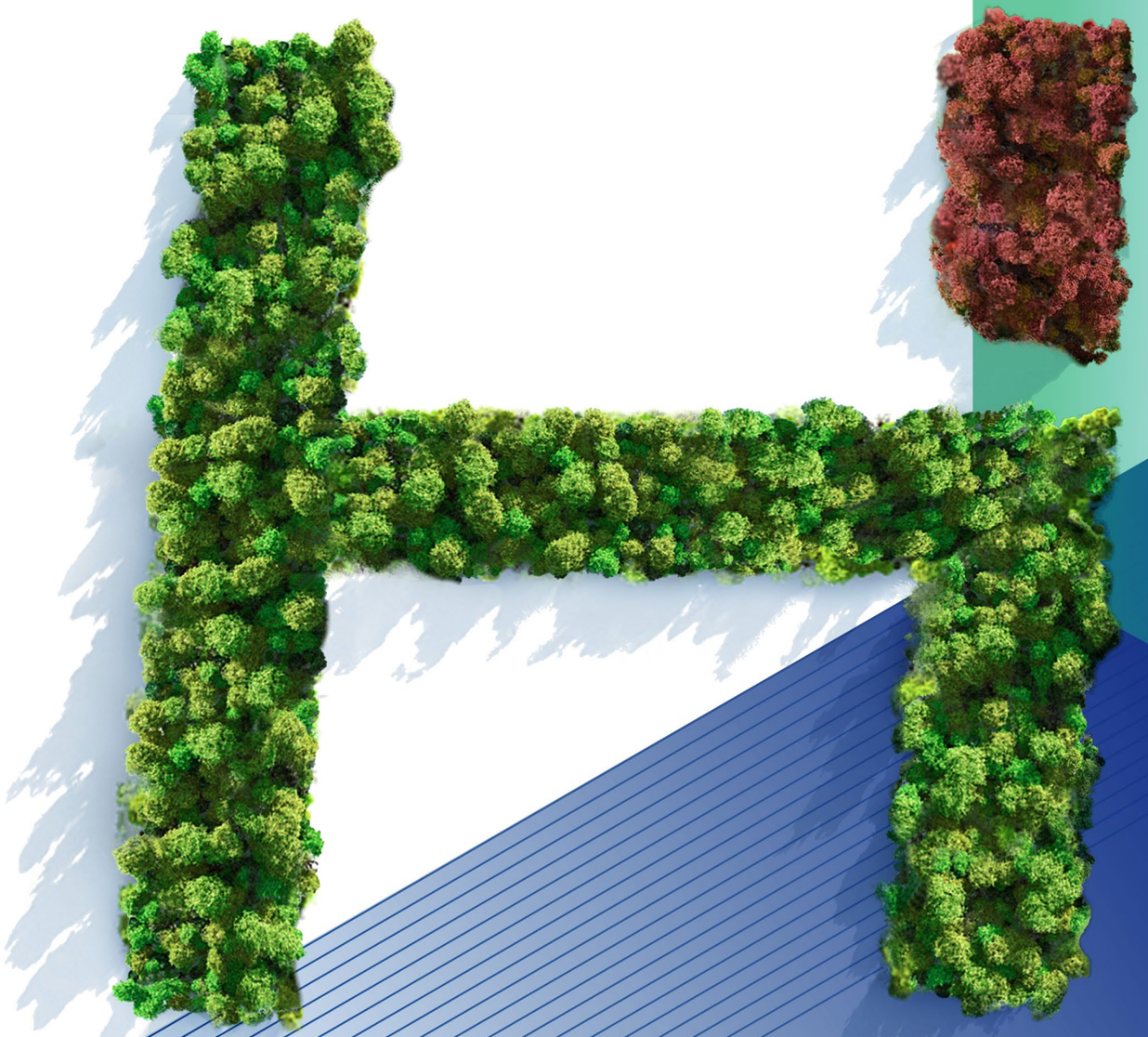
Hanshow

2022 Sustainability Report

(Published in September, 2023)

Hanshow Technology Co., LTD.



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Foreword

About this Report

This Sustainability Report has been prepared by Hanshow Technology Co., LTD. (hereinafter referred to as "Hanshow" or the "Company"). It provides a comprehensive overview of our vision, strategic approach, and sustainability performance relevant to our stakeholders.

Reporting Period

In general, the qualitative and quantitative data in this report are based on activities from January 1, 2022, to December 31, 2022. Regarding key issues, the report contains information from before 2022 and the first half of 2023.

Scope and Boundaries

The content of this report covers Hanshow's global operations, including our business premises in China and overseas, where our employees are based until the end of 2022. Our operational entities included in this report are listed in Appendix 1.

Reporting Principle

This report is compiled with reference to the *GRI Standards 2021*, a modular system of sustainability reporting standards published by the Global Sustainability Standards Board (GSSB), and the *Guidelines on Social Responsibility of Shenzhen Stock Exchange Listed Companies*.

Reporting Frequency

We disclose our sustainability performance annually. Our first annual report was published in 2022. This is the second Company-wide edition.

Prevailing Language

The English version of this report shall prevail in case of any inconsistencies with translated versions, if any. Any other language versions of this report are provided for convenience only.

External Assurance

We have engaged external auditors to conduct third-party assurance of selected sustainability indicators and issue a limited assurance report.

Get in Touch

We are happy to speak with you about the contents of this report and Hanshow's journey to more sustainable business practices. Please reach out to:

info@hanshow.com

Message from our CEO

The world is changing rapidly. Megatrends such as climate change, digitalization, demographic change, and urbanization demand that we rethink established ways of doing things. Hanshow continuously pursues innovation with a portfolio designed to drive the digital and sustainable transformation of the retail industry. We firmly believe that technology is the answer to creating a sustainable future. Through technology with purpose, we enable our clients and partners to optimize their contributions to the health of our planet.

At Hanshow, sustainable development is always at the core of our work. Our commitment to sustainable development is reflected in our 'EPIIC' framework, which is the core sustainability strategy. Through it, Hanshow will refine its sustainable development management system to improve implementation and ensure operations are mutually supportive of social and environmental benefits, promoting harmonious development.

In 2022, we made great strides with our priority sustainability issues as well as driving shared value through our three core sustainability impact areas – supporting good governance, fulfilling social responsibility, and preserving the ecological environment. This year marked an important step in our sustainability management as we established an Environmental, Social and Governance (ESG) Management Structure, and clarified the responsibility of top decision-making bodies and management to lead Hanshow in implementing sustainable business practices.

Hanshow released its first sustainability report in 2022 and received certification from EcoVadis for our positive environmental impact, labor and human rights standards, business ethics, as well as sustainable procurement, in line with our clients' values and expectations.

In the future, Hanshow remains committed to its role in advancing and actively advocating for innovative digital technology applications. We will steadfastly deliver sustainable digital solutions to our global clients while also upholding our corporate social responsibility. This includes efforts to reduce our environmental footprint in our operations and collaborate with ecological partners to lead the way toward a smarter, greener, and more inclusive future.

Shiguo, HOU

CEO

About Hanshow

Hanshow is one of the global leaders in digital solutions for the retail industry. We have independently researched and developed innovative software and hardware integration solutions, as well as integrated resources across the entire industry chain. By leveraging its expertise in IoT, AI, and big data, Hanshow offers a comprehensive range of cutting-edge digital solutions for the retail industry. These solutions include Electronic Shelf Labels (ESLs), in-store marketing, AIoT technology, and other advanced applications.

With a track record of continuous innovation over the years, our solutions have brought significant benefits to tens of thousands of stores across more than 50 countries and regions. They have helped retailers streamline operations, optimize pricing strategies, and provide consumers with a more personalized and engaging shopping experience.

Our Global Presence

Hanshow was founded in 2012 in Jiaxing, Zhejiang Province, China, with its R&D and management center located in Beijing. We have established subsidiaries and branches in Shanghai, Shenzhen, as well as other locations around the world, including France, Germany, the Netherlands, the United Kingdom, the United States, Australia, and New Zealand.

Our Culture

Our Vision

To become a global leading solution provider for intelligent retail.

Our Mission

Hanshow is committed to breaking the digital divide between online retail and facilitating clients' business successes.

Our Core Values

Customer-oriented innovation, striving to be the best. Be result-driven. A culture of integrity, sharing, excellence and openness.

Sustainability at a Glance in 2022

Governance

- ESG Management Structure established.
- A total of 155 valid questionnaires were collected from internal and external stakeholders during our materiality assessment.
- No known violation of laws and regulations or business ethics cases.

Social

- Increased special investment in the retail industry, with an R&D investment of 123.7 million RMB in 2022.
- The scale of our SaaS services has grown significantly.
- We have obtained four ISO management system standard certifications, including ISO 27001, ISO 9001, ISO14001, and ISO 45001.
- 236 intellectual property rights were obtained, including 63 licensed trademarks and 173 independently developed technical achievements (including 30 software copyrights and 143 licensed patents) as of the end of 2022.
- Our workforce consisted of 64% men and 36% women. Women filled 33.82% of our management positions. One-third of our supervisory board members are women.

Environmental

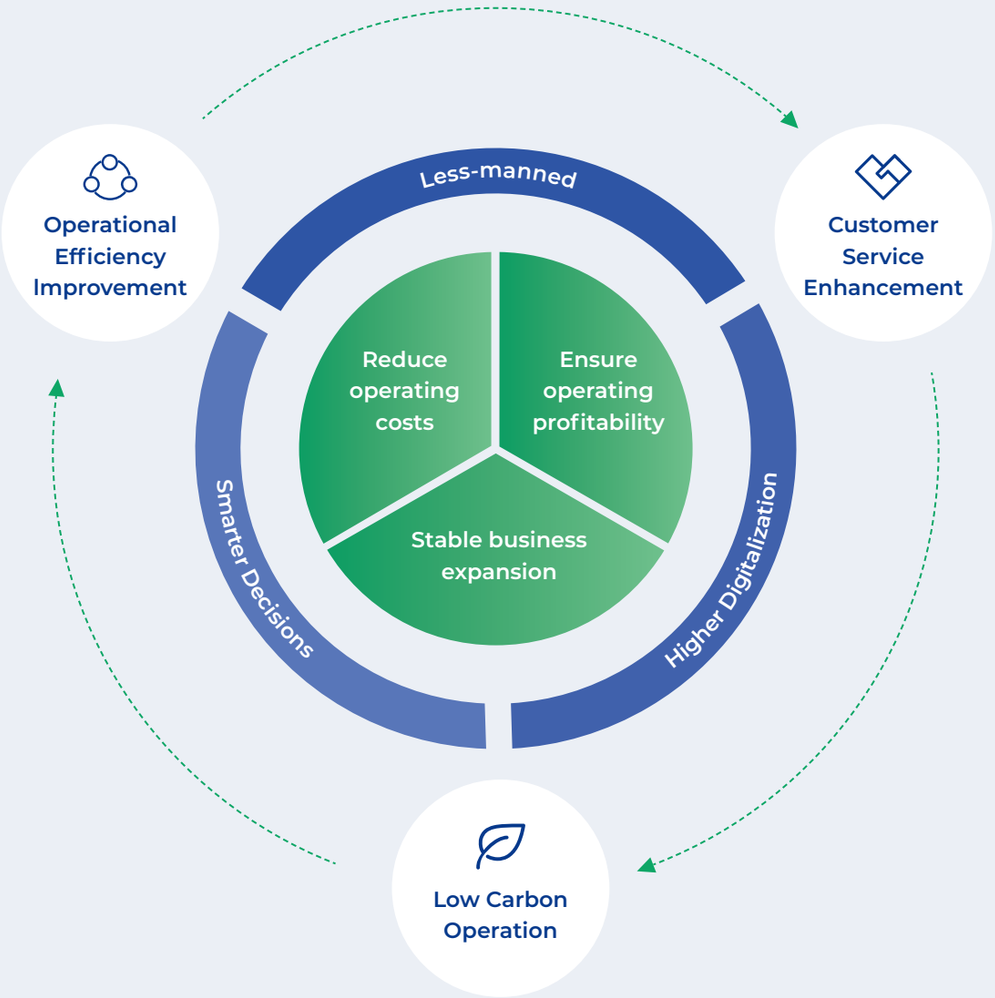
- Our battery components, plastic housing materials, and Nebular-series ESL products have obtained environmental certifications from relevant testing institutions.
- Over one million electronic shelf labels were recycled in 2022.
- We conducted an inventory of greenhouse gas emissions, with direct emissions from own operations (scope 1) of 59.35 tCO_2e, indirect emissions from own operations (scope 2) of 2,302.45 tCO_2e, and indirect emissions from upstream and downstream activities of the value chain (scope 3) of 64,441.26 tCO_2e.

Overall Sustainability

- We received a Bronze Medal certified rating from EcoVadis.

Hanshow's Digital Solutions Contribute to the Global Low-Carbon Transition

The world of retail continues its digital transformation with the rise of e-commerce and the increasing prevalence of digital devices in the shopping experience. As a leading supplier in retail technology, Hanshow strives to design and implement sustainable digital solutions that help retailers improve operational efficiency and optimize customer experience, while providing low-carbon alternatives to traditional retail practices, making its contribution to accelerating the global green and low-carbon transition.



Value Circle of Hanshow's Sustainable Digital Solutions

Our Digital Solutions for Sustainable Stores

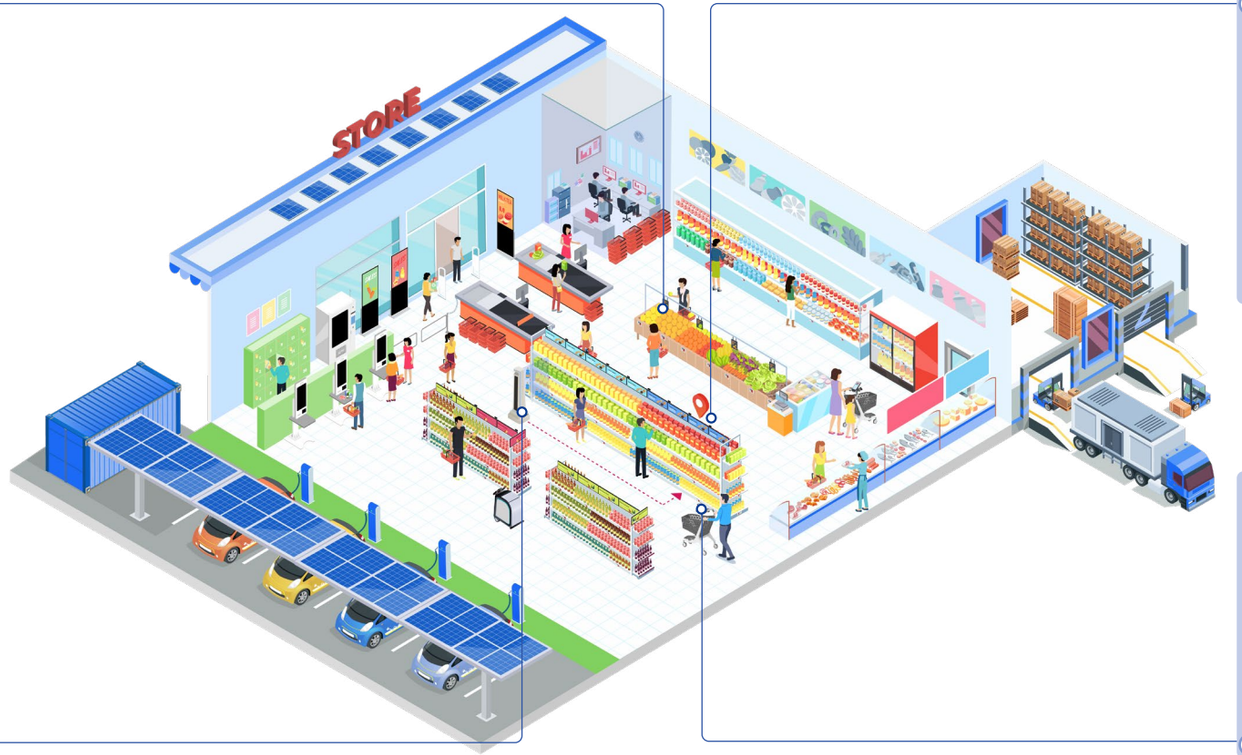
Based on its profound technical expertise in the field of wireless communication for IoT, Hanshow develops a wide range of digital store solutions. These solutions encompass various technologies that enhance customer convenience, such as electronic shelf labels (ESLs), digital signage, AI devices, and smart trolleys with self-checkout features. In addition to in-store solutions, Hanshow has also started exploring digital energy-saving solutions to promote clean energy and energy efficiency. These solutions enable our clients' businesses to operate more efficiently, increase profitability, and foster sustainability.

