

**Goertek Inc.**

**Goertek**

**2021 Corporate Social Responsibility Report**

**Stock Abbreviation: Goertek**

**Stock Code: 002241**

**March 29, 2022**

## About This Report

This is the 12th Corporate Social Responsibility Report released by Goertek Inc. (hereinafter referred to as "Goertek", "the Company" and "we"), covering the period from January 1, 2021 to December 31, 2021. The data from the Annual Report 2021, official documents and statistical reports of Goertek are included in this report.

This report has been prepared in accordance with the *Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies*, and the *Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.1 - Standardized Operation of Companies Listed on the Main Board*, with reference to the *ISO 26000: Guidance on Social Responsibility*, the *Guidelines for Preparing Corporate Social Responsibility Reports in China* from the Chinese Academy of Social Sciences, and the *T/CESA 16003-2017 standard* from the China Electronics Standardization Association. In addition, based on GRI Standards for Global Sustainability Reporting, this report focuses on presenting the CSR strategy, corporate governance, and performance improvement.

This report is available in both print and electronic versions. To view the report online or obtain an electronic version, please visit the website of Goertek Inc. at <http://www.goertek.com>.

## Feedback

For any suggestions or doubts about this report, you can provide the feedback by contacting us, and we appreciate your valuable feedback.

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## **1. Corporate Governance**

### **1.1. Company Profile**

Since its establishment in June 2001 and listing on the Shenzhen Stock Exchange in May 2008, Goertek Inc. has been a global high-tech innovator dedicated to serving the leading global clients in the technology and consumer electronics industry, providing them with vertically integrated product solutions of precision components and smart hardware, as well as the related design, R&D and manufacturing services.

The Company's main business divides into three segments including precision components business, smart audio device business and smart hardware business. The precision components business focuses on acoustics, optics, microelectronics, structural components, and other precision components. The related products include micro speaker/receiver, speaker module, haptic component (actuator), wireless charging device, antenna, MEMS microphone, MEMS sensors, micro-system module, VR optical component and module, AR optical component, AR light engine, precision structural parts and etc. The above-mentioned products are widely applied in devices such as smartphones, tablets, smart wireless earphones, VR, AR, smart wearable and smart home devices. Smart audio device business focuses on providing products related to audio, voice interaction, artificial intelligence, and other technologies. The main products include smart wireless earphones (TWS), wired/wireless earphones, smart speakers, etc. Smart hardware business focuses on providing products related to entertainment, health and home security. The main products include VR, AR, smart wearable products, gaming consoles and accessories, smart home products, etc.

The Company has innovative competitive advantages in the fields of acoustics, optics, MEMS microelectronics and precision manufacturing, and owns many intellectual property rights in the field of precision parts and components. In addition, the Company has accumulated rich experience in projects by cooperating with industry-leading clients in the field of smart audio device and smart hardware through "ODM", "JDM" and other business modes. During the reporting period, the Company maintained a good, long-term cooperative relationship with leading clients in the global technology and consumer electronics industry, kept growing in the

number of patent applications and in technological capabilities. As a result, the company has been constantly recognized by global clients for its product solutions and service capability, and remains being an industry-leading manufacturer in the fields of micro speakers, MEMS microphones, MEMS sensors, TWS, VR products, smart wearable products, gaming console and accessories, etc.

During the reporting period, due to the continuous growth of demand of smart hardware products such as VR, TWS, smart wearable products, gaming consoles and accessories, and the related precision components, the Company has achieved significant growth in revenue and net profit. At the same time, the Company further improved its position in the industry. During the reporting period, the Company won many honors, including being ranked the 3rd company in the Top-100 China electronic component enterprises based on comprehensive economic indexes, the 86th company in the Top-500 private enterprises in China's manufacturing industry, the 164th company in the Top-500 private enterprises in China, as well as being the executive member company of CITIF.

For other information of the Company, see the Company's Annual Report 2021.

- Mission

A better life enriched by technology

- Vision

To be a great company

- Core values

Client-orientation, employee development, trustworthy and pragmatic, cooperation and mutual benefits

- Management philosophy

Cultivation and ingenuity, constant improvement, create core competence of leading reform.

- Cultural slogan

We make, we share, we thrive.

Our mission is the overarching orientation of the Company's value of existence, ultimate goal and social responsibility. A better life that integrates health and beauty is the ultimate pursuit of mankind. It also serves as the ultimate goal of the Company that is committed to creating value for society with the application of technology. It has been our mission to develop cutting-edge modern technology, and to integrate humanistic spirit into product design, so as to create artistic products that lead future lifestyles, convey the concept of a better life, and satisfy people's pursuit of a better life.

Our vision is a general overview of the Company's prospect and development, as well as a long-term goal to be continuously pursued and a realm to be achieved in its future development. Our vision of "To be a great company" is not only an inheritance of the excellent cultural value of the past, but also an inherent demand and expectation for future development. With continuous endeavors in innovation, products, services and brand, the Company aims to become a world-class high-tech company, thus creating maximum value for clients, employees, partners and society, and earning their respect.

Our core values are the basic value orientation followed by the Company, and also the core principle and value judgment standard for guiding employees' behaviors. The consensus has been reached on the core values of "client-orientation, employee development, trustworthy and pragmatic, cooperation and mutual benefits" through extensive discussions. The core values are the beliefs to be revered, the purposes to be pursued and the judgment standard to be relied upon, which shall be continuously strengthened in the whole process of production and operation, thus enabling all employees to consciously bear values in mind and put them into actions.

Our business philosophy is a philosophical reflection on the Company's business policy, business strategy and management style. The Company is committed to the relentless pursuit of high quality and ambitious goals, and dedicated to innovating product technology and manufacturing techniques, thus creating excellence with continuous improvement. Meanwhile, we actively embrace transformation, and efficiently keep accumulating the knowledge, skills, tools, methods and resource integration ability required for transformation, so as to lead the sustainable

development of the Company with transformation and shape our core competitiveness of "leading power of transformation".

"We make, we share, we thrive" is the cultural slogan of Goertek. The Company advocates the cultural concept of "being together". Based on the common pursuit, the Company forms a community of shared cause, interests and destiny together with clients, employees, suppliers, and society, so as to create products for a better life together, share the achievements and honors together, and grow in the process of value creation together.

Culture serves as the cornerstone of corporate survival and development, and an essential part of the core competitiveness of the Company. In 2021, based on the organizational culture assessment, the Company focused on the problems identified in the organizational culture assessment of each department and formulated improvement measures accordingly, so as to enhance the corporate culture recognition and employees' experience. The cultural philosophy being promoted features integrity, loyalty, diligence, initiative, responsibility, objectivity, fairness, professionalism and pragmatism. The client-orientation strategy transformation project is carried out to closely integrate culture construction with business and enhance the management of the Company. In the meantime, the Company has strengthened the effect of honor incentives by upgrading its company-level honor system. This has refined the Company's concept of talents, and elevated employees' sense of achievement, thus effectively guaranteeing the implementation of the Company's culture and forging consensus among all employees.

## **1.2. Corporate Operating Mechanism**

### **1.2.1. Operation of the Board of Directors**

During the reporting period, the Company continuously improved the corporate governance structure, the internal management and control system, and continued to carry out corporate governance activities in strict accordance with the requirements of relevant laws, regulations and normative documents such as *Company Law*, *Securities Law*, *Corporate Governance of Listed Companies*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* as well as with relevant documents of China Securities Regulatory Commission and the relevant instructions of

Shandong Securities Regulatory Bureau, so as to further standardize the Company's operation and improve the level of corporate governance.

By the end of the reporting period, the actual practice of corporate governance met the relevant requirements of the above laws, administrative regulations, departmental rules and normative documents on the governance of listed companies, and no documents concerning administrative supervision measures taken by the supervised departments was received.

By the end of the reporting period, the details of actual practice of corporate governance are as follows:

1. Shareholders and shareholders' meetings: The Company has convened and held shareholders' meetings in strict accordance with the *Rules for General Meeting of Shareholders of Listed Companies* and the Company's *Rules of Procedure of Shareholders' Meetings*, so as to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights; In addition, lawyers were engaged to witness the legitimacy of the convening, holding and voting procedures of each general meeting of shareholders.
2. The Company and controlling shareholders: The Company, with independent business and operation autonomy, is independent of the controlling shareholders in business, personnel, assets, organizations and finance. The Board of Directors, Board of Supervisors and internal institutions of the Company operate independently. The controlling shareholders exercise their rights through shareholders' meeting, and there was no direct or indirect interference with the Company's operations and decision-making beyond the general meeting of shareholders.
3. Directors and the Board of Directors: The Company elects directors in strict accordance with the selection and appointment procedures stipulated in the *Articles of Association*. There are three independent directors in the Board, the number of directors and the composition of the Board of Directors meet the requirements of laws and regulations and the *Articles of Association*. All directors can carry out their work in accordance with *Rules of Procedure of the Board of Directors* and *Working System for Independent Directors*, they attended all the Board of Directors meetings, and all the related trainings as required.



4. Supervisors and the Board of Supervisors: The election of supervisors and the composition of the Board of Supervisors were in strict accordance with relevant provisions of *Company Law* and *Articles of Association*. The Company's supervisors strictly followed the *Rules of Procedure of the Board of Supervisors*. All supervisors scrupulously attended the sessions, seriously fulfilled their duties diligently, and supervised and issued opinions for major issues, related-party transactions, and financial status.

5. Performance appraisals and incentives: The Company has gradually improved its fair and transparent performance evaluation standards and incentive a restraint mechanisms for directors, supervisors and senior management. The appointment of Company's senior management is open and transparent, and in line with the provisions of laws and regulations.

6. Stakeholders: The Company fully respects and safeguards the legitimate rights and interests of stakeholders, actively communicates and coordinates with stakeholders, to balance the interests of the society, shareholders, the Company, employees and other parties, and jointly promotes the Company's development in a sustainable and steady manner.

7. Information disclosure and transparency: The Company duly performed the disclosure obligations in accordance with the provisions of *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *Articles of Association* and *Investor Relations Management Rules*, and discloses information as per the law, so as to ensure that the information disclosure is true, timely, accurate and complete. All shareholders were given equal access to the information. The Company has gradually revised and improved the *Insider Information Management Rules*, further improved the insider information management, strengthened the confidentiality of insider information, maintained the fair principle of information disclosure and protected the legitimate rights and interests of investors. The Company has appointed the secretary of the Board of Directors as the head of investor relations management of the Company, responsible for the Company's information disclosure and investor relations management. The Company has designated *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and *cninfo.com.cn* to disclose Company's information in a faithful, accurate and timely manner, strictly in accordance with relevant laws and regulations, so that all shareholders have a fair chance to get information.

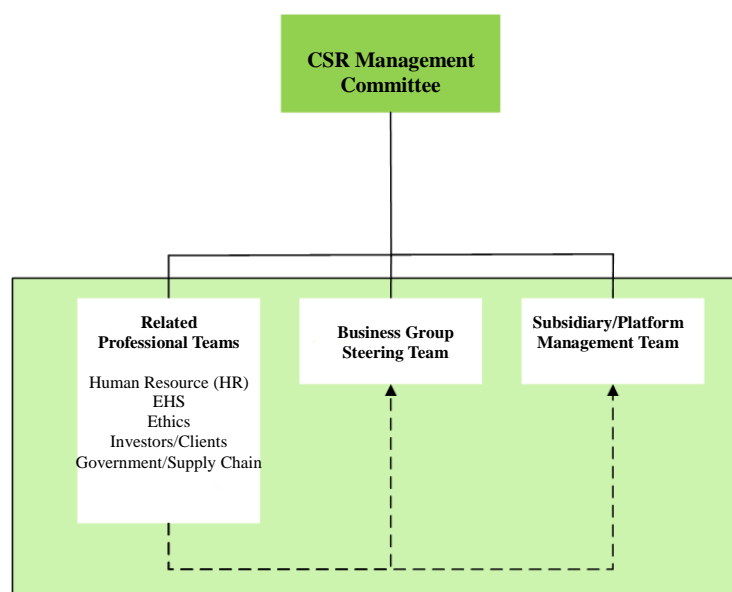
For other information on the operation of the Board of Directors and corporate governance of the Company, see Section IV: Corporate Governance of the Company's Annual Report 2021.

### **1.2.2. Operation of the CSR Management Committee**

Upholding with the core values of "client-orientation, employee development, trustworthy and pragmatic, cooperation and mutual benefits" and the corporate social responsibility of "law-abiding, employee respecting, sustainable developing, and give back to society", Goertek actively pursues the unity of corporate social responsibility and economic growth. Our CSR management philosophy defines that while pursuing profits, we should always act as a responsible global corporate citizen. We always take shareholders and creditors, employees, clients, communities and sustainable development as our own responsibility, actively facilitate the fulfillment of stakeholders' social responsibilities, protect employees' legitimate rights and interests, engage in environmental protection and public welfare activities, and boost the coordinated and harmonious development of the Company and society.

Since its establishment, Goertek has gradually set up its quality, environmental and occupational health and safety management systems, and passed the certification of ISO9001, ISO14001 and ISO45001, and introduced the EU WEEE/RoHS Directives. In 2005, the Company was certified by the ISO/TS16949. In 2007, the Company founded its occupational health and safety management committee and a dedicated company-level division to take full responsibility for the OH&S system for employees. In 2009, a hazardous substances management system was set up and the Company was certified by the IECQ QC080000. It was further certified by the IEC17025 in 2010, and by National Integration of Informatization and Industrialization Management System, the China AEO Certificate by China Customs, the GB/T29490-2013, and the ISO/IEC27001:2013 Information Security Management System in 2016. In addition to these certifications, Goertek studied international CSR standards such as SA8000 and formally implemented the CSR system since 2011, and timely benchmarked with industry standards and obtained external opinions in line with ISO26000, China Electronics Standardization Association standard T/CESA 16003-2017 and other international standards (such as GRI Standards and RBA Code of Conduct), as well as requirements of various stakeholders.

In order to facilitate its CSR efforts, Goertek formally established the CSR Management Committee in 2013. In 2021, the Company continued to optimize and improve the scope and responsibilities of the CSR Management Committee based on its business adjustment, so as to better meet the requirements of various stakeholders in the field of CSR. Moreover, we have established the committee operation mechanism to continuously upgrade the company's CSR governance and improve the overall decision-making and operational efficiency of the committee. The current organizational structure of the CSR Management Committee as follow:



The President of the Company serves as the Head of the CSR Management Committee, and the core management of the Company's Vice President or above serves as the member of the Committee, who is responsible for decisions on the overall CSR policy of the Company. The CSR Management Committee consists of a dedicated team responsible for formulating CSR-related rules and regulations, and assisting in the formulation of CSR strategic objectives and work planning. The Committee coordinates the CSR work of various teams, provides guidance, coordination, supervision, inspection and evaluation of their work, and assists in the organization of CSR meetings, events and other CSR management coordination work. The CSR Management Committee convenes a decision-making meeting at least once a year to discuss relevant issues and report on work progress. All related professional teams communicate with stakeholders on CSR management concepts, objectives, policies and practices, and provide the feedback on the demands of stakeholders to the dedicated team of CSR Management Committee for review. The

Business Group Management Team formulates annual work plans and regularly reviews work progress.

