involved in the compilation of the national standard *Measuring Methods of Optical Radiation Safety for Wearable Devices (GB/T 42750-2023)*.

The Company has clearly defined the quality requirements and critical control points of each process in product realization, including R&D quality, engineering quality, material quality, manufacturing quality, and foundational quality.

R&D Quality

During the project development process, through product design, development, and testing verification, we ensure that the products meet customer requirements in terms of appearance, functionality, performance, reliability, and legal regulations, achieving zero defects in product design and manufacturability.

Engineering Quality

During the project development process, robust process development, thorough process validation, and comprehensive line qualification provide a reliable solution for the mass production of products.

Material Quality

Through reliable material design, robust supplier management, and precise incoming material control, the quality stability and consistency throughout the material lifecycle are ensured.

Manufacturing Quality

Based on the process development plan and quality control plan, production process control is implemented to manage production element variation, ensuring the continuity and stability of product manufacturing.

Foundational Quality

To support the improvement of R&D quality, engineering quality, material quality, and manufacturing quality, we pursue getting it right the first time and continuous improvement in areas such as quality culture development, quality system construction, quality process and digitalization construction, quality indicator management and analysis, quality process evaluation, personnel quality capability construction, and continuous improvement, aiming to achieve both efficiency and effectiveness.

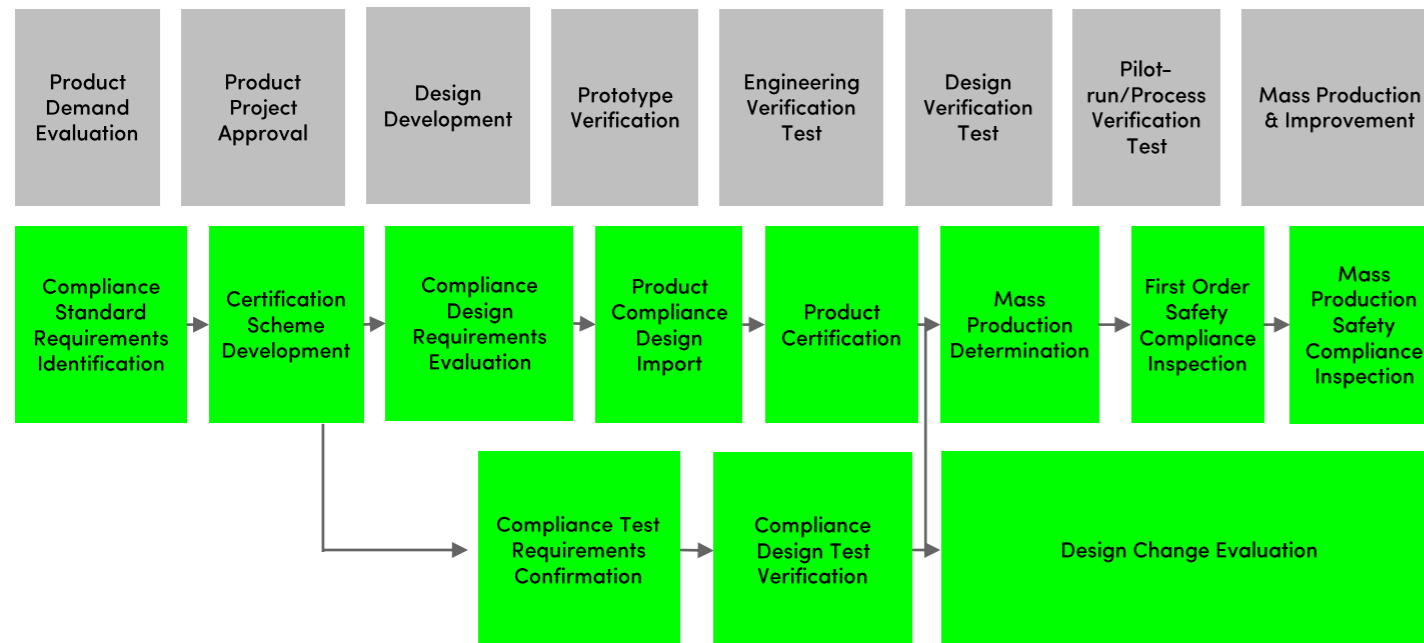
Standard Setting

The Company has established internal management systems, including the *Product Quality Standard Setting Process*, *Regulatory Compliance Control Process*, and *Process Quality Control Process*, to ensure that every stage from product design to manufacturing meets the predetermined quality standards. At the same time, the Company has established a product certification standard library to manage and update international and national laws, regulations, and industry standards in a timely manner, and to apply the latest requirements to applicable products. This ensures that the project products produced meet internal quality requirements and comply with external market and regulatory demands.

Safety Compliance

The Company's comprehensive safety compliance management process covers the entire lifecycle of project products. A dedicated product certification department has been set up, staffed by product certification team and product safety compliance team that interface with R&D, procurement, manufacturing, quality, and process departments. The product certification department evaluates product design and manufacturing compliance requirements and integrates them into product research and development design and manufacturing, ensuring that the Company's project products continuously meet product safety compliance requirements during the design phase and after mass production.

The Company always prioritizes ensuring product safety and compliance, having established a safety compliance management system that spans the entire lifecycle of products, encompassing all stages from product research and development design, testing and certification, to mass production.



Process Control

The Company carries out refined and systematic quality control of the whole manufacturing process according to the *Process Quality Control Procedure* to ensure that each link meets the quality standards. At the same time, the Company continuously carries out the inspection of non-conforming products during the production and operation process, immediately activates the emergency mechanism for identified non-conforming products, organizes a professional team to review and analyze the situation of non-conforming products, and takes effective measures to correct and improve.

Full-Process Battery Safety Management

To ensure the correct use of batteries and avoid the risk of battery safety after the product launch, the Company's product compliance battery management instructions:

- Establish the Company's material standard library, including batteries and other key components clear safety compliance management requirements;
- At the product design stage, the certification team determines the safety compliance requirements for batteries and ensures that the selected materials meet the requirements;
- Product design verification and product certification to ensure that the battery through the verification test standards;
- Battery incoming material sampling inspection includes a safety compliance part to ensure that the battery meets the design requirements;
- Automated and visual inspections are utilized to ensure that the batteries are used correctly;
- The batteries are sampled from time to time for safety testing to ensure that they continue to meet the safety compliance requirements.

Full-Process Product Testing to Ensure the Quality of System Device Product

To avoid any defects in the system device production process, the Company adopts the following inspection methods to guarantee the quality of the products:

- Perform the first piece inspection before the assembly of the product shell stage, using AOI (Automated Optical Inspection) to automatically inspect the product's screw locking attachment, B2B fastening, and other risk points affecting the product's function;
- Perform appearance compliance inspection after product assembly;
- Carry out comprehensive testing of product functions on finished products to ensure that the product specifications are met;
- For defective products found by inspection or testing, engineers and technicians analyze, confirm the cause of the abnormality, and formulate corrective and preventive measures, and then quality management personnel are responsible for following up the implementation of the improvement measures to form a closed loop of the problem.

Service Quality Management

The Company insists on the service concept of "Customer Focus, Quality First", firmly believes that "Quality is the Bottom Line of All Work" and is committed to listening to and understanding customers' requirements and expectations, and responding quickly in order to provide high-quality services to meet customers' needs and even exceed customers' expectations.

Customer Communication

To strengthen employees' awareness of customer service, the Company has carried out a customer-oriented change project, advocating each business group to take the initiative to learn about culture and characteristics of each customer, sorting out and summarizing the mindset and behavioral norms that should be internalized when providing services to major customers, as well as carrying out internal trainings in order to enhance the service capabilities of personnel who interact with customers. At the same time, the Company encourages each business group to take the initiative to identify problems in the process of practicing awareness of customer orientation, formulate corrective measures, and continuously improve service quality.

Customer Feedback

The Company has formulated the *Management Process of Customer Feedback* to standardize the management of the whole process from collecting and analyzing customers' voices to formulating, implementing, and monitoring improvement plans, to continuously satisfy customers' needs.

In response to customer feedback and opinions on product quality, the Company has formulated processes such as *Product Quality Complaint Handling*. Upon receiving customer complaint information, the Company will immediately set up a special handling team to jointly analyze the problems of customer complaints, formulate solutions, ensure that the problems are solved, and complete the closed loop of customer complaint handling. In response to the customer's proposal of return, exchange and repair, the Company handles the situation based on the *Customer Return and Exchange Handling* and other processes, systematically controls the account of returned goods and the identification of defects, maintenance processing and other links, and provides support for the identification, analysis, and improvement of the quality risk through the real-time monitoring of the return rate and the data of defective products.

Satisfaction Survey

To deeply understand the needs and expectations of customers, the Company has formulated the *Customer Satisfaction Survey and Analysis Management Procedure* and other systems to clearly define the channels for obtaining customer satisfaction information, the analysis process, and the application scenarios, to quickly locate the shortcomings of internal operation and management and to promote continuous improvement, in order to create the greatest value for customers. As the core executive department, the Customer Management Center of the Company initiates customer satisfaction survey at least once a year, covering five major areas of quality, cost, delivery, service, and R&D, to collect customers' real feedback in an all-round and multi-angle manner. This year, the Company actively listened to customers' ideas and opinions and conducted a customer satisfaction survey, collecting 138 responses, and the customer satisfaction scores were higher than the established targets for three consecutive years.

Quality Culture Construction

The Company is deeply committed to manufacturing, regards quality as life, and always takes the creation of world-class products as its unchanging initial goal. Quality culture is an important source of the Company's culture. This year, the Company upgraded its quality culture and introduced the *Basic Law on Quality Management*, forming a quality culture system with the Company's characteristics from philosophy to management system to behavioral guidance. The Company continues to deepen the quality awareness of employees by carrying out diversified cultural activities, including visualization of quality culture, offline quality activities, quality contests, quality improvement case competition, etc.

Cultural Concept Promotion



Basic Law on Quality Management



Visualization of quality culture

Characteristic cultural activities



Quality contest



Quality culture street activities



Team building in quality field

"Continuous Improvement, Pursuit of Excellence" -- Quality Improvement Case Competition

Under the theme of "Continuous Improvement, Pursuit of Excellence", the Company has conducted two quality improvement case competitions for each business group this year. After screening and evaluation by the Company's expert team, 31 excellent improvement projects were identified and promoted internally to create an atmosphere of continuous improvement for all employees. In addition, the Company actively recommended these excellent projects to participate in higher-level competitions and selected two projects to participate in the "National Enterprise Case Competition", which won the "Second Prize of QCC Quality Improvement Special Session" and the "Six Sigma Management Special Session Finalist Award" respectively.



Scientific and Technological Innovation

The Company always adheres to the R&D philosophy of "focusing on the future, being innovative, technologically sophisticated, and leading the industry", and takes innovation and R&D as an important engine for the Company's development. The Company takes short-term delivery and long-term R&D into account, is market-oriented and pragmatic, maintains an open and progressive mindset, continues to increase R&D investment, plows into technological innovation, expands new tracks and industrial width, and leads the upgrade and change of the industry with excellent products.

Innovation Management System

The Company selects R&D backbones and technical experts within the Company and builds the Company's technical committee, which consists of 7 specialized technical subcommittees, such as system device products, system device techniques, equipment, and testing, with more than 580 experts involving 159 technical sub-fields, such as R&D, process, testing, and so on. The Company has set up a central research institute to focus on the main channel of the Company's business, explore the new trend of future development, layout key and common technologies, establish a talent highland, cultivate, and lead leading talents and elites, undertake the function of incubation of new business, and build the Company's core competitiveness. Meanwhile, the Company has set up R&D departments of varying sizes in each business group to provide customers with solutions for various products.

During the year, the Company responded positively to the needs of market change and technological innovation by updating and optimizing its innovation and R&D process and adding a new process of mid-to-long-term technology planning and annual technology planning, to realize a close connection between technology R&D and market demand. The Company adopts TIS (Technical Information System) to collect demands for innovative technologies from market, R&D, engineering, and other fields, and sets up strategic decoding, thematic seminars, cross-field integration, professional review, decision-making review, and other links to support the Company's innovative technology review and planning implementation.

The Company continues to increase the development of new technologies, new products, and new processes, and build a team of high-end technical talents. During the year, the Company achieved the following results:

- ▶ The Company invested about 4.573 billion yuan in R&D, accounting for 4.64% of the operating income;
- ▶ The Company added 72 new scientific research technicians;
- ▶ The Company was awarded the honorary title of "National Technological Innovation Demonstration Enterprise";
- ▶ Two patents of the Company won the China Patent Silver Award and the China Patent Excellence Award respectively.