ESL Solution

- Price Management
- Click & Collect
- Geolocation

AI Solution

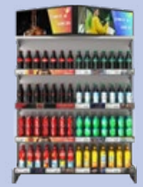
- Shelf Availability Management
- Planogram Management



Hanshow's Holistic Digital Store Solutions

In-Store Marketing Solution

- Price Management
- Digital Advertising
- Brand Promotion



Smart Trolley

- Promotion
- Navigation
- Self-Service Checkout

Superior Technology

High-density Low Power Cellular Network (HiLPC)

Hanshow has independently developed a new generation of communication protocol, which is suitable for all our IoT devices, supporting the construction of dynamic scalability, real-time scheduling of multi-base station synchronous network architecture to achieve anti-interference and strong throughput capacity, large concurrency, low power consumption, and other advantages. It can fully meet clients' requirements for convenient deployment and overall management of batch device terminals. In addition, Hanshow's HiLPC has been specifically designed to increase update speed of electronic shelf labels (ESLs) and optimize their performance. It achieves the same workload in less time, resulting in reduced energy consumption for Access Point and ESL, extended ESL lifespan, and thereby improved energy efficiency. By reducing their energy consumption and carbon footprint, retailers can make steady progress towards a low-carbon, sustainable future.

Software as a Service (SaaS) System

Hanshow has deployed hundreds of global SaaS servers for our clients. By leveraging Microsoft's Azure platform, Hanshow can deploy SaaS systems worldwide to manage massive amounts of IoT smart hardware devices and solutions in a way that is energy efficient. Microsoft Azure improves energy efficiency by up to 93% and carbon reduction efficiency by 98% compared to local infrastructure solutions. The application of Hanshow's SaaS system provides retailers with a better low-carbon management service.

Microsoft Azure improves energy efficiency by up to **93%** and carbon reduction efficiency by **98%** compared to local infrastructure solutions

Unique Green Innovation Superiority

ESL Solutions

Hanshow's ESL solutions are composed of ESL products and supporting systems, which replace the traditional paper price labels, and realize integrated management of a massive number of ESLs with synchronous price changes, positioning lights, and other functions through our All-Star platform for more accurate, efficient, and sustainable operations. To maximize the sustainability of Hanshow's technology, we are committed to developing long-lasting ESL products, such as our Nebular ESL, which is specially designed with a battery that lasts up to 15 years (based on update usage of twice per day). Furthermore, Hanshow has been consistently investing in the development of solar-powered ESL products. These products are designed to prolong their lifespan by collecting, converting, and utilizing solar energy. We are confident that we will achieve significant technological breakthroughs and be market-ready in the near future.

The battery life of the Nebular series can last up to **15** years.

Temperature Monitor

In 2022, Hanshow featured its temperature monitor with high-precision temperature sensor to meet customer needs and continue to improve refinement and professionalism of digital management in retail stores and various industries, including food and beverage and manufacturing. The temperature monitors precisely manage the temperature of stores and refrigeration equipment, which helps reduce energy and operating costs. This solution provides automatic temperature recording and real-time reporting, with an accuracy of up to ±0.1° C. Users can receive real-time temperature anomaly alerts via email and other channels. Timely warnings of temperature abnormalities can reduce the probability of food spoilage, help meet food safety regulations, and reduce labor costs and time investment.

AIoT Solutions

Hanshow's AIoT solutions include inspection robots, AI cameras and other accompanying software services, contributing to monitor out-of-stock occurrences along with product inventory, food spoilage, customer traffic flows, sales levels, and other store information. This not only allows for real-time out-of-stock notifications, but also stores and analyzes data over time to help retailers optimize operations and displays. The application of AIoT solutions can accelerate replenishment speed, improve inventory turnover, and reduce the risk of inventory backlog leading to product spoilage and waste.

Greening Our Supply Chain

Hanshow also understands the importance of making our supply chain sustainable and recyclable. By making sustainability a priority from sourcing, packaging, warehousing, transportation to end-of-life, Hanshow is building a green supply chain.

Sustainable Procurement Practices

Hanshow works with product component providers and upstream partners who provide technical support. We are improving the scientific, fair and long-term supplier management mechanism to control the selection and evaluation process of suppliers, develop high-quality suppliers, and standardize supplier management. To maintain transparency throughout the supply chain, our suppliers are required to undergo a corporate social responsibility (CSR) risk assessment before onboarding. The assessment includes, but is not limited to, environmental management, human rights, business ethics and sustainable procurement.

Hanshow has developed the Environmental Protection and Social Responsibility Agreement, and requires our suppliers to sign. We also require suppliers to commit to responsible environmental and social practices (see "Supplier Management" for more information):

- Environmental management and regulatory compliance
- Environmental impact and hazardous substances management
- Labor rights protection and employee communication
- Conflict minerals management

Product and Shipping Packaging Reductions

Carefully planned layering for protective packaging to ship large numbers of ESL is crucial to ensure intact arrival to customers. This often requires significant amount of cardboard, EPE foam, and plastic wrapping across many layers of boxes per shipping crate. Since 2021, Hanshow has redesigned its entire packaging methodology for shipping to reduce costs and materials, used. This resulted in a 20% reduction of packaging materials allowing a much larger volume of ESL per pallet from 12,000 to up to 18,000.

In addition, under the premise of ensuring the reliability of transportation, we also pay attention to the use of the simplest and recyclable packaging materials as far as possible, avoiding excessive packaging and packaging materials waste. In this regard, we aim to make a further 10% reduction in packaging materials by the end of 2023. To achieve this, packaging will include at least 30% recycled materials by the end of 2024. In 2022, we were on track to meet this goal.

This resulted in a **20%** reduction of packaging materials allowing a much larger volume of ESL per pallet from **12,000** to up to **18,000**.

Effective Warehousing to Reduce Transport

To streamline delivery and increase the efficiency of transportation, Hanshow set up a warehouse in Amsterdam in 2020 to serve as its European distribution hub. This enables Hanshow to consolidate deliveries throughout the continent and significantly reduce logistics costs and pollution generated from inefficient transport planning.

Transportation Emissions Reductions

When possible, Hanshow chooses to ship by sea. This is a more efficient transportation method compared to air freight, requiring roughly 1/50 the amount of fuel to move the same amount of goods. This is, however, a client decision, but Hanshow has optimized operations for sea freight, and proposes this as the priority shipping method. Meanwhile, we take the initiative to choose direct ships to reduce transit time and distance, thereby reducing associated carbon emissions. Furthermore, all our international logistics receipts are managed through Microsoft Dynamics 365 system and are 100% paperless.

100%
paperless

Electronic Waste Recycling and Processing

Proper disposal of Waste from Electric and Electronic Equipment (WEEE) prevents the chemical pollution of soil, water, and air, and in turn protects the health of people and ecosystems. As a company that annually produces millions of electronic devices containing batteries, Hanshow and its clients have the responsibility to properly handle this waste according to regulations in each locality where we work to minimize environmental impacts. As such, we adopt a recycling plan after the end of the product's service life and appoint the relevant professional agency to carry out recycling to ensure safe disposal. Meanwhile, our products have obtained Restriction of Hazardous Substances (RoHS) and WEEE certifications. For products with recycling value, we refurbish and continue to use them to minimize waste and reduce environmental impact. In 2022, we recycled over one million electronic shelf labels.

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electronic shelf labels.

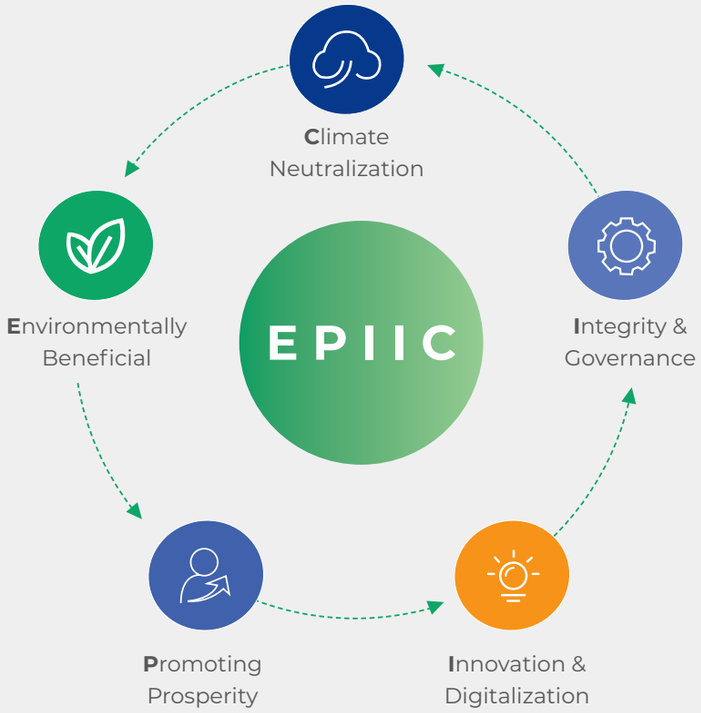
Governance
Sustainability

At Hanshow, our commitment to good governance shapes every aspect of the way we conduct business. It is essential in helping us to run our business responsibly and to set and fulfil the Company's vision and strategy on sustainability.

ESG Strategy and Management

Hanshow's development strategy is anchored in our desire to create long-term value for all our stakeholders, society and the planet. When faced with both challenges and opportunities, we have always positioned Hanshow as a mission-driven and sustainable company that is committed to investing for the future, creating shared value to both business and society, and building a platform for sustainable and profitable growth.

Our ESG Strategy



Environmentally Beneficial— We are committed to establishing an environmentally friendly green production system, a green and sustainable industrial ecology and to benefit the environment.

Climate Neutralization— We are actively addressing climate change and developing and implementing carbon-neutral strategies to help reduce carbon emissions.

Promoting Prosperity— Together with all stakeholders, we will create a co-prosperous and symbiotic business ecosystem and continue to contribute to the prosperity of society.

Innovation & Digitalization— Digitalization and innovation are deeply rooted in our development, and we are committed to assisting the digital transformation of the industry through technological innovation.

Integrity & Governance— We adhere to integrity, responsibility, and compliance management, strengthen integrity governance, and enhance the company's transparency and governance capacity.

ESG Management Structure

Hanshow recognizes the importance of good corporate governance, including the governance of ESG-related issues that are critical to sustainable development. In 2022, we established an ESG management structure (depicted below), which clarifies the oversight responsibilities of the Board of Directors and its subordinate Strategy Committee for ESG issues. Under this structure, the ESG Management Committee is expected to be formally established in the third quarter of 2023 by the decision of the Strategy Committee to manage and assign related tasks to ESG issues. The ESG Leadership Group will also be established under the ESG Management Committee to be responsible for the implementation of ESG issue related policies.

Hanshow's ESG Committee

Board of Directors and Strategy Committee

- Determine the system, strategy and objectives for sustainable development
- Supervise and inspect ESG related work
- Review and approve the company's ESG reports
- Review annual ESG performance targets and link them to management performance compensation

ESG Management Committee

- Develop the ESG vision, strategy, framework, principles and policies
- Examine key ESG trends and associated risks and opportunities to implement ESG strategies in company decisions, investments, and operations
- Review ESG reports and related disclosures
- Assign ESG tasks and supervise ESG practice

ESG Leadership Group

- It is composed of leaders of various departments and important sub-branches of the headquarters, who are responsible for the leadership of environmental, social, governance and other issues
- Supervise ESG practice to assign ESG tasks
- Responsible for coordinating the implementation of ESG strategy and managing the ESG performance of relevant departments and subsidiaries
- Organize ESG materiality assessment as well as risk assessment and control

Working Group

- Complete the work according to the ESG work plan
- Provide regular reports on the implementation status to the ESG Leadership Group

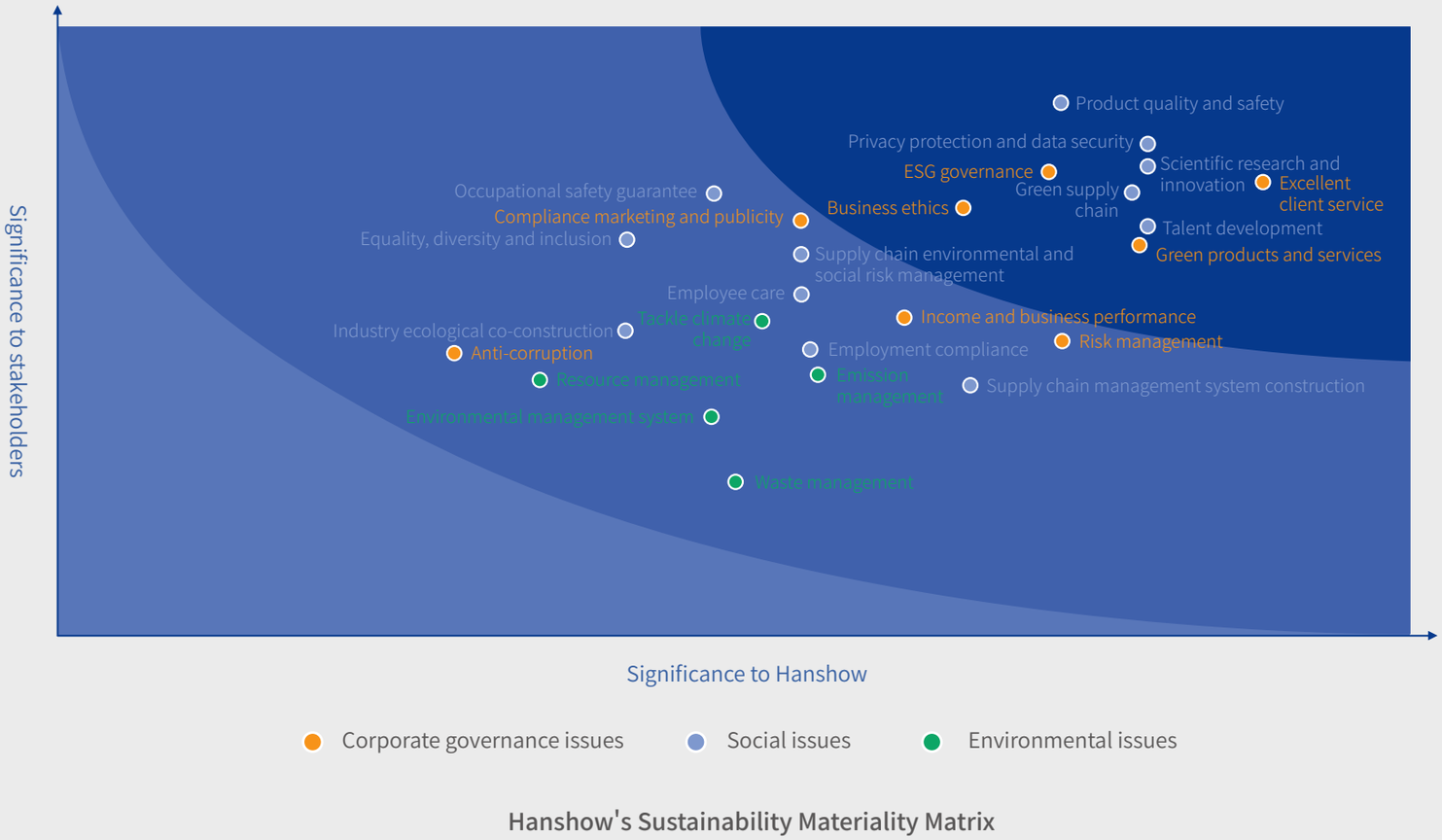
Stakeholder Engagement

We constantly engage in constructive dialogue with our stakeholders, who play a key role in decisions about Hanshow's strategy and operations. Our ESG strategy and priorities are shaped by their concerns.