In addition, a standardized CSR target indicators and management plan have been developed. The *CSR Management Manual*, as the overarching guideline for Goertek to advance its CSR work, covers various business areas, including targets for client satisfaction, employee satisfaction, intellectual property, electricity consumption per unit output value, number of environmental accidents, OH&S management, and HSPM which are integrated into the performance assessment of each department, thus strongly promoting the organic integration of social responsibility management and daily operation.

### 1.3. Stakeholder Communication

By continuing to dynamically identify stakeholders and maintain good communication with them, Goertek is able to promptly understand their reasonable expectations and demands, learn from their advanced ideas, and actively listen to their suggestions for the Company's development, which is crucial for the sustainable development of Goertek. In order to effectively communicate with stakeholders on a continuous basis, Goertek has set up various communication channels through departments of marketing, product technical support, securities, human resources, labor union, and sourcing, to engage with stakeholders around CSR management concepts, objectives, policies, and practices, which are then disclosed via this report and the corporate website.

The following are the main stakeholders, communication channels and their main topics of concern:

Stakeholders	Major communication channels	Main topics of concern
Shareholders and creditors	Shareholders' meeting	Business status and information
	Board meeting	on significant matters
	Investor communication	Survey on the fulfillment of
	meeting and letter survey	corporate social responsibility

	Bondholder meeting	
Clients	Client satisfaction survey Client visit Special seminar	Corporate development strategy and supply chain capabilities Compliance Employee health and safety Green products Product safety
Employees	Employee satisfaction survey Employee reception day Employee proposal system Employee seminar Suggestion box	Corporate development strategy, and mid- and long-term planning Employee compensation and benefits Employee training and development Employee health and safety
Suppliers	Supplier conference Supplier review Special seminar	Fair procurement, integrity and honesty Fulfillment of social responsibility commitments Green products Product safety
Universities and research institutes	Academic cooperation Seminar	Science and technology innovation Intellectual property rights Talent cultivation
Government	Work meeting Work report Work inspection	Compliance Corporate development strategy Corporate governance Job and employment Taxation compliance

		Product quality Environmental protection and occupational safety
Media	Special interview Information disclosure	Corporate development strategy Corporate governance
Communities	Public welfare activity Forum Participation in community projects	Community progress and development Environmental protection Public welfare activity

## 2. Technological Innovation and Service

### 2.1. Technological Innovation Input

#### 2.1.1. Innovation Culture

"Cultivation and ingenuity, constant improvement" is Goertek's unremitting pursuit. Goertek actively implements the core value of "employee development", and encourages technological innovation, placing great emphasis on technical research and craftsmanship. By establishing a refined and diversified career development path for R&D engineers, the Company continuously improves the professional skills and innovation ability of R&D engineers through job qualification requirements and a perfect training system and resources. Meanwhile, it clearly defines technological innovation achievements as a key criterion for employment and promotion, effectively stimulating the growth potential and innovation vitality of R&D engineers, and helping R&D engineers to continuously attain professional achievement and grow together with the Company.

#### 2.1.2. Gathering Talents

Talent is the top resource for corporate development. In recent years, the Company has firmly adhered to the strategy of strengthening the Company by introducing, nurturing and employing talents, continuously optimizing the environment for talent development, and promoting the integration of the "talent chain" with the "industry chain" and "innovation chain", which has

provided solid intellectual support for the Company to become one of the top 500 enterprises in China and the only enterprise in China to rank among the global top 10 in the field of MEMS.

Goertek insists on developing global channels to attract and recruit all types of domestic and international talents. With regard to attracting talents, Goertek has perfected its talent introduction mechanism, with the Chairman taking the lead as the "talent introduction specialist". Relying on its HR department, the Company has appointed "talent liaison officers" to ensure a full chain of talent contact services. Its talent introduction plan is also implemented by category according to the characteristics of talents at different levels. In addition, the Company has innovated the talent introduction mode and set up R&D centers targeting the frontiers of the world's scientific and technological innovation to attract world-class high-end technical talents locally. Besides, a platform for talent introduction has been established. Goertek has jointly established the research institute with the government and universities. In 2021, the Company was recognized as the outstanding municipal sci-tech innovation platform for introducing and nurturing talents, and the excellent provincial new R&D institution.

Goertek actively builds a platform for talent development, and formulates differentiated development channels for new talents, and helps them draw up career development plans, thereby boosting the integration of talent value and career development. R&D platforms give full play to the "innovation ability" of talents. Goertek has approved 8 national and provincial innovation platforms, and jointly established the research institute with many well-known universities. Financial support has been granted to the scientific research projects carried out by talents relying on the platforms and institutes, and over 50 scientific research achievements have been industrialized successfully. A number of awards have been obtained, including the national champion of manufacturing, the fourth China Quality Award, and the first prize of the 6th Mayor's Cup Industrial Design Competition. Through projects, talents are trained to command stronger "breakthrough capacity". With a focus on 5G, AI and IoT technologies, the Company encourages all types of talents to build teams for independent innovation and problem solving, thus creating a "high-grade, precision and advanced" talent team. The Company has also joined hands with universities to shape the "competence" of talents. Exchange training programs are carried out jointly with top universities and research institutes at home and abroad, including the

"joint training base for graduate students in industry-education integration" with Shandong University, and the "excellent engineer class" for undergraduate students with the School of Opto-electronic Engineering at Changchun University of Science and Technology. Besides, a "new model" for skill cultivation has been developed, with the establishment of a three-level education and training system comprised of the Goertek College, workshop training and online classes. Expert lectures and technical trainings are held regularly. In addition, a "2+1+1" training model for undergraduate manufacturing engineers has been proposed.

With heartfelt affection for talents, Goertek strives to create an "excellent ecology" for talent retention with the help of distinct positive incentives. With the launch of the talent performance improvement campaign, the Company has been honoring employees' compensation according to their work performance. Some outstanding talents have their compensation doubled. Efforts have been made to create a favorable environment for employees in terms of training, housing subsidies, medical care, medals for seniority, employee hotlines, and loving assistance, so as to retain talents with satisfactory compensation, promising career development, and earnest affection.

### **2.1.3. Innovation Mechanism and Investment**

As an innovative high-tech company with global presence, Goertek attaches great importance to its R&D investment and technological innovation. In order to promote technological competence, facilitate technological innovation and strengthen R&D capabilities, the Company has established its Technology Committee, with seven specialized technology sub-committees that are responsible for the enhancement of technological competence in each professional field. We have carried out the construction of Integrated Product Development (IPD) system in phases, and established a cross-discipline core team in the field of product development as well as strengthening the Decision Check Point (DCP) based on the comparison with industry benchmarks and our actual business, thus accumulating the best practices in the industry. The representatives of each field are responsible for the quality planning, acceptance and improvement in their own field. By minimizing the possible risks in the product design process, improving the market awareness of R&D personnel, and enhancing their foresight, we are able



to maximize corporate profits.

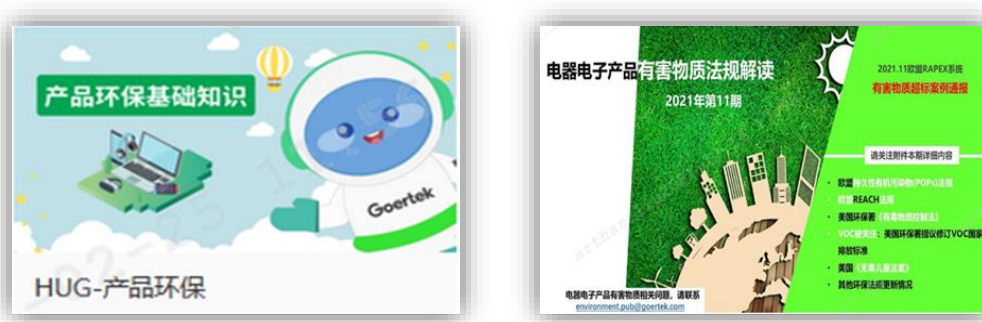
Over the past five years, the Company has invested a total of over RMB 13 billion in R&D. Its R&D investment in 2021 totaled over RMB 4.3 billion, accounting for 5.50% of its operating income. The central research institute and system solution center have been established at the corporate level and business group level. With Weifang and Qingdao centers as the core, supplemented by Shenzhen and Dongguan centers, a global R&D model of "double core + multi-location synergy" is created to stay close to forefront of technical talents, plan on promoting new technology research, and reserve technology and talents for the future development of the Company. Meanwhile, by closely following the frontiers of technological innovation, identifying potential opportunities of technology, and monitoring the technology trends in real time, we are able to steer the direction for the technology development of the Company. Our continuous increase in R&D investment has further enhanced the competence of our product solutions in the global market.

## **2.2. Promotion of Green Products**

Goertek has always been committed to using safer materials to produce safer products. Our policy for the management of hazardous substances is "Complying with laws and regulations, promoting green manufacturing, providing environmentally friendly products, and satisfying clients' needs". The Company has established a professional team for green product management, thus gaining recognition from well-known clients in the industry. With great importance attached to environmental compliance, the green product management division has been under the direct supervision of the Company. In 2021, Goertek made numerous breakthroughs in its green product management, especially in term of raising the awareness of all employees on environmental compliance, the effective operation of the hazardous substances process management system, the comprehensive IT-based operation of the Company's environmental compliance data, and the interpretation and response to the latest dynamics of regulations and client requirement.

In 2021, we inquired a total of 95 green product-related regulations and interpreted the updated hazardous substance specification of 8 key clients to effectively identify and ensure the

continuous compliance of our products. The *Interpretation of Hazardous Substances Regulations for Electrical and Electronic Products* was released for the first time in January as a monthly newsletter, totaling 12 issues. Study sessions were organized among all employees to facilitate learning of product environmental regulations. In July, the Company launched an online course on knowledge of environmental regulations, enabling online induction training for new employees. In November, when the pandemic situation was severe, the Company actively cooperated with third-parties, and implemented online environmental compliance training for suppliers for the first time, which effectively raised the environmental awareness of all employees and suppliers.



In 2021, Goertek successfully passed the IECQ QC080000 system certification renewal audit, and also gained certifications for seven new product ranges. Our hazardous substances process management system was running effectively, with positive recognition from clients.

The Company continues its vigorous efforts to optimize the IT-based management of data. By the end of 2021, all environmental compliance data of suppliers had been uploaded onto the Company's Supplier Collaboration System, enabling full IT-based management.

In addition, the Company adequately owns 15 sets of XRF testing equipment, and a high-end chemical testing laboratory. Equipped with ICP-OES, GC-MS, IC, UV-Vis and other testing equipment, the laboratory passed the accreditation of China National Accreditation Service for Conformity Assessment in 2010 and obtained ISO/IEC 17025 laboratory qualification (certificate number: CNAS L4750). It passed the renewal re-accreditation in 2016 and the expansion re-accreditation in 2020, making its accreditation continuously valid.



### 3. Employee Care

People create the corporate value. Human resources is Goertek's key resources and fundamental components of Goertek's core competitiveness. On top of complying with laws and regulations and the Code of Conduct of the Responsible Business Alliance (RBA), Goertek further advocates the cultural slogan of "We make, we share, we thrive", committed to creating a safe and comfortable working and living environment for its employees, protecting their legitimate rights and interests, and caring for their welfare and career development. Goertek listens to employees' voices through various employee communication channels and, based on their feedback, tailors its compensation and benefits policies and improves its management system. In addition, the Company implements a "first-class talent" strategy, and builds multiple career training platforms and promotion channels to facilitate the training and development of human resources and achieve all-round care for employees in work and life, thereby achieving common growth with them.

The total number of Goertek employees was 95,780 in 2021, serving in different businesses of Goertek, as detailed below:

Employee Composition	
Position category	The number of people in each section
Production person	69,815
Sales person	670
Technical person	19,753
Financial person	306
Administrative person	5,236
Total	95,780

Education background	
Education background category	The number of people
Doctor	78
Master	3,435
Bachelor	16,170
Junior college	18,823
Below junior college	57,274
Total	95,780

### 3.1. Respect for Employees and Protection of their Legal Rights and Interests According to Law

Goertek pursues the culture concept of "We make, we share, we thrive" and fully respects each and every employee. The Company fully implements the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Social Insurance Law of the People's Republic of China*, among other relevant laws and regulations, and has established corresponding management rules and regulations to ensure that all discrimination in relation to race, color, age, gender, sexual orientation, disability, pregnancy, religious belief, political affiliation, geography, association membership or marital status, and other factors that generate discrimination are prohibited in the recruitment, employment, training, promotion, compensation and benefits. The Company enters into labor contracts with its employees on the basis of equality, voluntariness, consensus, honesty and credibility in accordance with laws, and fully fulfills its labor contract obligations. In the context of the normalization of pandemic

prevention and control, the Company has innovated a new model of "Internet + labor contract" and launched a nationwide electronic labor contract signing system to improve employees' experience, effectively protect their legitimate rights, and realize the unity of employee value, company value and social value.

We conduct employee management in compliance with laws and regulations, and strictly enforce the compensation standards as required by the government. Forced labor is strictly prohibited, and the three measures of process and system, training and communication, and supervision and inspection are applied to avoid forced labor, harassment and abuse, so that employees' freedom of employment is respected and modern slavery is eliminated. In addition, the Company explicitly prohibits the employment of child labor in its recruitment system and adopts the "five-step method" of identity confirmation at interviews to ensure that employees' identities are real and valid, so as to avoid child laborers from mistakenly joining the Company. Also, the Company has formulated remedial measures for child laborers to effectively implement its child labor protection obligations.

Special employees are treated with great care in Goertek. In accordance with the *Employment Promotion Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Disabled Persons*, the Company respects equal employment opportunities for special groups such as disabled persons and guarantees fair and just treatment in terms of labor protection and job adjustment. Meanwhile, according to the *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and the *Special Rules on the Labor Protection of Female Employees*, the Company strictly protects the legitimate rights and interests of female employees during the "three periods", namely pregnancy, maternity leave and nursing period, and reduces the workload of pregnant female employees who are unable to take up their previous work or assigns them to other work that they can adapt to.