China Patent Silver Award

"Whistling Suppression Method and Device Applied to Active Noise Canceling ANR Headphones"

China Patent Excellence Award

"A Wearing Status Detection Method and Device for Intelligent Wearable Devices"



Innovation Platform Construction

The Company has set up R&D centers in Weifang, Qingdao, Beijing, Shanghai, Nanjing, Xi'an, Shenzhen and other major cities in China, as well as in the United States, Denmark, Japan, South Korea and other countries to form a global R&D system, and has also built joint R&D centers, joint laboratories and other innovation platforms with renowned colleges and universities at home and abroad and upstream and downstream partners in the industry, which has greatly enhanced the scientific research and innovation capability of the Company. Currently in China, the Company has built 12 provincial level and above R&D platforms such as National Virtual Reality Innovation Center (Qingdao), Technology Innovation Center of Ministry of Culture and Tourism for Common Virtual Reality Technology, National Engineering Laboratory of Virtual Reality/Augmented Reality Technology and Application, Shandong Province Display Optics Technology Innovation Center, Shandong Province Virtual Reality Key Laboratory, etc.

Technology Standard Formulation

The Company actively participates in the construction of standards in virtual reality, acoustics, and other related fields, making positive contributions to the improvement of the national acoustics standard system and virtual reality standard system and the orderly and healthy development of the industry, and giving full play to the industry's leading and spearheading role. By the end of 2023, the Company has participated in the formulation of important technical standards for a total of 50 items, of which, 2 are international standards, 22 are national standards, 8 are industry standards and 18 are group standards. Meanwhile, the Company actively participates in the activities of domestic and international standardization technical committees and has now joined more than 10 standardization alliances and organizations above the provincial level.



This year, the Company participated in the preparation and official release of a total of **9** technical standards, including **2** national standards, 1 industry standard, **6** group standards.



This year, the Company participated in the preparation of **8** new standards, including 1 international standard and 1 industry standard. The Company participated in the preparation of the IEEE International Standard for *Comfort Requirements for XR Extended Reality Devices* as the leader of the sub-task force; in addition, the Company took the lead in the preparation of the group standard for *Near-Ear Open Audio Devices Part 1: Acoustic Performance Test Methods (T/CECA 87.1-2023)*, which is the first group standard in the field of near-ear acoustics in the world, filling a gap in the industry.

Technology Friendly

With the mission of "A Better Life Enriched by Technology", the Company is committed to using modern first-class technology to make its products both healthy and beautiful, and to make technological products more accessible, so that they can truly benefit the lives of the general public.



Customized auditory compensation experience for the hearing impaired

The Company released Wing Buds, a TWS headset for the mildly hearing impaired, which can analyze the user's hearing loss using customized collection sensors and an app developed with independent algorithms to provide a customized hearing compensation solution quickly and accurately for the user, expanding the population of headset users and helping the mildly hearing impaired to improve or restore their hearing, with a sliding top cover to drive the box. The lining of the top cover makes the headset lift automatically, making it easy for users to take out the headset and enhancing the convenience of use. This year, Wing Buds headphones helped the Company win the GOOD DESIGN AWARD in Japan for the first time.



Enhancing product comfort

The Company emphasizes on improving product comfort and is committed to providing consumers with the ultimate auditory and visual experience:

- The modular design of the dual-mode headset is introduced to adapt to both headset and VR headset modes, providing an immersive audio experience. Meanwhile, the headband structure adopts a single-piece headband with a one-piece wraparound solution to improve the breathability and comfort of wearing;
- Launched a one-stop audio solution in the XR field with excellent noise reduction and sound pickup performance for different scenarios;
- Launched the smart bracelet Link, which makes up for the interaction limitations of AR glasses through the touch screen, button and gesture interaction, and promotes the popularization of XR devices;
- For the field of consumer electronics, the Company launched a new generation of SBS series speakers, DPS speakers and multi-dimensional immersive haptic products, bringing users a multi-dimensional immersive sound and perception experience.

04

Cooperation and Mutual Benefits



The Company adheres to the supply chain management concept of "Ensuring Safe Supply, Pursuing Value Creation" and is committed to building a supply chain cooperation mode based on transparency, fairness, and environmental friendliness. The Company looks forward to working with all partners to promote the sustainable development of the supply chain in the spirit of win-win cooperation.



Sustainable Supply Chain

The Company emphasizes the partnerships with suppliers and expects suppliers to take social responsibility for employee protection and respect, environmental protection, and other aspects. Through the whole process of supplier management, the Company ensures that the performance of suppliers in terms of sustainable development is in line with the Company's policies and external requirements.

In order to cope with the risks brought about by the complex and volatile supply chain environment, the Company has constructed a comprehensive supply chain management system and formulated internal policies such as *Material Supplier Development and Identification Process* and *Supplier Risk Management Process*, and collaborated with various supply chain departments to identify, assess and control supply chain-related risks, including supply risks, price hike risks, financial risks, quality risks, etc., to enhance the ability to withstand risks and to ensure the stability and safe operation of the supply chain.

In the globalized supply chain management, the Company highly recognizes the importance of responsible procurement and continuously pays attention to the environmental and social impacts of the supply chain. In accordance with the Responsible Business Alliance (RBA) Code of Conduct, the Company has formulated and implemented a comprehensive Responsible Purchasing Policy, promulgated the *Supplier Social Responsibility Code of Conduct* to all suppliers, and required them to sign the *Social Responsibility Commitment Letter* to be aware of and to comply with the Company's social responsibility regulations, covering the topics including employee rights and interests, health and safety, environmental protection, business ethics and management system, and unified supply chain sustainable development behavioral norms, and is committed to the sustainability throughout the supply chain.

Employee Rights & Interests	Health & Safety	Environmental Protection	Business Ethics	Management System
<ul style="list-style-type: none"> Free Choice of Employment Child and Underage Labor Working Hours Wages and Benefits Humane Treatment Non-discrimination Freedom of Association 	<ul style="list-style-type: none"> Licensing and Reporting Occupational Safety Emergency Preparedness Work-Related Injuries and Illnesses Industrial Hygiene Physically Demanding Work Machine Safety Guarding Public Health, Food and Accommodation Health and Safety Communication 	<ul style="list-style-type: none"> Environmental Permitting and Reporting Pollution Prevention and Resource Conservation Hazardous Substances Solid Waste Waste Gas Restricted Substances Water Management Energy Consumption and Greenhouse Gas Emissions 	<ul style="list-style-type: none"> Business Integrity No Unfair Interests Information Disclosure Intellectual Property Rights Fair Dealing, Advertising and Competition Identity Protection and Non-retaliation Policy Responsible Mineral Sourcing Privacy 	<ul style="list-style-type: none"> Corporate Commitment and Stewardship Legal Requirements and Customer Requirements Risk Assessment and Risk Management Training and Communication Employee Feedback, Involvement and Grievance Internal Audits and Management Reviews Corrective Action Process Documentation and Records Supplier Responsibility Achieving and Improving CSR Performance and Quality

The Company emphasizes the development and introduction of new suppliers and the sustainable performance of existing suppliers and carries out regular evaluations and annual audits to promote the sustainable development of suppliers and jointly promote the green development of the supply chain.

Admission Management

The Company has formulated documents such as *Supplier Questionnaire*, *Supplier Development Requirement Assessment Form* and *Supplier Admission Threshold* to assess the admission of suppliers and evaluate the performance of suppliers in terms of social responsibility system, quality system, production process, hazardous substances, and information security by means of written evaluation and field audit. The Company's multiple departments work together to carry out field audits, including purchasing, research and development, quality, safety, and other departments. For suppliers that meet the entry requirements, the Company signs agreements such as *Purchasing Contract*, *Confidentiality Agreement*, *Honesty and Integrity Agreement*, *Conflict-free Mineral Policy*, and *Social Responsibility Commitment Letter* with them before formal cooperation to constrain their behavioral performance to safeguard the stability and sustainability of the supply chain.

Regular Evaluation

After suppliers have passed the admission audit, the Company carries out continuous control over them to prevent potential risks and enhance supply chain stability. The Company conducts regular CSR evaluations of qualified suppliers, provides training, on-site guidance, and counseling to suppliers on CSR non-compliance items, requires them to carry out rectification within a specified period, and continuously follows up on the rectification situation; if a supplier continuously fails to meet the Company's CSR standards, the Company will reduce its purchasing share of the supplier. For two consecutive instances found to have violated the red line requirements, the Company will terminate the business cooperation with the supplier.

Annual Audit

The Company conducts annual routine audits on suppliers, with a team from the supply chain department conducting on-site audits covering quality, CSR, and other aspects, and adopts closed-loop management for non-compliance items found. Among them, the Company pays special attention to the CSR performance of suppliers, and continuously monitors and manages suppliers' social responsibility behavior in the course of daily business activities.

The Company regularly organizes training for suppliers to promote the improvement of their sustainable development management capabilities. For details, please refer to the "Compliant Operation" and "Green Development" sections of the report.

Conflict Minerals Management

The Company takes "Prohibiting the Use of Conflict Minerals" as its basic policy, and publicly discloses the following *Statement of Conflict-free Mineral Policy* on the Company's official website, to avoid directly or indirectly contributing to the occurrence of illegal armed conflicts, human rights abuses, damage to the environment, damage to business ethics, and other negative impacts.

"The Company does not accept or use gold, tantalum, tungsten, cobalt, tin, mica minerals originating from conflict areas in the Democratic Republic of the Congo and its neighboring countries, or from areas involving anarchic legions or illegal legions."

The Company has incorporated the *Conflict-Free Minerals Commitment* into its commercial agreements with suppliers to regulate supplier behavior. At the same time, the Company has formulated the *Supply Chain Policy*, the *Supplier Code of Conduct*, and other management policies that require suppliers to conduct responsible mineral due diligence on the minerals used in their sourced products, and to certify that the source, processing, and chain of custody for the production and marketing of gold, tantalum, tungsten, cobalt, tin and other metals in their products meet regulatory or customer requirements.

The Company recognizes the importance of supply chain transparency and traceability and is building a comprehensive and sophisticated supply chain traceability system designed to enhance supply chain transparency while ensuring that the origin and flow of minerals used in the supply chain can be accurately tracked and verified. The Company has taken a series of specific measures to ensure the transparency and traceability of the supply chain, promote the continuous improvement and optimization of the supply chain, and is committed to providing a solid guarantee for the sustainable development of the Company and the trust of its customers.



Due diligence

- The Company strictly follows the *OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, and utilizes the *Responsible Minerals Initiative (RMI) Due Diligence Reporting Process* to conduct continuous and in-depth due diligence on raw and auxiliary metal materials used in its business operations, so that the Company can have a clear understanding of the source, regulatory chain and other key information on conflict minerals.
- The Company requires the completion of the *Conflict Minerals Reporting Template (CMRT)* and *Extended Minerals Questionnaire Template (EMRT)* for selected suppliers and requires that their smelters or refiners (SORs) come from a list of Responsible Minerals Assurance Program (RMAP) certified SORs identified by the RMI, with non-compliant suppliers being removed from the supplier pool.



Daily inspections

- The Company continuously conducts unscheduled inspections at various points in the process of cooperating with suppliers, including verifying suppliers' industry qualifications, ensuring the signing of the *Conflict-Free Minerals Commitment*, and improving and correcting non-conformities identified in the CMRT, etc. The Company will conduct daily inspections for any non-conformities identified in the CMRT.
- The Company will immediately communicate with suppliers for any non-conformities identified during inspections and request them to provide detailed explanations of relevant issues and documentation of corrective countermeasures. At the same time, the Company collaborates with the business management center, sales, and other departments to conduct in-depth assessment and analysis of the problem. For any violation of laws and regulations, the Company will immediately cease cooperation with the supplier.



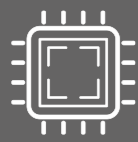
This year, the number of CMRT questionnaires issued by the Company to suppliers totaled **616**, with a supplier response rate of **99.7%**. Among them, the percentage of suppliers with all smelters and refineries having carried out RMAP certification was **96.6%**.

In addition, the Company actively urges its suppliers to fulfill their conflict-free mineral commitments in their daily operations and deepens suppliers' awareness of conflict minerals management through relevant departments. The relevant departments of the Company's supply chain regularly conduct thematic trainings, which include conflict minerals management, and require departmental personnel to actively communicate with suppliers on conflict minerals management.



Industry Exchanges

The Company has established close strategic partnerships with industry giants to further strengthen its market competitiveness through the integration of cutting-edge software and hardware technologies and rich product resources. In addition, the Company has launched extensive and in-depth industry-academia-research cooperation with leading universities and research institutes, including Tsinghua University, Peking University, Shandong University, Southeast University, University of Science and Technology of China, Xiamen University, Changchun University of Science and Technology, etc., in a wide range of fields such as acoustics, optics, new material science, automation technology, software development, artificial intelligence, etc., with the aim of promoting technological innovation and disciplinary development.