Materiality assessment

As part of our strategy refresh and in line with good practice, we completed a materiality assessment in 2023. The results of this assessment are based on an online survey conducted with internal and external stakeholders (including government and regulatory agencies, investors and shareholders, company directors and senior management, employees, clients, suppliers and partners, non-governmental organizations, and media), as well as insights from sustainability experts. A total of 155 valid questionnaires were collected.

Our materiality matrix depicted below includes 25 topics that have been identified as material to the long-term growth of Hanshow. The topics in the top right quadrants of the matrix are considered both material in impact on the Company and its stakeholders. They are our highest priority topics. The materiality matrix was reviewed by the Company's management team.



Hanshow's Sustainability Materiality Matrix

Communication Mechanism

In addition to the materiality assessment, we engage stakeholders through various channels to stay informed about existing and emerging topics that are important to our stakeholders and our business to continue evolving our approach with the support of external expertise, industry best practice, and feedback. The table below gives an overview of how we engage key stakeholders throughout the reporting year. We will continue to assess how to monitor and report on our activities and related sustainability performance as the ecology, technology, and regulations of the IoT industry continue to evolve.

Stakeholders	Major Interests	Communication Channels
Government and Regulatory Agencies	▪ Compliance management ▪ Environmental stewardship	▪ Conference activities ▪ On-site audits
Investors and Shareholders	▪ Stable corporate operations ▪ Risk management ▪ Transparent information disclosure	▪ Website disclosures ▪ Board office contact
Clients	▪ Product and service quality ▪ Accurate product information ▪ Prompt response	▪ Marketing seminars ▪ Client surveys ▪ Monthly newsletter ▪ Social media
Employees	▪ Diverse, equitable and inclusive workplace ▪ Career development ▪ Workplace health and safety	▪ Employee activities ▪ Performance reviews ▪ Satisfaction survey
Suppliers and Partners	▪ Supplier assessments ▪ Partnerships ▪ Industry events	▪ Supplier agreements ▪ Workshops

Risk Management

At Hanshow, we make all reasonable efforts to ensure compliance with applicable laws, safeguard assets, and ensure organizational effectiveness. We attach great importance to effective risk management because it enhances transparency, decision-making, and contributes to the continuous improvement of the Company.

Risk Management and Internal Control System

Our risk management and internal control follow the Three Lines of Defense model. This model helps organizations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. Each line and function are described below.

Three Lines of Defense	Composition	Function
The First Line	Business units and functional departments	Identify, assess, respond, monitor, and report all risks at the front line
The Second Line	Internal Control Department	Establish risk management systems and standards, conduct comprehensive assessment and portfolio management of the risks identified at the front line, and tailor specific suggestions and solutions
The Third Line	Internal Audit Department	Independently and objectively audit the integrity and effectiveness of the established risk management procedures and risk control programs and activities, provide professional advice, and make management suggestions

Risk Assessment and Classification

We carry out risk identification, analysis and assessment based on an established risk management and internal control system. When conducting the assessments, we adopt both qualitative and quantitative approaches and focus on analyzing the likelihood and influence of different types of risks while comparing all risks.

Each business unit and functional department identifies risks for their own department potentially occurring during their business functions and daily operations. They then analyze the cause as well as driving factors behind the risks and evaluate the status of each scenario that could trigger that specific risk. The Internal Control Department creates a risk matrix, evaluating the probability and status of identified risks in collaboration with relevant business units and functional departments. Additionally, it assesses the potential impact of these risks on the Company's objectives and determines the urgency of implementing risk prevention and control measures, with the backing of the relevant business units and functional departments.

Ethics and Integrity

In an increasingly complex business environment, making the right decisions and abiding by ethical choices have never been more important. As a company operating in numerous countries across the globe, Hanshow is required to adhere to strict international legislation that defines acceptable business conduct and practices. We also expect our business practices to adhere to our internal high standards of ethics and integrity. Our reputation for doing business the right way is one of our most important assets. By striving to make ethical choices and acting with integrity, we aim to continue to grow Hanshow in a way that meets both our own and our clients' high ethical expectations. In 2022, all our employees in key departments and core team participated in business ethics training.

Business Ethics System and Policies

We advocate ethics and integrity at the workplace and in our business relationships and firmly combat corruption or fraud, for such actions would greatly corrode the company interests, our healthy relations with employees and business partners, and ultimately the sustainable development of the Company. To promote these values, we maintain a robust and comprehensive framework consisting of policies, internal auditing, awareness raising initiatives and effective oversight of the Company's governance bodies for ethical standards.

Our *Code of Business Ethics* contains the fundamental principles and rules for our conduct, both within Hanshow and in our relationships with our clients, partners, and the public. They also serve as an expression of our values and lay the basis for detailed internal regulations such as the *Internal Anti-fraud System and Reward Measures*, the *Anti-Bribery and Corruption Policy*, the *Conflict-of-Interest Policy* and the *Statement of Integrity and Self-Discipline*. The Code and other internal regulations are binding for all employees of the Company around the world.

Zero-tolerance to Corruption and Fraud

We are keenly aware that the offering, promising, giving, accepting, or soliciting of an advantage is an inducement for action which is illegal or a breach of trust. It is our policy to conduct our business in an honest and ethical manner. We uphold all laws relevant to countering corruption and fraud (including bribery, extortion, and money laundering) in all the jurisdictions in which we operate, taking a zero-tolerance approach to corruption and fraud of any kind.

Employees who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises concerns in good faith, even if they turn out to be mistaken. We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in corruption or fraud, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats, or other unfavorable treatment connected with raising a concern.

To promote anti-corruption efforts, we have set up an email reporting channel. Once a report is received, we will be able to file, and judge whether it is included in the scope of audit, if necessary, conduct joint investigations or engage external experts to participate, and timely record, feedback and release the results of the investigation. In cases involving corruption, it is normally reported to the Audit Committee on a quarterly basis.

We keep the personal information and reports of whistle-blowers confidential. Employees who receive the complaint or participate in the investigation are also required to withhold relevant information and rreport to any department or individual.

Business Ethics Training			
1	Percentage of employees trained in business ethics	%	100
2	Passing rate of business ethics training sessions conducted	%	100
Business Ethics Violations			
1	Number of reports received on violations of business ethics	Number	0
2	Number of confirmed cases of corruption	Number	0

Security and Data Privacy

In contexts where significant quantities of data are stored, security threats are never far from view. As a result, cybersecurity has emerged as a significant issue for businesses and society. Its importance is poised to intensify in the years ahead, serving as a crucial instrument for enabling organizations to safeguard critical infrastructure, protect sensitive data, and preserve their business continuity.

Information Security Management Policy and System

It is our responsibility and obligation to protect information security and ensure the proper flow of information. At Hanshow, we are committed to protecting the privacy and security of data, as well as the data of its customers and stakeholders. As such, we strictly abide by all applicable laws and regulations and implement a comprehensive suite of policies to enhance our ability to better secure our network and protect third-party data from unauthorized access or disclosure. We have formulated the *Information Security Policy* to specify Hanshow's information security goals and directions, clarify the information security requirements of various departments, and ensure that the information security management system is fully understood and implemented. We have also developed a number of management systems such as *Data Security Management Procedures, Virus Prevention Management Procedures, Equipment Safety Management Regulations,* and *Information Security* and Confidentiality Provisions to fully protect information security.

One key component of our approach to cybersecurity and data privacy is its adherence to industry-leading standards and certifications. Our information security management system is certified under ISO 27001, which sets out best practices for information security management systems. It is published by the International Organization for Standardization (ISO) and outlines the requirements for managing information security in relation to activities such as software development, system integration, and software and hardware operation and maintenance. In essence, it provides a detailed specification for effective information security management.

Information Security Management Structure

To strengthen information security management and ensure the normal operation of the network and information system, we have set up an information security leading group to further enhance resilience. The leading group is the highest decision-making authority for information security, and its subordinate organizations are attached to the business departments of the company and are responsible for the daily affairs of the leading group for information security. The leading group has two working groups: (1) Information Security Working Group and (2) Emergency Response Working Group.

Data Privacy

We consider data privacy to be a key part of our commitment to responsible and ethical business practices. We respect the privacy rights of all employees, clients and other stakeholders and we comply with all applicable data protection laws and regulations. We provide privacy awareness training programs for our employees to enrich their understanding of data privacy.

Information Security Risk Identification and Response

At Hanshow, we acknowledge the critical significance of managing information security risks to safeguard the data of our stakeholders and business operations. Our robust Information Security Management framework empowers us to recognize and address potential risks proactively and systematically. We engage in risk assessments to identify vulnerabilities, threats, and potential impacts on our information assets. We classify these assets into categories such as data assets, software assets, service assets, physical assets, people assets, and intangible assets. Moreover, we categorize risks into four levels: important, high, medium, and low, based on the severity of the associated threats. To mitigate risks, we identify and eliminate non-essential assets that are exposed to risks, followed by conducting regular security scans and inspections of the remaining exposed assets and services. When risks are identified, we adopt a proactive approach to respond promptly to information security risks.

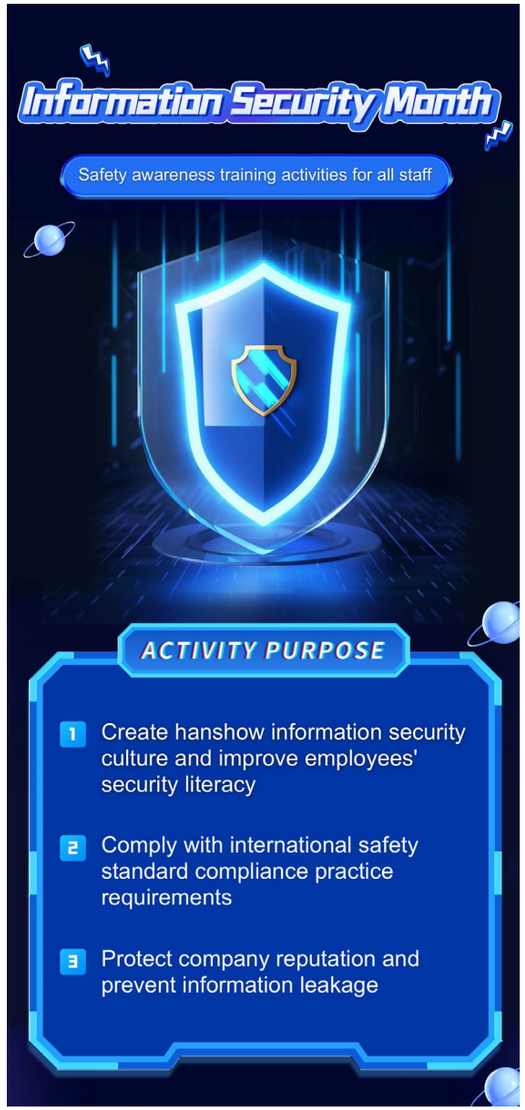
In 2022, we iteratively cleaned up and migrated to public web services. By doing so, we reduced the likelihood of being attacked. Moreover, we performed a total of 2 Web Application Scanning (WAS) security vulnerability scans and continue to actively manage vulnerability tracking. External clients' overall security review of the public network services we provide resulted in an A rating. The company's cybersecurity was also evaluated by the CyberVadis platform (focusing on data privacy and protection, business continuity, and thirdparty security management) with an overall score of 830, higher than the overall benchmark score of 640. In addition, we conducted information security risk assessment for our four internet service suppliers and found no significant information security vulnerabilities.