The protection of employees' legitimate rights and interests has further strengthened the cohesion of the Company, creating a multi-win pattern of harmonious labor relations.

### 3.2. Compensation and Benefits

Goertek practices the culture concept of "We make, we share, we thrive". In 2021, the Company continued to emphasize the attraction, motivation and retention of talents, and implemented a competitive and high-performing compensation incentive policy and benefits care. Through optimizing the distribution mechanism, employees could share the growth of corporate profitability.

Despite the challenges of the pandemic and the unfavorable economic environment in 2021, the Company still insisted on its annual compensation review and adjustment, resulting in continuous and stable growth of employees' incomes. For core positions, key groups and high-end talents that support the strategic new business development of the Company, a special compensation adjustment policy has been implemented to effectively achieve the precision talent attraction and retention. To further reserve talents for the sustainable and sound development of the Company, the compensation level of fresh graduates has been continuously and vigorously raised, and a "moat" special retention incentive has been offered to the identified outstanding university students.

In addition to providing competitive compensation, the Company has been providing stock and option incentive plans for its core employees, so that more and more core employees can share the value growth of the Company. The number of stockholders has further increased in recent years through the continuous innovation of the equity incentive mechanism. Benefiting from the continuous rise of the Company's share price in recent years, employees have enjoyed a steady increase in their annual exercise proceeds, and long-term incentives have become a key way to attract, retain and motivate employees to make joint efforts to boost company growth.

The compensation of directors and supervisors of the Company is proposed by the Compensation and Appraisal Committee of the Board of Directors. After review and approval by the Board of Directors, it shall be submitted to the Shareholders' Meeting of the Company for approval before implementation. The compensation standards of senior management shall be proposed by the Compensation and Appraisal Committee, and implemented after deliberation by the Board of Directors. In addition, allowances for independent directors shall be paid on a regular basis.

In addition, Goertek is committed to building a diversified welfare system with its own characteristics. Free physical examination, accommodation, shuttle bus and tailored transit are provided to all employees; the 1st, 3rd and 5th anniversary and 10-year and 20-year loyalty and diligence exclusive activities are carried out for employees; colorful employee activities, such as Cultural Street of Mid-Autumn Festival, mass wedding and employee family days are held; the Employee Assistance Program (EAP), legal aid, family+mutual aid fund, and 99 public welfare days are offered to employees and their families, aiming to bring happiness to employees in all aspects and enhance their welfare satisfaction.



To foster employees' diversified interests and create a healthy living climate, each industrial park in Weifang is equipped with a variety of leisure and entertainment facilities, including outdoor soccer fields, basketball courts, running tracks, and fitness areas, as well as staff activity centers with standardized indoor facilities (table tennis, badminton, billiards, fitness facilities, staff library, dance/yoga rooms, consultation rooms, and club rooms). Moreover, 12 interest clubs have been established based on employees' interests, which include the empowerment and enhancement clubs, namely, the photography club, the reading club and the calligraphy and painting club, the sports and fitness clubs, namely, the basketball club, the soccer club, the badminton club, the table tennis club, the cycling association and the yoga club, and the quality of life clubs, namely, the matchmaker club, the singing and dancing club and the traveling club. Based on these clubs and corporate culture, the Company held a number of cultural activities in 2021, including Spring Festival couplet writing with blessings, Lantern Festival, mass wedding, youth bonding, basketball tournament, Cultural Street of Mid-Autumn Festival, New Year's shopping Festival, ping pong and badminton league, and cycling, which greatly enriched the spare-time cultural life of employees.



Besides the physical health, the mental health of its employees is also of great concern to the Company. To care for employees' mental health and strengthen the humanistic care for them, the Labor Union, together with the Human Resources Department and the Employee Management Department, launched multifaceted explorations on how to enhance employees' happiness in October 2020. After enterprise benchmarking, the EAP project was officially initiated in May 2021 under the guidance of professional consulting organizations. A special EAP project team was set up to carry out EAP services comprehensively. By the end of 2021, the EAP program had been running for half a year, with six service projects carried out altogether, including 7\*24 hotline for psychological counseling, training of corporate mental health managers, holistic health counseling, mental health assessment, training for new employees known as "Goertek Wings", and crisis intervention and management. In the coming years, we will also carry out EAP-themed training and empowerment program for different groups, so that EAP services can benefit more people and truly achieve maximum value.

Employees may inevitably encounter legal disputes and traps in their life and work, which can cause various troubles. We aim to provide better legal services to employees and meet their needs for legal support, as well as to further educate employees on legal knowledge, so that they can truly enjoy the legal services at their doorstep. Starting from 2020, the Labor Union has joined



hands with the Legal and Intellectual Property Management Department of the Company to launch the Legal Service Day. In 2021, our legal service team continued to grow, with more than 10 legal experts in handling cases. In respect of civil and criminal services, the coverage was expanded from two parks, namely, Weifang Electroacoustic Park and Photoelectric Park, to the R&D building in Qingdao. On the Legal Service Day, two to three legal experts will be available in each industrial park to provide one-on-one legal consultation, offering professional and detailed legal advice to our employees. Over 240 cases of legal consultation were received in 2021, with the main topics of consultation being real estate disputes, marriage and family affairs, personal loans and traffic accident disputes. Experts will provide continuous legal services according to the actual situation of each employee. After two years of development, the Legal Service Day has successfully set up a bridge between the Company and its employees, not only helping employees to solve difficult legal disputes, but also educating them on common legal knowledge and promoting the sound culture of "knowing the law, understanding the law and abiding by the law" within the Company. As the legal awareness of employees continues to rise over time, the demand for legal advice will increase as well. The Legal Service Day will continue to follow the needs of employees, exert greater value and fulfill its role as a "legal back-up" for employees.



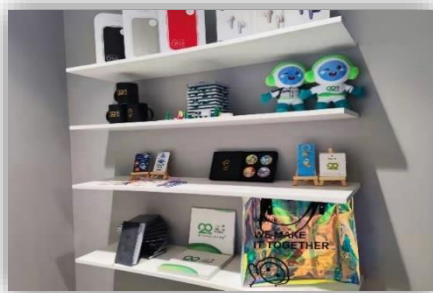
In addition, the Company has built a platform offering universal benefit, "Goertek Welfare Mall", by integrating internal and external resources, and regularly organizes group purchase activities for leisure and entertainment, life services, daily necessities, internal purchase of electronics and holiday stuff, so that employees can truly enjoy the benefits and convenience. In 2021, 26 group purchase activities were conducted, with 700,000+ views, 100,000+ visitors to the mall, 35

newly introduced partners, and 20,000+ participants, saving a total of more than 1.8 million RMB for employees. These activities, such as themed group purchase activities for traditional and electric vehicles, home appliances, Mid-Autumn Festival & Chinese New Year festival items, were highly popular among employees.



In order to get employees fully involved in the brand growth of Goertek, the mascot of Goertek — Goerboy — was launched and its image was upgraded in 2021, reaping the love of many employees quickly with its three-dimensional image. Its lively and lovely image of intelligent robotic doll has deepened the emotional bond between Goertek and its employees. With the mascot as the spokesperson, a creative call for brand enhancement has been launched. Moreover, through such forms as Goerboy's online science education videos, employees are able to promote their professional knowledge reserves. A variety of new peripheral products have been created modeling the mascot, such as dolls, dazzling laser bags, cartoon canvas bag sets, multifunctional cartoon card holders, metal keychains, cartoon balloons of Goerboy, refrigerator sticker sets, mugs, notebooks, emoji, calendars, and stickers, gaining great popularity among employees. Goerboy appeared in scenarios such as Goertek's 20th anniversary celebration, Goertek Sports

Meeting, Goertek mass wedding, Loyalty and Diligence Award Ceremony, Goertek Cultural Street of Mid-Autumn Festival, and all-media communication platforms, thus enabling employees to perceive a real connection with the mascot and experience Goertek's warmth, and thus enhancing their sense of belonging.



In 2021, the Labor Union of our Vietnam subsidiary also organized a number of significant activities aiming to improve the welfare of employees. For example, gifts were provided to employees on International and Vietnamese Women's Day, Mid-Autumn Festival, Vietnam Liberation Day, International Labor Day and other such holidays; during the Chinese New Year, in addition to gifts for employees, a special bus was arranged to ensure that employees got home safely for the holiday; monthly birthday parties were hosted for all employees, with special birthday gifts prepared. Besides, lucky draws were arranged during the festival and annual meetings of the Vietnam subsidiary, and gifts were presented to those lucky ones. In order to recognize and encourage employees with significant contributions in their work, and to inspire their work enthusiasm, the Vietnamese subsidiary organized a Commendation Conference for Outstanding Employees in 2021. During the Conference, the outstanding employees were highly recognized for their dedication and efforts. The Company expected that they could maintain their

excellent characters, continuously improve their skills and professionalism in their work, and serve as benchmarks for more employees to learn from.



In the process of production management, employees' health is also a concern of the Vietnamese subsidiary. It organized various sports activities for employees in 2021, such as shuttlecock competition and soccer match. In order to appreciate and encourage employees' contribution to the company, warm greetings and gifts were also given to employees with 5 years of service; furthermore, after learning that the roads posed difficulties to employees' daily commute, the subsidiary and its labor union made timely funding for road renovation to ensure employees' safety and convenience in their commute.



In the meantime, Vietnam still faced grim pandemic conditions in 2021. Under this circumstance, the subsidiary continued to give top priority to protecting the rights and interests of its employees. To protect the safety of employees, the subsidiary set up a Pandemic Containment Command Center, and formulated various pandemic prevention measures and instructed employees to comply with them. Confirmed employees were sent to hospitals for treatment promptly, and each confirmed employee received a condolence allowance from the labor union in addition to his/her salary.

### 3.3. Career Development and Growth of Employees

As talent is the core competence of a company, Goertek attaches great importance to the growth and development of its employees. In 2021, the Company continued to carry out human

resources transformation projects, and established a special project for accelerated cultivation of talents for transformation, focusing on business needs, cultivation of talents in each tier, exerting the driving forces of culture, mechanism and policy, and continuously improving the career development channels for employees. Various learning, training and improvement channels were constructed for employees, and a sound learning system for employees was set up to develop the career development opportunities of employees. In 2021, the Company's investment in training increased by 52% year-on-year. The HR Department works with all business departments to carry out training programs for leaders, new employees, specialized talents, technical talents, and front-line employees, so as to help them keep learning and growing, and better realize their personal value and professional achievement. Through constant improvement of the business training mechanism, a pool of talent resources is established to supply a steady chain of talent output for the Company according to business needs.

In 2021, the Company continued to implement a comprehensive and multi-disciplinary talent training strategy to fully inspire its organizational energy. The HR Headquarters is continuously upgrading training programs by coordinating the work among platforms of each specialized line. As a result, these specialized talent training programs have become increasingly well established. By continuously empowering specialized talents (via special training in finance and economics, quality, lean management, supply chain, and HR), the business foundation is continuously consolidated and the competence of each specialized list of talents is soundly improved.

The Company has been continuously upgrading its new employee training system, with new employee training programs for campus recruitment (the "Goertek Wings" program and "Wings 2000" program) and for social recruitment (HUG training), so as to facilitate the rapid integration of new employees, improve their professional capabilities comprehensively, and boost their steady growth. In 2021, the Company focused on the retention and development of employees in the Goertek Wings program, in order to facilitate their adaptation to and integration into the Company. Through the establishment of a Company-level project targeting employees in the Goertek Wings program, the HR department joins hands with business departments to manage the entire process from precise recruitment, training and development, to compensation and incentive, and care and retention, clarifying the career paths and various guarantee policies for



the development of employees in the Goertek Wings program, enhancing employees' trust in and loyalty to the Company, and propelling common growth of both employees and the Company.



Meanwhile, the HR department undertakes the senior-level employee training of the Company, and continues to strengthen the enforcement of senior-level employee standards and senior-level employee monitoring. Through the G-Plan and M-series training programs, the goals of identifying and training senior-level employees with great potential, enhancing and putting their abilities into use, and improving their ethics, so as to continuously produce and competent senior-level employees with good character for the Company.



The key to the progress and development of a company lies in its talents. In order to strengthen the Company's core competencies, build a learning organization and refine the construction of a talent pipeline, the HR department took the lead in 2021, in collaboration with all business groups, to systematically upgrade the Company's training operations, sort out lecturers, courses and resources, and focus on improving lecturers' professionalism and enhancing their sense of honor, while emphasizing the quality of courses and setting course levels and standards. In 2021, a total of 545 lecturers were certified, all of whom went through the TTT training to improve

their professionalism and effectiveness of their lecturing. 404 courses were developed in 2021, 17 of which were rated as excellent courses and 81 of which were company-level quality courses developed based on business needs. At all levels of the Company, talent cultivation is vigorously promoted in support of the Company's strategy. The Company's senior management played a leading role in offering lectures, registering a total of 6,923 lecturing hours, 27.4 lecturing hours per capita, and an 87% increase in the frequency of lecturing. All employees receive training, with 45.8 hours of training per capita.

To train primary-level managers and technical talents more effectively, and promote the sustainability of manufacturing manpower, Goertek gave full play to its role as an innovative entity in 2021, and carried out a series of cultivation and training activities related to manufacturing manpower, forming a unique mechanism for selecting, nurturing, employing and retaining talents, so that primary-level managers and technical talents can keep up with the development of this industry.

For the employed manufacturing manpower, the Company continues to empower and optimize the manufacturing manpower structure by opening up the promotion path for primary-level managers, adjusting the remuneration structure and conducting a review of the entire manufacturing manpower. In 2021, the Company continued to train shift leaders and rate them with stars. 1,373 shift leaders participated in the training. Moreover, instructors were appointed in business units for the first time to take charge of the training of primary-level managers, with 74 individuals having completed the training and 23 having passed the evaluation so far. To further enhance the stability of primary-level managers while continuously improving their capabilities, the Company further optimized the promotion paths for these managers in 2021 by upgrading the 5-level hierarchy to a 7-level hierarchy, so that it is possible for primary-level managers to be promoted to ministerial-level managers.

As the manufacturing mode upgrades, requirements for technical talents are getting increasingly higher. In 2021, the Company continued to put effort into building a great team of technical talents, clarifying the positioning of craftsmen and improved the career path for them. 195 craftsmen passed the evaluation, while 471 were trained under a novel enterprise apprenticeship system jointly carried out with universities. The Company conducted internal empowerment

training for craftsmen, training camps for inexperienced craftsmen and training camps for skill development. Moreover, a systematic review was conducted for the technical talents in the Company, who were divided into 11 groups based on their technical specializations, with their job posts and specific requirements clarified. Meanwhile, the Company further benchmarked its skill level settings against those adopted by other enterprises, and continued to carry out independent evaluation, with a total of 2,558 employees evaluated in 2021. This further strengthened the efficiency of the occupational skill levels set for evaluating the Company's technical talents.