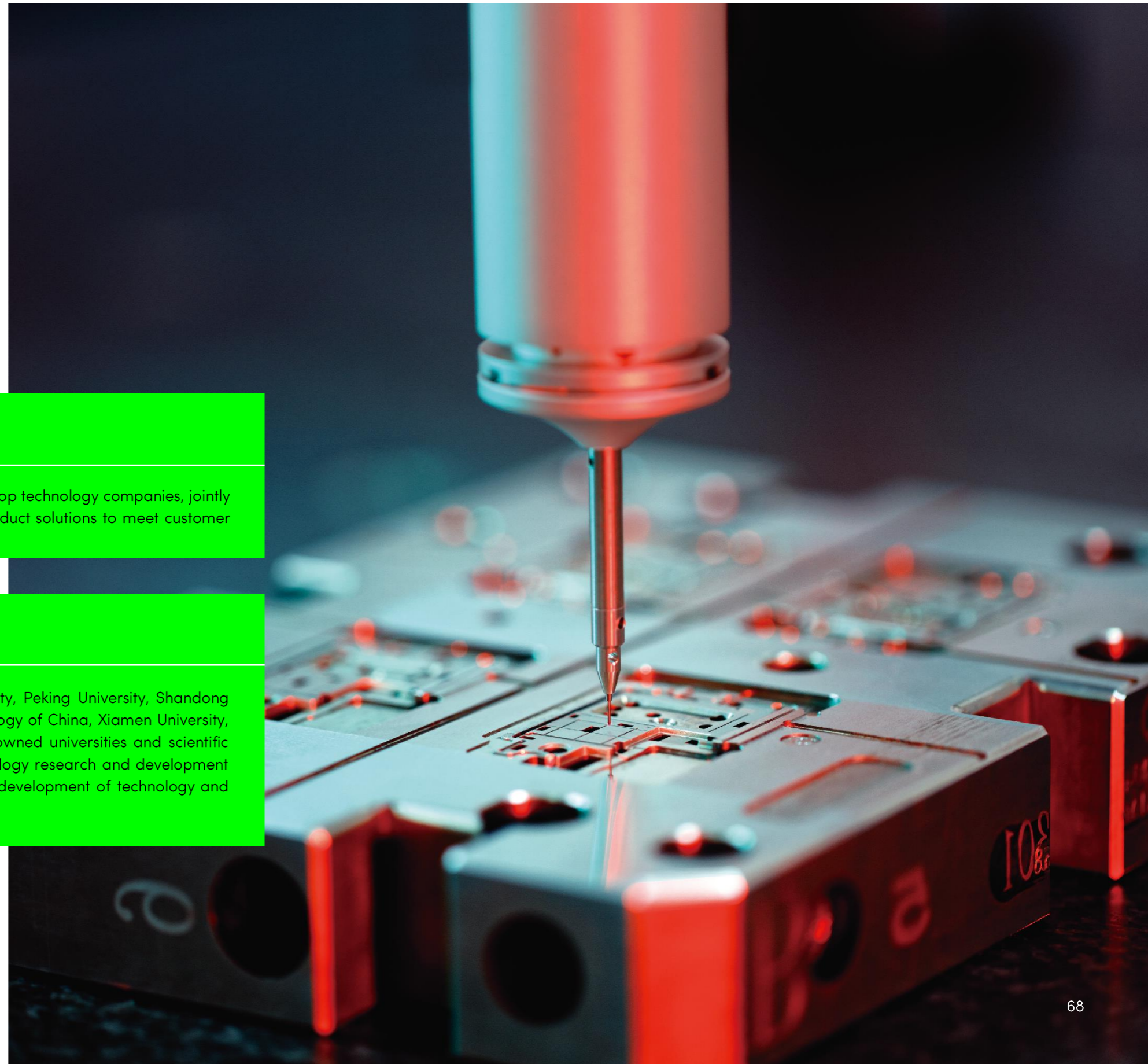
Technology Partners:

The Company has established a solid long-term partnership with top technology companies, jointly committed to developing and providing high-end technology product solutions to meet customer needs.



Academic and Research Partners:

The Company has long-term cooperation with Tsinghua University, Peking University, Shandong University, Southeast University, University of Science and Technology of China, Xiamen University, Changchun University of Science and Technology and other renowned universities and scientific research institutions, forming an open and comprehensive technology research and development platform to support the continuous innovation and research and development of technology and products.



05

Employee Development



The Company regards talent as one of its core competitiveness, adheres to the talent concept of "Talent First, Attracting and Nurturing First-class, Making the Best Use of Talent, and Growing Together", improves the talent management system from the perspectives of employees' rights and interests, welfare and protection, promotion and development, as well as occupational health and safety, and devotes itself to building a diversified, fair, tolerant, respectful, and safe working environment.



Employee Rights and Interests

The Company is committed to following and implementing the *Universal Declaration of Human Rights* and international labor conventions and initiatives such as those from the International Labor Organization at a high standard, and strictly implementing the laws and regulations applicable to the locations where it operates. The Company has formulated the *Employee Handbook*, *the Administrative Provisions Prohibiting the Use of Child Labor*, *the Administrative Provisions on the Protection of Female Employees and Young Workers*, *the Administrative Provisions Prohibiting the Use of Forced Labor*, and other internal systems, which clearly define the Company's policies on the human rights of its employees and is committed to safeguarding the rights and interests of employees.

To ensure the implementation of the Company's employee management system, the Company has established a triple audit mechanism consisting of internal special audits, customer audits, and external third-party audits such as the Responsible Business Alliance (RBA), etc., which realizes the full coverage of the supervision of employee management-related issues.

Key Initiatives for Human Rights Protection

Anti-discrimination

The Company is committed to treating all employees fairly and equitably, and does not discriminate against employees on the basis of religion, race, gender, political views, geography, color, etc.

Forced Labor

The Company is committed to not employing any form of forced or involuntary labor, and all work is voluntary.

Child Labor

The Company adopts the six-step method of child labor inspection¹, innovating from visual inspection to technical inspection, ensuring the authenticity of employee identity, avoiding child labor misuse, and formulating child labor remedies.

Equal Employment

The Company respects special groups such as people with disabilities and gives them fair and just treatment in labor protection and job adjustment.

Women's Rights and Interests

The Company strictly protects the legal rights and interests of female workers during pregnancy, childbirth and breastfeeding, and provides necessary support for female workers.

¹The six-step method of child labor inspection includes systematic control of the entry registration process, visual inspection and control of the initial screening process, equipment control of the entry process, visual inspection and control of the interview selection process, equipment control of the pre-employment training process, and control of the new employees of the business group.

Talent Attraction and Retention

The Company always adheres to the people-oriented philosophy, provides employees with diversified compensation and benefit protection and open communication channels, pays attention to the work and life needs of employees, and continuously enhances the sense of belonging and happiness of employees.

This year, the Company was recognized with awards:

- LinkedIn Global Talent Magnet Employer
- CHIRC 2023 Top Employer Award
- China Digital Human Resources Association (CDHRA) 2023 Campus Recruitment Excellence Practice Award
- Amphabe, Vietnam Chamber of Commerce and Industry Ranked 29th in the "100 Best Places to Work in Vietnam" in 2023
- Amphabe, Vietnam Chamber of Commerce and Industry Top 15 Representative Company with Happy Workforce in Vietnam 2023



Employee Recruitment

The Company takes fairness and impartiality as the principle in the recruitment process. The Company has formulated the *Recruitment Management Regulations, Experienced Employee Recruitment Implementation and Management Rules* and other systems to regulate the recruitment principles, recruitment requirements, recruitment plans, talent acquisition, interviews, hiring, recruitment channel management and other aspects of the recruitment process, to ensure the fairness and professionalism of the recruitment process.

The Company's recruitment principles are as follows:

<p>Fairness and impartiality</p> <ul style="list-style-type: none"> Public release of recruitment information. Any form of discrimination is strictly prohibited. 	<p>Principle of meritocracy</p> <ul style="list-style-type: none"> Selection of excellent talents matching the positions, and strictly prohibit fraudulent practices. 	<p>Personnel avoidance principle</p> <ul style="list-style-type: none"> The existence of relatives, friends, classmates, alumni, fellow countrymen and other relationships should be avoided. Employees recommending the above relationships or special relationships with the Company's business must be reported in advance.
<p>Law-abiding principle</p> <ul style="list-style-type: none"> Do not employ child labor or arrange underage workers to engage in labor operations. prohibited by laws and regulations. Do not use forced, debt-bonded or contractually bound employees or involuntary employees. 	<p>Principle of equality, voluntariness, and consensus</p> <ul style="list-style-type: none"> Candidates shall be recruited and placed in positions based on their own wishes and by mutual agreement, and forced labor is prohibited. 	<p>Confidentiality of information</p> <ul style="list-style-type: none"> Strictly protect the personal information of the applicants and comply with the Company's payroll confidentiality system.

The Company attaches great importance to talent supply planning and strategy, regularly evaluates market trends, business needs and talent flow, and continues to attract a wide range of outstanding talents through a variety of talent recruitment channels, including joint university-enterprise talent training programs, social recruiting, campus recruiting, employee referrals, and internal talent selection and hiring.

Employee Compensation and Benefits

The Company adheres to the cultural philosophy of "We Make, We Share, We Thrive", and is committed to building a compensation and welfare system with Company characteristics, and constructing a happy factory for employees.

The Company has formulated internal systems such as the *Compensation Management System and the Employee Welfare Manual* to build and continuously improve the compensation and welfare management system, and to supervise and guide the standardized operation of the compensation and welfare systems of its subsidiaries. Meanwhile, subsidiaries can formulate differentiated compensation and benefit policies according to their localized characteristics to meet the individual needs of local employees.

Employee Compensation

The Company has formulated an incentive system with a comprehensive structure, co-creation and sharing, focusing on differences, combined with protection, and highlighting the characteristics of welfare, and has gradually improved the incentive mechanism oriented to high performance and high incentives, prioritized the allocation of resources to outstanding performers and key position groups, and continuously improved the competitiveness of the remuneration of high-contribution and high-potential employees.

<p>Performance Oriented Compensation for All Employees</p>	<p>The Company continues to optimize the compensation distribution mechanism for all employees, ensuring that compensation distribution is closely linked to individual and team performance, and creating a high-performance culture.</p>
<p>Long-term Incentive Mechanism</p>	<p>The Company continuously implements employee shareholding and option incentive plans for core business backbones, and through the innovation of equity incentive mechanism, allows core employees to continuously share the Company's value growth.</p>
<p>Specialized Salary Adjustment</p>	<p>For key positions and talents supporting the development of the Company's strategic new business, the Company has implemented special salary adjustment strategies to realize precise talent attraction and retention. The Company continues to raise the salary level of fresh graduates and implements the "Reward" incentive program for high-potential talents and the "Moat (Talent Retention)" incentive program for core engineers to protect the talent pool.</p>

The Company has continued to review and optimize salaries, conducted salary market research, and compared salaries with those in the industry to ensure that the Company's salaries remain competitive with industry benchmarks. During the year, the Company's Vietnam plant carried out an upgrade of its compensation system to support the construction of the local talent system in Vietnam.

Long-Term Incentive Program for Employees

Equity incentive plans were set up for employees who are core business backbones, and the number of shareholdings increased year by year. Long-term incentives have become one of the important means of attracting, retaining and motivating employees to realize the common development of the enterprise and its employees.

This year, the Company's employee equity incentive plans that are still in duration include the "Home No.5" Employee Stock Ownership Plan, the "Home No.6" Employee Stock Ownership Plan, the 2021 Stock Option Incentive Plan, the 2022 Stock Option Incentive Plan, and we also newly issued the "Home No.7" Employee Stock Ownership Plan and the 2023 Stock Option Incentive Plan, covering a total of more than 6,000 people.

Executive Compensation and Sustainable Development

With the formulation of indicators related to sustainable development, the Company continues to strengthen the linkage between the remuneration of executives and the performance of sustainable development, and directly links the results of the assessment of the executives' sustainable development indicators to their remuneration, in order to effectively promote the implementation of the relevant management measures. More than 20% of the assessment indicators of the Company's executive remuneration are related to sustainable development².

Employee Welfare

The Company has set up a diversified welfare system with characteristics of home culture and is committed to enhancing employees' sense of belonging and happiness. The Company provides diversified welfare programs for all employees, including eight categories: comfortable living, caring education, joyful entertainment, heartwarming exclusive, intimate life, happy vacation, relieved medical care, and warm care, and more than 50 welfare sub-programs have been opened. We continuously organize welfare activities with both creativity and temperature to ensure employee welfare in an all-round, multi-level and three-dimensional manner.

