

People-Centric Management for Shared Development

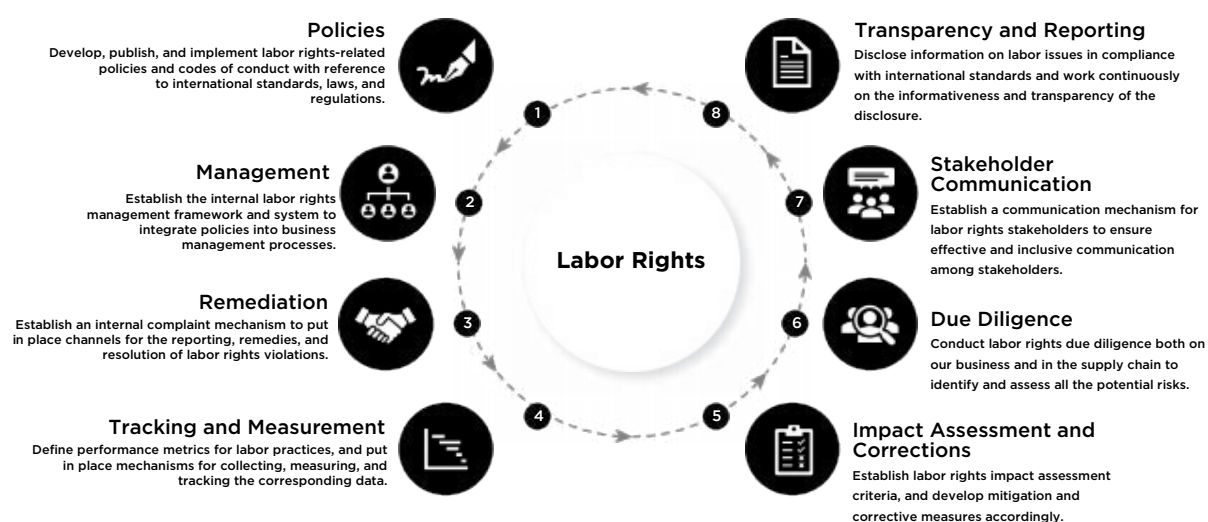
**A collection of case studies on BOE's labor
rights practices**

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1. BOE's Labor Issues and Management Framework

In compliance with the international principles regarding business and human rights, BOE Technology Group Co., Ltd. ("BOE" or the "Group") has established a comprehensive labor rights management framework covering eight labor management procedures. To properly address labor rights issues and requirements, BOE has developed the most critical management measures to ensure top-down management and bottom-up feedback on labor issues, as well as continuous risk tracking and improvement.



BOE's comprehensive labor rights management framework

2. BOE's Labor Practices

2.1 Protection of Basic Employee Rights

2.1.1 Case 1: Human Rights/Labor Code of Conducts

Policies: Based on the BOE Human Rights Policy, BOE has developed and published internally a series of policies, including Labor Contract and Agreement Management Measures, Employee Handbook, and Probationary Period Policy. Specifically, BOE has developed and strictly implemented the BOE Child Labor Prohibition Policy to nip child labor use in the bud during the recruitment process.

Management system: BOE's HR system has professional functional departments responsible for overseeing the protection of basic employee rights. They work with local HR staff on specific HR procedures—such as employee onboarding, transfer, and offboarding—and on the management of employee relations and conflicts, to ensure that employee rights are properly addressed during their time with BOE. Before signing the labor contract and starting the onboarding process, we strictly verify the identity of candidates to prevent the use of child labor.

Measurement and tracking: We continuously monitor the protection of basic employee rights and the implementation of specific measures by tracking the data in our internal HRIS system.

Due diligence: To identify all the potential risks related to human and labor rights, BOE conducts human rights due diligence annually on its businesses and in the supply chain, to ensure that the basic human and labor rights of internal and external employees are protected under closed-loop management.