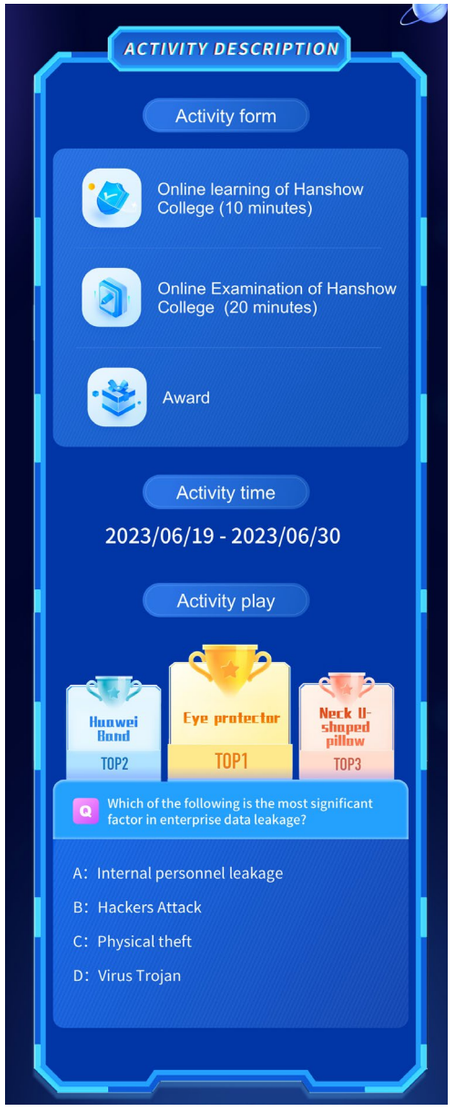
Information Security Training

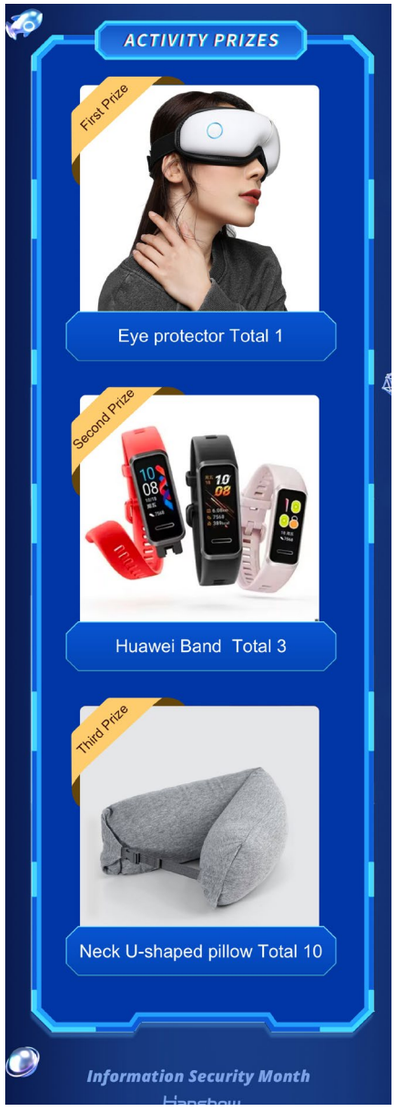
We recognize the critical role that employees play in maintaining the security of our information assets. We are committed to providing comprehensive information security training to empower our employees with the knowledge and skills necessary to protect sensitive data and mitigate potential risks.

To better educate and enhance the information security awareness of all staff, we have organized professional training materials and videos in the form of online training platforms to promote, follow up, and assess management, completing the entire training system to close the loop. We have developed a robust information security training program that covers a wide range of topics and is tailored to the specific needs of different employee roles and responsibilities. In 2022, we held the Information Security Month event, during which 453 employees participated and passed security awareness training. 141 employees gave feedback that they had improved their overall security awareness through the training. We also invited a third party to conduct thematic training on common security vulnerabilities in WAS for R&D system personnel.

Information Security Incidents			
1	Number of information security incidents	Number	0
2	Number of substantiated complaints concerning breaches of client privacy and losses of client data	Number	0







Social Sustainability

At Hanshow, we see ourselves as a corporate citizen and take an active stance in society above and beyond the scope of our own business activities. At the same time, we strive to enhance our clients' business experience through the delivery of high-quality products and services, and aim to foster the growth of our employees and partners, working collaboratively to create a more significant positive social impact.

Our Products

Quality Management

Business in the digital retail field is characterized by the need for long-term stable operations to create continuous value for retailers and consumers. Considering this, quality and regulatory compliance are cornerstones of Hanshow's dedication to high quality products that are trusted everywhere. Our outstanding global competitiveness in quality is rooted in our leading quality management system and tracking mechanism that increases client value. In 2022, we continued to strengthen product quality management and did not find any violations related to product quality and safety throughout the year.

Quality Management System

We have established a comprehensive quality management system to ensure our products comply with legal requirements and meet the latest technical standards so that they have stable performance, long life, and pose no threat to the health and safety of users or other third parties. To enhance quality assurance, we continuously check and monitor our business process from R&D to production, to ensure our operations are based on the ISO 9001 management system and achieve our quality goals.

Our quality management system includes:

- **R&D:** An Integrated Product Development (IPD) process was adopted, which reduces the probability of product failure through improvement integration and simultaneously the damage caused by processing, assembly, transportation, installation, and use.
- **Supply chain:** Robust and rigorous supplier entry and assessment requirements are intended to ensure quality throughout the supply chain.
- **Production:** Strictly control process quality by ensuring that production processes are monitored and recorded, along with strengthening accountability and penalty mechanisms.

Under this system, all our relevant departments are required to ensure that their work complies with state-of-the-art quality systems. We have also developed a series of internal quality management standards for batteries, energy consumption, battery packaging, battery disassembly and recycling, screen displays, etc. According to our statistics, the unpacking failure rate of products delivered to our clients has been significantly reduced.

Quality Tracking Mechanism

We have established a closed-loop tracking mechanism on quality issues during manufacturing and client use and implemented a product responsibility system. The dual tracking mechanism and the responsibility system enable quality issues to be addressed in a timely manner.

For internal R&D and production, we effectively manage data through an online system for long-term traceability. In addition, for after sales, we monitor the use of products in real time, leverage big data analytics and quickly address potential risks and problems. Over 90% of our quality issues can be tracked, analyzed, located, and even resolved online during after-sales.

90%

of our quality issues can be tracked, analyzed, located and even resolved online during after-sales.

Marketing and Publicity

Hanshow is committed to transparently communicating the quality, effects, benefits, and limitations for our products. This includes ensuring that advertising campaigns are rational and compliant, and that product information are accurately and clearly labelled. In 2022, we continued to strengthen marketing management and did not find any violations related to product advertising and labeling throughout the year.

Rational Advertising

When we market our products, we refer to our company values for guidance as well as the following six principles:

- **Compliance:** The Company shall establish an advertising review process and conduct regular self-audits to ensure that our advertising content and activities comply with applicable laws, regulations, and internal policies.
- **Conducive to social development:** Marketing activities, including advertising, not only have economic and legal obligations, but also have other responsibilities beyond these obligations, including the obligation to protect and promote social development, and thus we shall not publish any advertising that harms the interests of society and the public.
- **Integrity and reliability:** Advertisements shall not contain false or misleading claims or illustrations and shall instead accurately describe the company's products or services and provide reasonable information and promises to the public.
- **Respect competitors:** Advertisements shall not disparage competitors or promote false information to gain an unfair competitive advantage.
- **Respect consumers:** Advertisements shall respect consumers and shall not contain offensive, discriminatory, or inappropriate content.
- **Privacy protection:** Advertisements shall comply with applicable laws and regulations and shall not use clients' personal information for marketing purposes.

In addition, we are committed to maintaining a quality level in all our marketing activities that matches our products' performance standards.

In this respect, advertising can be creative and competitive, but not unprofessional or untrue. To ensure that these principles are applied, and messages are consistent across our media mix worldwide, overarching marketing communication is organized centrally and closely coordinated with local subsidiaries and departments.

In 2022, as part of our ongoing focus on advertising management, to ensure that our advertising strategy is legal, transparent, truthful, and accurate, we regularly engage lawyers and relevant professionals to review the content and ensure compliance. We took actions, including re-selecting and replacing website content and images, enriching the description of products and services, and paying more attention to their actual effect. In addition, we optimized the website structure and layout to make it clearer and easier to access. This round of changes has significantly enhanced our credibility and brand image, underlining our commitment to clients and consumers. We believe this will help contribute to improving our market share and long-term competitiveness.

Effective Product Labelling

We understand that clear and informative product labelling is vital to brand awareness and ensuring our clients can effortlessly recognize and remember our offerings. Based on compliance with laws and regulations as the first step, we have formulated a series of systems for consistency, authorization, review, and property rights protection of product labels. We have also defined the management responsibilities, processes and requirements covering the design, naming, specification, description, approval and updating product labels.

We apply four principles:

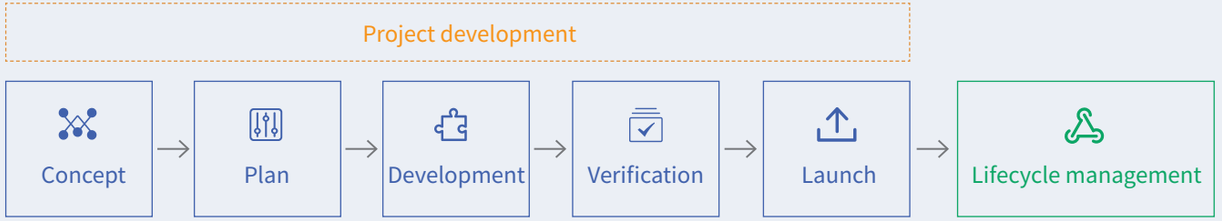
1. **Accuracy and truthfulness:** Product identifications and descriptions shall be based on fact and shall not contain false or misleading information.
2. **Clarity and legibility:** Product identifications and descriptions shall be clear so that clients can understand the attributes and characteristics of the products and services they purchase or use. The label shall be easily recognizable to help clients quickly identify the Company's brand and products.
3. **Consistency:** Product identifications and descriptions shall be consistent across all marketing channels and product packaging to ensure that clients have a clear understanding of the Company's brand image and product portfolio.
4. **Client-centric innovation:** The Company shall pay attention to market trends and client needs, and carry out product label design according to the characteristics of the client groups, and commit to driving continuous innovation and quality improvement around client needs.

Innovation

Since its inception, Hanshow has focused on high-quality innovation for our clients. Our vision is to become a global leader in digital solutions for the retail sector. Research and product innovation are at the heart of this vision, as we focus on delivering extraordinary, transformative products to our clients to effectively enhance their overall store management and operational efficiency. We provide advanced, science-based technology products through a tailored product portfolio, across the entire store operating environment.

Our R&D System

We launch new project development according to Hanshow's corporate strategy and market demand and manage R&D according to the Integrated Product Development (IPD) process after the project is approved. By integrating market requirements examining process and delivery performance in the concept, plan, development, verification, launch, and lifecycle management of the IPD process, we can ensure that every product delivers the expected level of quality.



Hanshow's Product R&D Process

Intellectual Property Protection

We view our company's intellectual property as valuable assets as it takes time and investment to create, refine and assert rights. We and our clients, suppliers and other partners invest heavily in intellectual property. We respect the intellectual property rights of third parties and want everyone to have a basic understanding of intellectual property laws that apply to our work and to comply with restrictions on the use of intellectual property that may be included in our contracts. We are fully aware that unauthorized use or disclosure of others' intellectual property may subject us to significant liability. Infringement of third-party intellectual property rights can also damage our reputation and relationships with third parties.

At the internal system level, we have formulated the *Intellectual Property Management System* and the *Incentive Measures for Service Invention Patent Application* and carry out patent management work according to such system. In 2022, we improved the process rules, such as internal processing for new patent applications and management rules for patent application numbers, while strengthening internal training and publicity. During the year, we obtained 29 licensed patents. As of the end of 2022, we obtained a total of 236 intellectual property rights, including 63 licensed trademarks and 173 independently developed technical achievements (including patents and software copyrights).

We have also formulated our *Trademark Management System* to clarify the objectives, strategies, and responsibilities of trademark management, regulate the process of trademark application and registration (including but not limited to trademark design, the definition of applicable products, etc.), the management during the use of trademarks, and protection measures for authorized trademarks. We have registered the trademark of "Hanshow" in the approved use of goods or services (category 9 of the international classification) for ESL and other products to facilitate sales and marketing in a wide range of countries or regions, bolstering the protection of the Company's brand, image, and reputation.

Performance Data 2022

R&D input

Total investment in R&D
123.7 Million RMB

Intellectual property and patents

Number of licensed trademarks
63

Number of licensed patents
143

Number of R&D personnel
237

Proportion of the number of R&D personnel to the total number of employees
38.10%

Number of invention patents
41

Number of utility model patents
42

Number of licensed software copyrights
30

Client Services

Hanshow provides digital technology to help stores and facilities reduce operational costs, increase sales, and deliver a better experience for their customers. We recognize that delivering a product is just the starting point for digital services. The process of digitally transforming stores isn't solely rooted in services, it's an ongoing evolution that stems from services and continually grows. It's the process of seamlessly integrating our client's unique business features with our digital products.

Upgraded Product Strength and Service Capacity

We are committed to expanding the digitalization of retail stores while highlighting the value of our service that improves customer experience across the whole life cycle of products.

We emphasize product stability and convenience, to help clients reduce complexity and improve the comfort of store clerks. Meanwhile, the accuracy of information on the ESL reduces complaints and penalties caused by price errors. To improve the work of store clerks and enhance the customer experience, we also improve online order picking and product positioning technologies.

We implement active management services for monitoring, technical support, and return material authorization (RMA) that span the life cycle of products. This helps clients to discover and solve a wide variety of special and complex issues in the system operation process and ensure the stable operation of their business. As each client has its own special business model, we build a customized service model with Hanshow's products and services to achieve better client experience. Moreover, based on the solution we provide, we also offer third-party operation and maintenance services, which reduce client operating costs and risks.

Smooth Communication Channels

We always put the needs and interests of clients first, respect their opinions and suggestions, and respond to their inquiries and feedback in a timely manner to ensure that our communication is smooth, effective, and mutually beneficial.

We have developed a client service system, which defines our responsibilities, processes, and standards. To enable clients to obtain accurate and complete information about our solutions and to provide them feedback in a timely manner, we have also established transparent communication channels according to clients' needs and work habits, such as telephone hotlines, email, online chat platforms, social media, etc. Accordingly, we require employees to proactively inform clients of major decisions and events and quickly respond to their feedback. In case of complaints, we require the relevant departments and employees to act as quickly, fairly, and effectively as possible to safeguard the interests of our clients and the reputation of the Company.

We also provide professional communication training and guidance for our employees to help them improve their communication skills, thereby conducting professional interaction with clients. We will continue improving our client services, and analyze feedback, so we continuously improve our solutions and client satisfaction.

Our People

Fair Workplace and Human Rights

At Hanshow, we believe that business can only flourish in societies where human rights are respected. Business has the responsibility to respect human rights and the ability to contribute to positive human rights conditions. We act in compliance with relevant legal and regulatory requirements of the places where our employee labor relations are located. We hold ourselves accountable to internationally recognized principles of ethical and responsible business practices, as well as the relevant legislation governing our operations. We are dedicated to treating all individuals with respect and fairness, and to creating an environment that values diversity and inclusion. By adhering to these principles, we aim to promote a culture of integrity and accountability, and to contribute to the greater good of society.

Zero Tolerance for Child Labor and Forced Labor

We affirm our commitment to the relevant international conventions and declarations, the International Bill of Human Rights, and the core labor standards of the International Labor Organization (ILO). We maintain a strict policy of zero tolerance for all forms of child and forced labor. We have issued the *Hanshow Business and Human Rights* policy. We take great care to ensure that all candidates for employment are of legal age and that the terms and conditions of their employment comply with local legislation and internationally recognized labor standards. In 2022, there were no violations related to employment discrimination, forced labor, child labor, etc.

Fair Pay, Freedom of Association, and Collective Bargaining

We are dedicated to upholding the principles of fair pay, freedom of association, and collective bargaining. It is essential that employees have the right to fair compensation for their work, and that they should be able to exercise their rights to organize and bargain collectively in a safe and respectful environment.

To attract, retain, and motivate talent, we have carried out a number of initiatives. We ensure that our employees are paid fairly and equitably based on factors such as their skills, experience, and job responsibilities. A broad pay range is set according to the employee's grade. The payroll consists of two components: monthly salary income and bonuses. We also provide employees with welfare insurance such as supplemental medical care and comprehensive accidental injury insurance.