The world is a better place because of love

Mid-Autumn Reunion Gift + Chinese New Year Gift, Marriage/Birthday Gift, Retirement/Expatriation/Hospitalization, Anniversary, Expatriate Family Visit

Home, love, and care

Free Apartment Accommodation, Quality Goertek Community, Inclusive Home Purchase Policy, Employee Home Purchase Subsidy

Embrace health, relax mind

Employee/Family Physical Examination, EAP Counseling, Medical Center, Acupuncture and Physical Therapy

Goertek education, educate together for good

Priority Enrollment + Discounts for Employee's Children, Summer Vacation Care, Special Courses

Summer vacation is a treasure, it's good for the mood

Paid annual vacation, Flexible working hours, Expatriate Vacation, Warm Vacation Reminders

Be young, be spontaneous, have fun

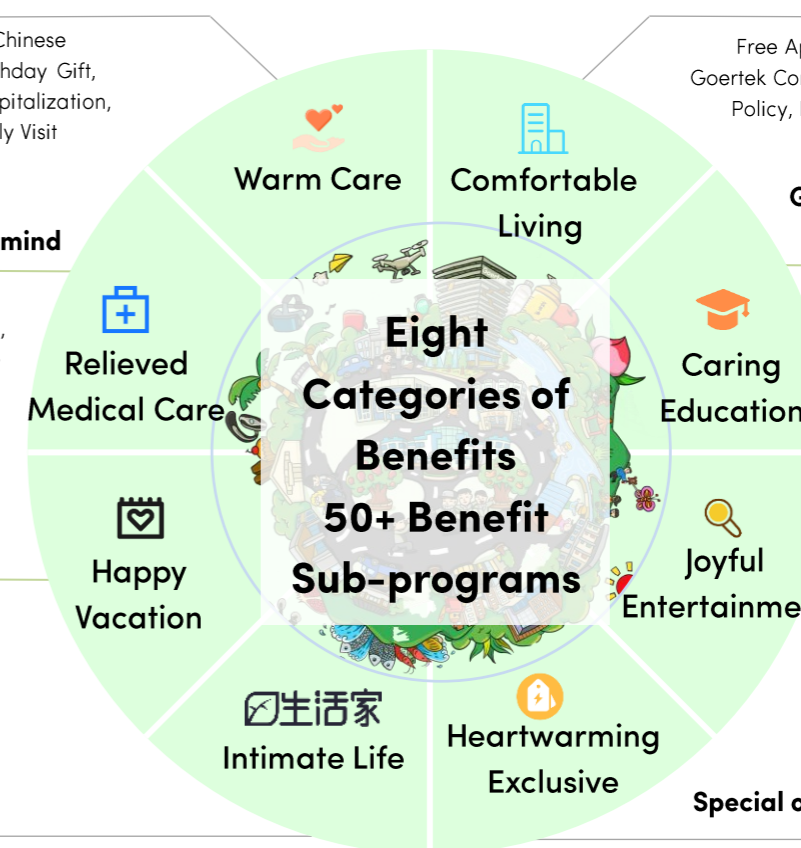
Goertek Spring Festival Gala, Group Wedding Mid-Autumn Gathering, New Year's Gifts Day, Photography/Calligraphy/Basketball Badminton/Yoga Club

Enjoy life, feel the joy

Convenient Transportation: Park Shuttle Bus/Customized Bus/Intercity Shuttle Bus
Healthy Dining: Goertek Cafeteria, Ecological Fruits and Vegetables

Special offers for Goertek members

Cinema/Gas station/Car group purchase, Discounts on watches, bracelets, headphones, stereos, and other electronic products.



This year, the Company organized and carried out a total of **10** Company-level cultural and sports activities, with more than **90,000** employee participants.



This year, the Company set up **16** interest clubs in response to the needs of employees, and carried out **120** interest club activities in a variety of forms, with more than **50,000** times of employee participation.

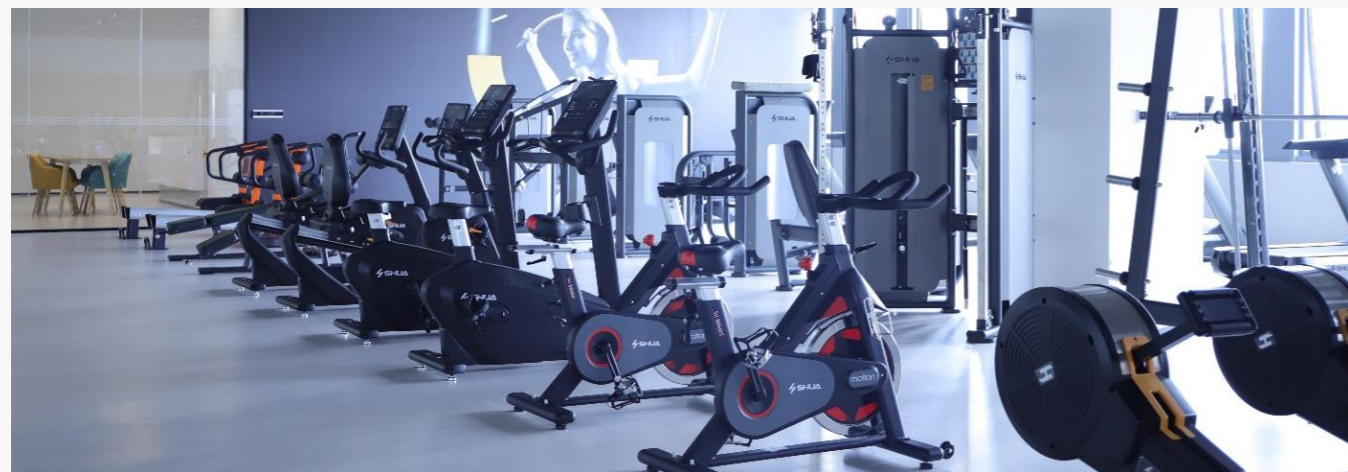
² Sustainable development-related indicators cover energy saving, green and low-carbon, employee development, health and safety, etc.

Diversified Vacation and Flexible Working System to Help Employees Balance Life and Work

The Company attaches great importance to the work-life balance of its employees and is committed to continuously improving their vacation experience. In addition to national statutory holidays, the Company provides a series of welfare leaves for all employees, such as sick leave, marriage leave, bereavement leave, work-related injury leave, paid annual leave, and paid leave for specially recruited talents, etc., aiming to ensure that employees can get sufficient rest and support when facing various life events. Meanwhile, in order to better meet the diversified needs of employees, the Company has introduced flexible work policies such as featured hourly leave and flexible working hours, and provided paid leave such as parental leave, nursing parent leave, and family visit leave, which provide employees with more autonomy to better organize their work and rest time.

Improved Leisure and Recreation Facilities for Employees to Enjoy Work while Maintaining Performance at a High Level

The Company advocates "For employees to enjoy work while maintaining performance at a high Level" and has standardized rich leisure and entertainment facilities in each park, with indoor fitness equipment, badminton court, table tennis court, yoga room, staff bookstore, psychological counseling room, etc., and outdoor basketball court, running track, physical training area, etc., and at present, the total area of the supporting facilities is about 17,000 square meters.



Daycare Service, Caring for Employee's Children

The Company attaches importance to employees' family education issues, and effectively takes good care of employees' children. On July 31, 2023, the Company provided daycare service for employees' children, which effectively alleviated the problem of employees' children being left unattended during the vacation, and a total of 63 employees' children participated in the service.



Free Group Wedding to Witness the Happy Moment of Employees

Every year, the Company organizes free group wedding for employees in need, witnessing happy moments together and sending good wishes. On May 21, 2023, the Company's seventh group wedding was held in G camp, and 33 pairs of new couples walked into the marriage hall under the joint witness of their relatives and colleagues.



Join Hands to Build a Talent Dating Alliance to Promote the Retention of Young Talents

This year, the Company joined hands with Weifang College, Weifang People's Hospital, Weifang Bank and other 15 high-quality units to set up the Weifang Young Talent Dating Alliance, improved the matchmaker mechanism, carried out 26 association activities with more than 1,000 participants, reached a dating intention of nearly 50 pairs, with 10 pairs obtaining marriage certificates, which helped the young employees to broaden the scope of dating, and assisted in the retention of young talents.



Organize Open Day Activities for Employees' Family Members to Build a Proud Home for them.

The Company organizes Open Day activities from time to time, inviting employees' family members to approach the enterprise, through visiting and explaining, interactive experience, letting employees' family members understand the Company's corporate culture and employees' daily working environment, further enhancing the pride and sense of identity of employees and their families to the enterprise.



Affectionate Connection, Building a Happy Home for Employees

Based on the actual needs of the employees, the Company helps to connect the family. From July to August 2023, the Company organized two family visit activities for the family members of the employees in Vietnam, inviting nearly 100 parents and children of the employees to enter the Vietnam factory, touring the enterprise environment, and experiencing the exotic customs, further bringing the distance between the employees, their families and the Company closer, and enhancing the welfare experience of the expatriate employees and their families.



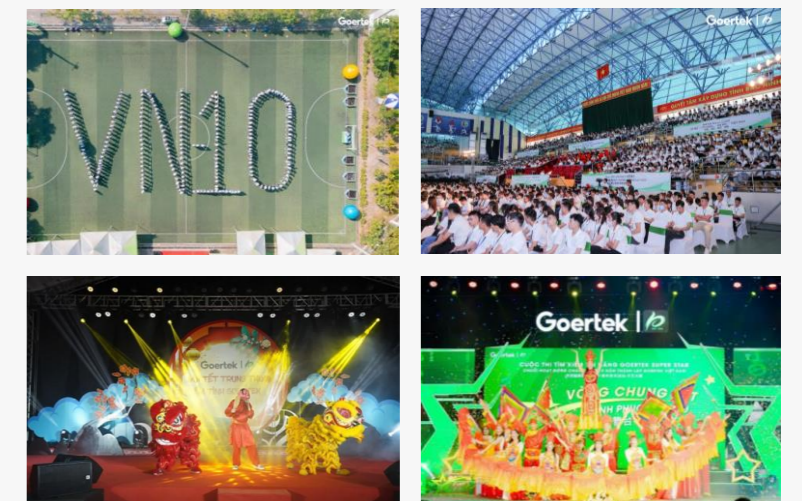
Creating a Green Lifestyle, Promoting the May Healthy Season

The Company adheres to the mission of "A Better Life Enriched by Technology" and promotes and advocates green and healthy lifestyles. All business groups, together with Vietnam factories, synchronize the May Health Season series of activities, holding a series of activities such as fun games, spring walks and public welfare power runs.



Ten Years of Vietnam Factory, Humanistic Care and Enterprise Culture Create Brilliance Together

To celebrate the 10th anniversary of Vietnam factory, the Company carefully planned a series of colorful activities, including holding themed essay and photo collection activities, releasing the 10th anniversary theme song, holding staff talent contest, Mid-Autumn Festival celebration, 10th anniversary celebration, dance contest, Lunar New Year party, etc., reviewing the growth of the enterprise with staff, sharing the good times and looking forward to a bright future, which attracted the participation of thousands of employees.



Employee Communication

The Company fully respects and safeguards the legitimate rights of all employees regarding labor unions participation, freedom of association, equal consultation, and collective agreements, and regularly convenes staff congresses, and is committed to building a positive, open and transparent communication mechanism to continuously improve employee satisfaction and corporate identity.

In terms of employee communication, the Company has taken a variety of initiatives to ensure the smooth flow of information. The Company has established a three-tier feedback mechanism for complaint channels to ensure that employees' opinions and suggestions can be conveyed to the management in a timely and effective manner. At the same time, the Company has set up a standardized internal complaint and handling mechanism and an internal monitoring organization, which will take strict confidentiality and protection measures for those who have made complaints and grievances, and strictly prohibit any form of retaliation. The internal monitoring group will make objective and fair assessment of employee feedback and help employees solve practical problems by visiting surveys and employee talks to understand the specific situation.

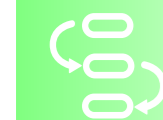
The Company has set up a variety of communication channels and informs employees of the feedback channels through a variety of ways, advocating a proactive, equal, and mutually respectful communication atmosphere. When employees encounter problems or need help in their work and life, they can choose any one of the channels to give direct feedback, and this year, the closure rate of employee feedback information was 100%.



Feedback channels

- Company-level mailbox: the Company intranet home page has set up chairman, president mailbox, employees can directly to the management of the advice and suggestions, for valuable comments or suggestions, will be given certain rewards or be reproduced and published.
- Hotline channel: the Company has set up a labor union service hotline with a special person to answer.
- On-site feedback methods: the Company has set up an internal workshop complaint hotline, suggestion box, employee relations-shift manager-minister contact card, supervisor WeChat, e-mail, etc.

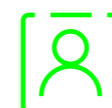
In accordance with the *Trade Union Law of the People's Republic of China* and the *Constitution of the Chinese Trade Union* and other systems and statutes, the Company regularly convenes staff congresses to increase the publicity of issues involving the immediate interests of employees and issues of general concern. This year, the enterprise side and the employee side signed the Company's *Collective Contract and Special Agreement on Collective Negotiation of Wages* at the 8th meeting of the 4th Staff Congress to effectively safeguard the legitimate rights and interests of the employees and better promote the development of the enterprise, of which the proportion of employees signing the collective contract was 100%.



Notification of Feedback Channels

- At the stage of new employees onboarding, the Company will inform the employees of the feedback channels at the earliest time.
- All kinds of posts on WeChat are published with the words "find the labor union if you have difficulties" and the labor union service hotline.
- Feedback channels are posted in the noticeable areas such as the front desk of the workshop and the rest area.

In terms of employee experience, the Company carries out employee satisfaction research twice a year in the form of online questionnaires, focusing on clothing, food, housing, transportation, work environment, employee activities and other aspects that are closely related to employees. The Company listens carefully to the suggestions and opinions of employees and sets up a special improvement team based on the collected feedback to carry out targeted analysis and improvement for the identified problems. At the same time, the Company will improve the results of the problem into the relevant departments performance assessment, continuous tracking of the research problem processing, to ensure that the research problem is solved.