Redress mechanism: BOE has developed a complete set of mitigation and remedial measures to ensure that problems identified through tracking or due diligence can be solved timely and appropriately.

BOE has put in place a complete set of labor code of conduct and necessary management mechanisms to ensure that the basic rights of every employee can be protected.

2.1.2 Case 2: Occupational Health and Safety (EHS Management)

Policies: In response to BOE's corporate-level requirements, we set out safety-related strategic plans, Longteng plans (literally "dragon flying plans"), and business plans every year for a comprehensive outline of safety tasks for the year ahead. These plans are governed by a 3-tiered policy hierarchical framework, consisting of, in ascending order of granularity, policies (tier 1), measures (tier 2, 28 items in total), and handbooks (tier 3, 6 items in total).

Management system: BOE attaches great importance to the occupational health and safety of all employees. Comprehensive EHS management systems and policies have been set out at corporate, business unit, and factory levels for closed-loop management that covers stages of strategic planning, policy development, execution, and internal and external review. In addition, BOE puts a premium on health and safety training, and prepares occupational health and safety training sessions and programs at corporate and factory levels, among others.

Measurement and tracking: Acting on the policies, BOE factories submit their monthly safety production reports to the Group. With these monthly reports, we can have a timely overview of each factory's performance in safety production and organization of safety training programs at the corporate level.

Impact assessment and corrections: In terms of internal review, BOE and its business units conduct safety inspections in the form of online inspection, document review, or on-site inspection on the key operating sites every month and on the other sites every six months. In response to the requirements of the safety dual-control mechanism, BOE factories conduct internal safety inspections at different levels, identify and control safety risks of all kinds, and ensure that corrective measures have been taken accordingly for closed-loop management. The factories also receive independent external reviews to ensure compliance with the requirements of safety standardization and Occupational Health and Safety Management Systems (ISO 45001), as well as accreditation assessments for Safety Culture Demonstration Enterprise and Occupational Health Enterprise, among others.

Sound EHS training system: At the corporate level, we organize external training programs for the management and safety management personnel, as well as safety training for newcomers. At the factory level, we provide external qualification training programs for the management, safety management personnel, fire control room staff, special operations personnel, operating and management personnel of special equipment, radiation equipment operators, and first aiders. Newcomers must participate in the 3-tiered safety training program (at corporate, department, and office levels) and pass the training assessment before taking up the job. Every year, BOE also organizes safety training periodically in the form of on-the-job training, training for employee transfer and work resumption, training for new manufacturers, and thematic safety training during BOE Safety Month (for example, safety lectures from the General Manager).

2.2 Recruitment and Employment

2.2.1 Case 1: Employee Recruitment

Policies: BOE has developed and internally published the BOE Recruitment Management Policy and is committed to the principles of non-discrimination and equal opportunities in employment.

Management system: BOE has an established recruitment mechanism. In collaboration with the human resources business partners (HRBP) and hiring managers, the talent acquisition team oversees the end-to-end recruitment process, covering stages including identifying talent requirements, defining candidate portraits, preparing recruitment plans, and arranging for the recruitment.

Recruitment principles: Differential treatment based on factors such as gender, ethnicity, religion, sexuality, and belief is not allowed throughout the entire employment journey, from recruitment, promotion, personal development, and benefit offerings, to the termination of employment contract. We fully consider employees' willingness at every stage of employment and ensure that employees participate in work voluntarily. Forced labor, corporal punishment, intimidation, harassment, abuse, and other behaviors that discriminate against employees are strictly prohibited.

Diverse recruitment channels: We use multiple recruitment channels to search for suitable candidates, including job listing websites, social media, and employee referrals. In addition, we collaborate with the Ministry of Education and recruitment and employment platforms of provinces, municipalities and autonomous regions to provide suitable job opportunities for local talents.