In 2021, the Company continued to improve the quality and quantity of training for preparatory primary-level managers and technical talents, with strengthened joint training of craftsmen class between Goertek's Craftsman Training Center and various colleges and universities. 215 craftsmen/technicians were trained in 2021, 84% of whom were qualified by skill recognition, receiving the same pay level as an average graduate with a bachelor's degree. The training has been strengthened continuously to enhance front-line management ability. In 2021, 507 new front-line shift leaders were trained, and 470 employed shift leaders received rotational training. The management ability of these front-line shift leaders was systematically enhanced through theory learning and practicing. In 2021, the Company continued to explore the university-enterprise cooperation mode. On the basis of the "1+1+1" craftsman/technician class model, Goertek built a modern industrial college many universities and conducted training for the first batch of 112 undergraduates. Through the systematic training on manufacturing technology, process, mold, workflow, quality, and corporate culture, students are able to master the knowledge and capabilities required by enterprises while further deepening their understanding of employment and career choice. The Company was jointly recognized by the National



Development and Reform Commission and the Ministry of Education in June as one of the first batch of state-level industry-education integration enterprises integrating production and education; in December, it was recognized by the Department of Industry and Information Technology of Shandong Province as a public training base (demo category) for the new-generation highly skilled personnel in information technology.



In 2021, oriented toward employee growth, the Vietnam subsidiary vigorously promoted the talent localization training program, with a focus on senior-level employees and employees in the Goertek Wings program, so as to orderly construct a localized talent pipeline.



Despite the impact of the pandemic, various training programs were carried out in an orderly manner. In 2021, a new plan was made for the senior-level employee training system of the Vietnamese subsidiary, with upgraded internal and external resources, regulated operation and implementation, and standardized processes. A total of five senior-level employee training classes were set up, covering 306 people, including 231 Vietnamese nationals, with an accumulative 300 hours of lectures. As a strategic reserve of talents for the Company's future rapid development, an end-to-end management system for the Goertek Wings was established in early 2021. For the Goertek Wings candidates of previous years, a series of training and employee care activities were carried out by coordinating the efforts of various business groups;

and for the Goertek Wings candidates of the present year, a comprehensively upgraded induction training camp was held, training 154 people. Through good management of the all-round entire-process training, a localized management ecology for the Goertek Wings initially took shape.



In 2021, with continued adherence to the Company's strategic direction and focus on business development needs, the Goertek subsidiary in South China remained dedicated to the training of talents in each tier and development of a learning organization. In particular, the South China subsidiary empowered its team through a variety of senior-level employee training and front-line management improvement courses, which enhanced the management ability of the senior-level employee team and effectively stimulated their vitality. By optimizing the content and operation form of HUG training courses, new employees had better induction experience and integrate faster. English language courses were developed to improve the English of the business teams and thus enable them to serve clients more efficiently. The in-service growth program for the Goertek Wings candidates was developed and implemented, to facilitate the skill improvement of fresh graduates while they work and to quickly make them feel a sense of value. The Learning Together Day (LTD) program organized weekly learning on specific topics. Its rich content and flexible lectures won wide popularity among the employees of the South China subsidiary, and at the same time, everyone in the organization was encouraged to pursue personal development. As more people were engaged in learning, people are more convinced by the power of learning income growth. Through the project of "Gathering Teachers for Extensive Education", internal lecturers of the South China subsidiary were selected and trained; this project also became a booster for corporate culture inheritance of the Company and skill improvement of the employees. In 2021, the South China subsidiary independently developed and introduced 42 excellent courses, organized 36 public courses at Company level, and trained

28 internal lecturers. The internal training covered 83.1% of senior-level employees; the number of voluntary participants grew by 211%; the per capita offline learning hours grew by 750%; and the average satisfaction of participants scored 4.91 (out of 5).



### 3.4. Employee Engagement and Communication

In order to more widely and timely receive the suggestions and opinions of employees and more effectively solve their problems, Goertek continued to strengthen the function of its Labor Union in 2021 and set up a professional team to systematically manage issues such as employee care, employee rights protection, assistance for those in need, convenient facilities, inclusive services and cultural and sports activities. In July, the Weifang Campus of the Company held the Fourth Employees' Congress, which was attended by the leaders including the Secretary Chief of the High-tech Zone, the Head of the HR department, the chairmen of all functional departments and business groups as well as employee representatives, with a total of more than 200 participants. The Congress heard the reports on the work of the Labor Union, the Funds Review Committee, human resources, administration and work safety in recent years, elected the members of the Fourth Labor Union Committee, the Chairman and the Vice Chairman of the Labor Union, the members and the Director of the Funds Review Committee and the members and the Director of the Female Workers Committee, and deliberated on the member composition of the Labor Dispute Mediation Committee. Moreover, 12 rules and regulations were deliberated and approved by the Congress, including the code of conduct for employees, leave management, and the reward and punishment mechanism, to continuously improve the capacity of employees' democratic engagement and give full play to the Employees' Congress.



The Labor Union has set up communication and feedback platforms such as the Labor Union Service Hotline, the Labor Union Email, the "Goertek Staff Home" official WeChat account, and satisfaction surveys, so as to hear the demands of employees and solve their pressing concerns in a timely manner, thus creating a harmonious labor relationship and forming a community of shared destiny between employees and the Company. In 2021, the Labor Union received 2,630 messages of feedback from employees through various channels such as WeChat, email and hotline, with a 100% closure rate. Timely and effective assistance was provided to employees in solving or responding to various problems they encountered, so that employees could truly "turn to the Labor Union whenever in need".

In addition, an internal supervisory organization has been established, with standardized internal complaint and appeal channels and handling mechanisms, maintaining strict confidentiality and protection measures for complainants and petitioners, and prohibiting any form of retaliation. Employees can complain about any problems, and the internal supervisory organization assists employees in solving problems through such ways as visits, investigations and employee talks.

The year 2021 marks the 20th anniversary of Goertek. The employees jointly composed a theme song for the 20th anniversary - "Together", with more than 300 employees contributing their ideas. The youthful and vigorous sound covered every corner of the Company's departments and campus, and its vibrant music video has also swept across the employees' WeChat Moments. The theme song was also well received by platform users after being released on QQ Music, Netease Cloud Music and WeSing. At the same time, the Company carried out multiple creative activities for the 20th anniversary on the TikTok App, with a total of more than 2 million views on the topics, receiving enthusiastic responses from employees. In the #Shining Goerteker# activity, employees actively uploaded self-choreographed videos, with over 1,000 employees

participating in the shooting and interaction, showing their passion for life and work; in the #Singing Goertek# activity, hundreds of employees participated in the hand-gesture dance and danced to the theme song, showing their best dance moves. A variety of activities such as WeChat portrait customization, exclusive blessing poster customization and creative group photo challenge were launched on WeChat, engaging employees in the bustlw of the Company's celebration.



In 2021, Goertek created its original workplace gymnastics as part of the Goertek Workplace Fitness Initiative, and called on all employees to spend five minutes every day on exercise. The workplace gymnastics comprises six moves to help employees enhance their physical fitness, exercise their body, and relax their muscles. The activity gave rise to a workout craze among employees. More than 30 teams from various departments within Goertek were formed to compete in the workplace gymnastics competition. Over 10,000 people participated in voting the best-performing team, making workplace gymnastics a featured activity for physical fitness within the Company.







In 2021, the TV program "Goertek TV" was officially launched and broadcast in staff cafeterias, spaces in front of elevators and Goertek's intranet, with six episodes already aired. Goertek TV focuses on the latest news of the Company and the industry, and activities of various departments. Employees can also send blessings to their colleagues by ordering songs, which has been well received by employees once it was launched. Many ordered songs for their colleagues. The position of "Goertek TV" anchor is held by employees, becoming an opportunity for them to show their personal charisma. Currently, there are already more than 20 TV anchors.



In 2021, the South China subsidiary set up a jukebox program to enable employees to better relax themselves and have more pleasant their break from work. 387 songs were ordered throughout the year, and employees' sense of engagement and sense of ownership within the Company was strengthened. Birthday parties were held for employees monthly with exclusive privileges for employees having birthdays. There are games, Karaoke, delicacies and cakes for the celebration. In traditional festivals such as the Mid-Autumn Festival and the Lantern Festival, joyful events were prepared to make employees feel the care and love of the Goertek family and to improve their sense of belonging and happiness.



In addition, to enrich the leisure life of employees and to keep a good balance between work and leisure, the South China subsidiary actively carried out various activities, including movie screening, art performance, dating activity for the single, "GBA three-player basketball match, flash mob where employees give Chinese New Year blessing in dialects and various team building activities.



In 2021, the Vietnamese subsidiary continued to strengthen the functions of its Labor Union, and set up a professional team to systematically manage such affairs as employee care, assistance for those in need, convenient services, art and sports activities, and medical services. Feedback channels such as hotlines, emails, satisfaction surveys, employee suggestion boxes and talks were established by the Labor Union to fully and timely learn about the demands of employees and address their demands. In 2021, the Union received 83 messages of feedback from employees, mainly related to cafeterias, parking areas and union benefits, through emails, hotlines, employee suggestion boxes and face-to-face talks, with a 100% close rate. Through timely and effectively helping employees solve or answer various problems encountered in their work and life, the Union set up a bridge of communication with employees, enabling them to truly enjoy the benefits of "Turning to the Labor Union whenever in need". To make it more convenient for employees to provide feedback more comprehensively, the Vietnamese





#### 4.1. Hazard Identification and Control

The Company actively carries out graded risk control and hidden danger investigation and management. The construction of the double prevention system has been taken as a key measure to prevent and resolve major risks in production, with its concept, method and means being continuously improved and perfected. Through targeted guidance and precise improvement, various types of supervision functions were coordinated to monitor the fulfillment of responsibilities and comprehensively improve the prevention and control of production accidents, so as to boost the steady and sustainable production safety of the Company.

The Company follows the principle of "moderate size, easy classification, independent functions, convenient management and clear scope". Based on the *Hazard Identification and Risk Management Process* and the *Operation Guideline for Hazard Identification and Risk Evaluation*, we use the *Operation Activity List* and the *Equipment and Facilities List* to investigate in all aspects and processes, and reasonably classify the risks in the Company that may lead to accidents, including equipment and facilities (including common facilities shared by various departments), operation behaviors, environmental conditions and construction sites. The *Job Hazard Analysis (JHA) + Evaluation Record* and the *Safety Checklist Analysis (SCL) + Evaluation Record* are respectively used for analysis and evaluation. According to the evaluation results, the level of risks is determined, and the *Risk Grading and Control List for Operation Activities* and *Risk Grading and Control List for Equipment and Facilities* are developed to clarify the control measures and control levels. As required by the *Safety Inspection Management System*, periodic inspection and remediation of risks at sites are conducted to continuously improve safety management by identifying and addressing problems.





## 4.2. Shaping a Sound Working Environment

### 4.2.1. Working Environment and Condition Guarantee

The Company provides employees with safe and sound working environment and conditions, with simultaneous planning and implementation of occupational disease prevention facilities and safety facilities at the beginning of construction projects. Production equipment is equipped with safety guards or interlocking devices, and employees engaged in jobs with occupational hazards are provided with free up-to-par personal protective equipment (PPE). Meanwhile, medical kits and first-aiders are available on site to provide emergency rescue for employees.

In 2021, we focused on making improvements in terms of apartment safety and security, facility upgrades and environmental improvement to continuously better the employee accommodation experience and raise their sense of belonging.

#### (1) Greater investment in safety

The Company has always attached great importance to the safety of accommodation, with continuous increase in its investment in apartment safety facilities and intelligence. In 2021, the Company upgraded the common mesh for all apartment windows to diamond mesh, for greater safety and security, as well as beauty and uniformity. It spent substantial sums replacing all traditional mechanical door locks with intelligent ones to ensure safety at employees' accommodation while making access more convenient for employees. By upgrading the traditional electricity meters to intelligent ones, the electricity use can be better monitored to ensure the safety of employees' electricity use. While upgrading the hardware, attention was also

paid to strengthening safety management. The set-up of safety exits of the apartments complied with laws and regulations and design specifications, and daily inspections and spot checks were strictly implemented to ensure that safety exits are available and the escape routes are kept clear.

#### (2) Upgraded facilities for service improvement

The Company is committed to continuously improving the living conditions of its employees. With great concern for employees' health, direct-drinking water collection points were set up at the apartment floors in 2021, with plans to further upgrade the water to mineral water of recognized brand in 2022, so that employees could enjoy high-quality and safe drinking water. For historical reasons, some of the apartment buildings were built long time ago, with centralized bathrooms at their initial planning and construction. After evaluation and validation, the Company launched an intelligent bath upgrade project to place bathrooms at all floors, making showering more convenient, efficient and private for employees and thus solving their worries over showering. Through practical actions, the Company honors its service concept of "serving with heart and soul, and sharing a warm home", delivering quality services and joy to its employees.

#### (3) Environmental beautification and cultural heritage

The Company has made great efforts to improve the accommodation environment of employees. By cooperating with professional property management companies, the Company has increased the investment in human and material resources, and continuously improved the standard of hygiene and cleanliness, so as to create a neat and hygienic apartment environment. Designed by the Company and participated by employees, an apartment culture wall with Goertek's characteristics has been created, embellishing the accommodation environment while delighting the employees. The concept of integrity, pragmatism, and win-win cooperation has been embedded into the minds of all employees, enhancing their sense of ownership, so that Goertek's culture takes root in the hearts of every employee.

#### **4.2.2. Solid Promotion of Fire Safety Management**

The Company always adheres to the fire safety management principle of "prevention comes first, followed by defense and elimination". It conscientiously implements fire safety investigation, rectification, publicity, training and drill activities, putting fire safety work as the top priority, while taking various measures to ensure effective implementation of fire safety work.

(1) Clearly define fire protection responsibilities

By improving the grid-like management of fire safety, responsible persons and administrators for fire safety are assigned at all levels, so as to consolidate the organizational basis of fire safety management. A graded risk control system is implemented, and daily inspections of high-risk areas are intensified. Specific persons are designated to take charge of key fire protection areas, with clearly defined control responsibilities. Voluntary fire brigades of each department are established and improved, and a monthly centralized training mechanism is implemented to improve employees' capability of putting out fire in factories at the incipient stage.