This year, the number of satisfaction research accumulated more than **25,000** people, research groups covering all production and functional departments.

Deepen the Research of Organizational Culture, Build a Harmonious Atmosphere to Stimulate the Creativity of Employees

To further promote the benign development of the enterprise, the Company carries out organizational culture atmosphere research every year. The Company adopts the dimensions of Hay organizational atmosphere survey to comprehensively examine the organizational culture atmosphere of the enterprise in terms of flexibility, responsibility, aggressiveness, motivation, clarity, and cohesion. Through the research, the Company is able to understand employees' recognition and satisfaction of the corporate culture, which provides strong support for improving and enhancing the organizational climate. For the low-scoring items that appear every year, the Company will carry out special improvement actions to enhance employees' sense of corporate identity. This year, the Company's improvement actions for low-scoring items were well received by employees.

"Listening to Voice to Solve Problems" to Strengthen the Information Exchange with Employees

To better listen to employees' voices and solve their problems, the Company implemented the "Listening to Voices to Solve Problems" line for the three major business groups during the year. The Company organized department heads to conduct face-to-face in-depth exchanges with employees, sincerely listen to the real demands of employees, respond to their feedback, and properly deal with the Company and employees to build a solid "bridge between the heart".



Talent Development

The Company firmly believes that talent is the key to enterprise development, adheres to the concept of joint development of the enterprise and its employees, continues to provide employees with multi-channel development paths, continuously optimizes the employee incentive mechanism, sets up a rich system of training courses, and is committed to providing employees with equal opportunities for growth.

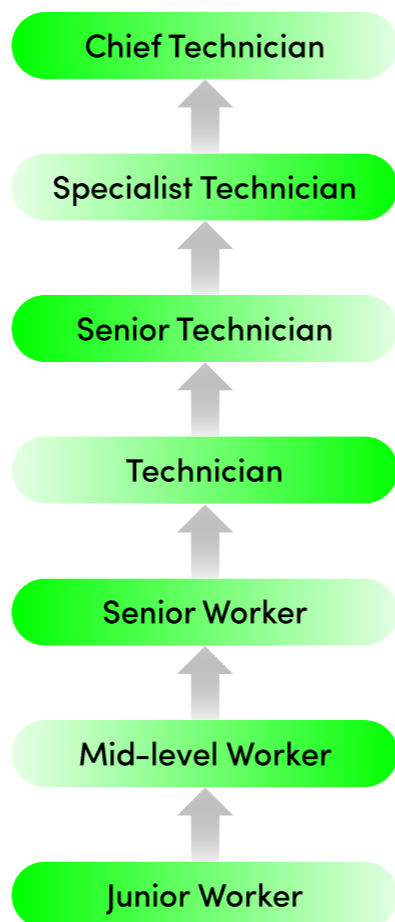
Employee Promotion

The Company pays attention to the work performance of employees, continues to improve the employee promotion policy and process, standardizes the selection, appointment, and training of talents, and establishes a fair, just, and open employment mechanism within the Company.

The Company continuously optimizes its internal performance appraisal system, establishes a performance appraisal system covering all employees at home and abroad, and formulates a performance management system and process, which breaks down strategic objectives, organizational objectives, and individual objectives layer by layer to form a closed-loop process of performance objective setting, performance implementation and coaching, performance evaluation, and performance feedback. Meanwhile, the Company adopts a data-driven performance evaluation mechanism to objectively evaluate the performance of employees and sets up a multi-round communication mechanism to guarantee the fairness of the assessment.

The Company provides every employee with a clear and transparent promotion channel, and has formulated a grade review management system, setting up differentiated grade review strategies and review procedures for employees in different positions to ensure that the grade review work is open, fair, and equitable. Based on the business and manpower planning, the Company determines the annual promotion requirements, and carries out the promotion nomination, qualification review, employee defense, result approval and employee communication and landing work by levels, to find out the truly outstanding talents and give them promotion opportunities.

Technician Promotion Pathway

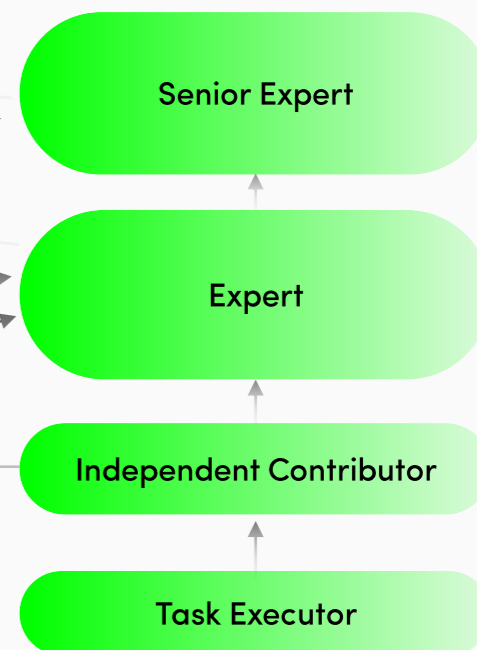


Management Technical Employee

Management Pathway



Professional Pathway



Employee Training

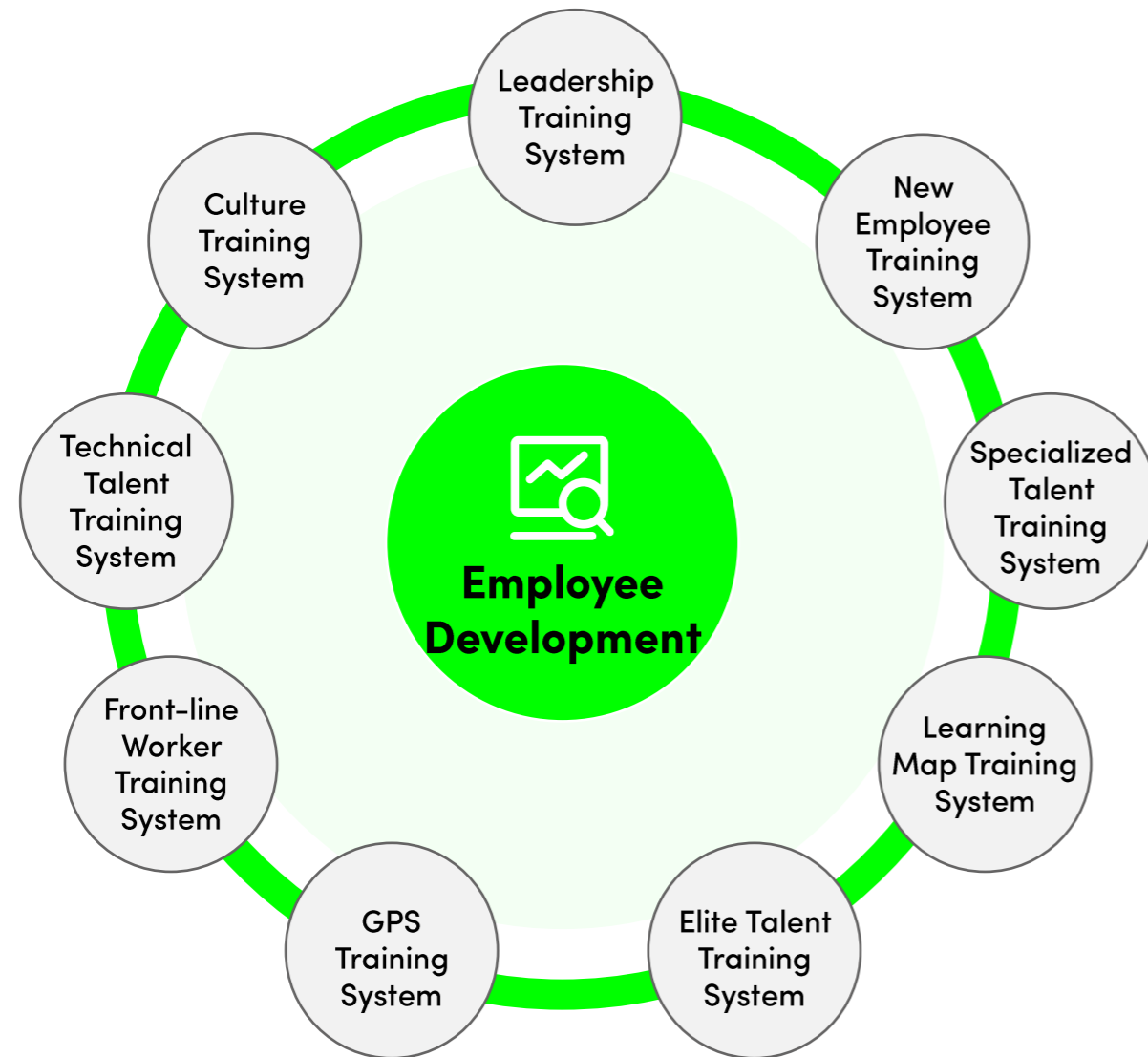
The Company pays attention to the sustainable development of talents, builds a scientific and systematic talent training system, creates a learning atmosphere, and provides employees with diversified career development programs and training support to help them improve their professional knowledge and comprehensive ability, and help the construction of the Company's talent echelon. The Company has constructed a talent training system that emphasizes both strategic support and basic capacity building and assists talent training and growth in an all-round way.

Deepening the integration of strategic business and talent training

The Company closely integrates major strategic projects and management priorities with talent training to ensure that the direction of talent training is consistent with the Company's strategy.

Building a diversified talent training system

The Company has built a comprehensive talent training foundation system centered on cultural values, new employees, professionalism, leadership, and skilled personnel to help employees receive appropriate support and training at different stages.



The Company vigorously promotes the integration of industry and education, establishes good strategic partnerships with Renmin University of China, Shanghai Jiao Tong University and other top universities, and actively carries out various types of joint training programs to systematically improve the comprehensive ability of employees; and establishes close cooperation with first-class colleges and universities, such as Shandong University and Qingdao University, to provide employees with a good channel for academic qualification enhancement and vocational skills upgrading.

By the end of 2023, the Company had developed a total of about 2,000 courses covering management, professional, technical, cultural, and general categories, and had a reserve of more than 2,100 instructors to build learning resources under various job qualifications, which are applicable to the training needs of different people at various levels and support the development of various training activities. The Company works with its business groups to establish an operation management model to coordinate and monitor the formulation of training plans for each business group and supervise the implementation of training, as well as to set targets for evaluation of cultivation satisfaction, to ensure that all types of training are carried out in an orderly manner, and that high-quality talents are continuously cultivated for the business.

Build a Capable Cadre Team and Systematically Promote Cadre Training

In order to build a healthy cadre team for the Company's future long-term development, the Company has built a cadre training system integrating existing cadres and reserve cadres and improved the comprehensive ability of managers at all levels based on the leadership model in a hierarchical and categorized manner. The Company has cooperated with Renmin University of China, Shanghai Jiao Tong University, and other key universities to conduct business management training courses, and at the same time, hired external experts to conduct leadership-related training courses for existing cadres and reserve cadres, training a total of more than 7,800 people, to ensure that the Company's cadre echelon is set up, and to meet the needs of capacity enhancement.



Digital Transformation and Upgrading, Vigorously Carry out GPS Training

To promote the Company's Goertek Production System (GPS) strategic orientation, the Company has set up the GPS Academy, constructed the GPS talent training "rocket model" based on the intelligent manufacturing knowledge system, with the focus on the whole staff's GPS culture shaping, and the four levels of key talents as the core, and adopted a layered classification approach to ensure accurate and efficient talent training. By adopting a hierarchical and categorized approach, the Company ensures that the talent training work is carried out accurately and efficiently. This year, the Company fully implemented the GPS series of training programs, planned and carried out special training programs for leaders and promoters, digital analysts, lean talents, skilled talents, etc., and covered a number of business areas to ensure the talent echelon and capacity building under the Company's GPS strategy. The total number of people trained in the program is more than 1,000, and the total number of hours of course design is more than 480 hours.



Academic and Vocational Skills Upgrading, Empowering Employees' Growth

The Company actively encourages all employees to improve their academic and vocational skills. The Company has established close cooperation with Renmin University of China, Shandong University, Qingdao University, and other universities, providing a variety of channels for the Company's employees to improve their academic qualifications and offering tuition fee concessions to enrolled employees. By the end of 2023, the Company's equivalent qualification master's degree cooperation program has accumulated about 70 students enrolled; high school to junior college, high school to bachelor's degree, junior college degree to bachelor's degree transfer cooperation program has accumulated about 950 students enrolled.



Establishment of Goertek Craftsman Training Center , Collaborative Cultivation between Schools and Enterprises

In order to cultivate skilled talents, the Company has established the Goertek Craftsman Training Center to create a talent cultivation model that deeply integrates enterprises and institutions - the "1+1" talent cultivation model. The Company carries out in-depth cooperation with 15 higher vocational education schools and 6 undergraduate colleges and universities and connects the Company's technician training system with the schools' talent cultivation programs, and devotes itself to cultivating composite skilled talents with both practical and innovative abilities. In May 2023, the Company's three-stage progressive artisanal talent cultivation model was selected as one of the 50 typical cases of industry-education integration in vocational education in the country.