Candidate experience: Interviews represent the initial stage of BOE's engagement with candidates. Therefore, we pay close attention to how candidates feel about the interviews. Before the formal interview, we provide etiquette training for interviewers to make sure the communication is as smooth and comfortable as possible for both sides. After the recruitment process, candidates are invited to give us feedback on aspects such as the recruitment process and positions in a questionnaire. Based on their feedback and upon their consent, we organize one-on-one conversations to address the specific issues that arise during interviews.

2.3 Talent Development

2.3.1 Case 1: Employee Career Development

Policies: BOE has developed policies including BOE Job Rotation Program and Leadership and Management Policy to systematize the position classification and employee career development policies.

Management system: With the coordination between multiple departments such as the departments of position classification management, leadership management, core talent development, and training management, BOE has defined the position management measures and policies to ensure continuous efforts and improvement in role alignment.

Role alignment: Our ideas for talent management have evolved along with the growth of our business. We have been clarifying and updating position classification and job management measures and policies since 2013. With support from external consulting agencies, we have quickly outlined the skill requirements for every position

using big data, and systematized the requirements after involving specific business departments for refinement and elaboration. The continuous update and optimization of position classification policies help align the hard and soft skills of employees with the growth of the organization and minimize the mismatch between employees and their jobs.

Talent development plan: BOE attaches great importance to talent development, and fully supports the continuous learning and growth of employees at BOE through the Organization and Human Development Plan (OHDP). We continuously facilitate the development of potential leaders, high-potential talents, and core talents, and put in place a comprehensive management trainee program, offering potential talents diverse resources and assistance in terms of communication, training, and job rotation opportunities, among others. In addition, we conduct a comprehensive assessment of the performance, competence, and potential of employees based on the leadership SCORE model. By means of big data mining and analysis, we are improving BOE talent standards and portraits and optimizing the use of talent tags and talent pooling, to strike the right balance of consistency and fairness between role alignment and employees' personal development.

Dual channels for career development: All BOE employees have the opportunity to design and select their most suitable career development path under the guidance of their leaders. BOE's position classification and management policy champions equality and openness, and offers development opportunities through parallel managerial and technical tracks to facilitate improvements in both professional and management skills. We have devised a unified set of employee promotion mechanism, procedures, and the corresponding assessment metrics, evaluating employees' overall performance, capabilities, and fulfillment of their responsibilities with a credit-based system.

Job rotation and transfer program "Galloping Horse": To encourage employees to become more proactive, engaged, and creative at work, BOE has developed the job rotation and transfer program "Galloping Horse", offering employees the chance to explore diverse career opportunities and choices. To enhance the efficiency and employee experience of internal job transfer, an internal smart platform has been developed to help employees quickly look for and find ideal departments/positions based on such factors as their abilities and development aspirations. The program not only enriches employees' career experience, but also reduces brain drain.

2.3.2 Case 2: Employee Training Plan

Policies: BOE has developed the Employee Handbook and Training Management Policy to specify the required training programs for onboarding employees and thematic training for employees at different development stages.

Management system: Based on the diverse talent types defined in the context of BOE's business framework "1+4+N+Eco-chain", we have devised four training systems for every employee. The designated training management department continuously collects employees' feedback on and requirements for training programs, and actively adjusts, optimizes, and updates training programs to make sure that the talent training system has been fully utilized to empower business growth.

Multi-dimensional employee development: We provide various training and policy support to employees with aspiration for, for example, upwards mobility or cross-department and functional experience. Based on the comprehensive training system, we have developed an innovative digital training platform "BOE University", granting employees access to digital learning anytime, anywhere. The employees can take courses required for their positions on the platform and obtain qualifications when they complete the courses and pass exams. Apart from the internal training system, BOE also introduces top-notch external lecturers and professional development

courses, connecting employees with cutting-edge, comprehensive learning resources. As a result, BOE's training programs are increasingly popular these years, attracting more and more participants. In 2023, the training platform recorded training hours exceeding 330,000 hours in total.