We recognize that collective bargaining is an important tool for employees to negotiate fair wages, benefits, and working conditions, and we respect the right of our employees to form and join trade unions or other organizations of their choice, and to engage in collective bargaining. We are committed to engaging in good-faith negotiations with employee representatives and to reaching mutually beneficial agreements that benefit both our employees and our business.

Health and Well-being

We recognize that a healthy workforce is a more productive workforce, and that promoting employee health and well-being can help reduce healthcare costs and turnover rates. Promoting the health and well-being of our employees is one of our goals. It is not only the right thing to do, but it also makes good business sense. With the philosophy of "Exercise makes people healthy and happy", we promote various activity fitness clubs, such as a swimming club, a fitness club, a basketball club, and a badminton club. We also focus on caring for our employees in our daily work and organize various team building and party activities to unite our employees.

We have established a detailed attendance scheme and provide a wide range of paid leave options as per the laws and regulations of the areas where the labor relations are located, such as annual leave, sick leave, welfare leave, marriage leave, maternity and paternity leave, parental leave, and bereavement leave. Annual physical examinations are organized for all staff as well. In 2022, employee health insurance coverage was 100%. We do not promote overtime work and keep work assignments strictly within working hours.

General Manager's Open Day

Team building activities in the French office

Team building activities in the German office

Team building activities in the Netherlands office

Communication With Employees

Hanshow is not only committed to helping our clients and community thrive, but also to providing an exceptional work experience for our team and employees. We prioritize respecting and listening to our employees, valuing their ideas, and promoting two-way communication. Our focus is centered on understanding our employees' perspectives to identify potential issues and solve them proactively. To achieve this, we have established various initiatives, such as staff meetings and "General Manager's Open Day". In 2023, we conducted an employee satisfaction survey to further understand the opinions and demands of employees. Their voices will guide us in making necessary improvements in the future.

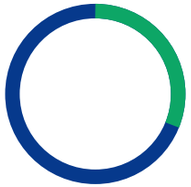
Diversity, Equity, and Inclusion

At Hanshow, we believe that diversity, equity and inclusion are not only fundamental to our business practices but also a source of value creation. By fostering a culture of equity, inclusion, and diversity, we can leverage the unique perspectives and of our employees to drive innovation and success.

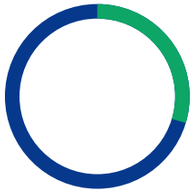
Hanshow's Diversity, Equity, and Inclusion

Diversity, equity, and inclusion (DEI) are crucial for us to cultivate an equitable and productive work environment. By fostering a workplace culture that values and respects employees regardless of their background or identity, we can attract and retain top talent from diverse demographics. We are proud to have a global workforce with employees from six different countries and regions. This promotes a more creative and innovative workforce, as employees with different perspectives and experiences contribute to a richer pool of ideas.

We are committed to promoting diversity and inclusion throughout all levels of our organization. As of the end of 2022, our workforce consisted of 64% men and 36% women, with 33.82% of management positions held by women. One third of our supervisory board members are women. Our age distribution is also varied, with 41% of our employees being under the age of 30, 58% between 30 and 50, and 1% over 50. We also hired seven employees with disabilities in Beijing, Shanghai, and Jiaxing, and updated and redesigned some offices for their convenience.



Men(64%)
Women(36%)

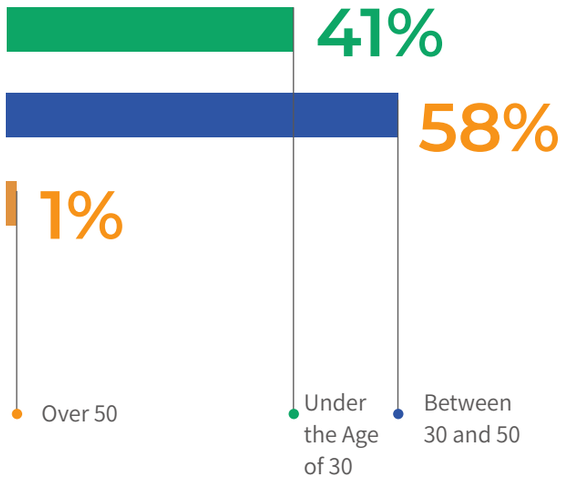


Male manager(66.18%)
Female manager(33.82%)

1/3

of our supervisory board members are women

Age Distribution



We hired 7 employees with disabilities in China.

Celebrating Chinese New Year and Christmas with our multinational employees in the French office

Empowering Women

At Hanshow, we firmly recognize that the empowerment of women is not only a question of social justice but also a cornerstone of our sustainable development endeavors. Upholding our commitment to impartial compensation and equitable remuneration practices, we ensure that the invaluable contributions made by women are acknowledged and rewarded on par with their male counterparts. We also celebrate International Working Women's Day every year and give out gifts to our female employees. We encourage women to take Women's Day welfare leave, prenatal checkup leave, maternity leave, breastfeeding leave, and childcare leave.

Additionally, we are dedicated to creating avenues that enable women to cultivate their skills and expertise, enabling them to excel across a diverse range of roles. Our Gold Employee Several Manager development program is thoughtfully designed to nurture the growth of female leaders within our organization. This initiative has yielded substantial progress, evident through a noteworthy surge in women holding leadership positions. As we look to the future, our unwavering dedication to advancing gender equality remains resolute.

Going forward, we will actively participate in international initiatives such as UN Women and the Women's Empowerment Principles of the United Nations Global Compact, and will use these comprehensive guidelines and advanced tools to craft a strong strategy for Hanshow's women's empowerment program. Underpinning this endeavor is our desire to create an all-encompassing and far-reaching work environment.

Anti-sexual Harassment Policy

At Hanshow, we are committed to maintaining a safe and respectful workplace for all employees. Our Anti-Sexual Harassment Policy aims to protect both men and women from unwanted sexual advances and provide guidelines for reporting incidents. Our policy defines sexual harassment to include any unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. We prohibit sexual harassment in all forms, whether it is committed by a supervisor, coworker, or third party.

If an employee believes that they have been the victim of sexual harassment, there are two options to report.

- Immediate meeting with their HR manager, HR generalist or supervisor.
- Email or hotline to their supervisor and HR.

We take all reports of sexual harassment seriously and conduct a thorough investigation of each claim. If we determine that sexual harassment has occurred, we take appropriate disciplinary action, up to and including termination of employment.

Health and Safety Management

The health and safety of our employees is paramount. We continuously monitor and evaluate potential risks and take appropriate measures to ensure healthy and safe working conditions. In 2022, there were no work-related incidents. Looking ahead, we remain committed to ensuring the health and safety of our employees.

Our occupational health and safety targets:

Zero fire incidents; Zero occupational disease; Zero electrocution incidents

Standards and Procedures

At Hanshow, we consider the well-being and safety of our employees to be of utmost significance. To promote the safety of our workforce, we have implemented a set of standards and procedures designed to reduce the risks of accidents and injuries in the workplace. We have formulated our Quality, Environmental and Occupational Health and Safety Management System Management Manual to guide work management and ensure the health and safety of employees. The manual integrated the requirements of ISO 9001:2015 and ISO 45001:2018. It is a core document that must be complied with in all relevant activities. We have also formulated other documents such as Hazard Identification, *Evaluation and Control Procedures, Health and Safety Operational Control Procedures* and *Production Safety Manual* to further strengthen the health and safety management.

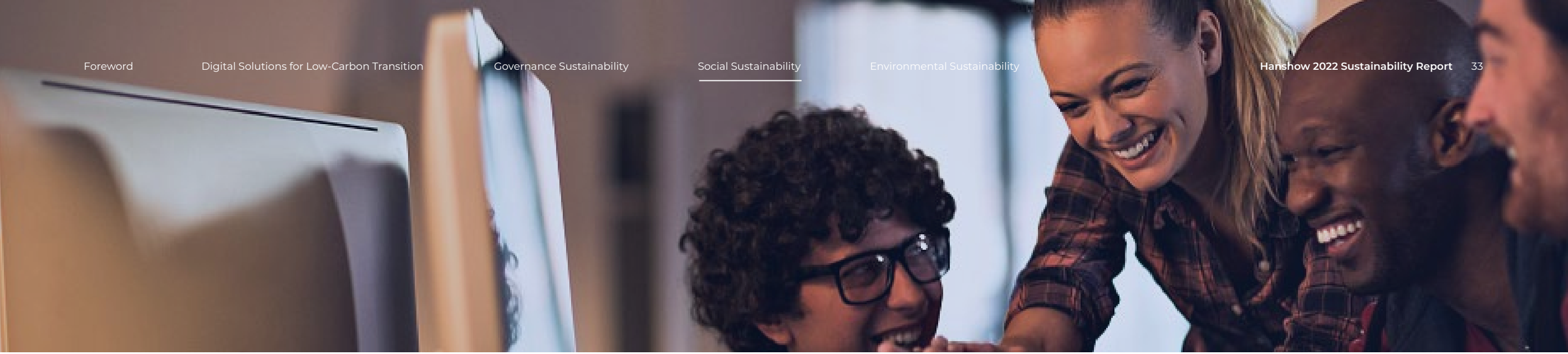
Our standards and procedures cover a range of issues, including requirements for personal protective equipment (PPE), and procedures for reporting accidents and incidents. Content is regularly reviewed and updated to ensure that it remains effective and up to date with best practices. By doing so, we can promote the continuous improvement and development of the company's quality, environmental, and occupational health, and safety management work.

We believe under those guidelines, we will maximize the social benefits of the company's quality, environmental and occupational health and safety management, and meet the requirements and expectations of stakeholders and other relevant parties.

Health and Safety Management System

To demonstrate our commitment, we have implemented a Health and Safety Management System (HSMS) based on the internationally recognized ISO 45001 standard. The system covers all aspects of occupational health and safety, from hazard identification and risk assessment to incident reporting and investigation. We regularly review and update our HSMS to ensure that it remains effective and up to date.

Under this system, our health and safety performance is measured through a range of indicators, including the number of incidents, accident rate for lost labor hours and severe accident rate of lost labor hours. Our company's health and safety performance is a top priority, and we strive to continuously improve our systems, processes, and practices to ensure the well-being of our employees and stakeholders.



Awareness Enhancement

We provide a comprehensive training program to educate all employees on the standards and procedures for quality, environmental, and occupational health and safety management. The training program covers topics such as risk identification, controls, emergency procedures, and workplace safety protocols. Training is conducted on a regular basis, with new employees receiving initial training upon hiring. The production safety training is held once a month. Fire drills and evacuation drills are held twice a year.

The company also monitors employee compliance with the standards and procedures by conducting regular audits, inspections, or surveys. Any noncompliance is reported to management, and corrective actions will be taken as necessary.

Employee Empowerment

At Hanshow, we believe that investing in our employees is essential to our long-term success. We promote integrity, sharing, excellence and openness and we are committed to providing our employees with the training, resources, and support they need to grow and develop their skills. By investing in our employees, we are not only supporting their individual growth and development, but also building a stronger, more resilient organization that is better equipped to meet the challenges of the future.

Training Programs

Hanshow Educational Platform

The Hanshow Education Platform is an online learning and enhancement tool designed to address the training needs of our employees. The platform was established with the dual purpose of facilitating the dissemination of knowledge, while also providing solutions to common training pain points. One of the primary challenges of traditional training is the difficulty of centralizing training offline due to the scattered nature of workplaces and busy work schedules. However, the platform overcomes these limitations by offering a convenient e-learning platform that is accessible to global employees regardless of location. Additionally, the platform is designed to facilitate unified management and empowerment of training, enrich training content, and provide convenient channels for all employees to improve their skills and knowledge.

In 2022, the total number of online courses on the platform was 190, of which 67 were self-developed courses, accounting for 35.3%. 4,202.3 hours of online learning time was spent by employees. The total number of training courses operated by the platform was 38.

total number of online courses on the platform were **190**

- **Self-developed Courses**(67)

the total number of training courses operated by the platform was

38

accounting for

35.3%

4,202.3

hours of online learning time

New Employee Orientation Training Program

We understand that starting a new job can be both exciting and overwhelming. That is why we offer a comprehensive new employee orientation training program, designed to help new hires quickly and smoothly transition into their new roles.

Our orientation program is designed to provide new employees with the information, tools, and resources they need to succeed in their new positions. It covers a range of topics, including company culture, policies and procedures, job responsibilities, and expectations. We also emphasize the importance of workplace thinking and behavior, providing guidance on how to interact with colleagues, communicate effectively, and work collaboratively to achieve common goals. Our goal is to help new employees adapt to their new environment as quickly as possible, and to feel confident and supported as they enter the work state.

In 2022, 187 new employees were trained, and 23 courses were developed, including 13 courses in Chinese and 10 courses in English. The total learning hours were 1,903.1 hours (on average 10.2 hours per new employee). 18 instructors are in place. The pass rate was 89.8%.

courses were developed **23**

- **Chinese courses** (13)
- **English courses** (10)

18

instructors in place

the total learning hours were

1,903.1

hours

on average

10.2

hours per new employee

the pass rate was

89.8%

Professional Skills Training Program

We believe that ongoing training and development is essential. Hence we offer a range of professional training programs designed to enhance professional skills and learning ability of employees.

Our training programs are tailored to the needs and interests of our employees, and cover a wide range of topics, including communication skills, project management, problem-solving, and critical thinking. Through our training, we aim to create a culture of continuous learning and improvement, and to equip our employees with the knowledge and skills they need to succeed in their roles.

Leadership Development Training Program

Effective leadership is crucial to our success. Our aim is to help our employees become effective leaders, which is why we provide a comprehensive program on leadership development.

The program is designed to be flexible and customizable, with a range of options to suit the needs and interests of employees. It includes in-person and online training modules, as well as opportunities for mentorship and coaching. By investing in our staff, we believe that we can build a stronger, more resilient company that is better equipped to meet the challenges of the future.

In 2022, a major training focus was to improve the management skills of junior and mid-level managers. This was achieved through a training program consisting of topics such as role transition, task planning, incentive implementation, and performance evaluation. By completing these modules, participants gained knowledge of management theory as well as practical methods applicable to their roles. In 2022, the total number of participants was 52, with a pass rate of 82.5% on the exam and 75% passed at the end of the course.

total number of participants	course pass rate
52	75%

exam pass rate **82.5%**

Talent Promotion Management

We have implemented a talent promotion management policy which is the *Hanshow Technology Cadre Management Policy* to support our company's view of talent and promote the professional development of our employees. Our policy aims to establish a reserve pool of talented individuals and standardize the management of our staff.

In 2022, we launched a campus recruitment program for management trainees to attract and cultivate talents as corporate management trainees for a global source of graduates from key colleges and universities. These management trainees brought a wealth of knowledge and experience, helping to drive innovation and improve overall performance.