The first provincial-level modern industrial college jointly built by the Company and Qufu Normal University has applied for and obtained the qualification of provincial-level public training base, training about 200 students every year. The "Goertek Institute of Technology" trains about 1,500 technicians and engineers annually. The Company also focuses on the training of local talents in Vietnam through the integration of industry and education. In the current year, the Company has established the first BanMo College in Shandong Province with the Shandong Transportation Vocational College and the Cao đẳng Lý Thái Tổ in Bac Ninh, Vietnam, to provide high-quality industry-education training for local talents in Vietnam and is committed to cultivating talents to meet the needs of the local industry.

Integrates Enterprises and Institutions "1+1" Talent Training Model

School Learning Stage
(First-year)

(School)
Fundamental knowledge +
cultural development

Industry Learning Stage
(Sophomore Year)

(Goertek Craftsman Training
Center)
Specialized + Practical Training

Job Internship Stage
(Junior Year)

(Production Site)
Job Ability Enhancement

Reaching consensus on
career planning

Realize the integrated
industry and school
cultivation

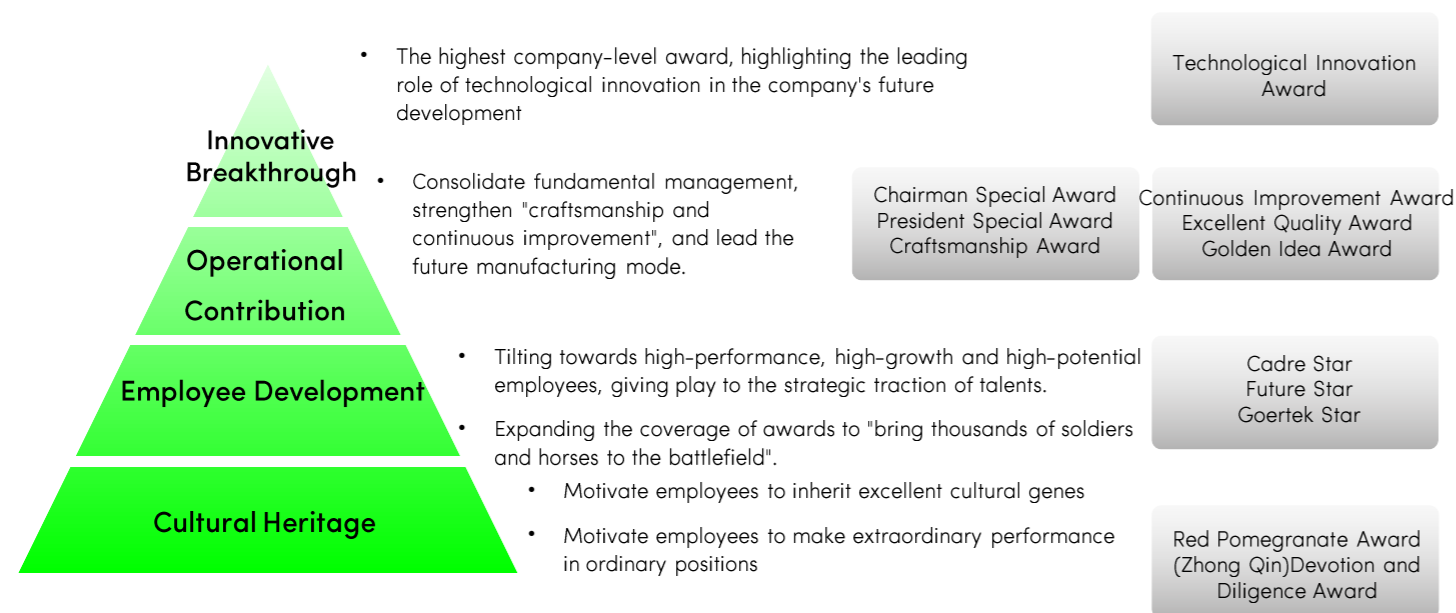
Promoting industry-
education integration and
achievement sharing



Employee Honors

The Company attaches importance to the value of talents and recognizes and honors the efforts and achievements made by employees. In order to fully demonstrate the respect and appreciation for employees, the Company has constructed a multi-level honor system with company characteristics, covering the four major aspects including innovative breakthroughs, operational contribution, employee development and corporate culture inheritance, and has set up individual and team awards to recognize employees who have made outstanding contributions to the Company.

Goertek Honors System



2023 Annual "Zhong Qin (Devoted and Diligence)" Carnival Activity

In order to convey the new cultural concept and inherit the spirit of Zhong Qin, the Company held a carnival on September 23, 2023, at G-camp camp, setting up outdoor special projects to provide employees with a different corporate culture experience, with a total of more than 900 participants at the event.



Company Anniversary Recognition, Making Employee Onboarding Anniversary Meaningful

The Company has set up one year, three years, five years, ten years, twenty years of experience commemorative medals for employees. The spirit of the awards is inherited from the spirit of the Populus euphratica, and the design of the annual rings gives special significance to employees of different years of experience.

In addition to issuing customized medals to employees, the Company organizes exclusive wishes and ceremonies for employees in the hope that each employee will realize "downward rooting and upward growth" and realize their self-worth on the Company's platform.



2023 Role Model Ceremony

The Company held the 2023 Role Model New Year Ceremony, in which we paid tribute to the teams and individuals who made outstanding contributions to the Company in the past year, and through the form of "cloud live broadcasting", we let our employees around the world gather in the cloud to share the event.



At the same time, the performance of the Company's employees won a number of honors and awards from the government, covering areas such as professional skills, technological innovation, leadership, etc. This year, 2 employees won national honors, 5 employees won provincial honors, and 21 employees won municipal honors.

Employee Health and Safety

The Company believes that safety is an important foundation for the survival and development of enterprises and an important manifestation of their social responsibility. With the goal of protecting the safety and health of employees, guarding the business achievements, and supporting the long-term development of the Company, the Company continuously improves its management system and is committed to creating a healthy and safe working environment.

Safe Production

The Company adheres to the safety management concept of "Safety First, Life First, Prevention and Full Participation", continuously improves the safety management system and standardizes the safety production behavior.



This year, the Company had **0** general or above production safety accidents and **0** occupational diseases.



By the end of 2023, more than **20,000** volunteer firefighters had been trained.

Safety Management System

The Company has formulated internal process documents, such as the *Production Safety Responsibility Management System*, *Hidden Risk Identification and Management System*, *Safety Visualization Management System*, *Hazardous Operation Management System*, *Emergency Management System*, *Fire Management System*, *Safety Education Management System*, etc., which provide the employees with a clear guideline of behavior and operation norms, and effectively safeguard the bottom line of the plant's safety. The Company has built a perfect safety management organization structure, established a full production safety responsibility system, and clarified the production safety responsibilities of people in charge at all levels. The Company has set up a safety management committee to coordinate and take charge of safety management, with five sub-groups of safety and environmental protection, public safety, production equipment, special and power equipment, and hygiene and epidemic prevention, as well as a safety leadership group for each business group and functional department, and a sub-committee of the safety management committee for each subsidiary and platform, to carry out the implementation of safety management matters.



The Company has been certified as a Level 2 Production Safety Standardized Enterprise, and **7** subsidiaries have been certified as Level 3 Production Safety Standardized Enterprises.



Weifang and Vietnam factories have obtained **ISO 45001** Occupational Health Management System Certification.

Safety Risk Identification

The Company follows the *Hidden Risk Identification and Management System* to carry out the management of hidden risks, adopting a hierarchical management model, and utilizing inspection methods such as comprehensive inspections, special inspections, nighttime inspections, seasonal inspections, and the hidden risk identification system to identify, evaluate, and analyze the hidden risks to form a closed-loop management.

The Company has introduced technological means to enhance work efficiency in hidden risk identification and accident prevention work, including:

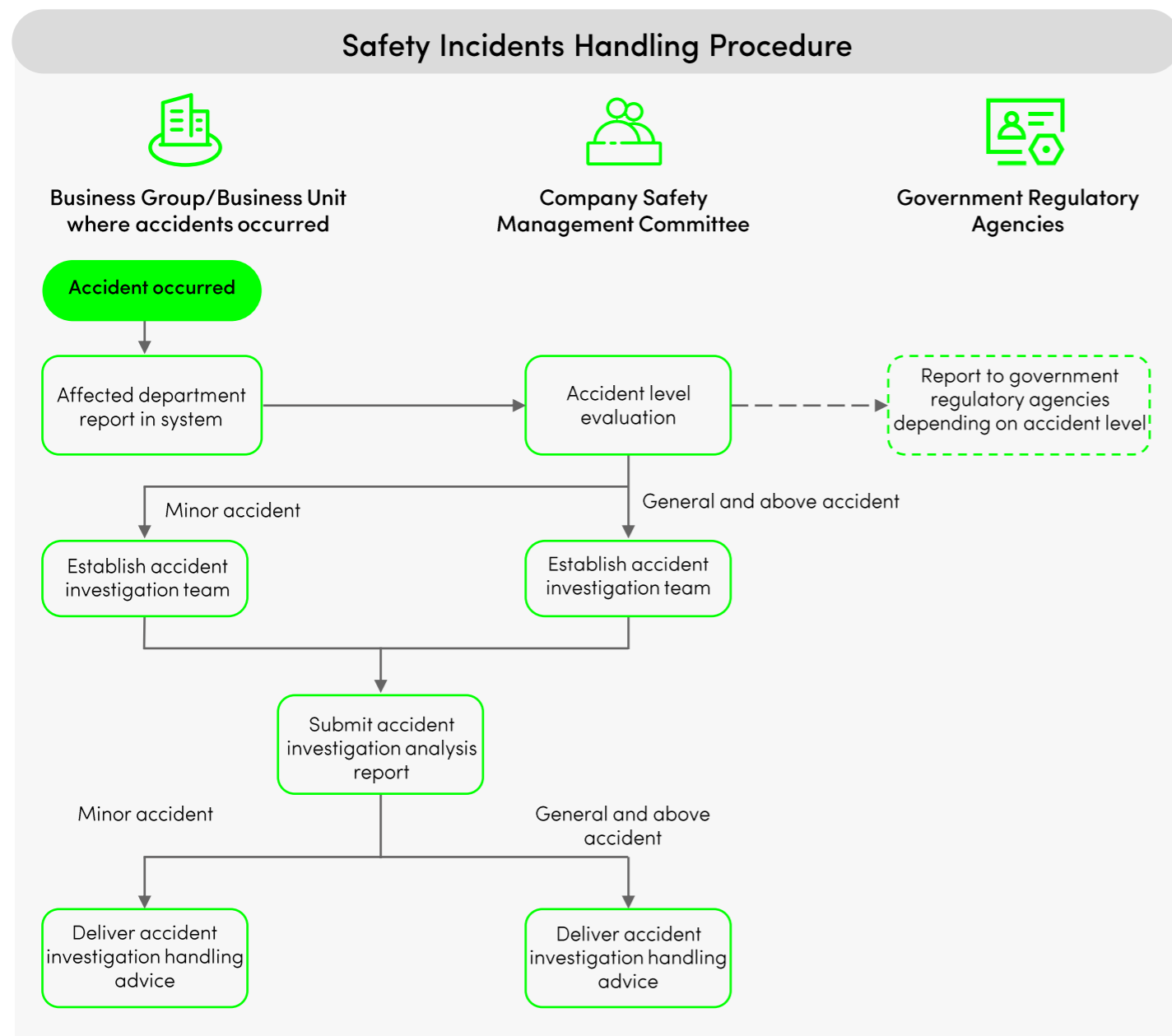
Installing AI monitoring and equipment interlocking in some large-scale robotic areas, which are used to capture people entering dangerous areas and issue timely instructions to them to stop the equipment.

Building a hidden risk investigation and rectification tracking system to follow up the whole process of hidden risk rectification and ensure that the hidden safety risks are rectified in a timely manner.

Emergency Response Mechanism and Handling of Production

Safety Accidents

The Company has formulated the *EHS Accident Incident Management System, Accident Analysis and Investigation Report* and other systems to clarify the system and process of reporting, investigating, and dealing with accidents, and to implement the EHS management responsibilities of managers at all levels. When an accident occurs, the affected department has to report the accident immediately, and the Safety Committee will report to the local government supervisory department according to the level of the accident within a specified period, organize the establishment of an accident investigation team and issue an accident investigation and handling report.



Safety Emergency Drill

The Company carries out fire evacuation drills on a regular basis to further enhance the fire safety awareness of all employees and to improve their self-rescue and mutual-rescue capabilities in fire emergencies. This year, a total of 238 fire evacuation drills were organized at each of the Company's plants, covering all employees in production areas, office areas, dormitories, and restaurants, as well as personnel of third-party contractors and visitors to the plants.

"Prevention First, Life First" - Fire Evacuation Drill Activities

During the Fire Prevention Month in November 2023, the Company organized a fire evacuation drill under the theme of "Prevention First, Life First", with the participation of more than 600 people from 18 departments. The fire drill helped employees to understand the basic knowledge of fire escape and the key points of emergency evacuation, enhance the emergency response ability in the face of fire and other emergencies, and build a strong fire safety "firewall".