Employee experience: We believe in the 70:20:10 model for learning and development—70% of learning should come from experience, 20% from working with others, and 10% from formal educational events—and strongly encourage employees to learn from practices. The inexperienced employees are encouraged to carry out planned practices and convert theoretical knowledge into practical experience under the mentoring of business leaders and senior employees.

2.3.3 Case 3: Fair Performance Appraisals

Policies: BOE has developed and internally published the Performance Appraisal Policy, and conducts Group-wide employee performance appraisals every six months based on standardized performance appraisal procedures and measurements.

Management system: BOE's performance appraisal procedure consists of four stages: self-evaluation, evaluation from supervisors, performance rating announcement, and result communication. In case of concerns at any stage of the procedure, employees can request a reconsideration and restart the appraisal. BOE requires that all the opinions and suggestions in the evaluation results should be constructive and offer clearly defined goals and action plans, to ensure that they are helpful to the personal development of employees. The employee performance is reviewed in a comprehensive and fair manner through multiple measurements—including the accomplishment of goals, multi-dimensional performance appraisal, team-based performance evaluation, and agile dialogue—every six months at the corporate level.

Stakeholder communication: We value the development of every employee. We communicate with underperforming employees to address their concerns and provide training programs accordingly, encouraging them to make progress and improve themselves with a more positive mindset.

2.4 Compensation and Benefits

2.4.1 Case 1: Equal Pay for Equal Work

Policies: BOE has developed the Payroll Policy with full adherence to the principle of fairness in salary management.

Management system: We take a top-down approach to the development of the compensation policy. Based on the annual working measures outlined in the Longteng plan, the BOE Performance Management Center establishes and breaks down the main goals, defines specific targets and business plans for each organization, and assigns the key targets and assessment criteria to the person in charge of the organization. The idea is to motivate the person in charge to work with the HR department on the implementation of the compensation policy across the organization.

Redress mechanism: To ensure that BOE's compensation package is competitive and fair, we conduct a salary review every year to track and evaluate market trends and industry practices in regions where we have established a presence, and adjust salaries based on the changes in external factors as well as internal feedback.

Measurement tracking & impact assessment and corrections: To ensure the compensation policy is properly implemented across the organization, BOE regularly assesses and tracks the implementation process. With a quarterly warning and assessment mechanism, we are able to correct deviations from expectations timely and offer targeted communications and resource support, to ensure that the goals of each department are fulfilled at the end of the year.

In adherence to the principle of fairness in salary management, we combine a fixed base salary with productivity and performance-related pay and devise short-term and long-term incentives, continuously offering competitive salary packages for professionals in the industry.

Commitment to equal pay for equal work: In accordance with the International Labour Organization's (ILO) Equal Remuneration Convention, 1951 (No. 100) and Discrimination (Employment and Occupation) Convention, 1958 (No. 111), BOE is committed to a comprehensive and fair salary policy, where the fixed base salary is the same for employees with the same levels of experience and performance in the same position, and the productivity- and performance-related pay is determined based on assessment of the employee's actual performance against unified standards. In addition, BOE believes that employees should receive fair compensation for the work they do and the way they work, regardless of their gender, race or any other personal traits.

2.4.2 Case 2: Employee Benefit Plan

Policies: In strict adherence to the Constitution and the Labor Law of the People's Republic of China, BOE has developed policies including the Benefits Management Policy, Employee Attendance Management Policy, and Employee Handbook, to ensure that employees fully understand all the available benefits and measures. These policies have been strictly enforced to ensure fair and thorough implementation of BOE's employee benefit plan.

Management system: As production expands, BOE continuously strives to enhance the benefit plan for every employee. We work with multiple management departments to design, deliver, and implement benefit plans, managing and implementing BOE's benefit policies in a comprehensive manner.