Employee

1	Total number of employees	No.	622
2	Number of employees by employment type		
	Full-time employees	No.	622
	Part-time employees	No.	0
3	Number of employees by age		
	Under 30 years old	No.	255
	30-50 years old	No.	359
	Over 50 years old	No.	8
4	Number of employees by gender		
	Male	No.	397
	Female	No.	225
5	Number of employees by ethnicity		
	Han (China)	No.	568
	Hui (China)	No.	9
	Manchu (China)	No.	5
	Others (Other ethnic minorities in China and overseas ethnic groups)	No.	40
6	Number of employees with disabilities	No.	7
7	Percentage of women in management positions (excluding board of directors)	%	33.82
	Percentage of women on board of supervisors	%	33.33

Employee Hiring

1	Employee hiring rate by age		
	Number of new recruits under 30 years old	No.	107
	Rate of new recruits under 30 years old	%	17.20
	Number of new recruits in 30-50 years old	No.	79
	Rate of new recruits in 30-50 years old	%	12.70
	Number of new recruits over 50 years old	No.	2
	Rate of new recruits over 50 years old	%	0.32

Employee Hiring

2	Employee hiring rate by gender		
	Number of new male employees	No.	123
	Rate of new male employees	%	19.77
	Number of new female employees	No.	65
	Rate of new female employees	%	10.45

Employee Training

1	Percentage of employees trained		
	Number of employees trained	No.	580
	Percentage of employees trained	%	93
2	Percentage of employee trained by level		
	Number of trainees at manager level and above	No.	193
	Percentage of employees trained above manager level	%	89
	Number of employees at other levels trained	No.	387
	Percentage of employees at other levels trained	%	95
3	Percentage of employee trained by gender		
	Number of male employees trained	No.	354
	Percentage of male employees trained	%	93
	Number of female employees trained	No.	226
	Percentage of female employees trained	%	94
4	Average number of hours of employee training by level		
	Total hours of training at manager level and above	Hour	1,513.1
	Average training hours for manager and above	Hour/ person	7.9
	Total hours of training for other levels of employees	Hour	3,081.0
	Average training hours for other levels of employees	Hour/ person	8.0
5	Total hours of online training that employees participate in	Hour	4,202.3
	Percentage of employees participating in online training	%	88

Employee Training

6	Average number of hours of employee training by gender		
	Total hours of training for male employees	Hour	2,956.4
	Average number of hours of training for male employees	Hour/ person	8.4
	Total hours of training for female employees	Hour	1,637.6
	Average number of hours of training for female employees	Hour/ person	7.3
7	Number of employee skills training sessions provided	Session	47
	Number of participants in employee skills training	person-times	2,097

Health and Safety

1	Accident rate for lost labor hours	%	0
	Severe accident rate of lost labor hours	%	0
	Number of accidents	No.	0
2	Employee health & safety Training	No. of sessions	11
3	Total number of employee health & safety training participation	No.	528

Collective Bargaining Agreements

1	Number of employees covered by employee representatives	No.	0
2	Number of employees covered by collective agreements	No.	29

Benefits and Others

1	Number of employees with health insurance	No.	622
2	Total number of employees with parental leave	No.	41
	Return and retention rate of employees on parental leave	%	100
3	Percentage of operational facilities certified to ISO 45001 or other labor or human rights management standards	%	100

Our Partners

Supplier Management

Responsible supplier management is essential for our businesses. It not only drives operational efficiency, customer satisfaction, and competitive advantages but also enables companies to achieve their sustainability goals. It fosters collaboration, innovation, and long-term relationships with suppliers and partners. We believe it will empower us to navigate challenges, capitalize on opportunities, and create enduring value for both shareholders and stakeholders.

Procurement and Supplier Management

At Hanshow, we place great emphasis on adhering to both national and local laws and regulations in all aspects of its procurement and supplier management processes. The company's procurement procedures are designed to ensure compliance with legal requirements and prevent any irregularities. In addition, we are committed to incorporating social and environmental considerations into its procurement practices, with a focus on assessing the potential risks in these areas when evaluating suppliers. This goes beyond traditional criteria such as product quality and price. To further support ethical business practices, we have established the Code of Business Conduct for Procurement, which stipulates that procurement activities need to follow the company's procurement process and system specifications. The principles of fairness, impartiality, and openness are to be reflected in all procurement decisions, with the goal of obtaining the best overall value for the company and selecting the most suitable suppliers. Ultimately, the company seeks to ensure that each procurement activity and decision results in the greatest benefit for the organization.

We categorize our suppliers into three classes, including core materials (including diaphragm, IC and battery) suppliers, electronic material structure system suppliers, and consumables suppliers and agents. Our supplier selection criteria are based on the advanced principles of technology and technical services, quality, responsiveness, delivery performance, and cost. Our goal is to partner with suppliers who offer high-quality products and services while meeting our cost and delivery requirements. We regularly inspect and audit our suppliers, based on our material quality indicators and incoming material inspection specifications.

Our policies also require the procurement department to evaluate suppliers based on their social and environmental practices. This includes assessing whether suppliers have robust environmental protection measures in place, comply with local labor laws and regulations, and have no reported human rights violations in the media.

To reinforce our commitment to environmental protection and social responsibility, we have established the *Code of Conduct for Business Partners of Hanshow Technology* and the *Environmental Protection and Social Responsibility Agreement*. The Code is attached to the *Procurement Framework Contract* signed between our company and the suppliers. It provides obligations for our suppliers to comply with all relevant local laws, regulations, and ordinances related to labor and human rights. Also, it sets out the requirements for our suppliers to comply with in terms of labor stipulates, working environment, anti-bribery, integrity, and social responsibility. We require production material suppliers to sign the Agreement, which stipulate requirements for environmental management, environmental impacts, labor standards, and conflict minerals. Our procurement team follows a policy for the management of conflict minerals 3TG (e.g., tin, tungsten, tantalum, and gold) by requiring selected suppliers to complete a Conflict Minerals Reporting Template (CMRT) or other customized conflict minerals-related documents, including, but not limited to, a Conflict We Minerals Questionnaire, etc. We require our suppliers to comply with these governing regulations, with tracking and document review by our procurement team. we encourage or give preference to suppliers who are involved in conflict minerals related international initiatives.

Sustainable Procurement Training

Developing a well-trained procurement team is essential for us to implement sustainable procurement practices. Regular internal and external training programs play a crucial role in achieving this. Training focuses on enhancing professional skills, conducting supply chain market research, and performing analysis. These initiatives equip procurement personnel with the expertise to integrate sustainability considerations effectively.

Developing a well-trained procurement team is essential for implementing sustainable procurement practices. Regular internal and external training programs play a crucial role in achieving this. Training programs focus on raising the concept and awareness of sustainable procurement, including training in supply chain transparency, green procurement and environmental standards, social responsibility and human rights protection, supplier cooperation and communication. These initiatives equip procurement personnel with the expertise to integrate sustainability considerations effectively. Training for procurement practitioners includes key elements such as understanding the concept and importance of sustainable procurement. The training covers sustainable procurement principles and guidelines, such as the United Nations Global Compact and ISO 20400, providing practical guidance on measuring, assessing, and reporting outcomes.

By conducting regular internal and external training programs encompassing these elements, we can enhance the professional expertise and consciousness of our procurement teams, fostering the adoption of sustainable procurement practices to attain objectives such as resource conservation, diminished environmental footprints, and enhanced social contributions. Such training initiatives facilitate the development of a sustainable procurement culture within the organization and promote transformative sustainable advancements across the entirety of the supply chain.

Providing Work Opportunities For People With Disabilities

While Hanshow is fast becoming a global leader in ESL and digital retail solutions, it is also paving the way to become a leader in supplier social responsibility management. Our commitment to social responsibility is reflected in our strategic partnership in Paris with Etablissements et Services d'Aide par le Travail (ESAT), a social organization that provides employment opportunities and health care for people with disabilities, to jointly manage our after-sales services.

ESAT accepts people whose working abilities do not allow them to work in ordinary companies or engage in independent professional activities. The organization offers jobs that suit the disability of the person concerned. These jobs usually involve green space maintenance, cleaning, laundry or packaging and distribution. Workers with disabilities are not entitled to salaried employee status. However, they are entitled to social insurance in addition to unemployment insurance. The collaboration between Hanshow and ESAT not only helps people with disabilities reintegrate into the workplace and society, but also provides them with work content adapted to their physical condition. It also helps them acquire more knowledge, develop their personal value, and get more job opportunities in the future. Additionally, the partnership helps advance the achievement of the United Nations Sustainable Development Goals, and promote sustained, inclusive and sustainable economic growth as well as prosperity in productive jobs and decent work. It is not only an effort to give back to the community, but also a meaningful contribution to a sustainable supply chain.

Supplier Management

Percentage of suppliers with information on conflict minerals

100%

Percentage of new suppliers screened using the environmental assessment dimension

100%

Percentage of suppliers that have signed contracts that include clauses on environmental, labor and human rights requirements

100%

Percentage of suppliers implementing relevant ESG reviews

100%

Percentage of suppliers with ISO-related certifications

100%

Percentage of employees in the Procurement Department who have received training in sustainable procurement

100%

Industry Collaboration

Industry collaboration plays an important role in driving sustainable development and addressing the pressing environmental and social challenges we face. We uphold the principles of open collaboration, mutual benefit, and collective effort as we actively engage with our customers and business partners. By harnessing the strengths and advantages of all parties involved, we drive forward the innovative development of our industry.

Digitalization is reshaping the global retail industry. Innovative technologies, including AI, computer vision, and the IoT, are therefore becoming the core tools helping retailers reduce operating costs, improve efficiency, and bring unique shopping experiences to customers. More retailers are using AI technology as a key element to improve business, increase revenue, gain insights into consumer preferences, and optimize store operations.

Case:
Releasing the first *ePaper Industry Blue Book*

In April 2022, China's first *ePaper Industry Blue Book* was officially released. The preparation of the Blue Book was led by the Electronic Paper Industry Alliance (EPIA). The editorial board was composed of E Ink, BOE, Hanshow, among others. The professional third-party industry consulting firm - CCID Consulting Co., Ltd and ePaper Insight were responsible for compiling. The release of the Blue Book fills the gap in China's ePaper market research and development trend forecast. With rich graphics, clear logic and detailed data and cases, the Blue Book introduces ePaper in terms of technical innovation, market application, industrial status, future trend, industrial planning, and other aspects of the content.

The future of ePaper holds significant importance in driving innovation and progress across various industries. Hanshow, as a member of the EPIA, anticipates that the Blue Book will have a positive influence on the ePaper sector and related industries, contributing to the advancement of a green and low-carbon era.

Case:
Releasing the White Paper *Hanshow Works with Intel and Microsoft to Accelerate Smart Retail Innovation*

In September 2022, we officially released the *Hanshow Works with Intel and Microsoft to Accelerate Smart Retail Innovation*, a whitepaper written jointly by Hanshow, Intel, and Microsoft. It summarizes changes in the global retail industry and best practices in the retail + AI sector. By examining Hanshow's partners in China, Japan, and Europe, the whitepaper also illustrates how smart retail technology in the AI era works for global retailers and describes the future development and application trend of AI technology in the retail industry.

Environmental Sustainability

Hanshow recognizes that one of the biggest challenges facing the world today is the after-effects of global warming and climate change, and that business has a vital role to play in global climate actions. As a responsible company, Hanshow never forgets its original intention, always firmly fulfils our commitment to environmental protection, actively participates in climate actions, and promotes global environmentally sustainable development.

Environmental Management

The solutions we provide to our clients can contribute to reducing their carbon footprint by, for example, automating in-store functions and eliminating or sharply reducing the need for keeping track of inventory on shelves and other repetitive tasks, improving picking efficiency with flashing lights, as well as reducing the number of goods deliveries and increasing truck loading rates. By using our electronic price labels, we can also help retailers to minimize the use of paper and ink as well as the power used by printers.

We also strive to minimize the environmental impact of our own operations, including improving our environmental management system to make Hanshow more compatible with ecological protection requirements. We thus increase our competitiveness and lay the groundwork for our own business future in harmony with our environment.

Environmental Compliance

Each of our business activities fully complies with all relevant environmental laws and regulations. To effectively control environmental risks and prevent violations, we prioritize internal diagnosis and regularly check compliance with relevant laws and regulations and the possibility of risk exposure.

Before undertaking new projects, we study environmental laws and regulations as well as policy requirements related to the protection of the natural environment and ecosystems. When significant risks are being identified, an environmental management plan is developed and implemented. In addition, we ensure that all new development projects are declared in accordance with local regulations. The environmental assessment is carried out by qualified professional agencies and approved by the relevant local authorities. There were no violations of environmental laws and regulations in 2022.

Environmental Management System and Policies

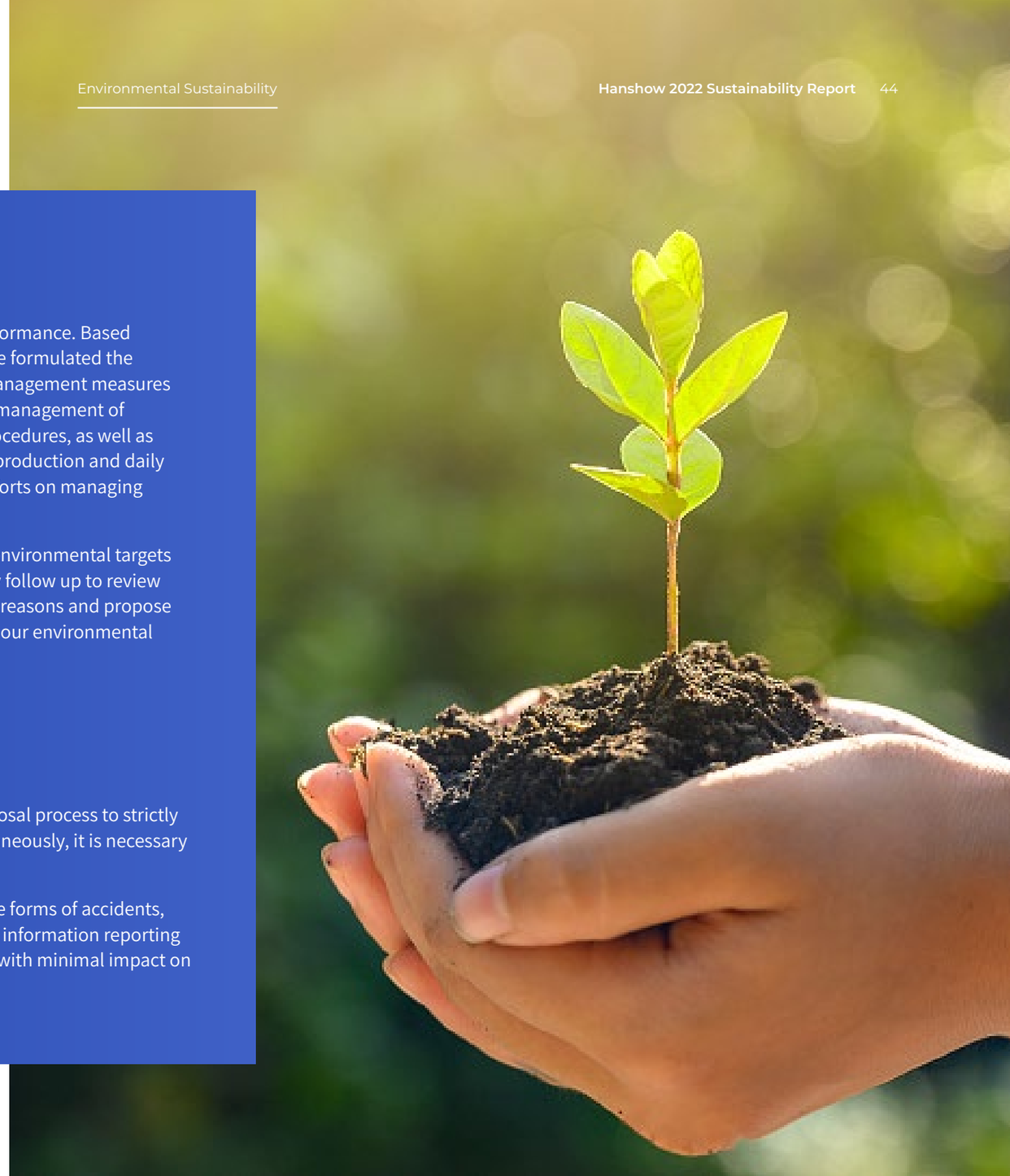
Hanshow works to prevent negative environmental impacts, protect the environment, and promote environmental performance. Based on compliance with applicable environmental protection laws and regulations and related policy requirements, we have formulated the *Management Manual on Quality, Environment and Occupational Health and Safety Management System* and special management measures for chemicals, general solid waste, hazardous waste, water resources, noise, etc. Accordingly, we conduct standardized management of environment-related objective setting, employee education and training, documentation, internal review, and other procedures, as well as internal standards for each department to achieve efficient environmental management covering the entire process of production and daily operations. We are honored to hold the ISO 14001 environmental management system certification, highlighting our efforts on managing environmental responsibilities in a systematic manner.