Safety Culture Construction

The Company actively promotes the construction of safety culture, has prepared and issued the *Safety Management Manual* to all employees, and has organized a series of safety activities, including the question and answer session on safety knowledge for all employees, fire-fighting skills competition, selection of cases of safety improvement, public security prevention knowledge promotion, traffic safety training, and emergency rescue competition, etc., to create an atmosphere of safety culture with full participation of all employees.

"Everyone Emphasizes Safety, Everyone Knows Emergency Response" -- Safety Knowledge Quiz Activity

To enhance the safety awareness of employees, the Company sets June as the production safety month. This year, the Company organized a safety knowledge competition with the theme of "Everyone Emphasizes Safety, Everyone Knows Emergency Response", which was carried out both online and offline, with more than 39,000 people participating in the online quiz and nearly 1,200 people participating in the offline quiz across the industrial parks. The quiz activity consolidated employees' safety knowledge and created a strong safety culture atmosphere at the same time.



Police Publicity Activities in the Industrial Parks

The Company, in cooperation with the local police, jointly organized legal education and publicity activities, promoting topics including the prevention of telecommunication fraud, the rejection of pornography, gambling and drugs, and the protection of one's rights and interests in emergencies. At the same time, the activity combined with the characteristics of each park, with intuitive, vivid typical cases to bring employees a profound warning education.



"119 Fire Safety Month" Roadshow Publicity Activities

This year, the Company organized "119 fire safety month" roadshow publicity activities in each park with the theme of "prevention first, life first", set up a fire safety publicity area, fire equipment display area, fire equipment experience area, etc. for employees to visit and learn, and popularized fire prevention through on-site explanation, demonstration and other ways. Through on-site explanation, demonstration and presentation, the Company popularized the fire knowledge of fire prevention, fire escape, extinguishing of incipient fires and other scenarios, and improved the staff's awareness of fire safety.



Volunteer Fire Brigade Firefighting Skills Competition

This year, the Company carried out the firefighting skills competition of volunteer fire department, and the team members competed in the projects of fire extinguisher obstacle firefighting, three-person and two-disk water hose hitting target, firefighting combat suit wearing, positive pressure air respirator operation, etc., which examined the effect of the daily training of the volunteer firefighters.



Safety Training

The Company understands the importance of safety training and requires all departments to conduct regular production safety training to popularize production safety knowledge, enhance the quality of employees' safety skills, and cultivate their sensitivity to hidden safety hazards and risks. The Company has carried out special safety training for different groups of people, aiming to comprehensively enhance the safety awareness and preventive capabilities of employees.

Management

Carry out safety leadership training for middle and senior management, so that they can fully consider safety factors at the decision-making stage.

Production Safety Professionals

Cultivate their professional ability in safety operation, exercise their skills in safety operation, and improve the level of on-site safety management.

New Employees

Provide safety knowledge education to help them quickly integrate into the Company's safety culture.

All employees

Conduct monthly training on safety topics, including traffic safety, chemical safety, occupational health and labor protection, special equipment safety, fire safety, food safety, etc.

"EHS50" Professional Training Course

From June to December 2023, the Company continued to conduct the "EHS50" professional training course for safety management professionals to further cultivate high-potential talents in safety management and enhance the comprehensive ability of safety management personnel of business groups and subsidiaries. The workshop consists of 17 internal training courses and 3 external internal training courses, including safety awareness and methodology, EHS management system, occupational health, fire safety, laws and regulations, "three simultaneous operations", equipment safety and other aspects. The workshop combines practical cases and analysis, guiding the participants to think and analyze in depth, realizing the change from "I'm asked to be safe" to "I want to be safe, I know how to be safe", and building up a strong safety line.



Safety Leadership Training for Management

The Company organizes safety leadership training for the management, carries out safety culture promotion activities, carries out the legal requirement that "safety must be managed in the management of business, and safety must be managed in the management of production and operation", and helps the management personnel to grasp a clear risk management and control mindset, and to improve the safety leadership and management ability.



Security System Informatization Build up

The Company has built a safety command center data system, integrating security, firefighting, policing, and EHS management data, and through system linkage, it can forecast, solve, and track the safety situations.



The Company has introduced an intelligent firefighting system and has installed more than 30 sets of firefighting water monitoring devices, which are composed of hydraulic pressure, liquid level sensors, IoT collection terminals and system platforms, to obtain real-time information on water pressure in outdoor fire hydrants and liquid levels in firefighting pools and tanks and carry out data monitoring and alarms through the network. The Company has installed more than 20 sets of electrical fire monitoring devices, using current transformers, temperature sensors and electrical fire detectors to conduct real-time monitoring of the main factors that cause electrical fires (wire temperature, current and residual current, etc.). In addition, the Company has installed more than 200 patrol points, conducting daily patrols of key fire safety areas, and uploading the inspection data to the system in real time to ensure the fire safety of key areas, in order to facilitate the first detection of abnormalities, and further improve the timeliness and reliability of the fire alarm response.

This year, the Company set up a 24-hour unmanned smart police station in Goertek Photovoltaic Park to meet the public security business needs such as employee ID card application, driver's license production and issuance, driver self-service medical examination, temporary ID printing, social security card information collection, immigration record inquiries and other public security business needs.

Occupational Health

The Company attaches importance to the occupational health and safety of its employees and has formulated process documents such as the *Occupational Health Management System and the Labor Protective Equipment Management System* to ensure the safety and health of its employees during their operations. In addition, the Company has taken a number of initiatives to prevent occupational health hazards.

Operating Environment Management

- Regular testing and evaluations of the working environment are carried out to ensure that the working environment complies with occupational health standards.
- For jobs with occupational hazards, the Company carries out clear hierarchical management and adopts appropriate protective measures according to the different levels of hazards.
- For the sites that generate hazardous gases, detectors are configured and interlocked with fans for automatic on-site exhaust.

Management of Positions and Workers

- Identify the occupationally hazardous positions every year and update the *List of Occupational Hazards Physical Examination Positions* according to the identification, optimize and adjust the protective measures in time to ensure the occupational health and safety of the employees.
- Strictly implement the system of pre-employment, in-employment, and off-employment medical checkups for employees in occupationally hazardous positions, and truthfully inform the employees of the results of the medical checkups.
- Establish employee occupational health monitoring files and conduct dynamic updating and maintenance.

Management of Personal Protective Equipment

- According to the *Norms for the Management of Labor Protective Equipment in Employing Entities*, combined with the results of the grading of the Company's occupationally hazardous positions, the Company has formulated the standards for the equipment of personal protective equipment.
- Strictly implement the procurement process and strictly control the quality of personal protective equipment.
- Regularly organize education and training to ensure the correct use of PPE by employees.
- Include the use of PPE in daily inspection and organize special inspections on a regular basis.

Meanwhile, in the current fast-paced work environment, the Company deeply recognizes the importance of employee mental health. The Company actively implements the Employee Assistance Program (EAP), hand in hand with the domestic EAP third-party professional organizations, to create a comprehensive and systematic mental health support system for employees, including corporate health manager training, crisis prevention, control and intervention, psychological counseling, psychological assessment, popularization of psychological knowledge, psychological topics, and courses, etc.

By the end of 2023, the Company has successfully organized more than 100 psychological empowerment trainings, has trained more than 150 EAP specialists, and provided professional, confidential, and free mental health consulting services to more than 800 employees and their families.



06

Public Welfare



The Company devotes itself to the development of public welfare undertakings, and with the theme of "Together", builds a public welfare brand from education, health, rural revitalization, community services and other dimensions, and utilizes its own organizational strengths to build a public welfare platform for the whole community with the participation of its employees, stakeholders and the society, and to establish the principles of mutual assistance and equality, goodness, and pioneering and innovation, focusing on brand and talent, and created a social responsibility system of public welfare and sustainable development for everyone.



Educational Assistance for the Needy

The Company pays great attention to the development of young people and provides them with high-quality educational resources. The Company provides financial support for the "Support with One Heart, One Mind - Love in Weifang" project for the care and protection of minors in difficulty, and cooperates with the Weifang Charity Federation, Weifang Basic Livelihood Protection Service Center, Weifang-Love Volunteer Service Center for Social Welfare and other parties to carry out psychological guidance, self-protection ability enhancement, social integration enhancement and other comprehensive services for minors in difficulty registered in the central districts of Weifang, to safeguard the legitimate rights and interests of minors in difficulty and protect their physical and mental health development.

Helping Minors to Break through Difficulties and Meet a Better Self

In July 2023, the Company jointly organized the "Meet Your Best Self" self-efficacy enhancement growth camp for minors. Aiming at the psychological, cognitive, social and ability problems faced by minors in distress at the school age stage, the Company provided a series of progressive and systematic courses in line with the characteristics of minors' development at that stage to provide them with more opportunities to experience the society and broaden their horizons and increase their knowledge, so that they can realize the enhancement of both their inner and outer energies.



The Company carries out the "6·25 Public Welfare Day" thematic activities in June every year, constantly innovates the form and content of the activities, and actively practices the mission of "A Better Life Enriched by Technology", and "We Make, We Share, We Thrive" with all walks of life to realize the "symbiosis" between self-development and social development.

"6·25 Public Welfare Day", Hearing the Future with Blind Children

This year, the Company held the annual Company-level "6·25 Public Welfare Day" as scheduled, issued an initiative to all employees to read a fairy tale, a novel or a poem, and jointly recorded a set of audio collection for blind children, and at the same time called on employees in Beijing, Dongguan, Qingdao, Weifang, Weihai and other places to carry out the public welfare relay running activities, to guide more people to pay attention to the cause of public welfare and actively participate in it by providing cool relief, helping the environment and other practical actions. The Company also made a donation of 200,000 RMB to the Goertek Charity Fund of Weifang Charity Federation and sent the children in the School for the Blind a gift of wireless speakers, smart bracelets, cordless skipping ropes, and the collection of audios recorded by the employees, to use voices to share the beauty of the world, and to think about the future with the children.

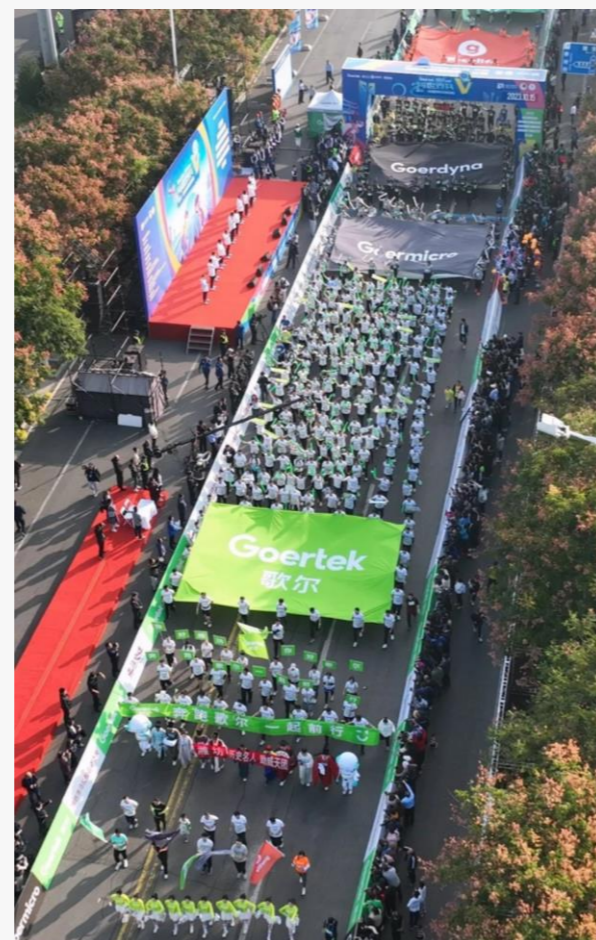


Fitness and Public Welfare

The Company has been practicing the mission of "A Better Life Enriched by Technology", actively advocating a healthy lifestyle within the Company, and guiding the whole society to join in the movement and fitness by organizing a series of fitness and public welfare activities such as walking, marathon and public welfare and environmental protection walks, to promote the sustainable development of employees' health, the Company's health, and the society's health. At the same time, it empowers the public welfare program, gathers public welfare power, and supports social welfare undertakings.

"Goertek - The First Weifang Marathon" Successfully Held, Creating Public Fitness Service Products

On October 15, 2023, "Goertek - The First Weifang Marathon" was held in Yangjiabu Folk Art Daguan Garden in Hanting, Weifang, and the scale of the race exceeded 10,000 people, which is the largest and the most staffed sports event ever held in Weifang. Nearly 1,000 employees of the Company who advocate health and love to run collectively participated in the marathon, and spontaneously formed the largest running group in the event; representatives of teachers and students from the "Goertek · We Make it Together Program" and "Goertek Growth Stations" formed a 100-member "public welfare square" to participate in the whole event. The marathon became an important event in the development of Weifang's sports industry in 2023 and was included in the government's work report, realizing a multi-win result of displaying the city's new business card, practicing the Company's mission, caring for employees, and publicizing charitable public welfare.