Basic benefits: BOE offers basic benefits such as social insurance and housing provident fund, as well as non-monetary extra benefits that cover medical & health benefits, employee support, self-development support, and other forms of support. The benefit plans are tailored to employees at different stages of life and work, and offer them the most suitable welfare options, contributing to an enhanced sense of belonging and ownership among employees.

- Medical & health benefits: annual medical check-up for all employees / personal accident insurance / critical illness insurance / medical insurance / paid sick leave / free access to the gym, outdoor basketball court, and football field / EAP for employees' mental health support;
- Employee support: birthday celebration / marriage allowance / marriage leave / maternity leave / bereavement leave;
- Self-development support: BOE University;
- Other forms of support: quality working environment / subsidies for expatriate and job transfers / travel subsidies / resettlement allowance / special holiday events and activities (Children's Day, parent-child activities, Mother's Day, Dragon Boat Festival, and open days).

Commitment during special periods: We are responsive even under special circumstances, committed to safeguarding the work, life, and health of our employees. During the COVID-19 outbreak, BOE offered the options of such alternative work modes as flexible and remote work, and provided anti-epidemic medicines and supplies.

We implemented closed-loop management across our sites, and developed a mini program to inform employees of the latest epidemic developments in real time.

2.4.3 Case 3: Employees' Mental Health Support

Management system: BOE HR SSC (Human Resources Shared Services Center) is responsible for the Employee Assistance Program (EAP), based on the principle of strict confidentiality.

EAP: Launched in 2013, the BOE EAP has assisted employees in effectively coping with stress from work and life and increasing happiness over the past decade. The program integrates online and offline channels to maximize the convenience and availability of consulting services and satisfy employees' diverse needs for mental health support.

- Online channels: 24/7 appointment hotline / telephone & video consultation / smart psychological platform / mental health assessment / WeChat Official Account / collaborative office portal-EAP section / online micro courses;
- Offline channels: on-site consultation / "Oxygen Bar" wellness space / crisis intervention.

2.5 Protection of Minority Rights

2.5.1 Case 1: Anti-Discrimination and Anti-Harassment

Policies: BOE has developed the BOE Anti-Discrimination and Anti-Harassment Policy to clarify concepts regarding discrimination and harassment, and specify the scope of application, preventive measures, and reporting procedures. The policy and relevant provisions and standards outlined in the Employee Handbook have been clearly communicated to all employees to make sure that employees are aware that BOE does not tolerate discrimination and harassment.

Management system: BOE sets out the roles and responsibilities of all employees, managers, and business leaders to ensure the implementation of the anti-discrimination and anti-harassment policy.

Redress mechanism: BOE takes seriously any report of violations of the anti-discrimination and anti-harassment policy. Should this happen, we would respond promptly with further investigation and necessary remedial measures. The complaints can be communicated in writing, by email, or through face-to-face conversations, and will be addressed appropriately and confidentially by managers.

Measurement and tracking: BOE closely monitors the entire process of handling discrimination- and harassment-related complaints to make sure that relevant risks are effectively controlled and managed.

Diversity, equity, and inclusion (DE&I) policy: BOE attaches great importance to diversity, equality and inclusion at the workplace, and continuously encourages various actions that promote inclusion in and out of the company. We have integrated the DE&I policy into HR-related practices, offering all HR professionals basic training on DE&I knowledge and anti-discrimination and anti-harassment practices, to promote our DE&I policy across operating sites.

2.5.2 Case 2: Support for Female Employees

Policies: BOE has signed and strictly implemented the Special Agreement on the Protection of the Rights and Interests of Female Employees, and adhered to the provisions of the Labor Law on holidays, working hours and breaks for female employees.

Management system: Multiple departments work together to continuously promote the rights and interests of female employees.

Caring for female employees: BOE pays close attention to the difficulties and needs of female employees both at work and in their personal life. Lactation rooms are available in a number of BOE offices/factories in support of breastfeeding employees. We are also committed to promoting the professional development of female employees at BOE.