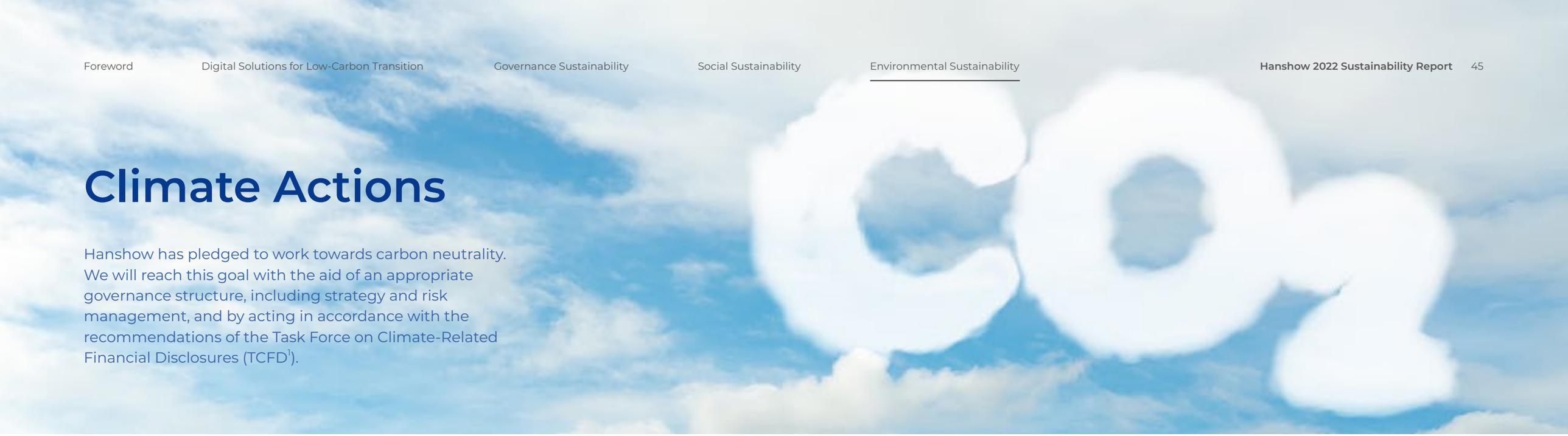
In addition, with an aim to systematically implement environmental management, we updated the Company's overall environmental targets every year according to the actual management situation, monitor and record relevant specific indicators, and regularly follow up to review the progress of indicators and targets. For the projects that do not meet the targets, we take the initiative to analyze the reasons and propose improvement measures. These are how we implement continuous assessment and improvement activities to minimize our environmental impact.

Emergency Handling of Chemical Leakage

The Company's hazardous chemicals mainly include alcohol, ink, and thinners. Measures are taken during the safe disposal process to strictly prevent dispersion. The water used for decontamination should also be treated to prevent secondary pollution. Simultaneously, it is necessary to promptly notify the relevant authorities for specific guidance on the prevention of environmental pollution.

We have formulated the *Special Emergency Plan for Chemical Leakage Accident*, which stipulates the types and possible forms of accidents, emergency contact information, emergency organizational structure and responsibilities at all levels, early warning and information reporting procedures, and on-site handling measures. Under the Plan, we are expected to respond promptly to chemical leakage with minimal impact on personal safety and the environment.





Climate Actions

Hanshow has pledged to work towards carbon neutrality. We will reach this goal with the aid of an appropriate governance structure, including strategy and risk management, and by acting in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD[1]).

Climate Strategy

We continue to focus on domestic and international sustainability-related issues and climate trends and consider the potential impacts of climate change in our overall operations. We anticipate the occurrence and impact of climate-related risks and develop specific policies to mitigate risks on our business. We address environmental challenges by expanding our impact on supply chain partners, sales channels, and clients. We will continue to make green innovations in product design, production, transportation, and packaging to improve resource reuse and reduce our products' carbon footprint, and work with our business partners to create a green supply chain and expand our positive impact on the global environment.

We are committed to be carbon neutral in our operations by 2035 and continue to move forward with this commitment. We plan to invest in environmental management activities, including but not limited to e-waste collection and recycling, water conservation and pollutant minimization, and regularly and transparently disclose the progress and results of the implementation of our climate strategy through our sustainability reports and website.

Goals:

- To implement an emission reduction action plan by the end of 2024
- To carry out emission assessments every two years moving forward to measure progress and adjust targets accordingly
- To be fully carbon neutral in our operations by 2035

[1]TCFD sets out recommendations for consistent, comparable, reliable, clear and efficient climate-related disclosures by companies. The recommendations provide a framework for the disclosure of climate-related risks in financial filings

Climate-Related Risks Identification

Assessing climate-related risks is crucial for responding to climate change impacts and ensuring resiliency. To this end, we analyze climate-related risks involved in our business operations and use the results to develop strategies to reduce greenhouse gas emissions and expand our range of environmentally friendly products.

Risk	Risk Description	Timeframe	Potential Impact	Response Method
Physical risks				
Acute and chronic risk	Risks which arise from the chronic evolution of climatic regimes as well as from the increased frequency and intensity of climate hazards and extreme events. Such modifications can damage products and infrastructures and disrupt their sourcing and their commercialisation.	Long-term	Extreme weather and meteorological disasters may lead to disruption of production and logistics activities, increase the time for product delivery to clients, and increase transportation costs.	Improve the climate-related physical risk emergency response system, strengthen the daily inspection and maintenance of production and logistics facilities, and ensure safe operation.
Transition risks				
Policy and regulatory risk	The market has gradually paid attention to the risks caused by climate change, and relevant national policies have become more stringent on greenhouse gas emission limits.	Short-term	The increase in environmental standards has led the government to strengthen pollution prevention and control efforts, and the increased environmental scrutiny may bring legal compliance risks to us.	Always pay attention to the promulgation of laws and regulations related to environmental protection, enhance the existing environmental risk management system, improve energy efficiency, and strengthen the use of renewable energy.
Market risk	As environmental and climate issues become increasingly serious, clients are concerned more about such issues and tend to choose products with low carbon performance.	Long-term	If we cannot quickly grasp the market demand and provide green products and services more in line with the demand, we may face the risk of client loss.	Promote the development of green products that meet clients' needs, and provide greener products and services.
Financial risk	As we transition to a more sustainable economy, a major challenge involves the potential new regulations that could emerge to enforce a global or regional carbon pricing system.	Medium-term	This will result in increased operating costs, with a direct financial impact on the company.	Reduce GHG emissions to reduce exposure, actively promote the formulation of climate strategies, and make correct plans for the next development of the company.
Reputational risk	Our stakeholders expect action to address climate change.	Short-term	Failure to take proactive and effective climate action and to disclose information in a timely manner in response to the needs of external stakeholders may result in damage to the company's reputation.	Strengthen the disclosure of compliance and climate action information, and continue to enhance exchanges and communication with stakeholders.

Mitigation Measures

Raising Energy Efficiency

Energy consumption (from grid-generated electricity) accounts for the vast majority of our GHG emissions from our operations. Considering this, we are also developing energy conservation plans, evaluating energy performance, and purchasing energy efficient equipment to gradually reduce energy consumption, and simultaneously, enhance our resilience to climate-related risks.

We also focus on the development of low-power equipment and advanced processes, as well as the use of renewable energy to minimize GHG emissions. In 2022, more than 64 percent of the electricity we purchased came from renewable sources. In the future, we plan to gradually to more onsite renewable energy generation such as solar power. This will initially be implemented at our own factory and will be expanded to suppliers' factories.

Greenhouse Gas Emissions

Reducing our greenhouse gas (GHG) emissions depends on having clear and comprehensive insight into our emissions sources and performance. We report our GHG emissions using the WRI/WBCSD Greenhouse Gas Protocol and prepared our GHG inventory for 2022. This is the first time we prepared an inventory of GHG emissions from across our value chain. Besides Scope 1 and 2, we have also included upstream and downstream emissions (Scope 3). Scope 3 emissions include those arising within our supply chain, from sources such as purchased products and services, transportation and distribution, disposal of waste generated, and business travel.

Total emissions	Total emissions intensity	Scope 1 emissions	Scope 2 emissions
66,803.06 tCO_2e	107.40 tCO_2e/employee	59.35 tCO_2e	2,302.45 tCO_2e

Scope 3 emissions	Purchased products and services	Upstream transportation and distribution
64,441.26 tCO_2e	57,167.08 tCO_2e	5,972.73 tCO_2e

Disposal of waste generated	Business travel	Downstream transportation and distribution
6.30 tCO_2e	1,295.15 tCO_2e	0 tCO_2e

Green Operation

Hanshow's green operation, which spans production to daily office activities, has been promoting green and low-carbon management. We contribute to the mitigation of environmental pollution and resource depletion through actions such as chemical management, water conservation, compliant discharge, waste recovery and reuse.

Green Production

We have formulated a series of internal management systems, such as the *Chemical Management Guidance,* the *Hazardous Waste and General Solid Waste Management Guidance,* the *Water Conservation Management System* and the *Noise Emission Management Regulation*. We require our own factory to comply with these policies. In accordance with our policies, Hanshow's products comply with all applicable laws and regulations such as EU's RoHS Directive and REACH regulations. Our battery components, plastic housing materials and Nebular-series ESL products have obtained environmental certifications from relevant testing institutions.

Chemicals Management

Hanshow performs pre-safety assessments on all chemicals that enter the Company. The Material Safety Data Sheet (MSDS) of newly added chemicals shall be collected, and the information such as their category name, hazardous characteristics, first aid methods, as well as leakage and disposal methods shall be clarified, and relevant employees shall be trained. All chemicals undergo stability evaluation approval before they can be used. The storage of chemicals and the supervision of their use should be managed by trained personnel with expertise in the relevant field.

Waste Management

To effectively manage waste and minimize its impact on the environment, we classify waste according to general solid waste and hazardous waste (including liquid waste) and form the *Hazardous Waste Lis*t and the *General Solid Waste List*. Recyclable general solid waste mainly includes waste shell materials, waste lenses, waste packaging materials, raw material turnover pallets, etc., which are required to be managed separately. Hazardous waste generated at our production site shall be handled according to requirements, separated from general solid waste, and then sent to different warehouses according to the category. We entrust qualified third-parties to recycle, utilize and dispose of the waste, and sign relevant environmental protection agreements with them.

Noise Management

We control noise generated during production and testing. We require all responsible departments to consider noise as a technical indicator when purchasing machinery and equipment and require that the purchased machinery and equipment comply with applicable laws and regulations. We measure and record equipment volume at least once a year to prevent possible noise pollution. If there are external complaints about noise problems, we shall promptly measure the volume, and give reasonable production adjustment and equipment rectification suggestions.

Air Pollutants Management

We pay close attention to the emission of air pollutants that may be caused by our production process so that the pollutants are treated and discharged according to the standards. In October 2022, we optimized and upgraded our air pollutant emission treatment equipment. We transformed the original photocatalytic oxidation + activated carbon adsorption device into a set of secondary activated carbon adsorption device, in which the technical indicators of activated carbon The upgrade the technical requirements of the high-grade granular activated carbon stipulated in LY/T 3284, and the iodine adsorption value is not less than 800mg/g. The upgrade ensures efficient and effective treatment of air pollutant emissions.

Water Management

We attach importance to water management, including rational use of water resources, tap the potential of water conservation, and bring into full play the comprehensive benefits of water resources. Meanwhile, we require that the water used for equipment operation should be recycled water as far as possible. Hanshow's module production and cleaning line use self-made pure water process. The treated pure water firstly enters the cleaning machine to clean the product, then about 60 percent of the cleaning wastewater generated after cleaning is re-collected using a recycling bucket and treated through a set of "multi-media filter + PP cotton filter + RO reverse osmosis device", and finally the treated wastewater enters the original water tank to achieve reuse. In addition, we require that all the water supply and water use devices must be regularly tested and maintained to prevent leaks.