Rural Revitalization

The Company pays attention to the growth and education of children in rural areas and has been carrying out the "Goertek · We Make it Together Program" and building "Goertek Growth Stations" since 2019. The Company has issued a call to all employees to organize outstanding volunteers to go to schools in villages and towns with weak educational resources to bring children special VR and drone cutting-edge science and technology courses, quality education classes, and fun expansion activities, and to donate VR equipment and teaching drones with self-developed virtual reality applications for education, culture, and tourism to the schools. After the completion of the "Goertek Growth Stations", the Company's volunteers continue to make return visits, research the needs of schools and students, and donate learning and living necessities at regular intervals.

"Goertek Growth Stations" Sow Seeds of Science and Technology, and Wish Gift Packs Build Dreams for "Little Dreamers"

This year, the "Goertek · We Make it Together Program" built 6 new "Goertek Growth Stations" and a total of 14 "Goertek Growth Stations". Volunteers from the Company brought special courses to the children, planted the seeds of science and technology in their hearts, and collected the children's wish cards, carried out a wish-adoption activity in the Company, and gave them wish packages during the return visit to help the children grow up happily. The Company also launched the "Little Dreamers" special return visit activity to further help the students set up the dream of serving the motherland and contributing to the society.



The Company continuously searches for points of convergence with social development, supports the entrepreneurship and employment of key groups, contributes to the revitalization of the countryside, and maintains social stability and economic prosperity. By the end of 2023, the Company had assisted more than 2,000 people in need and more than 200 unemployed people.

Donation of Tables and Chairs to Support Rural Education and Welfare Projects

From September to November 2023, the Company donated 1,304 sets of one-piece dining tables and chairs and 89 chairs that were left idle under the upgrading and remodeling of the restaurant to Anqiu City, Qingzhou City, Linqu County, Changle County and Weicheng District respectively, to be used in the project of benefiting the people and the construction of rural education, to let idle tables and chairs play their value once again and to convey the warmth of the enterprise.



Community Services

The Company continuously encourages its employees to participate in voluntary service activities and take the initiative to become the spreader and practitioner of social responsibility. Every year, the Company carries out volunteer activities such as "hometown cleaning", "civility advocacy", "respect and help for the elderly", giving full play to the role of exemplary leadership, and promoting the regularization of volunteer services. At the same time, the Company relies on the China Volunteer Service Network to build a corporate innovation platform "Goertek Volunteer Service Team", and promote the systematization of public welfare volunteering, project-based operation. By the end of 2023, the Company created 28 public welfare teams, carried out volunteer services 13 times, with a total of more than 620 participants and more than 260 hours of public service.

Warm Care as Spring, and Volunteer Footsteps Throughout the City and Countryside

This year, the Company held many visits and sympathy activities. Volunteers went into Dongnansun Primary School in Hanting and sent teaching and learning tools to the teachers and students. Volunteers took advantage of the students' after-school time to lead them to have immersive VR experience in batches. Through close contact with science and experience of science and technology, the students broadened their scientific vision, felt the charm of science and technology, and enhanced their innovative spirit and practical ability.



Appendix 1: Key Performance Indicators

Environmental KPIs³

Key KPI Indicators	2023	Unit
Greenhouse Gas (GHG) Emission		
Total GHG Emission ⁴	408,709.20	tCO ₂ e
Direct GHG emission (Scope 1)	49,184.50	tCO ₂ e
Indirect GHG emission (Scope 2)	359,524.70	tCO ₂ e
GHG Emission Intensity per Unit of Business Income	4.15	tCO ₂ e/1 million RMB
Energy Use		
Total Energy Consumption ⁵	767,476.12	MWh
Energy consumption intensity per unit of business income	7.79	MWh/1 million RMB
Total direct energy consumption	34,430.83	MWh
• Natural gas	2,763,625.94	Cubic Meter
• liquefied petroleum gas	260,077.06	Kg
• Diesel	159,368.62	Liter
• Gasoline	227,159.81	Liter

³Unless otherwise specified, the statistical scope of the environmental data is the Weifang, Rongcheng, Dongguan and Vietnam factories.

⁴These data are based on the *Methodology and Reporting Guidelines for Greenhouse Gas Emission Accounting for Enterprises in Other Industries*, the *2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC)*, and the National Standard of the People's Republic of China, *General Principles for the Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)*.

⁵The types of energy consumption include natural gas, liquefied petroleum gas, diesel, gasoline, electricity, steam, high temperature water; this statistical data is based on the National Standard of the People's Republic of China, *General Principles for Calculating Comprehensive Energy Consumption (GB/T 2589-2020)*, *Gasoline for Automotive Purposes (GB 17930-2016)*, the diesel fuel inspection report of Vietnam factories, *Enterprises of Industrial Other Sectors - Guidelines for Greenhouse Gas Emission Accounting* for accounting.

Key KPI Indicators	2023	Unit
Total Indirect energy consumption	733,045.29	MWh
Electricity	695,321.59	MWh
• Purchased non-renewable electricity	560,257.78	MWh
• Purchased renewable electricity	86,108.00	MWh
• Self-generated renewable electricity	48,955.81	MWh
Steam	23,267.89	Tons
High temperature water	73,618.16	GJ
Total renewable energy consumption	135,063.81	MWh
Waste⁶		
Hazardous waste generated	1,257.00	Tons
Non-hazardous waste generated	23,520.00	Tons
Weight of recycled waste	21,412.00	Tons
Water Resource⁷		
Total water withdrawal	5,018,690.00	Tons

⁶The scope of this data is the Weifang factory.

⁷The data of total water withdrawal is from municipal water.

Social KPIs

Key KPI Indicators	2023	Unit
Employment		
Total employees	81,370	Person
Employees by gender and employment level		
• Male	49,282	Person
• Female	32,088	Person
Employees by age		
• 29 or below	42,887	Person
• 30-49	38,226	Person
• 50 and above	257	Person
Health and Safety		
General and above production safety accident	0	Case
Occupational disease	0	Case
Training and education		
Training hours per capita ⁸	42.8	Hours
Employees by employment level		
• Senior management	12,336	Hours
• Mid-level management	123,058	Hours
• Grassroot Employees ⁹	3,347,242	Hours

Key KPI Indicators	2023	Unit
Business ethics related training hours		
Total business ethics related training hours	66,385	Hours
• Senior management	585	Hours
• Mid-level management	4,344	Hours
• Grassroot employees	61,456	Hours
Of which, total hours of anti-corruption training	33,660	Hours
• Senior management	60	Hours
• Mid-level management	2,144	Hours
• Grassroot employees	31,456	Hours
Supplier management		
Total number of suppliers with whom the company has transactions ¹⁰	1,081	Firms
• Domestic	735	Firms
• Overseas	346	Firms
New suppliers screened with social standards	32	Firms

⁸Training hours per capita = (total online training hours + total offline training hours) / total number of employees

⁹The data includes grassroots managers and non-management employees.

¹⁰The data is the number of suppliers involved in the procurement amount in the reporting period of 2023.

Appendix 2: GRI Standards Index

Statement of Use For the 2023 reporting period, Goertek Inc. reported the information in the GRI Standards Index with reference to the GRI standards.

GRI 1 Used GRI 1: Foundation 2021

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 2 The Organization and Its Reporting Practices		
2-1	Organizational details	About the Company
2-2	Entities included in the organization's sustainability reporting	About the Company
2-3	Reporting period, frequency and contact point	About the Report
GRI 2 Activities and Workers		
2-6	Activities, value chain and other business relationships	About the Company, Sustainable Supply Chain
2-7	Employees	Social KPIs
GRI 2 Governance		
2-9	Governance structure and composition	Goertek Inc. 2023 Annual Report
2-10	Nomination and selection of the highest governance body	Goertek Inc. 2023 Annual Report
2-11	Chair of the highest governance body	Goertek Inc. 2023 Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	Goertek Inc. 2023 Annual Report
2-13	Delegation of responsibility for managing impacts	Goertek Inc. 2023 Annual Report
2-15	Conflicts of interest	Stakeholder Communications

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 2 Governance		
2-16	Communication of critical concerns	Stakeholder Communications
2-17	Collective knowledge of the highest governance body	Goertek Inc. 2023 Annual Report
2-18	Evaluation of the performance of the highest governance body	Talent Attraction and Retention
2-19	Remuneration policies	Talent Attraction and Retention
2-20	Process to determine remuneration	Talent Attraction and Retention
GRI 2 Strategy, Policies, and Practices		
2-22	Statement on sustainable development strategy	Chairman's Statement
2-23	Policy commitments	No major incident of violation
2-25	Processes to remediate negative impacts	Stakeholder Communications
GRI 2 Stakeholder Engagement		
2-29	Approach to Stakeholder Engagement	Stakeholder Communications
2-30	Collective bargaining agreements	Talent Attraction and Retention
GRI 3 Material Topics		
3-1	Process to determine material topics	Stakeholder Communications
3-2	List of material topics	Stakeholder Communications
GRI 201 Economic Performance		
201-1	Direct economic value generated and distributed	Goertek Inc. 2023 Annual Report
201-3	Defined benefit plan obligations and other retirement plans	Talent Attraction and Retention

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 203 Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Public Welfare
203-2	Significant indirect economic impacts	Public Welfare
GRI 205 Anti-corruption		
205-1	Operations assessed for risks related to corruption	Business Ethics
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics, Social KPIs
205-3	Confirmed incidents of corruption and actions taken	Business Ethics
GRI 206 Anti-Competitive Behavior		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics
GRI 302 Energy		
302-1	Energy consumption within the organization	Environmental KPIs
302-3	Energy intensity	Environmental KPIs
302-4	Reduction of energy consumption	Carbon Emission Management
302-5	Reductions in energy requirements of products and services	Carbon Emission Management, Clean Technology Exploration
GRI 303 Water and Effluents		
303-1	Interactions with water as a shared resource	Environmental Protection
303-2	Management of water discharge-related impacts	Environmental Protection
303-3	Water withdrawal	Environmental KPIs
303-4	Water discharge	Environmental KPIs


GRI Standards	Disclosure	Chapter(s) in the Report
GRI 304 Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Protection
304-2	Significant impacts of activities, products and services on biodiversity	Environmental Protection
GRI 305 Emissions		
305-1	Direct (Scope 1) GHG emissions	Carbon Emission Management, Environmental KPIs
305-2	Indirect (Scope 2) GHG emissions	Carbon Emission Management, Environmental KPIs
305-4	GHG emissions intensity	Environmental KPIs
305-5	Reduction of GHG emissions	Carbon Emission Management
GRI 306 Waste		
306-1	Waste generation and significant waste-related impacts	Environmental Protection
306-2	Management of significant waste-related impacts	Environmental Protection
306-3	Waste generated	Environmental KPIs
306-4	Waste diverted from disposal	Environmental KPIs
306-5	Waste directed to disposal	Environmental KPIs
GRI 308 Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Sustainable Supply Chain
308-2	Negative environmental impacts in the supply chains and actions to be taken	Sustainable Supply Chain

GRI Standards	Disclosure	Chapter(s) in the Report
GRI 401 Employment		
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	Talent Attraction and Retention
401-3	Parental leave	Talent Attraction and Retention
GRI 403 Occupational Health and Safety		
403-1	Occupational health and safety management system	Employee Health and Safety
403-2	Hazard identification, risk assessment, and incident investigation	Employee Health and Safety
403-3	Occupational health services	Employee Health and Safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Health and Safety
403-5	Worker training on occupational health and safety	Employee Health and Safety
403-6	Promotion of worker health	Employee Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Health and Safety
403-8	Workers covered by an occupational health and safety management system	Social KPIs
403-9	Work-related injuries	Social KPIs
403-10	Work-related ill-health	Employee Health and Safety, Social KPIs
GRI 404 Training and Education		
404-1	Average hours of training per year per employee	Social KPIs
404-2	Programs for upgrading employee skills and transition assistance programs	Talent Development
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Development
GRI 406 Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Benefits, Sustainable Supply Chain


GRI Standards	Disclosure	Chapter(s) in the Report
GRI 407 Freedom of Association and Collective Bargaining		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Talent Attraction and Retention
GRI 408 Child Labor		
408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Benefits, Sustainable Supply Chain
GRI 409 Forced or Compulsory Labor		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Benefits, Sustainable Supply Chain
GRI 413 Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Public Welfare
413-2	Operations with significant actual and potential negative impacts on local communities	Public Welfare
GRI 414 Supplier Social Assessment		
414-1	New suppliers that were screened using social criteria	Sustainable Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supply Chain
GRI 416 Customer Health and Safety		
416-1	Assessment of the health and safety impacts of product and service categories	Quality First
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No such incident occurred
GRI 417 Marketing and Labeling		
417-1	Requirements for product and service information and labelling	Intellectual Property Protection
417-2	Incidents of non-compliance concerning product and service information and labeling	No such incident occurred
417-3	Incidents of non-compliance concerning marketing communications	No such incident occurred
GRI 418 Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection

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