(2) Step up the use of an IT-based fire fighting system

The Company has established an intelligent firefighting Internet-of-Things system to realize 24/7 real-time monitoring of firefighting water level, water pressure and residual current of power distribution cabinets. Flame video detectors are used for video monitoring of fire information, which can track the area of fire automatically and transmit the live videos to management personnel, so as to effectively control hidden fire hazards through high-tech means.

(3) Dutifully carry out fire evacuation drills

In 2021, the Company organized more than 190 fire evacuation drills to ensure that all employees participate in at least one emergency evacuation drill every six months, through which employees could learn about fire emergency plans, master evacuation and escape skills as well as the use of fire-fighting equipment, and improve their emergency response capabilities. In May 2021, the Free Trade Zone Management Committee organized fire managers of enterprises under its jurisdiction to observe and learn from the Company's fire evacuation drills. This shows that the Company drove the improvement of fire evacuation drills capabilities of neighboring enterprises.



#### (4) Provide proper fire safety education and training

By inviting experts from fire-fighting branches (brigades) to the Company to train safety management personnel of each department, making posters and billboards, and showing fire safety films, the Company strictly implements the three-level safety training system and continuously enhances employees' awareness of fire safety. The Company organized a fire safety road show in November to promote fire safety knowledge. Besides, the Company continued to organize fire safety training for all employees, focusing on explaining the Company's fire management rules, the use of fire-fighting equipment, and fire escape skills, so as to enhance employees' awareness of fire safety.



#### 4.2.3. Establishment of a Sound Corporate Emergency Rescue System

In order to ensure that the Company can quickly and effectively carry out on-site rescue and deal with the accident effectively in the event of an emergency, the Company improves emergency response capability, reduce casualties and property losses, protects the safety of the Company, society and employees, and safeguards lives and property. The Company has established and improved its emergency rescue system and emergency response plan. By the extent of the

damage, the scope of impact, the resources required for emergency disposal and the ability to deal with emergencies, the Company's emergency response can be divided into three levels: Level 3 (grassroot team level), Level 2 (corporate level) and Level 1 (society level).

With the principle of "people-oriented and safety first" and "prevention-based, combined with defense efforts", the Company formulated the *Comprehensive Contingency Plans for Work Safety Incidents* in 2021, in accordance with the *Production Safety Law of the People's Republic of China*, *Regulation on Emergency Responses to Work Safety Accidents*, *Measures for the Administration of Contingency Plans for Work Safety Incidents*, *Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents* (GB/T29639-2020) and other laws, regulations and standards, and was approved by the President of the Company for release.

In addition to the corporate-level contingency plan, the Company also prepared more than 20 dedicated contingency plans such as *Fire Contingency Plan*, *Chemical Leakage Contingency Plan* and *Environmental Pollution Accident Contingency Plan* for specific sites, devices or facilities according to different types of work safety accidents. In addition, more than 10 on-site handling plans were prepared, including *Fire Site Handling Plan*, *Chemical Leakage Site Handling Plan*, *Electrocution Accident Site Handling Plan* and *Limited Space Accident Site Handling Plan*, clarifying the description of accident risks, emergency work responsibilities, emergency handling measures and precautions, and prioritizing self-help and mutual help, information reporting and advance handling.

A sound emergency response organization has been established, with emergency response groups of two levels, namely, the on-site emergency response group and the corporate emergency response group. The on-site emergency response group is composed of field personnel from each region. The specific composition is stated in the *On-site Handling Plan* of each region. The corporate emergency response group is composed of the emergency leadership team, emergency management office and emergency response team. In the meantime, the *Emergency Address Book* has been prepared, containing the list of members of each group and their contact information, so as to quickly get in contact during emergencies with group members.



### **4.3. Protection of Employee Safety and Health**

#### **4.3.1. Hazard Source Notification**

According to the distribution of risk points, the Company has posted risk point distribution maps at the entrance or prominent position of each building/floor/workshop, provided information on the main risk points, risk categories, risk levels, control measures and emergency measures through risk point notification cards, and organized training for employees to ensure that they understand the basic situation of risk points and master preventive and emergency measures. For workplaces and jobs that may lead to accidents, alarm devices, on-site emergency equipment and facilities, evacuation routes, etc. are set up.

#### **4.3.2. Safety and Health Training**

Goertek always takes employees' personal safety as a top priority. In 2021, it organized a variety of safety training and activities to enhance employees' safety awareness and create a safety-oriented culture. The Company continued to promote the LOPA model management of hazardous chemical storage areas, and upgraded and optimized the WMS-HXP system to achieve early warning management of chemical storage quantity and dynamic management of storage types, thus upgrading the safety management capability and efficiency. In order to strengthen employees' safety awareness and enhance their safety knowledge and skills, the Company has been carrying out regular training on injury prevention and creating a strong safety-oriented atmosphere. Over the years, the Company has been continuously reinforcing the building of a safety-oriented culture. With the theme of "Fulfilling Safety Duties and Promoting Safe Development" in 2021, the Safety Production Month and continuous safety improvement



activities were held. In addition, commercial insurances such as group insurance for personal accidents, aviation accidents and business travel accidents were purchased for all employees to protect their lives and properties.



In order to improve all employees' awareness of safety, enhance their safety knowledge and skills, and create a strong safety-oriented culture, the Company places emphasis on safety training and education for all employees. Specifically, such safety training includes regular training, targeted training, targeted consultation and external training.

For regular training, the Company conducts monthly training themed around safety participated by relevant personnel within the Company, in addition to the three-level safety education and various targeted training required by national laws and regulations. The themes carried out in 2021 included traffic safety, holiday safety, special power equipment safety, occupational health, chemical safety, environmental protection, summer safety, food safety, production equipment safety, first aid knowledge, fire safety and public security, which improved the safety awareness and knowledge of relevant personnel, ensured 100% training coverage as required of personnel whose duties were relevant to safety and health, and achieved positive results.





Moreover, special attention has also been given to training of safety management and learning of safety management rules for safety management personnel. In 2021, the Company organized special training on safety management, such as safety leadership training for middle and senior managers, EHS comprehensive ability enhancement training, safety management personnel rotating training, hazard source identification theory and field practice, compliance evaluation theory and field practice, and ISO14001 & ISO45001 knowledge training. In addition, young talents with great potential in safety management of the Company were identified and invited to participate in the EHS 50 Professional Workshop in 2021, with elaborate professional + comprehensive course plans to create a training system for EHS 50 trainees through integrating external teaching resources, targeted development of internal courses, and learning forms of both lectures and seminars. The various targeted training programs on safety management participated by a total of over 1,000 safety managers of the Company. Through theoretical learning plus on-site practice, the professional capability and competence of safety managers were continuously improved to ensure the long-term and stable development of the Company's safety management.



#### 4.3.3. Occupational Health Management

Through workplace occupational hazards testing and occupational health evaluation, the Company is able to identify posts with occupational hazards, and regularly organize health checkups for employees in such posts. Moreover, various occupational health protection measures are taken to minimize the risk of occupational diseases. In terms of occupational health checkups, the Company has cooperated with hospitals to conduct regular pre-job, on-the-job and

off-the-job medical checkups for employees in positions with exposure to occupational hazards. Not a single case of occupational diseases has emerged in the Company so far.

#### 4.4. COVID-19 Pandemic Prevention and Control

Despite the generally stable COVID-19 pandemic situation in 2021, Vietnam still faced a severe condition, with clusters of associated cases in some parts of the country, and the transmission of Delta and Omicron variants made the situation worse. Goertek made active arrangements, all-round deployment and rapid response, and carried out comprehensive prevention and control, with corresponding measures implemented swiftly.

##### 4.4.1. Organization of Emergency Drills for COVID-19

In order to carry out the COVID-19 prevention and control and standardize the emergency response, emergency drills of COVID-19 prevention and control were conducted under the guidance of the government. The drill process was executed in an orderly manner according to the standardized handling process to ensure safety and efficiency of the drill. The drill teams made a proper division of duties, performed their respective duties and cooperated with each other smoothly. The drill significantly strengthened the Company's ability of emergency handling and teamwork in preventing any clustered outbreak.



#### 4.4.2. COVID-19 Vaccination

The COVID-19 pandemic is still spreading worldwide and will continue for a relatively long time. Through vaccination, more people can be immunized and a population immunity barrier can be formed as early as possible in order to consolidate the hard-earned progress of pandemic prevention and control. Vaccination against COVID-19 pandemic also stands a good chance of preventing serious illnesses and deaths caused by COVID-19 infection.

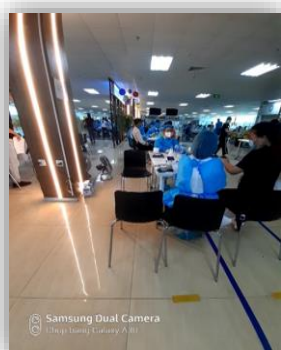
In 2021, the Company's Health Team for Pandemic Prevention contacted medics from various hospitals and coordinated a total of 208 times of COVID-19 vaccination. The vaccination rate for the first and second doses was 93.5%, and that for the booster dose was 83%. In 2022, the booster vaccination will continue to be promoted to achieve a vaccination rate of more than 90%, thus building up a stronger immunity barrier.



The pandemic rapidly spread in Vietnam in 2021. In order to raise employees' awareness of pandemic prevention, the Vietnamese subsidiary organized activities to motivate all employees to fight the pandemic together, praising those working on pandemic prevention, and awarded those with outstanding contributions to pandemic prevention.



By the end of 2021, the vaccination rate for both the first and second doses of COVID-19 among Vietnamese subsidiary employees was 99%, and that for the booster dose was 82%.



#### 4.4.3. Emergency Response

During the Spring Festival, the Company immediately contacted a third-party medical testing company to formulate a nucleic acid testing plan for employees' return after the Spring Festival holiday according to the number of people returning to Weifang as reported by each campus, with 20 nucleic acid testing points set up in each campus to ensure the smooth operation of the Company after the festival.





#### 4.4.4. Guaranteed meals and commuting

To avoid packed commuter public transportations at rush hours, staggered work schedules are arranged for employees, with corresponding flexible shifts, and online meetings recommended. All vehicles of the Company are disinfected twice before departure and after return, and all key areas such as the floor, windows, seats, handrails and air-conditioning openings are fully disinfected, no corners left unattended.

Goertek's staff cafeteria continues to maintain normalized pandemic prevention and control. By improving its mechanisms and processes, scientific disinfection and protection measures, and personnel management, the cafeteria ensures zero COVID-19 case and safe meal provision. After each meal, the staff cafeteria is ventilated and disinfected, and employees must have their body temperatures taken every day and receive regular nucleic acid testing and health screening; the control over procurement of ingredients is strengthened, and cold-chain ingredients periodically go through nucleic acid testing; employees are encouraged to dine at staggered intervals, and panels are erected on tables to create individual dining spots, so as to ensure the safety of diners.



## **5. Adherence to Green Operation, and Continuous Efficiency Improvement and Emission Reduction**

### **5.1. Environmental Management**

Environmental protection has always been an integral part of Goertek's sustainability strategy. The Company's work in various aspects such as wastewater, noise, waste, green office, and greenhouse gas assessment has achieved good results. In recognition of the great significance of protecting the environment and creating a sustainable society, Goertek has integrated environmental protection into every aspect of its operations and throughout the life cycle of its products. According to ISO14001:2015, the Company's environmental management system has been established and applied to all stages of production, including design, development, manufacturing, delivery and service of its products. Environmental factors are identified and evaluated with respect to the life cycle of the products, and corresponding control measures are formulated for critical environmental factors. No environmental protection-related violations and related penalties have occurred since the establishment of the Company.

### **5.2. Pollution Prevention and Control**

#### **5.2.1. Wastewater Management**

The Company's products are mainly assembled, with no industrial wastewater produced during the production process. Domestic wastewater mainly comes from drainage of the office bathrooms, dormitories and staff cafeteria. In 2021, approximately 3,939,000 tons of water was consumed in each campus of the Company in Weifang, of which the living area of Photoelectric Campus II was retrofitted with a water reuse system, with an annual recycling water volume of 46,000 tons, used for cleaning and greening in the campus. The wastewater is general domestic wastewater, uniformly discharged to the municipal pipe network, which complies with the GB/T31962-2015 *Wastewater Quality Standard for Discharge to Municipal Sewers*; the Vietnamese subsidiary complies with the *Local National Sewage Discharge Standard* (QCVN40:2011/BTNMT, Grade 1B (COD<150mg/L, SS<100mg/L)).

#### **5.2.2. Waste Gas Management**

The waste gas generated by the Company mainly comes from industrial waste gas in the production process and cooking fume waste gas from the cafeteria. The industrial waste gas is purified and treated to meet the relevant standard through adsorption of activated carbon and treatment by other facilities, and then discharged through the exhaust duct at high altitude. All the waste gases discharged meet the Class II standards in Table 2 of the *Comprehensive Emission Standard for Air Pollutants* (GB 16297-1996); the Vietnamese subsidiary complies with the *Emission Standard for Organic and Inorganic Waste Gases* (QCVN19/2009/BTNMT & QCVN20/2009/BTNMT).

### **5.2.3. Noise Management**

The major sources of noise in the Company include the operation noise of air conditioning units, air compressors, cooling towers, fans, pumps and other power equipment. Various measures, such as equipment renewal, process upgrading and noise source isolation, have been taken to control noise. According to the monitoring results of the noise within the plant boundary, all the noise within the plant boundary complies with the Class II standard in Table 1 of the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB12348-2008); the Vietnamese subsidiary complies with the *National Emission Standard for Environmental Noise* in the country (QCVN24:2016/BYT).

### **5.2.4. Waste Treatment**

Waste is collected and temporarily stored according to its forms and properties, which is generally categorized into general waste and hazardous waste. In waste management, the Company always upholds the principle of "reduction, reuse and recycling", so as to achieve the integration of waste recycling and corporate social responsibility. General waste is uniformly contracted to professional recyclers for recycling and treatment, while hazardous waste is delivered for treatment to organizations with qualifications for hazardous waste treatment approved by the Environmental Protection Bureau. Waste electronic products are strictly listed as hazardous waste, and delivered to qualified hazardous waste partners for legal and compliant treatment in accordance with laws and regulations, in an effort to maximize waste recycling and resource conservation. In March 2018, the Company began to promote and implement the policy

advocating zero landfill of waste. By promoting this policy to recycling suppliers, the Company disposed approximately over 70,000 tons of waste from 2018 to 2021 through means other than landfill. In 2021, the Company continued to promote this policy, with approximately 20,000 + tons of waste disposed of by non-landfill means, of which approximately 98% was recycled. The waste treatment in the Company's Vietnamese subsidiary is in full compliance with the instructions of the Vietnamese government (ND38/2015/NDCP) and the hazardous waste treatment is in compliance with the national government standard: QCVN6707:2009.