Indicator	Year		
	2023	2022	2021
Gender ratio	Female: 31%; Male: 69%	Female: 31%; Male: 69%	Female: 30%; Male: 70%

2.6 Freedom of Association and Collective Bargaining

2.6.1 Case 1: Employee Organizations

Policies: BOE strictly abides by the laws and policies regarding employee organizations, including the Trade Union Law of the People's Republic of China, Constitution of the All-China Federation of Trade Unions, Provisions on the Work of Enterprise Trade Unions, Provisions on the Democratic Management of Enterprises, Regulations on the Election of Primary-level Trade Union Organizations and Regulations on the Primary-level Trade Union Congress. In addition, BOE has developed the Basic Responsibilities and Discussion Policy of the Trade Union of BOE Technology Group Co., Ltd. to ensure that the trade union is effectively organized to promote employee communication and other labor matters.

Management system: BOE has set up a trade union and, in accordance with the requirements of the superior trade union and BOE's internal policies, supports employees' legitimate freedom of association, collective bargaining, and promotion of rights and interests. We strictly adhere to the national trade union-related policies and regulations and support the establishment and development of the trade union in all respects.

Support from the trade union: The trade union has formulated the BOE Trade Union Measures for Support and Assistance for Employees in Need to provide special support and assistance to employees facing difficulties at BOE offices and factories.

Employee clubs: BOE fully respects employees' interests and supports the organization of various interest clubs and activities, as well as courses and competitions including dancing, yoga, football, basketball, baseball, archery, and flower arrangement.

2.6.2 Case 2: Employee Communication

Management system: BOE has established an open and democratic communication system that combines online and offline channels. We select suitable communication methods based on employees' development and needs, and adjust the methods timely based on feedback from various management departments. In addition, we organize BOE Staff and Workers' Representative Congress ("Workers' Representative Congress") and BOE Trade Union Congress every year to increase employee engagement and promote democratic management across BOE.

Redress mechanism: BOE takes all employee communication and grievance incidents seriously by promptly investigating the complaints and taking necessary remedial measures.

Measurement and tracking: BOE closely monitors the entire process of handling discrimination- and harassment-related complaints to make sure that relevant risks are effectively controlled and managed.

Online and offline communication: BOE offers various employee communication channels, both online and offline, to constantly listen and respond to employees' voices and safeguard their rights to information, participation, expression, and supervision across the organization. This lays the foundation for continuous business growth.

- Online channels: Satisfaction surveys / questionnaires / online platforms (for example, HR service website, corporate email box, intranet portal, suggestion mailbox, WeChat service platform)
- Offline channels: One-on-one conversations / panel interviews / mailboxes of the Chairman, and the General Manager / Workers' Representative Congress, and Trade Union Congress

Communication related to EAP: In compliance with the principle of confidentiality, we collect general EAP data from psychological counselors to understand, for example, the proportion of consulted issues including career development and family relationships. Based on the annual/semi-annual/quarterly data, we adjust plans for future events and courses to make them more relevant and targeted.

Communication on training: BOE organizes targeted conversations, thematic sharing sessions, and discussions to inform employees of the overall plan for training programs. Meanwhile, in collaboration with the HRBP of every business unit, we collect employee requirements and business demands for the plan twice a year, and update the training plan accordingly using a top-down approach.

Engagement survey: Every 1-2 years, BOE conducts an employee satisfaction survey to measure sustainable employee engagement with 18 metrics, including the willingness to stay, job satisfaction, training, personal development, compensation and benefits, teamwork, immediate superiors, performance management, leadership, working conditions, operational efficiency, communication, corporate image, values, corporate culture, customer orientation, change, and leaders. Our 2023 employee engagement survey showed that 91% of employees were satisfied with BOE and willing to continue their contribution, a rate significantly higher than that of most high-tech companies in China.