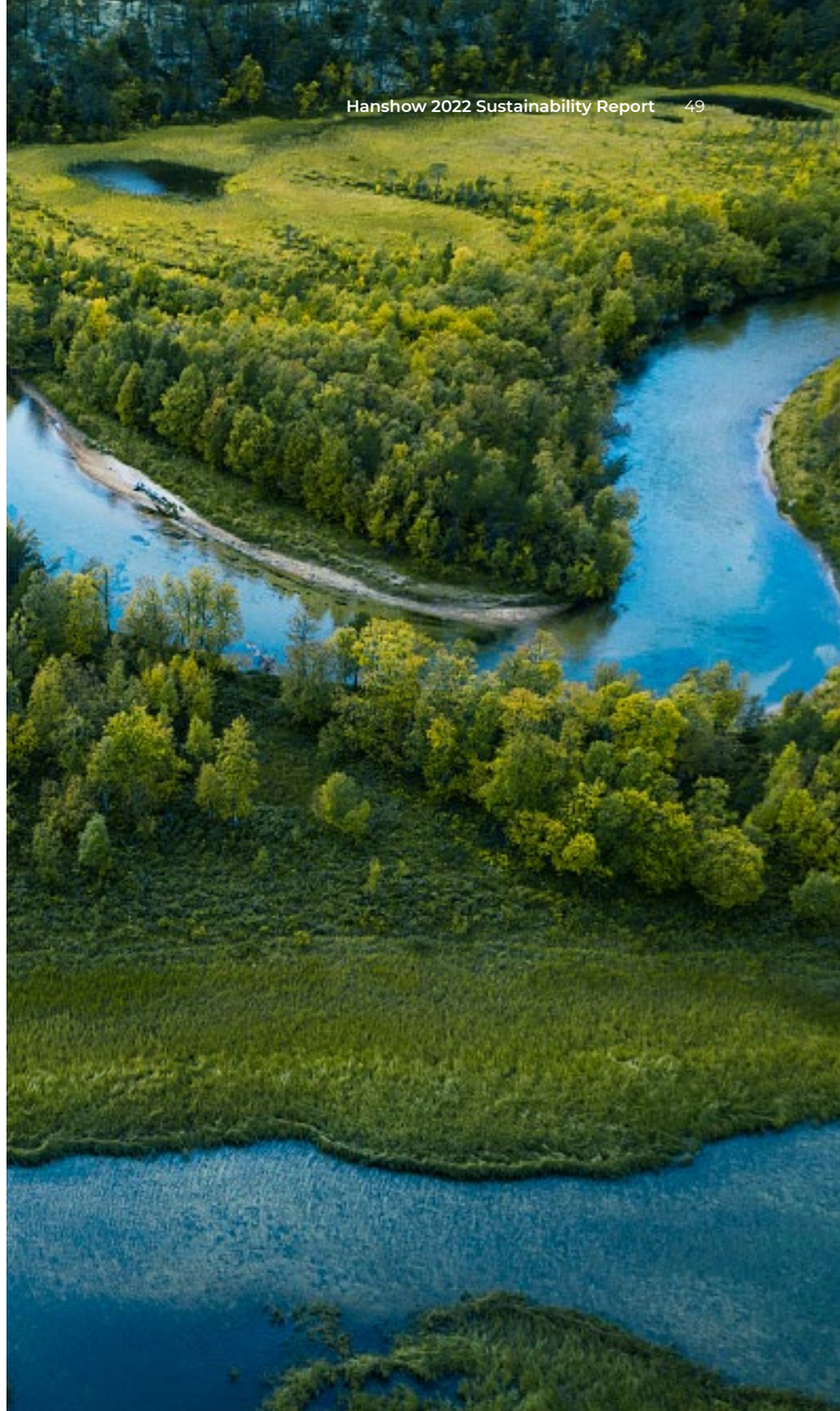
Production Automation

We are implementing automated management in the production process and optimizing assembly to reduce the preparation time to improve production efficiency. Currently, the production line of our Nebular products and modules is 90% automated.

The production line of our Nebular products and modules is

90%

automated



Green Office

Hanshow actively promotes resource conservation by the promotion of green lifestyle and adherence to green office practices. We are committed to transforming the concept of environmental protection into conscious actions of employees. Through the formulation of the *Office Management and Sanctions Regulations* as well as daily guidance and education, it calls on our employees to save energy and resources and share a green and low-carbon life.

Paperless Office

We insist on a paperless office and advocate the use of E-mail for information transmission to minimize the use of paper. We encourage double-sided black and white printing and use recycled printing paper.

Energy Conservation

We stipulate that each employee is responsible for his or her own dedicated electronic equipment and turn off the power when not in use. We also install low-energy lighting and related electrical equipment and assign the essential task of turning everything off to the last person who leaves the office.

Water Conservation

We advocate our employees to foster water saving habits, and access to drinking water as needed. We also encourage them to use their own water cups to reduce the use of disposable water cups.

Energy Consumption			
1	Total energy consumption	MWh	4,387.93
	Energy intensity	MWh/ employee	7.05
2	Gasoline	t	0.80
3	Natural gas	m^3	49.35
4	Outsourced electricity	MWh	4,012.89
	Clean energy in outsourced electricity	MWh	2,561.89
5	Outsourced heat	GJ	304
Waste Generation			
1	Total waste[2]	t	24.55
2	Hazardous waste	t	13.76
3	Plastics	t	3.81
4	Paper	t	6.98
Water Consumption			
1	Total water	t	6,835

[2]The waste generated include hazardous waste, plastics and paper. Hazardous waste was collected and stored by qualified third party agencies, while plastics and paper were disposed of in landfills

Appendix 1: Hanshow Operational Entities

Entities	Locations
HANSHOW TECHNOLOGY CO., LTD.	China
HANSHOW TECHNOLOGY CO., LTD. BEIJING BRANCH	China
HANSHOW TECHNOLOGY CO., LTD. SHENZHEN BRANCH	China
HANSHOW TECHNOLOGY CO., LTD. WUHAN BRANCH	China
BEIJING HANSHI TECHNOLOGY CO., LTD.	China
SHANGHAI HANSHI INFORMATION TECHNOLOGY CO., LTD.	China
ZHEJIANG HANSHI TRADING CO., LTD.	China
ZHEJIANG HANXIAN TECHNOLOGY CO., LTD.	China
HANSHOW FRANCE SAS	France
HANSHOW GERMANY GMBH	Germany
HANSHOW NETHERLANDS B.V.	the Netherlands
HANSHOW AUSTRALIA PTY LTD.	Australia
HANSHOW AMERICA INC	America

Appendix 2: GRI Standards Disclosure Index

GRI Standard Title	GRI disclosure No.	Topic	Location
The Company and its reporting practice			
GRI 2: General Disclosures 2021	2-1	Organisational details	About this Report
	2-2	Entities included in the organisation's sustainability reporting	Appendix 1: Hanshow Operational Entities
	2-3	Reporting period, frequency and contact	About this Report
	2-4	Restatements of Information	N.A.
	2-5	External assurance	Appendix 3: External Assurance Statement
Activities and workers			
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Hanshow; Greening the Supply Chain
	2-7	Employees*	Our People
Governance			
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts*	Our ESG Strategy
	2-13	Delegation of responsibility for managing impacts	Our ESG Strategy
	2-14	Role of the highest governance body in sustainability reporting	Our ESG Strategy
Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy*	Message from our CEO
	2-27	Compliance with laws and regulations	Ethics and Integrity

GRI Standard Title	GRI disclosure No.	Topic	Location
Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Our ESG Strategy
	2-30	Collective bargaining agreements*	Our People
Material topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Our ESG Strategy
	3-2	List of material topics	Our ESG Strategy
	3-3	Management of material topics	Our ESG Strategy
Governance Sustainability			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedure*	Ethics and Integrity
	205-3	Confirmed incidents of corruption and actions taken	Ethics and Integrity
Social Sustainability			
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People
	401-3	Parental leave*	Our People
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Our People
	403-3	Occupational health services	Our People
	403-5	Worker training on occupational health and safety	Our People
	403-9	Work-related injuries	Our People
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	Our People
	404-2	Programs for upgrading employee skills and transition assistance programs*	Our People
	404-3	Percentage of employees receiving regular performance and career development reviews	Our People
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees*	Our People
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Our People
GRI 407: Freedom of association and collective bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk*	Our People

GRI Standard Title	GRI disclosure No.	Topic	Location
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor*	Our People
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor*	Our People
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Our Products
GRI 417: Marketing and Labeling 2016	417-2	Incidents of noncompliance concerning product and service information and labeling	Our Products
	417-3	Incidents of noncompliance concerning marketing communications	Our Products
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Security and Data Privacy
Environmental Sustainability			
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change*	Climate Actions
GRI 302: Energy 2016	302-1	Energy consumption within the organisation*	Green Operation
GRI 303: Water and Effluents 2018	303-5	Water consumption*	Green Operation
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions*	Climate Actions
	305-2	Energy indirect (Scope 2) GHG emissions*	Climate Actions
	305-3	Other indirect (Scope 3) GHG emissions*	Climate Actions
GRI 306: Waste 2020	306-1	Waste generation and significant waste related impacts	Green Operation
	306-2	Management of waste related significant impacts	Green Operation
	306-3	Waste generated	Green Operation
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Greening the Supply Chain; Our Partners

*Indicators partially meet GRI requirements.

Appendix 3: External Assurance Statement

Deloitte. 德勤

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北京分所
北京市朝阳区针织路23号楼
国寿金融中心12层
邮政编码: 100026

INDEPENDENT LIMITED ASSURANCE REPORT ON THE SELECTED SUSTAINABILITY INFORMATION IN HANSHOW TECHNOLOGY CO., LTD.'S SUSTAINABILITY REPORT 2022

DTTBJ(23)BAR00002

TO THE BOARD OF DIRECTORS OF HANSHOW TECHNOLOGY CO., LTD.

We have undertaken a limited assurance engagement on certain sustainability information (the "Selected Sustainability Information") included in the Sustainability Report of Hanshow Technology Co., Ltd. (the "Company") for the year ended December 31, 2022 (the "Sustainability Report 2022") .

Selected Sustainability Information

Selected sustainability Information (page numbers in which the information is presented in the Sustainability Report 2022 are shown in brackets) refers to:

- Number of ISO's management system standard certifications (page 4);
- Number of intellectual property rights (page 4);
- Total number of employees (page 36);
- Number of female employees (page 36);
- Percentage of women in management positions (excluding board of directors) (page 36);
- Total hours of online training that employees participate in (page 36); and
- Percentage of employees participating in online training (page 36).

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in Sustainability Report 2022.

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the "Summary of the procedures we performed as the basis for our assurance conclusion" and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Sustainability Information in the Sustainability Report 2022, is not prepared, in all material respects, in accordance with the applicable criteria as set out Appendix 4 to the Sustainability Report 2022.

Understanding how the Company Management has Prepared the Selected Sustainability Information

The absence of a commonly used generally accepted reporting framework or a significant body of established practice on which to draw to evaluate and measure Selected Sustainability Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Selected Sustainability Information needs to be read and understood together with the applicable criteria as set out in Appendix 4 to the Sustainability Report 2022, which the Company has used to prepare the Selected Sustainability Information.

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The Company's Responsibilities

Management of the Company are responsible for:

- Selecting or establishing suitable criteria for preparing the Selected Sustainability Information;
- The preparation of the Selected Sustainability Information in accordance with the applicable criteria as set out in Appendix 4 to the Sustainability Report 2022; and
- Designing, implementing, and maintaining internal control over information relevant to the preparation of the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Company's sustainability reporting process.

Our Responsibilities

We are responsible for

- Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Information is free from material misstatement, whether due to fraud or error;
- Forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Board of Directors of the Company.

As we are engaged to form an independent conclusion on the Selected Sustainability Information as prepared by Company management, we are not permitted to be involved in the preparation of the Selected Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board ("IAASB").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Summary of the Procedures we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Selected Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement on the Selected Sustainability Information, we:

- inquired Company's staff responsible for preparing the Selected Sustainability Information to understand the relevant processes;
- examined relevant supporting documents on a sample basis;
- performed analytical procedures on Selected Sustainability Information; and
- recalculated Selected Sustainability Information for its arithmetic accuracy.

The procedures performed in a limited assurance engagement substantially vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Intended Use and Purposes

This report, including our conclusions, has been prepared solely for the Board of Directors of the Company in accordance with the agreement between us, in order to assist the Board of Directors of the Company in reporting the Selected Sustainability Information. We do not accept or assume responsibility or liability to anyone other than the Board of Directors of the Company for our work or conclusion.

Deloitte Touche Tohmatsu Certified Public Accountants LLP Beijing Branch

Beijing, China

[28 September 2023]

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Appendix 4: Applicable Criteria

The summary below defines the criteria for each Selected Sustainability Information included in the Hanshow Technology Co., Ltd.'s Sustainability Report 2022.

1: Number of ISO's management system standard certifications

- Disclose the number of ISO management certifications obtained by Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2022. ISO refers to International Organization for Standard.

2: Number of intellectual property rights

- Disclose the number of intellectual property rights obtained by Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2022. Intellectual property rights refer to a group of intangible, separate property rights under the laws and regulations of the jurisdiction in which the business is located, including trademarks, patents and software copyrights.

3: Total number of employees

- Disclose the number of employees who have employment contracts with Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2022.

4: Number of female employees

- Disclose the number of female employees who have employment contracts with Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2022.

5: Percentage of women in management positions (excluding board of directors)

- Disclose proportion of women in management positions among Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2022. Management positions includes the general manager and vice president of Hanshow Technology Co., Ltd., as well as the general manager, deputy general manager, director and manager of each department of Hanshow Technology Co., Ltd. and its subsidiaries.

6: Total hours of online training that employees participate in

- Disclose the total hours of employees who participated in the online training organized by Hanshow Technology Co., Ltd. and its subsidiaries from January 1, 2022 to December 31, 2022.

7: Percentage of employees participating in online training

- Disclose the ratio of the number of employees participating in online training organized by Hanshow Technology Co., Ltd. and its subsidiaries to the total number of employees as of December 31, 2022.

Appendix 5: Disclaimers and Forward-looking Statements

This report includes forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Words and phrases such as will, offer, can, commitment, goal, transition, expectation, support, want, enable, strategy, risk, opportunity, obey, estimate, continue, lead, expect, desire, should, challenge, strive, like, future, hope, accelerate, throughout, potential, assume, strengthen, advocate, progress, maintain, stay, rise, long term, pass, ambition, plan, believe, transform, ensure, expand, mitigate, continuity, goal, reach, must, next, ongoing, forward, or other similar words or expressions are commonly used to identify forward-looking statements.

Forward-looking statements are subject to risks, uncertainties and other factors that are difficult to predict, which could cause actual results of the Company to differ materially from future results expressed or implied by such forward-looking statements.

These factors include, but are not limited to: risks associated with the Company's inability to successfully implement its strategy, manage the growth of its business or realize the expected benefits of the acquisition; Competitive risks and margin pressures in the retail and related sector; The impact of economic conditions, including high levels of inflation, on consumer spending; Changes in consumer expectations and preferences; Turmoil in global capital markets; Political developments, natural disasters and epidemics; Climate change; Energy supply issues; Raw material shortages and human rights developments in supply chains; Business disruption and other factors that negatively affect the Company's suppliers; Changes in supplier conditions and inability to pass cost increases through to prices; Risks associated with environmental, social and governance matters, including performance, and sustainable retail; Product quality issues that lead to product liability claims and negative publicity; Environmental liability related to property owned or leased by the Company; Competitive labor markets, changes in labor conditions and labor disruptions; Ransomware and other cybersecurity issues related to security failures or breaches of IT systems; Antitrust and similar legislation; Unexpected results of the company's legal proceedings; Additional costs or capital expenditures related to compliance with state and local laws and regulations; Unexpected results of tax audits; The impact of the Company's outstanding financial obligations; The Company's ability to generate positive cash flow; Interest rate fluctuation; Changes in reference interest rates; The impact of corporate credit rating downgrades and the associated increase in corporate borrowing costs; Exchange rate fluctuations; The inherent limitations of the Company's control system; Changes in accounting standards; Inability to obtain an effective level of insurance; Adverse results arising from the Company's claims against its self-insurance plan; The Company is unable to find suitable real estate or enter into real estate leases on commercially acceptable terms; And other factors discussed in the Company's public filings and other disclosures.

Forward-looking statements reflect the current views of the Company's management and assumptions based on information currently available to the Company's management. Forward-looking statements are made only as of the date they are made, and the Company disclaims any obligation to update such statements except as required by law.

Hanshow

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