### **5.3. Resource Recycling and Climate Change Mitigation**

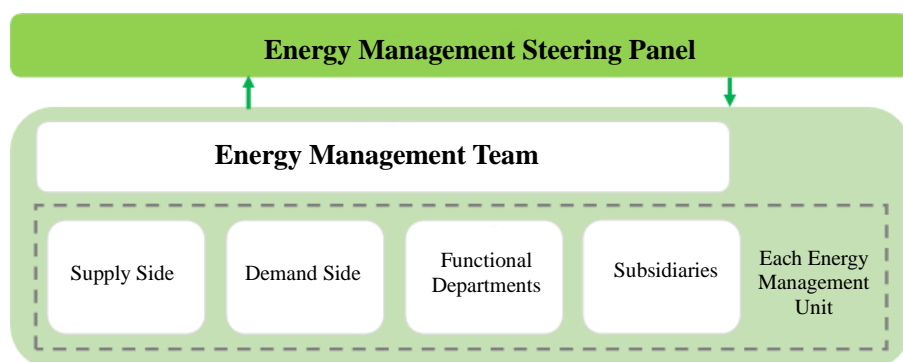
As a major power-consuming enterprise, Goertek is well aware of "limited resources and unlimited value". The Company's energy management policy featuring "compliant energy use, efficient emission reduction, full participation and green development" has been implemented across the Company's product manufacturing chain. With the energy management system as the basis of scientific management, the Company works to optimize the management organization across all channels, improve the mechanisms and processes, and implement the management tools to further explore the potential of energy saving and actively improve the overall energy efficiency, so as to integrate energy efficiency enhancement, emission reduction and green development into the internal operation of the Company.

In order to accomplish the strategic goals of the Company on energy, the Company's energy management work involves a two-pronged approach, covering both management and technology. The main focus lies on the manufacturing process of products. Starting from the energy used, the Company insists on developing and promoting the use of clean energy to increase the proportion of "green energy". Putting clients first, the Company participates in market-based power trading to satisfy clients' demand for low-carbon production. Digital energy operation is promoted to identify the sources of carbon emissions and reduce negative impact on the environment through targeted control, so as to ultimately realize the development of the Company, enhance energy efficiency, protect environment, and slow down climate change.

#### **5.3.1. Optimize Energy Management Personnel Arrangement and Improve the Assessment Mechanism**



Goertek has set up a three-tier energy management hierarchy, comprising the Energy Management Steering Panel, the Energy Management Team and each Energy Management Unit to ensure accountability. The energy management work is comprehensively consolidated by refining the energy management functions of relevant departments, improving the Company's energy management system, tapping deep into the energy-saving potential of each production scenario, and continuously promoting refined management and control. In 2021, the Company strengthened the development of the energy management specialization. The Company improved the capability of energy management personnel by formulating over 30 rules for energy management and control, holding over 20 training sessions, and conducting quarterly evaluations, among other measures.



Meanwhile, the Vietnamese subsidiary set up an energy conservation management organization in 2021, advocating the strengthening of energy-saving efforts such as: paper saving, electricity conservation, water conservation, and waste recycling. In order to deepen all employees' understanding of energy conservation, the Vietnamese subsidiary actively promoted these resource conservation activities through various channels such as email, broadcast, and training.

### 5.3.2. Promote the Use of Clean Energy to Increase the Percentage of "Green Energy"

In response to government policies and client requirements, Goertek has introduced distributed photovoltaic power generation projects and solar collector projects to reduce fossil fuel consumption and provide effective support for the carbon peak and neutrality goals at this stage.

- Distributed photovoltaic power generation: Constantly increase the proportion of clean electricity, and continuously supply green power. By adopting the contract energy management model on existing rooftops, the Company has realized a total of 37.8 MWp of distributed photovoltaic power generation, an annual power generation capacity of 34.31 million kW·h and an annual emission reduction of about 30,340 t CO<sub>2e</sub>.
- Solar power collector: Solar power collector systems are installed in living areas to heat up water. As hot water is provided to employees in a natural way without extra heating, natural gas consumption is reduced. 7 solar collector systems have been installed, with a total collector capacity of 390 tons and an annual emission reduction of 673 t CO<sub>2e</sub>.



### 5.3.3. Actively Carry Out Energy Conservation Technology Improvement and Improve Energy Efficiency of Equipment

The improvement of the energy efficiency system of equipment allows the Company to not only reduce greenhouse gas emissions, but also provide one of major way to lower production energy costs. The Company actively improves energy conservation technology to continuously enhance energy efficiency of the Company's equipment.

- Frequency conversion/maglev energy-saving technology application: The energy station have adopted Both frequency conversion technology and maglev technology for regulation, equipped with 8 frequency conversion chillers, 1 maglev chillers, and 7 frequency conversion air compressors, reducing 8,513t CO<sub>2e</sub> emissions annually.

- Application of automatic energy conservation system for the chiller: The integrated energy-saving control system compatible with both strong and weak currents is built for the chiller in the energy station to monitor various parameters and display equipment status, regulate automatic operation, enhance energy conservation, interlock various equipment and initiate automatic protection, measure energy/power consumption, conduct central monitoring and management, etc. After the implementation of the project, the energy-saving rate has reached 19.5%, and the annual emission reduction has amounted to 3,435 t CO<sub>2e</sub>.
- Energy recycling: The heat generated during the operation of air compressors is recycled and used to produce hot water through direct heat exchange or through water source heat pump units, which is transferred to workshops for production use. A total of 26 waste heat recovery units have been installed, with recovered thermal power of over 3,360kW and an annual emission reduction of 1,138 t CO<sub>2e</sub>.
- Application of central vacuum system: Compressed air is one of the main energy source in production workshops. In view of the waste of compressed air in the process of using vacuum generators in workshops, the technical modification to replace vacuum generators with energy-saving central vacuum pumps has achieved the purpose of reducing workshop noise, improving test performance and reducing power consumption. Currently, 23 screw vacuum pumps with variable frequency have been installed, with a total power capacity of 374kW and an annual emission reduction of 10,914 t CO<sub>2e</sub>.



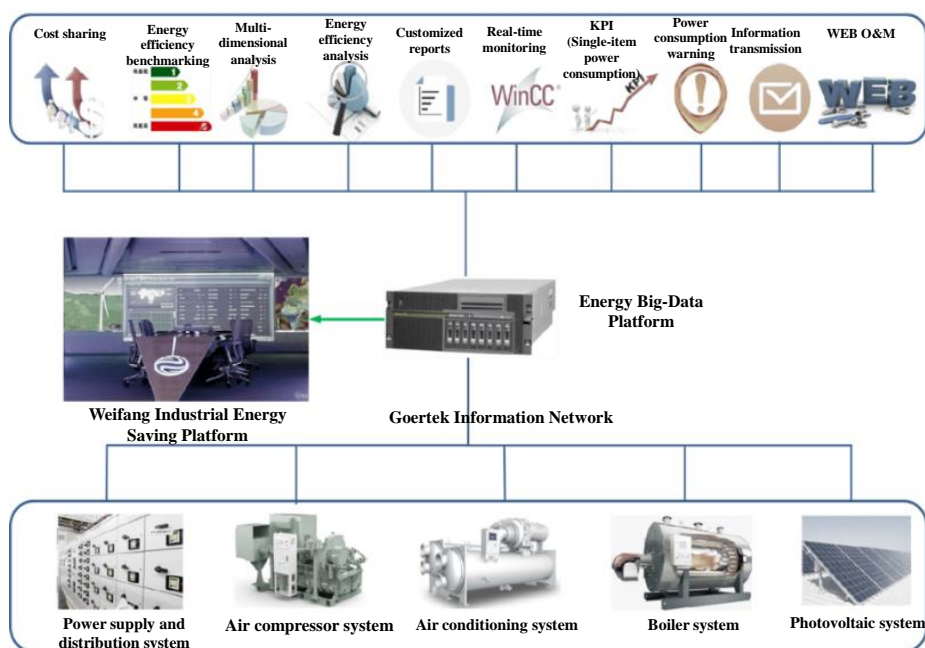
**24,000t<sub>CO2e</sub>**

We promote energy-saving technologies such as vacuum, frequency conversion, and automatic control to improve energy utilization efficiency and reduce annual emissions by 24,000t<sub>CO2e</sub>.



#### 5.3.4. Promote IT Development and Digitized Energy Operation

Based on the present 18 electric power monitoring systems and dynamic monitoring systems, an energy management platform has been established to realize functions such as data display, energy efficiency analysis, data query, real-time monitoring and system management. By building such a platform, the Company can improve data utilization rate, data accuracy and delivery timeliness, guide the orderly execution of energy-saving efforts, achieve the purpose of continuous cost reduction and efficiency enhancement, and realize IT-based energy management.



#### 5.3.5. Build a Scientific Management System through Energy Management System Certification

In order to build a long-term energy-saving mechanism and effectively improve the Company's energy management level, the ISO50001 Energy Management Systems were introduced into the

Company in 2021. During the system set-up process, processes involved in organizational responsibilities, energy review, target benchmarking, monitoring and measurement, procurement and design, publicity and training were sorted out, and based on the actual situation of energy management of the Company, 5 management systems were established, with over 20 sets of management templates produced, to guarantee the scientific, systematic and process-oriented energy management of the Company. The Weifang Park has passed the Energy Management System Certification. The overall energy management level has been improved and the operation of energy management systems will be continuously deepened in the future.

#### **5.3.6. Promote Energy-Saving Culture and Raise All Employees' of Energy-Saving Awareness**

Personnel are a weak yet the most vital link in energy conservation. With great attention to the role played by employees in energy saving, Goertek continues to empower employees with energy-saving culture in the process of improving its management and organization mechanisms and upgrading its technologies. In 2021, the Company carried out a number of campaigns and special inspections to raise employees' awareness of energy saving. For example:

- Conserve and cherish water resources: Water resources are the essential material basis for the survival and development of human beings. Conserving water resources and improving water use efficiency is not only a long-term solution to guarantee the normal production and operation of the Company and realize its sound and sustainable development, but also an inevitable choice for the Company to adapt to the market and improve its competitiveness. In this regard, a series of activities such as water conservation campaigns, water conservation quizzes and water conservation proposals were carried out to make us fully aware of the importance of water conservation efforts, bear in mind the concept of water conservation and put it into actions, and continuously improve our awareness of water conservation, so that water conservation becomes a voluntary action and everyone becomes an advocate, supervisor and practitioner of water conservation.



- Carry out special inspection of air conditioners to reduce indirect carbon emissions: The electricity consumption of air conditioning continues to rise in the summer with a large percentage, becoming a major indirect source of carbon emissions. In order to raise the awareness of energy saving and emission reduction among all employees, improve the operation efficiency of air conditioning systems, and ensure its scientific, rational, efficient and sound operation, we conducted special inspections of air conditioning systems in the Company, starting from four major items and 36 minor items, to improve the energy management ability of all departments, ensure the efficient operation of air conditioning systems and reduce carbon emissions through promoting learning and actions through examinations.



### **5.3.7. Win the title of the Model Enterprise for the Electricity Demand-Side Management in the Fifth Batch of the National Industrial Sector**



With high carbon emissions, the power industry is currently an important sector for achieving carbon emission reduction targets. As the Company consumes a great amount of electricity. In order to respond positively to the internal and external emission reduction requirements, based on the systematic management of electricity, the Company adopts the power monitoring system to realize the balance of supply and demand, thus creating a safe and efficient internal power system and reducing the power consumption at source. This can further reduce the investment in new power plants and the pollution of primary energy to the atmosphere, thereby boosting the achievement of the carbon peak and neutrality goals.

In March 2021, recommended by the local industry and information technology department and China Electricity Council, and through expert review, on-site assessment, and public announcement, Goertek was recognized as the Model Enterprise for the Electricity Demand-Side Management in the Fifth Batch of the National Industrial Sector.

### 5.3.8. Continuously Promote Green Development

In 2022, the Company will continue to systematically promote efficiency improvement and emission reduction, step up the implementation of the energy management system, and take measures to optimize the energy structure and boost energy recycling and reuse, so as to effectively control carbon emission intensity, slow down carbon emission growth and reduce greenhouse gas emissions. The work planned to be promoted are as follows:

- Further step up the implementation of the energy management system, with improved systems and processes, and maintain the consistency of energy management, sharing experiences with all subsidiaries at the same time.
- Continue the fourth phase of photovoltaic distributed power generation project. For newly-built plants, we will continue to build photovoltaic power stations to continuously



序号	单位名称	省（区、市）
1	冀星金隅水泥有限公司	河北省石家庄市
2	邢台金隅水泥有限公司	河北省邢台市
3	潍柴动力股份有限公司	山东省潍坊市
4	鑫科能源有限公司	江西省上饶市
5	河北绿岭康维食品有限公司	河北省邢台市
6	山东鲁南化工有限公司	山东省济南市
7	阳光电源股份有限公司	安徽省合肥市
8	冀东通惠（铁风）水泥有限公司	陕西省宝鸡市
9	歌尔股份有限公司	山东省潍坊市

reduce the Company's power costs and reduce carbon emissions.

- Build high-efficiency server rooms. By configuring high-efficiency equipment, low-resistance assembly tandem piping and integrated energy-saving control systems for strong and weak power, build super-efficient server rooms with energy efficiency level  $\geq 6.0$ .
- Promote the application of the energy-saving automatic control system for chillers. Continue to promote the construction of the energy-saving automatic control system for chillers so as to realize the intelligent energy-saving control of power equipment and improve the overall energy efficiency of server rooms.
- Boost digitalization in energy management. Continuously improve all kinds of measuring instruments and upgrade the systems, to accelerate the informatization of energy management.
- Continue to extend the scope of application of central vacuum pumps for product lines to reduce the number of energy conversions, so as to save electricity and reduce carbon emissions.
- Build green plants. We will adhere to green development and introduce the green concept throughout the life cycle of production, to build plants with intensified land use, harmless raw materials, clean production, waste recovery and low carbon energy.

## **6. Integrity in Business**

### **6.1. Integrity Concept**

Goertek upholds an open, honest and transparent business model, and strictly abides by the information disclosure management rules to protect the rights and interests of its shareholders. With the people-oriented management philosophy, we effectively safeguard the legitimate rights and interests of employees, actively advocate the values of trustworthiness and pragmatism, inspire employees to work enthusiastically, and pursue excellence as a team. Goertek pledges to comply with all laws and regulations related to Goertek's business such as trade control in China, international organizations such as the European Union and the United Nations, and other countries including the United States, to effectively fulfill its export control responsibilities and



obligations, to establish an international image of the integrity management and responsible person, and to win the trust of clients, suppliers and partners.

## **6.2. Fair Competition**

Goertek has formulated relatively complete management regulations and other requirements management systems, and the bidding and tendering process is fair and just, and the opportunity to win the bid is equal. Goertek focuses on the intellectual property services and the intellectual property ecosystem, with dedicated intellectual property personnel and departments, as well as an intellectual property management system that runs through the entire enterprise chain. To protect trade secrets, Goertek has established rigorous and considerate technical solutions, with comprehensive protection measures, to prevent the leakage of trade secrets and effectively maintain trade secrets.

## **6.3. Anti-Corruption and Anti-Fraud**

Goertek has formulated and strictly implemented systems such as *Rewards and Punishments for Behaviors* and *Code of Business Conduct*. In order to eliminate corruption and fraud, all employees in management positions of the Company have signed the *Integrity Agreement*, committed to the principle of fairness and impartiality in business dealings with all parties, and ensuring that the interests of all parties shall not suffer due to corruption. An internal supervisory organization has been set up and a perfect reporting and feedback mechanism has been established. Internal and external personnel can report cases by email, fax, and telephone, among other ways, and strict confidentiality and protection measures are in place to ensure that whistleblowers are not subject to retaliation. For employees who violate the Company's regulations and relevant national laws and regulations, the Company will deal with them according to its internal systems and regulations, and meanwhile, will transfer them to judicial authorities according to national laws and regulations. For suppliers of the Company involved in bribery, they will be dealt with according to relevant systems and disqualified from cooperation, and they will be held legally accountable depending on the severity of the situation.

In 2021, the Company continued to step up its efforts to combat fraud and punished a number of fraud cases. Meanwhile, to enhance employees' awareness of integrity, the Company conducted compliance training, online and offline, for employees, and promoted the concept of integrity to employees and suppliers during national holidays in the form of integrity-themed posters. In terms of management improvement, audit projects in multiple areas were conducted to identify business risks, and improve internal management, which effectively boosted the sound development of the Company.

Cadres are the core and backbone of the Company, shouldering the significant responsibility of promoting the Company's business development and leading its future growth. With great attention to cadre management in 2021, the Company established an up-and-down collaborative cadre supervision organization. Concerted effort was made to improve the work-style of cadres and ensure the long-term healthy development of the Company. In order to regulate the professional conduct, management work-style and virtue of cadres, the Company has established a management system stipulating six "red lines" that cadres must never cross and ten "yellow lines" that they are seriously asked not to cross. Red lines are the highest-level warnings, which must never be touched, crossed or violated, and the Company has "zero tolerance" for "red-line" behaviors. Yellow lines are cautionary warnings, indicating thoughts or behaviors unacceptable in the workplace, and the Company opposes any form of "yellow-line" behaviors. By holding self-reflection meetings, the Company guides cadres to reflect on their thoughts and behaviors against the "red lines" and "yellow lines", so as to timely identify problems and rectify them.

Corporate culture directly affects the development and the future of the Company. It is not only the inherently



necessary in ensuring the healthy development of the Company, but also a motivation for employees to undertake their duties and responsibilities under the guidance of correct values. To encourage everyone to learn from good examples, the Company widely publicizing the stories of some employees in the corporate magazine, official WeChat account and website, promotes

the proactive and enterprising corporate culture and shapes the unique culture of Goertek. The work-style of cadres has been incorporated into their appraisal, promotion, and merit evaluation and performance assessment. Those who conduct unethical behaviors are given "red cards" promptly, which effectively manages people while addresses immorality issues. The management of cadres becomes more scientific, standardized and institutionalized, and an environment featuring pragmatism, enterprise and initiative for doing business is created.

Through patrol inspections and supervision, the Company conducts a comprehensive examination of cadres to promptly identify problems and eliminate them at an early stage, so as to force them give up any immoral idea. A complaint hotline and a complaint mailbox have been set up for complaints against cadres who touch the "red lines" and "yellow lines". These complaints are handled at different levels according to requirements, and cadres who touch the "red lines" will receive severe punishments and those who touch the "yellow lines" will be warned in time. In 2021, the Company carried out meetings, seminars and knowledge contests to warn cadres of the "red lines" and "yellow lines", remind cadres of the Company's mission and to maintain loyalty, integrity and the sense of responsibility at all times, so as to jointly create a good environment of integrity for the sustainable development of the Company.

#### 6.4. Respect for Intellectual Property Rights

Since its inception, Goertek has attached great importance to intellectual property rights. Putting the enhancement of its independent innovation capability at the core of the intellectual property right work, through vertical integration and in-depth expansion of the industrial chain, based on the pool of international key account clients and high-end talents as the guarantee, Goertek actively captures the opportunities of emerging industries in the era of intelligent consumer electronics, deeply integrating itself into the global high-end industrial chain, accelerating technological entrepreneurship and innovation, and achieving sustainable and rapid development. It also digs deep into the industrial trend related to its main business. Based on the trend of the industry in which it operates, the



Company puts emphasis on identifying what technology has the potential to be used to apply for patents and in what areas the Company should own patents. In 2021, the Company applied for 3,468 patents, including 2,539 invention patents, and was granted 1,036 invention patents. As of December 31, 2021, a total of 25,818 patents (including 3,322 overseas patent applications) were filed, including 13,102 invention patents; a total of 15,525 patents were granted, including 4,165 invention patents, reflecting the strong R&D capabilities of the Company.

The Company not only fully respects the intellectual property rights of others, but also attaches great importance to the role of intellectual property rights in the Company's operation. As such, the Company actively utilizes intellectual property rights to enhance its core competitiveness, and vigorously promotes its proprietary products, to give full play to the value of its patents, and to shape its core technologies and key technologies with its own intellectual property rights. A sound innovation cooperation mechanism is structured and established to integrate internal and external resources and carry out effective collaborative innovation and re-innovation. Intellectual property strategies are formulated and implemented, and the operational mode and working mechanism of intellectual property management are improved to enhance the capability of intellectual property creation, application, management and protection. We also actively respond to the national strategy by cooperating with well-known universities and research institutes in the industry, academia and research, forming industrial clusters thanks to the extended influence of such cooperation across the entire region, and enhancing the overall competitiveness of the industry and the region. So far, we have established long-term strategic partnerships with a number of renowned research institutions and universities dedicated to the basic research of cutting-edge technologies and the development of new technologies and products in the field of acoustic-optics, with fruitful results achieved.

Our intellectual property protection efforts have been recognized by government departments at all levels, with the following honors in recent years: National Intellectual Property Demonstration Enterprise, National Intellectual Property Advantage Enterprise, National Pilot Enterprise for Patent Operation, National Technology Innovation Demonstration Enterprise, Shandong Provincial Trademark & Brand Innovation Demonstration Unit, and Shandong Provincial Intellectual Property Brand Unit for Key Core Technologies. We have remained the

winner of the First Prize of the Shandong New and Old Growth Driver Conversion High-Value Patent Cultivation Competition, and won the Silver Award of the 22nd China Patent Award, as well as the Excellence Award of China Patent Award, the First Prize of Shandong Province Patent Award and the First Prize of Weifang City Patent Award for multiple times.

### **6.5. Client Orientation**

The core value of "client orientation" can be interpreted in three levels: "meeting client needs", "continuously satisfying clients", and "contributing to client success". By paying close attention to clients, the Company identifies client needs and proactively solves problems for clients. By vertically integrating precision components such as acoustic, optical and electrical structural parts and solutions for smart hardware and complete systems, the Company provides clients with one-stop services from design, R&D and testing to automated production and manufacturing, and offers high-quality products and services with the overall innovative advantages of marketing, R&D and manufacturing.

#### **6.5.1. Guarantee Product Quality**

At the early stage of Goertek's establishment, it was already proposed that "Quality is the lifeblood of the Company, and initiative is the source of development". It has always been the original intention of the Company to attach importance to quality and to provide best products to clients. The quality management system of the Company is built based on ISO9001 and deepened in IECQ QC080000, IATF16949, ISO13485, ESD, and NMPA standards. The system is getting mature gradually. The Quality Management Department is set up on the platform of the Company to take charge of system construction and evaluation in quality area, and a Quality Management Center is set up in each business group to take charge of process guarantee and system implementation.

In 2021, the platform led the business groups to carry out targeted quality process review with the guidance of "prevention and prediction, quality value-added". The end-to-end process system construction was conducted in aspects including process framework, process definition and process indicators related to quality. For example, the *Quality Reward and Punishment*

*Management Regulations* were optimized to implement "one-vote veto" for quality and safety, providing robust institutional guarantee for product quality.

In terms of data informatization, the Company has built a quality process management system with QIS system at the core, realizing end-to-end quality informatization from client demand to client satisfaction. Analyzing by the big data analysis model, the results are fed back and then guide the continuous improvement of the business. The development and replication of systems in new product areas and new business areas of each business group, as well as the sorting and development of scenario-based processes, are continuously providing insurance for secure product launches.

It is precisely because of the Company's high standards and requirements for quality that no quality penalties or quality failure announcements by the Quality Supervision Department have occurred in the past three years. The Company was awarded the Nomination Award of China Quality Award in September 2021, reshaping the brand image of Goertek.

#### **6.5.2. Safeguard Clients' Rights and Interests**

Goertek has always been practicing the corporate core values of "client orientation, employee development, trustworthy and pragmatic cooperation and mutual benefits". Putting clients at the center of business operation, the Company believe our responsibility is to continuously satisfy our clients and prioritize their requirements when providing products and services.

The Company strictly abides by business ethics in its operation, upholds the principles of fairness and impartiality in transactions and respect for its partners, and signs relevant contracts with clients on an equal footing in accordance with the relevant requirements of the *Civil Code of the People's Republic of China*. *Integrity Agreement* and other agreements have also been signed to provide strong support for fair transactions between both sides. With great emphasis on the standardization of contract management, the Company has devoted much effort to the management of contract standardization and established the systematic management of the whole process from contract signing, contract implementation process monitoring to the filing and archiving. Meanwhile, in order to strengthen the Company's credit management capability

and reduce transaction risks, the Company has formulated and improved client credit-related management regulations and established a more comprehensive credit management system.

By firmly implementing the "Key Account Strategy", the Company focuses on business dealings with global high-quality clients, and actively builds win-win relationships with clients. In addition, it proactively collects and handles clients' voices, builds a good and trustworthy trade order and wins clients' trust with excellent after-sales services. By following closely the dynamics of the industry and responding positively to national trade policies, the Company aims to play a greater role in fostering a prosperous, stable and sustainable trade environment.

While providing clients with quality products and services, the Company properly protects clients' information, and strictly follows the confidentiality agreement signed with customers. It has also formulated and improved the system for regulating the use of customer information, and set up the *Information Security Risk Management Regulations*, which are strictly put into implementation. Moreover, the Company continues to close all the loopholes, and ensure proper network security protection by assessing all kinds of existing information systems and adding functional modules such as password protection in information systems. The Company has established a strict authorization management system, and carried out information security training-related activities regularly to strengthen network security at all times and free customers from any worries.

### **6.5.3. Continuously Enhance Brand Awareness**

In order to raise the public's awareness of Goertek and its products, the Goertek Brand Exhibition Hall was officially opened in 2021. Located in the domestic departures area of Qingdao Jiaodong International Airport, the Exhibition Hall, a space that integrates smart technology and design aesthetics, offers passengers an amazing experience. Travelers around the world are able to see precision components related to sound, light and electricity in intelligent products in the Exhibition Hall, and also listen to the beautiful sound delivered by TWS headsets, wireless speakers and Hi-Fi speakers. In the Virtual Vision area in the Exhibition Hall, visitors can experience virtual reality through immersive and realistic head-mounted VR displays and intelligent seats. There are also interactive projection lights and other intelligent products on site,

allowing visitors to experience health and beauty through technology. On the launch day, Goertek also gave away noise-cancelling earplugs in a creative way to passengers on site, providing them with a better travel experience while arousing their interest in high-tech products.



Under the core value of "client orientation", in order to improve employees' brand knowledge and better provide more professional services to customers, the Company completed nearly ten offline trainings on brand knowledge in 2021, covering topics including brand concept, brand symbols and brand colors. New employees and relevant personnel from various departments were trained, with nearly 20,000 people learning through the brand training e-courses online. This effectively conveyed the Company's brand concept. In order to enable employees to better understand the stories behind the brand, a podcast that shares the brand's stories called "Night Reading" was launched. In each episode of the monthly podcast, a short story is read out while



a long image that illustrates the story is displayed in the background, to make employees feel the warmth of the stories about the Company's development and understand the culture of Goertek, and through continuous training, to, and deepen employees' understanding of brand knowledge and motivate them to practice what they have learned.

## **6.6. Promotion of Common Growth with Suppliers**

While actively carrying out and implementing its own CSR, Goertek also attaches great importance to the CSR management of its suppliers, committed to building a safe, efficient, fair and sustainable supply chain system. The Company works closely with its suppliers to strengthen the continuous improvement and management of CSR across the supply chain through environmental, social and governance risk assessment and audit verification. The aim is to ensure that products are produced in a socially responsible manner in order to achieve sustainable development of the supply chain.

### **6.6.1. Responsible Supply Chain**

Goertek endeavors to build a mutually beneficial, sustainable and competitive platform with its suppliers. It upgrades the multi-dimensional evaluation of suppliers by improving the rules and mechanisms, and drives its suppliers to become better together with Goertek. The Company has strict rules for its suppliers in terms of integrity, honesty and environmental protection, and requires suppliers to shoulder their social responsibility in labor protection, environment, health and safety, and ethics by signing the *Supplier Social Responsibility Commitment* and *Integrity Commitment* formulated on the basis of the RBA Code of Conduct and assessing the CSR performance of suppliers. In addition, it guides suppliers to establish harmonious relationships with their employees, boosts their CSR awareness and management capabilities, and works with them to build a responsible supply chain.

In 2021, the Company set up dedicated internal control to strengthen the internal control supervision and improve business compliance. The supply chain rectification campaign was carried out to create a transparent supply chain. Continuous efforts were made to promote Goertek's supply chain social responsibility policy to its partners, with particular emphasis on the fact that should a supplier be involved in any "red-line" issues, such as child labor, forced

labor, prison labor, major fire safety hazards, no environmental impact assessment approval & acceptance approval, and illegal disposal of hazardous waste, the Company would reject cooperation through one-vote veto.

Besides, as the leading enterprise of the new-generation IT industry in Shandong Province, the Company takes the initiative to contact with "specialized, advanced, distinctive and innovative" enterprises in the province for cooperation opportunities, and works to attract suppliers to build factories in the vicinity of Weifang, so as to build a cluster of advanced electronic information enterprises.

#### **6.6.2. Responsible Mineral Supply Chain**

Goertek endeavors to responsibly source tin, tantalum, tungsten, gold, cobalt and other mineral raw materials used in its products, and to promote the development of policies among its suppliers to prevent and reduce risks of minerals contained in their manufactured products coming directly or indirectly from high-risk areas, in accordance with the requirements of the *OECD Due Diligence Guidance* and the *Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains* (hereinafter collectively referred to as the "Guidelines") as well as the RMI International Guidelines. The Company requires suppliers to conduct responsible mineral due diligence on the minerals used in the products it purchases, and to share due diligence information with customers to ensure consistency between its supply chain policies and the implementation of the Guidelines. The *Guarantee Letter of Non-Use of Conflict Minerals* is also included as an attachment to the supplier contract or as a supplemental agreement for binding regulation. The Company conducts a corporate-level responsible mineral inspection at least once a year, during which it investigates the corresponding suppliers in real time according to customer requirements, thus continuously promoting the completion of responsible mineral procurement throughout the supply chain together with customers and suppliers.

Goertek complies with laws and regulations on trade control and economic sanctions related to Goertek's business in China, international organizations such as the European Union and the United Nations, and countries including the United States, to effectively fulfill its export control responsibilities and obligations and to establish a global corporate image characterized by

integrity and responsible management. In 2021, Goertek set up a Trade Compliance Group, taking full responsibility for formulating and improving the Company's trade compliance policies, systems, organization and processes, approving or making decisions on major trade compliance matters and solutions, promoting the implementation and enforcement of relevant requirements in applicable business areas, and conducting regular internal reviews and audits of the trade compliance system.

## 7. Community Engagement

Goertek values dedication, mutual support and gratitude, and actively fulfills its social responsibilities while conducting good production and operation.

In 2021, the Company carried out five welfare and philanthropic campaigns including the "Your Generosity Gives Hope" campaign for the children of employees, the "Meet your love on the Chinese Qixi Festival" campaign to help



employees find spouses, the "Heart-warming Double Ninth Festival" campaign for the parents of employees, and the "Love Knows No Bounds, Goertek is Always with You" campaign for the children of employees and a campaign helping out employees in need during the Spring Festival. A total of 114 persons received assistance, including 82 employees and their relatives suffering from severe diseases, as well as 19 employees in need, with a total of 937,700 RMB provided.

In 2021, the "Goertek - Together Plan" public welfare activity continued, with Goertek using its own technology to bring such technologies as VR, AR and drones into classrooms of schools lacking such educational resources. In 2021, the Company established four new "Growth Stations" in Rongcheng Shidao Experimental Primary School, Linqu Bayi Hope Primary School, Anqiu Xiapo Primary School and Anqiu Linghe Primary School. Volunteers from the Company made use of their expertise to develop science courses, teaching materials and various fun skill development programs to help students broaden their horizons and develop their interests, inspiring children with science and technology and motivating them to grow up to be outstanding

talents. A total of more than two hundred and fifty people participated in the activities throughout the year, and drones, VR devices and teaching materials were donated to schools. These tech devices were maintained regularly, assisting schools in exposing more students to science education. As of early 2022, the "Goertek - Together Plan" had already established eight "Goertek Growth Stations", covering more than 2,000 students in Anqiu, Linqu and Rongcheng, and the activities were well received by local teachers and students and commended by the education department. In addition to helping out teaching, the "Growth Specialists" kept contact with the schools to help them solve difficulties, fulfilling hundreds of students' wishes.



In 2021, the assistance activities for families in need in the Vietnamese subsidiary continued. As China and Vietnam are friendly neighbors, the Company and the labor union kept following up the living conditions of the employees in Vietnam. Throughout the year, the management of the company provided strong support to 46 employees in need by visiting their families and offering gifts.



Recognizing the seriousness of the pandemic and the risk of infection through waste posed to employees, the Vietnamese subsidiary organized a "waste pick-up" activity among employees inside and outside factories, not only to protect the environment but also to reduce the risk of virus transmission. The subsidiary took an active part in supporting the Vietnamese government's pandemic prevention actions, which demonstrated its fulfillment of social responsibility.



## 8. Outlook

With great expectation for the future, Goertek is committed to become a world-class enterprise in the face of exceptional opportunities arising from the development of a new generation of information technology, thus providing its employees with a better platform and yielding greater returns. Meanwhile, Goertek believes all companies should bear their social responsibilities. The effective development and implementation of actions demonstrating social responsibilities will in turn boost their sound and sustainable development. The Company will continue to fulfill its corporate social responsibility, and boost economic growth while shouldering social responsibility, so as to gradually achieve its sustainable development and create a better life with technology.

**Table of Corporate Honors in 2021**

<b>Date</b>	<b>Title of Honor</b>	<b>Awarding Institution</b>
December 2021	Shandong Provincial Science and Technology Progress Award - First Prize	Shandong Provincial People's Government
	New Leap-Forward Private Enterprise of Shandong Province in 2020	Department of Industry and Information Technology of Shandong Province
	Shandong New and Old Growth Driver Conversion High-Value Patent Cultivation Competition - First Prize	Organizing Committee of Shandong New and Old Growth Driver Conversion High-Value Patent Cultivation Competition
November 2021	Top 100 Industrial Enterprises in Shandong in 2021 - No. 22	Shandong Enterprise Confederation, Shandong Enterprise Directors Association
	Top 100 Enterprises in Shandong in 2021 - No. 27	Shandong Enterprise Confederation, Shandong Enterprise Directors Association
	Standing Council Director of China Federation of Electronics and Information Industry	Standing Council of China Federation of Electronics and Information Industry
October 2021	China's Top 50 VR Companies in 2021	Industry of Virtual Reality Alliance, China Federation of Electronics and Information Industry
	Top 100 Most Competitive Enterprises in	China Federation of

	Electronic Information in 2021	Electronics and Information Industry
September 2021	Top 500 Chinese Enterprises - No. 351	China Enterprise Confederation, China Entrepreneurs Association
	Top 500 Chinese Manufacturing Enterprises - No. 164	China Enterprise Confederation, China Entrepreneurs Association
	The 2021 (34th) Ranking of China's Electronic Component Companies in terms of economic indicators and comprehensive R&D strength - No. 1	China Electronic Components Association
	Top 500 Private Manufacturing Enterprises in China in 2021 - No. 86	All-China Federation of Industry and Commerce
	Top 500 Private Enterprises in China in 2021- No. 164	All-China Federation of Industry and Commerce
	China Quality Award - Nomination Award	Selection and Commendation Committee of the Fourth China Quality Award
August 2021	Top 100 Private Enterprises in Shandong - No.13	Federation of industry and Commerce of Shandong Province, Department of Science and Technology of Shandong Province, etc.
	Top 10 Leading Private Enterprises of Shandong Province in New Generation Information Technology Industry in 2021 - No.1	Department of Industry and Information Technology of Shandong Province

	Top 100 Innovative Private Enterprises in Shandong in 2021 - No.1	Department of Industry and Information Technology of Shandong Province
June 2021	The 22nd China Patent Award - Silver	China National Intellectual Property Administration and World Intellectual Property Organization
May 2021	Top 500 Most Valuable Brands in China in 2021 - No. 99	Brand Finance
April 2021	Co-founder of the Industry-University-Research Institute Collaboration and Innovation Platform for Electronic Materials and Components in China	China Industry-University-Research Institute Collaboration Association
	Executive Vice-President Unit of the Industry-University-Research Institute Collaboration and Innovation Platform for Electronic Materials and Components in China	China Industry-University-Research Institute Collaboration Association
January 2021	Top 100 Most Valuable Technology Brands in the World in 2021	Brand Finance



## Appendix: GRI Sustainability Reporting Standards Index Table

### General Disclosures

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102-1 Name of the organization	1.1. Company Profile	1
102-2 Activities, brands, products, and services	1.1. Company Profile	1
102-3 Location of the headquarter	1.1. Company Profile	1
102-4 Location of operations	1.1. Company Profile	1
102-5 Ownership and legal form	1.1. Company Profile	1
102-6 Markets served	1.1. Company Profile	1
102-7 Scale of the organization	1.1. Company Profile	1
102-8 Information on employees and other workers	3. Employee Care	16
102-9 Supply chain	6.6. Promotion of Common Growth with Suppliers	70
102-10 Significant changes to the organization and its supply chain	No significant changes during the report period	
102-11 Precautionary principle or approach	2.1.3. Innovation Mechanism and Investment 4.1. Hazard Identification and Control 6.5.2. Safeguard Clients' Rights and Interests	13, 38, 67
102-12 External initiatives	1.2.2. Operation of the CSR Management Committee 3. Employee Care	7, 16, 70

	6.6.1. Responsible Supply Chain	
102-13 Membership of associations	Industry of Virtual Reality Alliance, China Federation of Electronics and Information Industry, China Electronic Components Association, China Audio Industry Association, etc.	
<b>2. Strategy</b>		
102-15 Key impacts, risks, and opportunities	Refer to the "Outlook for the Future Development of the Company" in Section III: Management Discussion and Analysis of Goertek's Annual Report 2021	
<b>3. Ethics and integrity</b>		
102-16 Values, principles, standards, and norms of behavior	1.1. Company Profile 1.2.2. Operation of the CSR Management Committee 6. Integrity in Business	1, 7, 61
102-17 Mechanisms for advice and concerns about ethics	6. Integrity in Business	61
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102-21 Consultation with stakeholders on economic, environmental, and social topics	1.2.2. Operation of the CSR Management Committee	7
102-22 Composition of the highest governance body and its committees	1.2.1. Operation of the Board of Directors	4
102-23 Chair of the highest governance body	1.2.1. Operation of the Board of Directors Refer to the relevant content in Section IV: Corporate Governance of Goertek's Annual Report 2021	4
102-24 Nomination and selection of the highest governance body	1.2.1. Operation of the Board of Directors	4
102-25 Conflicts of interest	1.2.1. Operation of the Board of Directors 1.3. Stakeholder Communication	4, 9
102-26 Role of highest governance body in setting the purpose, values, and strategies	1.2. Corporate Operating Mechanism	4
102-27 Collective knowledge of highest governance body	1.2.2. Operation of the CSR Management Committee	7

102-28 Evaluation of the highest governance body's performance	1.2.2. Operation of the CSR Management Committee	7
102-29 Identification and management of economic, environmental, and social impacts	1.2.2. Operation of the CSR Management Committee	7
102-30 Effectiveness of risk management processes	1.2.2. Operation of the CSR Management Committee	7
102-31 Review of economic, environmental, and social topics	1.2.2. Operation of the CSR Management Committee	7
102-32 Highest governance body's role in sustainability reporting	1.2.2. Operation of the CSR Management Committee	7
102-35 Remuneration policies	1.2.1. Operation of the Board of Directors 3.2. Compensation and Benefits	4, 19
102-36 Process for determining remuneration	1.2.1. Operation of the Board of Directors 3.2. Compensation and Benefits	4, 19
102-37 Stakeholders' involvement in remuneration	1.2.1. Operation of the Board of Directors 1.3. Stakeholder Communication	4, 9
102-38 Annual total remuneration ratio		

102-39 Percentage increase in annual total remuneration ratio	Refer to "Notes to the Consolidated Financial Statements" in Section X "Financial Reports" of Goertek's Annual Report 2021	
<b>5. Stakeholder engagement</b>		
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102-41 Collective bargaining agreements	1.3. Stakeholder Communication 3.4. Employee Engagement and Communication	9, 32
102-42 Identification and selection of stakeholders	1.3. Stakeholder Communication	9
102-43 Approach to stakeholder engagement	1.3. Stakeholder Communication	9
102-44 Key topics and concerns raised	1.3. Stakeholder Communication	9
<b>6. Reporting practice</b>		
102-45 Entities included in the consolidated financial statements	Refer to "Interests in other entities" in Section X "Financial Reports" of Goertek's Annual Report 2021	
102-46 Definition of boundaries of content and issues in the reports	Contents	III
102-47 List of substantial issues	Contents	III

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	5.3.3. Actively Carry Out Energy Conservation Technology Improvement and Improve Energy Efficiency of Equipment	
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307-1 Non-compliance with environmental laws and regulations	5.1. Environmental Management No such cases occurred during the reporting period	51
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411-1 Incidents of violations involving rights of indigenous peoples	No such cases occurred during the reporting period	
<b>412: Human Rights Assessment 2016</b>		
412-1 Operations that have been subject to human rights reviews or impact assessments	3.1. Respect for Employees and Protection of their Legal Rights and Interests According to Law	17
412-2 Employee training on human rights policies or procedures	3.1. Respect for Employees and Protection of their Legal Rights and Interests According to Law	17
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	3.1. Respect for Employees and Protection of their Legal Rights and Interests According to Law 6.6.1. Responsible Supply Chain	17, 70
<b>413: Local Communities 2016</b>		

413-1 Operations with local community engagement, impact assessments, and development programs	7. Community Engagement	72
413-2 Operations with significant actual and potential negative impacts on local communities	7. Community Engagement	72
<b>414: Supplier Social Assessment 2016</b>		
414-1 New suppliers screened using social criteria	6.6. Promotion of Common Growth with Suppliers	70
414-2 Negative social impacts of the supply chain and actions taken	6.6. Promotion of Common Growth with Suppliers	70
<b>415: Public Policy 2016</b>		
415-1 Political contributions	No such cases occurred during the reporting period	
<b>416: Client Health and Safety 2016</b>		
416-1 Assessment of the health and safety impacts of product and service categories	2.2. Promotion of Green Products 6.5.1. Guarantee Product Quality	14, 66
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No such cases occurred during the reporting period	
<b>417: Marketing and Labeling 2016</b>		
417-1 Requirements for product and service information and labeling	2.2. Promotion of Green Products 6.5.1. Guarantee Product Quality	14, 66
417-2 Incidents of non-compliance concerning product and service information and labeling	No such cases occurred during the reporting period	
417-3 Incidents of non-compliance concerning marketing communications	No such cases occurred during the reporting period	
<b>418: Client Privacy 2016</b>		



418-1 Substantiated complaints concerning breaches of client privacy and losses of client data	6.5.2. Safeguard Clients' Rights and Interests No such cases occurred during the reporting period	67
<b>419: Socioeconomic Compliance 2016</b>		
419-1 Non-compliance with laws and regulations in the social and economic areas	3.1. Respect for Employees and Protection of their Legal Rights and Interests According to Law 6.1. Integrity Concept 6.3. Anti-Corruption and Anti-Fraud 6.6.2. Responsible Mineral Supply Chain No such cases occurred during the reporting period	17, 61, 62, 71

**Board of Directors of Goertek Inc.**

**March 29, 2022**